

Topic	Key point from evidence session	Q No.	Questions/ information to follow-up with the Department	Department's response
1: Questions that Work and Pensions Committee would like an immediate response to				
1. Food banks	The Secretary of State announced that the Department is piloting the use of job advisers in a food bank in Manchester, to help claimants who have not received their benefit payment.	Q8-Q9	<ul style="list-style-type: none"> <li data-bbox="808 287 1191 454">i. The Secretary of State said that the Department will publish the results of the trial. When will this be published? <li data-bbox="808 491 1191 962">ii. Please can the Department provide details of the sample involved in the pilot, for example the sample size and sample characteristics? How is the Department seeking to ensure that the sample is nationally representative of claimants across the country, if this is to be rolled out nationally? <li data-bbox="808 1034 1191 1332">iii. At the moment, the pilot is in one food bank in Manchester. Are there any plans to pilot the scheme in other areas of the country, to take into consideration regional differences before rolling it out nationally? 	<ul style="list-style-type: none"> <li data-bbox="1223 287 2141 351">i. The Department will make the findings public in an appropriate way in due course. <li data-bbox="1223 491 2154 622">ii. The local partnership has been set up with the Lalley Centre in Manchester. The current model is a local partnership between a Jobcentre Plus and a food bank provider, which allows the support to be tailored to the local context. <li data-bbox="1223 1034 2141 1129">iii. This test is still at an early stage. The Department will take regional differences into account when considering any new national approach.

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2. Fraud and error	a) The recent PAC report states that fraud and error is anticipated to increase from £4.6 billion to £5.8 billion in 2020-21. In the evidence session, the Permanent Secretary said that this is because under Universal Credit, tax credits will move from HMRC to DWP. He stated that there are significant quantities of fraud and error in tax credits, which is measured differently because they have a different process.	Q22-23	<p>What is the current level of fraud and error in HMRC and DWP (excluding in-year overpayments)?</p> <p>What is the projected level of fraud and error in 2020-21 (excluding in-year overpayments)?</p> <p>Please can the Department explain to the Committee why the numbers stated in the PAC report are incorrect?</p>	<p>i. DWP published new statistics on 5th November 2015 which shows the level of Fraud and Error in DWP benefits for 2014/15 was estimated to be 1.8% of total benefit expenditure (£3.0bn) – a drop of around £350 million from the 2013/14 level.</p> <p>HMRC's most recently published Error and Fraud statistics cover 2013/14 and estimates a level of 4.4% of tax credits expenditure (£1.3bn).</p> <p>ii. The projected level stated at the PAC for 2020/21 was £5.8 billion, 2.6% of total welfare expenditure.</p> <p>We have updated our forecasts since the publication of the NAO report to account for the most recent Fraud and Error statistics from both HMRC and DWP and the Summer Budget 2015. The projected 2020/21 level is now £4.4 billion, which is 2.1% of total welfare expenditure.</p> <p>iii. The figures used in the PAC hearing were based on earlier estimates and have since been updated to reflect the most recently published F&E statistics for DWP, HMRC Tax Credits and the outcomes of the Summer Budget 2015.</p> <p>When comparing the 2014/15 position to the 2020/21 position, it is necessary to include tax credit in-year overpayments in the total. A large proportion of tax credits overpayments are caused by the design of the tax credits system, which is built around annual estimated circumstances. Overpayments are an inherent feature of tax credits. Because of this, tax credits defines fraud and error as when the finalised annual entitlement at the end of the year is incorrect; whereas DWP defines fraud and error as when the benefit payment does not reflect the claimant's circumstances at the point it is paid. These different systems are replaced by Universal Credit (UC). This means that when the tax credits caseload moves across</p>

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2. Fraud and error			Please can the Department clarify whether the £4.6 billion already includes tax credits fraud and error?	<p>to DWP under UC that which is currently defined as overpayments in tax credits (as well as tax credits fraud and error) will become defined as fraud and error within UC.</p> <p>iv. The £4.6 billion figure used in the report includes Tax Credit fraud and error but excludes Tax Credit overpayments.</p>

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2. Fraud and error	b) The Permanent Secretary told the Committee that fraud and error in Housing Benefit had increased because of customer error; and that the level of fraud in Housing Benefit has not changed.	Q28	<p>i. Please can the Department clarify the Permanent Secretary's statement at Question 28? The published fraud and error estimates for 2013-14 and 2014-15 shows that overpayments relating to fraud in HB increased from 1.8% (£430m) in 2013-14 to 2.4% (£590m) between 2013-14 and 2014-15; and that overpayments relating to claimant error fell from 3.7% (£900m) in 2013-14 to 2.3% (£550m) in 2014-15.</p> <p>ii. What is the Department doing to monitor customer error in Housing Benefit payments?</p>	<p>i. The 2014-15 statistics were published on 5th November 2015, after the Committee meeting on 28th October and the content of the stats release was not available to the witnesses at the time of the meeting. The final statistics for 2013-14 showed Housing Benefit Claimant Error trending upwards and the fraud level relatively stable below 2%.</p> <p>The statistics for 2014-15 subsequently showed a change in the trend whereby Claimant Error decreased significantly and fraud increased (see attached graph).</p> <p>ii. The Department monitors customer error on Housing Benefit (HB) at a national level in the same way as we do other continuously monitored benefits. In addition, we track Local Authority (LA) performance in delivering improvements to reducing fraud and error over time through the Fraud and Error Reduction Incentive Scheme (FERIS).</p> <p>In January, we will be publishing a new indicator which will enable us to assess how effective LAs are relative to each other in keeping their caseloads up to date. Where we have concerns about a local authority's performance, our Performance Development team will offer support and challenge.</p>

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2. Fraud and error	c) The Secretary of State told the Committee that the Department has already started to exploit third-party data to identify high risk claimants; in response to the PAC's recent recommendation.	Q29	Please can you provide more details of what the Department has started to do to exploit third party data to identify high risk claimants, both within and outside of the functionality of Universal Credit?	<p>We are working across a wide range of public and private sector organisations to exploit data-sets to help combat fraud and error, focussing on three key areas:</p> <ul style="list-style-type: none"> i. Accessing financial data insight into claimant circumstances to help combat fraud and error relating to undeclared partners, income and capital and claiming UK benefits illegally whilst living abroad. ii. Investigating the value of data held by local authorities across all their services. iii. Working with organisations willing to share 'watch lists' of known fraudsters to see if past behaviour may be a reliable predictor of propensity to commit benefit fraud. <p>Wherever we identify that a new data-set has value; is supported by a legal gateway; is Data Protection Act compliant and we are absolutely sure that all data exchanges are completely secure, we will seek to use it appropriately.</p> <p>We are currently undertaking trials with GB Group (Transactis) and Callcredit to undertake data-matching within our legacy benefits to detect the undeclared changes of circumstance and in UC and other digital programmes to identify high risk claims before they are paid. The work the department undertakes with the Cabinet Office's National Fraud Initiative (NFI) data-matching service has already successfully matched against taxi, market trading and personal alcohol licences and we continue to work closely with our NFI colleagues.</p> <p>The department is a partner in the Cabinet Office led Counter Fraud Checking Service pilot that shares details of fraudsters across banking, insurance and police. We are nearing the end of a trial with National Hunter who run fraud prevention services for the financial sector; and have had data exchanges with the Credit Industry Fraud Avoidance Service (CIFAS) and are undertaking a pilot with the NCA.</p>

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	d) The Permanent Secretary told the Committee that the RTI system is enabling the Department to identify what people in employment have earned.	Q26-27	How does the Department plan to make better use of data outside of using the RTI system?	<p>The exploitation of HMRC's Real-Time Information (RTI) system has been very successful in identifying undeclared earnings and non-state pensions. However, the department is aware that there are earnings that fall outside the Pay-As-You-Earn (PAYE) system, especially self-employed earnings, and we have a variety of initiatives underway to combat non-PAYE fraud and error too.</p> <p>In Universal Credit (UC), claimants with earnings from self-employment are required to report these to the Department on a monthly basis. Monthly reporting allows UC to be adjusted on a monthly basis, which ensures that rates of UC reflect fluctuations in claimants' income from self-employment. However, it is difficult to validate actual levels of self-employed earnings.</p> <p>We are working with the GB Group (Transactis), Callcredit, National Hunter and the banks to see how the financial data they hold can provide an indicator of a lifestyle that is inconsistent with a claimant's benefits income.</p> <p>We are currently trialling the use of self-assessment data with out-of-work benefits. However, the latency of self-assessment data (i.e. we wouldn't get self-assessment returns for 2014/15 until almost end of 2016), will be more problematic when matching against declared earnings for in work benefits such as UC and Housing Benefit (HB). We are also developing a set of data-matching rules using HMRC self-assessment data designed to identify undeclared earnings, undeclared partners and people claiming illegally while abroad. These rules are still being tested.</p>

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3. Benefits: MRs	Clearance times for MRs have improved on average: 95% of mandatory reconsiderations are now being cleared within 10 working days; an improvement from 12 months ago. The average clearance time for ESA has improved dramatically as well.	Q74	<p>i. Which specific benefits are included within the figure that 95% of mandatory reconsiderations are cleared within 10 working days?</p> <p>ii. Please can the Department provide a breakdown of clearance times for mandatory reconsiderations for each major benefit to date, to show the proportion of mandatory considerations that were cleared within the following time periods:</p> <ul style="list-style-type: none"> • 1 to 7 working days; • 8 to 14 working days; • 15 to 30 working days; • more than 30 working days; and • those that are outstanding/ not cleared. <p>iii. How many people waited longer than the average of 10 working days to receive a decision on their mandatory reconsideration?</p>	<p>i. The Secretary of State was referring to clearing 95% of working age benefit Mandatory Reconsiderations (MRs) in 10 days.</p> <p>ii – iv In response to recommendations made in the 5th Independent review of the Work Capability Assessment (WCA) – “the Litchfield Review”, the Department announced plans to introduce a Mandatory Reconsideration clearance time target for all benefits - starting with ESA from April 2016 - DWP is developing its plans to provide this information. However, before it is published DWP statisticians need to make sure that the data is accurate and fit for purpose. When this process is complete, and as each publication is ready, we will pre-announce the improvements in accordance with the UKSA release protocols.</p> <p>The Department is also currently quality assuring data on PIP MR clearance times and intends to publish this in due course, as stated in our PIP release strategy www.gov.uk/government/statistics/personal-independence-payment-release-strategy.</p>

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3. Benefits: MRs			iv. What is the maximum waiting time for clearing mandatory reconsiderations?	

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4. Benefits: PIP	The Secretary of State said that the average wait for new claims is down from two-thirds since June 2014, and is now at 5 weeks, down from 29 weeks.	Q76	<p>i. What part of the claims process does the average waiting time of 5 weeks for new claims relate to? For example, is it a measure of the waiting time from registration to assessment?</p> <p>ii. What is the average, minimum and maximum waiting time from receiving a PIP2 form to receiving payment?</p> <p>iii. What proportion of claimants have waited more than 5 weeks for an assessment?</p>	<p>i. The latest available information on the clearance times for claims to Personal Independence Payment (PIP) has been published and is available from the series of tables at 5A and 5B from the data tables published here - https://www.gov.uk/government/statistics/personal-independence-payment-april-2013-to-july-2015. The average waiting time of five weeks referenced by the Secretary of State is from the time of referral of a claim to the assessment provider to the return of the report from the provider (see table 5A).</p> <p>ii. Other average waiting times for different parts of the claiming process (including the time from return of the PIP2 form/referral to the Assessment provider to the DWP decision) are available here – https://www.gov.uk/government/statistics/personal-independence-payment-april-2013-to-july-2015.</p> <p>iii. The data suggests that for those claimants who had undergone an assessment in July 2015, 50% had waited 5 weeks or more for their assessment. In addition, an ad hoc publication on outstanding normal rules new claims was released on 12 May 2015 and is available here - https://www.gov.uk/government/statistics/personal-independence-payment-data-to-march-2015. That information contained data up to the end of March 2015.</p>

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5. Benefits: Employment and Support Allowance	The Secretary of State said that the Department is working more closely with the new work capability assessment provider, Maximus, to identify when it encounters difficulties. This is reducing backlogs: arrears are closer to 600,000; and reducing by 7,000 to 10,000 cases per week.	Q82-83, Q85	<ul style="list-style-type: none"> i. Please can the Department provide details of the number of assessments currently outstanding? ii. Is there a minimum waiting time target for a claimant to receive an assessment? iii. If there is a minimum waiting time target, how many claimants are waiting longer than this? 	<ul style="list-style-type: none"> i. The number of Employment and Support Allowance assessments outstanding on 13 Nov 2015 was 334,000 – a reduction of 211,070 or 38.7%, since February 2015. ii. There are no waiting times targets included within the Centre for Health and Disability Assessments (CHDA) contract. iii. As there are no contractualised targets this information is not collated.

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6. Benefits: Incapacity benefit	a) The Secretary of State said that Incapacity Benefit claims are not in line with expectations of those that have been found fit for work and how many of those would go on to claim ESA, as the work capability assessment is less harsh.	Q91-92	As agreed with the Committee, please can the Department provide details of how the current status of Incapacity Benefit claims match up against original expectations?	<ul style="list-style-type: none"> • For the Incapacity Benefit Reassessment process, the original expectation was that 19% of claimants would be placed in the ESA Support Group, 58% into the ESA Work-Related Activity Group and 23% would be found fit for work. <p>The latest official statistics published in September 2015 for completed cases re-assessed show, 45% were placed in the Support Group, 36% in the Work-Related Activity Group and 19% were found fit for work.</p>

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6. Benefits: Incapacity benefit	b) The Secretary of State stated that there is a problem with the binary choice that a claimant has to be too sick to work or they can work. He told the Committee that he has recently announced a review.	Q89-90	Please can the Department provide further details on the recently announced review that the Secretary of State mentioned to the Committee?	<p><u>Future reform</u></p> <ul style="list-style-type: none"> • The Secretary of State's speech on 24th August set out a vision for a welfare system that protects those most in need and helps those who can to realise their potential and find work. • The Department recognises that some people are unable to work because of physical or mental ill health – or both. The Government has committed to protecting these people. • However, most ESA claimants - 61% of WRAG claimants and 52% of SG claimants - say they do want to work¹ but employment rate for those with a disability or long term health condition is only 47.9%. • The benefits system is not providing the right incentives or support for people to take the necessary steps to return to employment. Once on ESA only 1 in 100 WRAG claimants leave the benefit each month, and 58% have been on ESA for over two years. • There is evidence showing that work is generally good for physical and mental wellbeing and that, where their health condition permits, sick and disabled people should be encouraged and supported to remain in, or to re-enter work as soon as possible.² • Universal Credit provides new opportunities around flexible working and supports people who move in and out of work due to health conditions or disabilities – the 'binary' fit for work/not fit for work WCA does not work well with this.

¹ 2013 DWP survey

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214326/hwwb-is-work-good-for-you.pdf

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				<ul style="list-style-type: none"> • The Secretary of State stated in his speech his desire to look at how assessments can be better geared towards helping to get people prepared for and into work, if and when they are ready for that. We need to focus on what a claimant can do and the support they'll need – not just on what they can't do. • Officials are working with a wide range of stakeholders to capture good practice and explore what are the best ways to use the benefit system to help and support people who are able to work into suitable employment. We want to hear what stakeholders and users have to say about how we can ultimately support more people with health conditions and disabilities into work. • It is too early to talk about any concrete plans but further detail on the outcome of these discussions will be announced in the winter. • Additionally there is wider engagement on health and work. Officials are working together with the Department of Health and holding a series of roundtable discussions with charities, health organisations, employers and user groups.