Dear [Name],

Thank-you for your letter of 9th February 2018.

My officials responded in good faith to the many requests for data sought by the Work and Pensions Select Committee during your inquiry. Throughout, our aim was to support you and the Committee in your work. To this end, we published much of the data you requested in a series of ad hoc statistical publications. We did this to promote full transparency in the use of statistics. We were also clear about when detailed data was not available to meet your exact request. I have set out below a more detailed account of the Department’s interpretation and response to your requests for information on the costs of MRs and appeals.

The original request from the Committee was for average costs to the Department and the public purse of MRs and Tribunals. Information on the direct operational unit costs for MRs and appeals was provided in the response from the Department.

Our figures relate to appeals and Mandatory Reconsiderations that capture the direct operational costs – which was the basis of the response to the Committee in December. Direct operational costs consist of the staff costs and the very local non staff costs charged to Operational directorates. This mainly consists of staff related expenses. It does not include any assignment of support and management costs or corporate overheads, nor does it include any estates, digital or medical contract costs.

Regarding the request by Committee staff on 29th January ‘Of the 170,000 PIP appeals since 2013, how many were for new claims and how many were reassessments?’ The published HMCTS figures cannot be split for new claims and reassessments separately. It is worth noting that it would not have been appropriate to apply the 2016/17 unit cost figures provided in December to the HMCTS appeals disposal figures to establish costs as your letter of 9th February implies was your intention, as the data is covering a different time period and uses different definitions. The 2016/17 unit cost figures were derived from unpublished management information and use different definitions of
appeal volumes to the HMCTS published statistics provided to the Committee in December 2017, as the unit cost appeal volumes are based on DWP submissions to HMCTS. Furthermore, the 170,000 appeals figure from HMCTS cover appeal disposals during the entire period since PIP was introduced in 2013 up to June 2017.

The Freedom of Information request you refer to asked for administrative costs – the direct operational costs (as defined above) were provided in the response to the FOI although not comparable, and the information provided is consistent with the unit costs provided to the committee in December.

In answering your further questions in December 2017, we had interpreted Questions 10-12 for PIP and ESA Mandatory Reconsiderations and appeals as requesting all costs, including higher level support costs such as management and corporate overheads in addition to the direct staff costs referred to in the figures previously provided. This information was not provided as these management and corporate overheads costs can only be apportioned in a meaningful way to the overall benefit area e.g. ESA or PIP, and we do not apportion to the lower level activities of Mandatory Reconsiderations and appeals.

Had the Committee asked for the direct operational costs, and not the total costs, split by new claims and assessments we would have been able to provide this information. These would only cover staff costs and very local non staff costs, and they do not include HMCTS costs.

Kind regards,

The Rt Hon Esther McVey MP
SECRETARY OF STATE FOR WORK AND PENSIONS