From the Chair

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Dear Neil

National Audit Office Rolling out Universal Credit report

The NAO’s assessment of the Universal Credit roll out, published last week, offered quite a contrast with the Department’s own proclamations. I would be very grateful to receive your response to the issues below, as outlined in the report.

For ease of understanding, I would appreciate if you could number your responses so it is clear to which point you are responding.

The Major Projects Review Group noted that for UC to be successful, managed migration must not be subject to significant policy changes. It has asked the Department to take steps to accomplish this. They include agreeing an exact plan for managed migration as soon as possible and communicating this to stakeholders, and agreeing success criteria with stakeholders that enable progress against the plan to be monitored regularly.¹

1. Might you please tell us what the Department is doing to ensure the MPRG’s requirements are met? In particular, given the disparity between the Department’s perceptions of “success” and those of key stakeholders, how will you go about agreeing common success measures?
   a. What do you expect the success measures to be?

The NAO’s report noted ongoing difficulties relating to waits for payment. In March 2018, 21% of new claimants did not receive their full payment on time. From January to October 2017, of those claims not paid on full and in time, 40% (20,000 households) waited 11 weeks or more for full payment and 20% (10,000 households) waited five months or more.²

2. What steps is the Department taking to continue to improve payment timeliness?

The Department believes that payment timeliness is sensitive to staff availability. Its performance declined slightly in recent months to the beginning of April 2018. The Department attributed this to three factors: poor weather, the month of February, and the Easter bank holiday.³

3. What proportion of the decline in payment timeliness to April 2018 is attributable to a) poor weather, b) February, and c) Easter respectively?
   a. How does UC payment timeliness in this period compare to the Department’s expectations?

¹ NAO report, para 1.23  
² Para 2.19  
³ Para 2.20
b. Should we now expect timeliness to improve steadily month-on-month?

The NAO report notes a worrying development, in which new claimants request an Advance payment and then do not continue with their claim. This makes it hard for the Department to ensure the Advance is repaid.

One individual has received eighteen such Advances without ever fully completing a claim.4

4. How much has the Department lost in Advances due to this issue since the Full Service roll out began?
   a. What measures are in place to prevent individuals such as the one mentioned above making repeated, incomplete claims?
   b. Has the Department managed to retrieve the money it has loaned to this individual?

Data on fraud and error in Universal Credit for 2017-18 shows overall levels of fraud and error rising from 2016-17 levels. The Department’s case for Universal Credit providing value for money rely on it delivering lower levels of fraud and error than the legacy system. The NAO states that the Department must understand causes of fraud and error to date and respond to these promptly.5

5. Given the increase in fraud and error this year, how can the Department be confident that it will fall in coming years?
   a. What is your assessment of the reasons for this year’s increase?

The Department expects Universal Credit to reduce fraud and error by £1.3 billion per year once fully rolled out. The NAO notes, however, that over a third of those savings—£470 million—come from eliminating some in-year overpayments of tax credits.6 These are neither fraud nor error, and as such are not reflected in the Department’s annual calculations of fraud and error.7

6. Might you please explain how you expect the Committee and Parliament to have faith in Universal Credit’s expected benefits when you are using different definitions of fraud and error for different purposes?
   a. Is the use of the two different definitions better categorised as a) fraud or b) error?

With best wishes and I look forward to hearing from you,

Rt Hon Frank Field MP
Chair

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4 Para 2.24
5 Para 3.28
6 Rolling out Universal Credit, para. 3.26
7 DWP, Fraud and error in the benefit system: background information and methodology, May 2018