



Department  
for Work &  
Pensions

**From the Permanent Secretary**

Peter Schofield CB  
Caxton House  
Tothill Street  
London  
SW1H 9DA

020 7340 4000

Rt Hon Frank Field MP  
Work and Pensions Committee  
House of Commons  
London  
SW1A 0AA

6 March, 2019

*Dear Frank*

**ESA Underpayments and the 2019-20 funding position**

In your letter dated 22 February 2019 you asked for more information relating to the increased number of staff deployed on reviewing ESA cases and the additional volume of cases that we will be reviewing. Please find below answers to the specific questions you asked:

**1. An estimate of the total administrative cost (i.e. excluding arrears) of reviewing and correcting the underpayments?**

In 2018/19, the total administrative cost is forecast to be approximately £21m and in 2019/20, the forecast spend is approximately £19m.

**2. An explanation of how the Department has made these resources available – in particular, what work have you had to stop or deprioritise in order to deploy 1,200 staff to this exercise?**

In the course of 2018/19, the Department increased our resources by 4,209 FTE to manage all demands including LEAP exercises. This included the recruitment of an additional 400 staff, on a fixed term appointment basis, directly to support the ESA underpayment exercise. The remainder of the 1,200 staff were deployed onto the exercise as a result of reducing demand on ESA and JSA benefits. This approach has meant that we have not had to stop or deprioritise other customer activity in order to complete this review.

In my letter of 2 February I did say that we intend to finalise our 2019/20 plans and budgets in February in light of our reduced DEL funding. Therefore, I am providing you with an update on progress.

As you are aware DWP DEL funding has decreased by 38% since 2010/11 and the 2015 Spending Review provided the Department with around 95% of the funding we required for delivery of our plan. This has meant we have been required to identify additional efficiencies to continue to operate within our Parliamentary control totals, and for the first three years of our settlement we have lived within these totals. 2019/20 will be the most stretching year of our settlement, with our funding reducing by £600m to £5.8bn - the lowest ever funding envelope for the Department in recent history.

Our Executive Team has agreed a plan which allows us to live within available funding. The plan takes into account the following factors in order to reduce our DEL spend:

- Current lower levels of unemployment, which reduces the demand for DWP services;
- Driving additional savings from third party suppliers;
- Improved use of technology to increase productivity and reduce staff downtime;
- Management action to drive up our productivity, and to move work proactively and flexibly across our sites to meet changes in demand;
- A more targeted approach to investment and maintenance of our Digital systems;
- Reviewing historic performance to ensure our plans are realistic.

Throughout the process the Department ensured that we understood the wider implications of decisions we are making.

This plan will be challenging to deliver, and will require extremely close monitoring during the year to ensure we remain on track. In the last few years you will be aware we have significantly improved our financial management processes, which has been recognised by HMT and NAO, and we will continue to apply this level of rigour to ensure that any risks to affordability are mitigated through appropriate actions.

As ever I am happy to keep you updated on progress and suggest I provide an update to you on progress over the course of the new financial year.

*Yours sincerely*

*Peter Schofield*

Peter Schofield

**DWP Permanent Secretary**