

Committee of Public Accounts

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# DWP Customer Service and Accounts 2023-24

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Sixth Report of Session 2024–25

HC 354

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# Committee of Public Accounts

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# Summary

The service that the Department for Work and Pensions (DWP) provides to its 23 million customers is a mixed bag, with people receiving a very different quality of service depending on the benefit they are claiming. It is concerning that DWP is not providing a decent service to all its customers, who include some of the most vulnerable in society and some of those with the most complex needs. In particular, claimants of disability benefits, including Personal Independence Payment (PIP) and Employment and Support Allowance (ESA), are receiving an unacceptably poor service including processing times compared with those receiving Universal Credit (UC) and State Pension. In 2023–24, ESA claimants waited an average of 26 minutes and 53 seconds for DWP to answer their calls, while UC claimants waited only 2 minutes and 45 seconds on average. Overall, the customer service provided is not good enough, with DWP generally falling short of its service standards, especially in relation to processing new claims on time and answering calls to its in-house telephone lines. We have also reported recently on HMRC’s poor performance answering calls from taxpayers. Claimants calling DWP, just like the taxpayers calling HMRC, often have no choice but to engage with the Department, which places an onus on the Department to provide a reasonable level of service.

DWP has embarked on an ambitious 11-year Service Modernisation Programme to transform its services for customers. While DWP says that the benefits are starting to be felt, modernisation will take a long time, and in the meantime many customers are left waiting for a modern service that meets their needs. In addition, the scale and complexity of DWP’s plans make the programme inherently risky. Successful implementation will require strong leadership to embed the necessary cultural change, which DWP acknowledges can be the hardest part of any transformation programme.

Levels of fraud and error in DWP’s benefit expenditure remain unacceptably high and have increased since 2022–23. In 2023–24, excluding State Pension, 6.7% (£9.5 billion) of benefit expenditure was overpaid and claimants received an estimated 1.6% (£4.2 billion) less than they were eligible for. While DWP now expects overpayment levels to come down, it also seeks to defend its current performance by referring to the challenge of working against a “headwind” of an increasing propensity for fraud in society. This is a dangerous mindset. We agree with the assessment of the previous Committee that there is no reason why an increasing propensity for fraud must inevitably lead to increasing losses to the taxpayer. It is DWP’s job to improve its defences and ensure benefit claimants receive the right amount of money.

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# Introduction

The Department for Work & Pensions (DWP) is responsible for the delivery of welfare, pensions and child maintenance policy. It administers working-age, retirement, disability and ill-health benefits to more than 23 million people across Great Britain. In 2023–24, it spent £268.5 billion on benefit payments plus £7.3 billion on running costs.

The quality of service that DWP provides matters because claimants rely on the accurate and timely payment of the benefits to which they are entitled to avoid or mitigate financial hardship. Poor customer service can have a range of detrimental impacts, including frustration, distress and disruption for customers, and additional cost for DWP as it, for example, has to deal with repeated calls from customers chasing progress.

Benefit payments may be incorrect due to deliberate fraud, either by individuals or by organised crime groups, or unintended error by claimants or by DWP or another part of government. The Comptroller & Auditor General (C&AG) has qualified his opinion on the regularity of DWP's accounts for the past 36 years due to the material level of fraud and error in benefit expenditure. State Pension is excluded from the qualification because it has a significantly lower level of fraud and error. DWP's approach to tackling fraud and error includes a range of initiatives, such as Targeted Case Reviews to verify around 8 million existing UC claims and machine learning techniques to help identify possible fraud.

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# Conclusions and recommendations

- 1. It is unacceptable that ESA claimants are having to wait an average of nearly 30 minutes for DWP to answer their calls.** Many customers rely on contacting DWP by telephone when they have general queries or need to report changes of circumstances. Taking its in-house and outsourced telephone lines together, in 2023–24 DWP answered 36.7 million calls and customers waited an average of 8 minutes and 34 seconds for their calls to be answered. However, people receive significantly different response times depending on the benefit they are calling about. In 2023–24, UC claimants waited an average of 2 minutes and 45 seconds for their calls to be answered, while ESA claimants waited an average of 26 minutes and 53 seconds. DWP acknowledges that some call response times have not lived up to its expected standards. Long waiting times are a source of frustration and stress for customers and, while they are not charged for calling DWP, it is costly in terms of the time they spend waiting on the line or calling back.

## RECOMMENDATION

DWP should set out how it will improve its speed to answer calls from ESA claimants in 2025–26 and how it will judge its success.

- 2. DWP processes only around half of new PIP claims on time against a target for 75% of claims to be processed within 75 working days.** DWP's performance in processing new claims on time varies significantly between benefits, with claimants of disability benefits receiving a worse service than recipients of UC and State Pension. For example, in 2023–24, DWP processed 96% of new State Pension claims within the expected timeframe of 10 working days. Due to the complexity of the assessment process for PIP, DWP allows itself much longer — 75 working days or well over three months — to process new claims. In 2021–22, just 7% of new PIP claims were processed within this timeframe and, although performance improved to 52% in 2023–24, it remained well short of DWP's standard for 75% of new claims to be processed on time. Written evidence from Sense highlights that disabled peoples' experiences of the benefit system are often negative due to issues with the design of the system and how DWP communicates, which can make the impacts of their condition or impairment worse. DWP points to the Health Transformation Programme as its long-term solution to providing

a modern and timely service for disabled customers, but acknowledges that improvement will be a long process. In our view, it is unacceptable that some customers will have to wait years for DWP's service to improve.

**RECOMMENDATION**

DWP should set out when it expects to achieve its target for 75% of new PIP claims to be processed within 75 working days.

- 3. DWP does not understand well enough the experience of vulnerable customers and customers with additional or complex needs.** DWP's customers have a wide range of vulnerabilities and additional or complex needs due to poverty, age, health problems and disabilities. DWP has some arrangements in place to support these customers, including 37 Advanced Customer Service Support Leads who provide specialist support and advice for customers at serious risk of harm, abuse or neglect. It is also using artificial intelligence to help identify vulnerable customers from the wording they use in their communications, but concedes it does not have a screening system to identify such customers on the telephone. DWP is planning to revamp its regular customer experience survey and wants to use the survey data to understand better the variation in satisfaction between different groups of customers.

**RECOMMENDATION**

DWP should gather the data it needs to develop a deeper understanding of the experiences of different customer groups and act to improve the support it provides in light of its customer experience survey and any wider research findings.

- 4. Realising the benefits of service modernisation will require strong leadership to embed cultural change within DWP and its outsourced providers.** DWP's Service Modernisation Programme is an 11-year organisation-wide programme estimated to cost £312.1 million, running from 2022–23 to 2032–33, which is seeking to deliver benefits for customers, staff and taxpayers. However, the scale and complexity of the programme means delivery involves significant risk. Strong leadership is needed to make the necessary cultural changes within DWP and its outsourced providers who help to deliver services such as health assessments and telephony. DWP considers this cultural change is critical to realising the programme's benefits, but also acknowledges that cultural change can be the biggest challenge to successfully implementing any transformation programme. DWP's expected net return from the programme has fallen by almost £150 million over the past year, from £680 million to £531 million. By March 2024, just two years into the 11-year programme, DWP had already spent £211.5 million, two-thirds of the total estimated costs of £312.1 million.



**RECOMMENDATION**

DWP should set out how it will monitor and mitigate the risk that it does not achieve the cultural change necessary for successful service modernisation.

- 5. Benefit claimants received over £4 billion less than they were entitled to in 2023–24, increasing the risk of financial hardship for the people losing out.** DWP estimates that claimants received 1.6% (£4.2 billion) less than they were eligible for in 2023–24, up from 1.5% (£3.5 billion) in 2022–23. These underpayments leave the claimants affected with less money than they should have, making their finances more precarious than they should be. Underpayment rates are highest for disability benefits, such as PIP and Disability Living Allowance, where the most common reason for underpayments is customers failing to inform DWP that their condition has worsened or their needs have increased, meaning they would have been entitled to more money. Many claimants need to call to notify DWP about changes of circumstances, but a significant proportion of calls go unanswered. DWP needs to do more to encourage people to report changes of circumstances, which hinges on making it easy for people to get in touch and on customers trusting that they will be treated fairly. Written evidence from Sense highlights that 43% of claimants with complex disabilities do not have their needs met through DWP’s communications.

**RECOMMENDATION**

To help make sure people receive the full amounts they are entitled to, DWP should set out how it plans to build trust with claimants and make it easier for them to provide updates on changes of circumstances.

- 6. Excluding State Pension, £9.5 billion of benefit expenditure was overpaid in 2023–24 and DWP did not achieve its savings target from Targeted Case Reviews.** Excluding State Pension, DWP estimates that it overpaid a total of 6.7% (£9.5 billion) in 2023–24, up from 6.6% (£8.2 billion) in 2022–23, meaning many claimants received more money than they were entitled to. DWP has a number of initiatives to tackle overpayments, including a programme of Targeted Case Reviews aimed at identifying fraud in existing UC claims. DWP is confident that the Targeted Case Reviews approach is working despite missing its savings target in 2023–24, achieving £90 million of savings against the target of £115 million. Overpayments have not come down as quickly as DWP had hoped, but DWP reports that it is on track for UC overpayments to return to below pre-pandemic levels over the period to 2030. In the 2024 Autumn Budget, the government increased funding for DWP’s counter fraud activities by £110 million in 2025–26.

**RECOMMENDATION**

DWP should set out how it will use the extra £110 million it received in the Autumn Budget 2024 for counter fraud activities to reduce overpayment rates.

- 7. We remain concerned about the potential negative impact on protected groups and vulnerable customers of DWP’s use of machine learning to identify potential fraud.** The previous Public Accounts Committee repeatedly raised concerns about the impact of data analytics and machine learning on legitimate benefit claims being delayed or reduced, the number of people affected, and whether this is affecting specific groups of people. Written evidence from the Public Law Project raises a series of risks around DWP’s use of machine learning to tackle fraud. In particular, it notes the risk of machine learning taking on human biases when it is trained on historical data and the potential for wide-scale detrimental impacts on claimants if there is a system-error. DWP has undertaken a fairness impact assessment on its use of data analytics, which it says raised no concerns about the impact on customers. However, it has not published the results because it says it wants to avoid releasing information that could assist fraudsters.

**RECOMMENDATION**

DWP should share with us – in confidence if necessary – the results of its 2024 fairness impact assessment in order to provide reassurance that its use of machine learning is not resulting in claimants being treated unfairly.

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# 1 Customer service

## Introduction

1. On the basis of two reports by the Comptroller and Auditor General (C&AG), we took evidence from the Department for Work & Pensions (DWP) on its customer service and on its 2023–24 accounts, in particular on the level of fraud and error in benefit expenditure.<sup>1</sup>
2. DWP is responsible for the delivery of welfare, pensions and child maintenance policy.<sup>2</sup> It administers working-age, retirement, disability and ill-health benefits to 23 million people across Great Britain. In 2023–24, it spent £268.5 billion on benefit payments plus £7.3 billion on running costs.<sup>3</sup>
3. The quality of service that DWP provides matters because claimants rely on the accurate and timely payment of the benefits to which they are entitled to avoid or mitigate financial hardship. Poor service can have a range of detrimental impacts, including frustration, distress and disruption for customers, and additional cost for DWP as it, for example, has to deal with repeated calls from customers chasing progress.<sup>4</sup>
4. Responsibility for customer service work is spread across DWP. Parts of the organisation involved in this activity include around 630 jobcentres that mainly deal with customers face to face and 70 ‘back-of-house’ sites whose work includes processing claims and handling more complex customer queries by telephone. DWP outsources part of its telephony services to private providers who operate two call centre hubs that handle more straightforward customer queries.<sup>5</sup>

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1 C&AG’s Report, [DWP customer service](#), Session 2024–25, HC 127, 23 July 2024 (abbreviated in subsequent footnotes to ‘C&AG’s Report (customer service)’); C&AG’s [Report on DWP’s Accounts 2023–24](#), Session 2024–25, HC 129, 22 July 2024 (abbreviated in subsequent footnotes to ‘C&AG’s Report (on accounts)’)

2 C&AG’s Report, [An Overview of the Department for Work & Pensions for the new Parliament 2023–24](#), October 2024, page 6

3 Q 1; C&AG’s Report (customer service), para 1

4 C&AG’s Report (customer service), paras 1, 8

5 C&AG’s Report (customer service), para 2

## Telephone waiting times

5. Telephony performance is a key aspect of DWP's customer service.<sup>6</sup> Many customers rely on contacting DWP by telephone when they have general queries or need to report changes of circumstances.<sup>7</sup> Taking its in-house and outsourced lines together, in 2023–24 DWP answered 85% of the calls that were assigned to a queue (36.7 million calls).<sup>8</sup> Some calls also go unanswered because they are not assigned to a queue, for example because the queues are full. Taking DWP's in-house lines alone, in 2023–24 3.6 million calls (14%) did not get to the point of being assigned to a queue. Including these calls in the calculation would reduce the proportion of calls to DWP's in-house lines that were answered in 2023–24 from 76% to 66%.<sup>9</sup>
6. In 2023–24, DWP's customers waited an average of 8 minutes and 34 seconds for their calls to be answered. This did not include any time customers spent waiting before they were assigned to a queue, or any time waited by customers who went on to abandon their call before an agent answered. There was considerable variation in performance depending on which benefit customers were calling about and whether they were routed to an in-house or outsourced line. In 2023–24, Universal Credit (UC) claimants waited an average of 2 minutes and 45 seconds for their calls to be answered, while Employment and Support Allowance (ESA) claimants waited an average of 26 minutes and 53 seconds. In 2023–24, callers routed to DWP's in-house lines waited 15 minutes and 23 seconds on average, while those routed to outsourced lines waited 2 minutes and 29 seconds on average.<sup>10</sup> Customers are not charged for calling DWP, but it is costly in terms of the time they spend waiting on the line or calling back.<sup>11</sup>
7. We asked DWP whether it is acceptable for some customers—who face real pressures in their daily lives—to wait half an hour for their calls to be answered and why outsourced providers are so much quicker to answer calls than in-house lines. DWP told us that it wanted to provide the best possible service for customers who needed to call, but it had to balance that desire with the fact that many of the staff who deal with calls to its in-house lines also process benefits because the two activities require the same skills. It said that local leaders had to make daily decisions about what resource they allocated to answering calls and what resource they devoted to processing claims.<sup>12</sup> It acknowledged, however, that some

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6 C&AG's Report (customer service), para 2.24

7 C&AG's Report (customer service), para 1.7

8 C&AG's Report (customer service), para 2.27

9 C&AG's Report (customer service), para 13

10 C&AG's Report (customer service), para 2.31

11 C&AG's Report (customer service), para 2.24

12 Qq 5-7

call response times had not lived up to its expected standards, which it attributed to demand pressures,<sup>13</sup> and recognised that long waiting times were frustrating for customers.<sup>14</sup>

8. DWP also told us that the difference in performance between in-house and outsourced lines reflected the type of work they handled. It said that it used outsourced providers to deal with simpler transactions and calls, while its in-house lines dealt with more complex queries. In addition, calls that involved decisions had to be handled by officials.<sup>15</sup>
9. We asked DWP whether some of the long call waiting times, such as for ESA claimants, would have significantly improved by next year. DWP told us that it wanted to reduce waiting times but it was having to deal with a sustained surge in demand for benefits.<sup>16</sup> By way of a solution, DWP highlighted that, over the next 18 months, the 880,000 people on income-related ESA would be moving to UC and so would benefit from the modern UC platform and faster call response times experienced by the average UC customer.<sup>17</sup>

## Timeliness of claims processing

10. A failure to process claims and pay benefits in a timely way can mean claimants wait longer for money they are entitled to, increasing the risk of financial hardship and making it more difficult for them to manage their finances effectively.<sup>18</sup> Overall, DWP processed 72% of new claims on time in 2023–24, down from 77% in 2019–20.<sup>19</sup>
11. DWP’s performance in processing new claims on time varies significantly between benefits, after taking account of its different timeliness standards for different benefits, which reflect the nature and complexity of each benefit. In 2023–24, DWP processed 84% of UC claims within the expected timeframe of five weeks and 96% of new State Pension claims within the expected timeframe of 10 working days. DWP allows itself 75 working days to process new Personal Independence Payment (PIP) claims because of the time taken to gather the detailed evidence needed to assess a claim. Just 7% of new PIP claims were processed on time in 2021–22 and, although performance improved to 52% in 2023–24, it remained well short of DWP’s standard for 75% of new PIP claims to be processed within 75 working days.<sup>20</sup>

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13 Q 7

14 Q 10

15 Q 10

16 Qq 9-11

17 Qq 12, 13, 15

18 C&AG’s Report (customer service), para 2.19

19 C&AG’s Report (customer service), para 2.22

20 C&AG’s Report (customer service), paras 2.20, 2.23 and Figure 7

12. Written evidence from Sense highlighted that disabled people’s experiences of the benefit system were often negative due to issues with the design of the system and how DWP communicates. In May 2024, Sense commissioned a survey of 1,000 people with complex disabilities in receipt of benefits. Of those surveyed, 37% found it difficult to apply for benefits and 45% reported that the application process made the impacts of their condition or impairment worse.<sup>21</sup>
13. We asked DWP to explain its mixed performance in the timeliness with which new benefit claims are processed. DWP told us that it was undertaking a programme of modernisation, which bit by bit was building the modern service that everyone expected. It highlighted that the majority of its customers—7.5 million UC claimants and 12 million State Pension recipients—were already benefiting from the investment it had made in modern platforms, and it wanted to bring this modernisation to customers of other services.<sup>22</sup>
14. We pressed DWP on when we would see a marked improvement in the timeliness with which new PIP claims are processed.<sup>23</sup> DWP pointed towards the Health Transformation Programme as its long-term solution to providing a modern and timely service for disabled customers. One of the big changes would be the introduction of case management to help PIP claimants through the process as, for example, people often did not know what evidence they needed to submit alongside their claim.<sup>24</sup> DWP acknowledged, however, that improvement would be a “long journey” because the system was so complex and the scale of the transformation required was huge.<sup>25</sup> DWP told us it expected to have the new health assessment and PIP application processes fully in place by 2029, but hoped customers would start to see some of the benefits before then.<sup>26</sup> It highlighted that it was currently testing on a small scale an online application system for PIP, which could potentially speed up the start of the claim process.<sup>27</sup>

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21 [DCSA0001](#)

22 Q 1

23 Q 2

24 Q 21

25 Qq 2, 23

26 Q 23

27 Q 2

## Vulnerable customers and customers with additional or complex needs

15. Some of DWP's customers are vulnerable or have additional or complex needs due to poverty, age, health problems and disabilities.<sup>28</sup> DWP told us that supporting these customers was a key priority and that it sought to put the right support in place at the start of a customer's 'journey'.<sup>29</sup> It said that staff were trained to ascertain upfront whether a customer had specific requirements or vulnerabilities, and referred to the work of its Advanced Customer Service Support Leads—a team of 37—who provide specialist support and advice for customers at serious risk of harm, abuse or neglect.<sup>30</sup>
16. DWP also told us that it had been using artificial intelligence to scan customers' written communications for words and phrases that could indicate vulnerability so that it could provide support quickly. In subsequent correspondence, it highlighted that this technology solution had recently received the 'Excellence in Delivery Award' at the 2024 Civil Service Awards.<sup>31</sup> DWP conceded that it did not yet have an equivalent screening system to identify such customers on the telephone but said it had plans to address this gap through its Service Modernisation Programme. It told us it had plans to deploy new contact centre technology, known as a 'Conversational Platform', which should route customers to the right person in a quicker way by using a virtual telephone agent.<sup>32</sup> In subsequent correspondence, DWP stated that the Conversational Platform was performing well in areas where it had been deployed and that it planned to roll out the service across more telephony lines in the coming months.<sup>33</sup>
17. Written evidence from Sense highlighted findings from a survey of claimants with complex disabilities—49% of those surveyed reported that they could not apply for benefits without the support of friends, family or a support service. Sense recommended that DWP should work with disabled people to introduce clear standards on how to communicate accessibly.<sup>34</sup> DWP said it wanted to consider any recommendation that would help it to be more accessible but emphasised that it put a lot of effort into trying to make its services as accessible as possible, including making sure its communications were available in all different forms of accessible format.

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28 C&AG's Report (customer service), para 1

29 Q 16

30 Q 17; C&AG's Report (customer service), para 1.12; [Letter from DWP to the Public Accounts Committee dated 23 December 2024](#)

31 Q 16; [Letter from DWP to the Public Accounts Committee dated 23 December 2024](#)

32 Q 17; C&AG's Report (customer service), para 3.13

33 [Letter from DWP to the Public Accounts Committee dated 23 December 2024](#)

34 [DCSA0001](#)

It also told us that it worked with other organisations to help make sure benefits were accessible, such as with Age UK on support for those claiming Pension Credit.<sup>35</sup>

18. Since 2019 DWP has contracted Ipsos to undertake a regular customer experience survey.<sup>36</sup> We asked DWP whether it could track customer satisfaction for customers with disabilities or additional needs. DWP said it had done some analysis of its customer experience survey but acknowledged that it could be making better use of its survey data to understand differences in customer experiences by key characteristics. It said that it was revising the survey contract with a view to including more wider analysis.<sup>37</sup>

## Service modernisation

19. DWP recognises that significant parts of its services remain largely unmodernised. Its Service Modernisation Programme is an 11-year organisation-wide programme, estimated to cost £312.1 million and running from 2022–23 to 2032–33, which is seeking to deliver benefits for customers, staff and taxpayers.<sup>38</sup> However, the scale and complexity of the programme means delivery involves significant risk. DWP’s 2023 accounting officer assessment highlighted the challenges of managing multiple interdependencies; the scale and nature of the desired change; and achieving the necessary cultural change. DWP considers this cultural change is critical to realising the programme’s benefits.<sup>39</sup>
20. DWP told us that the scale of the challenge involved in service modernisation was daunting for a variety of reasons. It highlighted the complexity of what it did, the size of its operations, issues relating to its legacy IT systems and the need to meet day-to-day demand for its services at the same time as transforming them. It stressed, however, that it had to transform its services and referred to child maintenance as an example of an area where benefits were already being achieved, with staff who were previously answering telephone calls now focused on the collection of maintenance payments.<sup>40</sup>
21. DWP acknowledged that cultural change can be the hardest part of any transformation programme. It told us that this requires leadership to help people understand the change that is coming, why the change is a good

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35 Qq 19-20

36 C&AG’s Report (customer service), paras 2.2, 2.3

37 Q 25

38 C&AG’s Report (customer service), paras 3.10, 3.11

39 C&AG’s Report (customer service), para 3.17

40 Q 30



thing and how they have a part to play in making the change. DWP said it took comfort from its wider experience of delivering service transformation, such as on UC where it had moved staff away from relatively low-grade paper-based processing into more interesting customer-facing work.<sup>41</sup>

- 22.** We asked DWP how it would monitor whether it was achieving the necessary cultural change, including within its outsourced services such as health assessments. DWP referred us to three areas of focus—embedding its values throughout the organisation; getting feedback and learning when something has not worked; and having appropriate guidance and conversations with partner organisations.<sup>42</sup>
- 23.** By March 2024, two years into the 11-year programme, DWP had spent £211.5 million, two-thirds of the total estimated costs of £312.1 million.<sup>43</sup> It said that much of the spending to date had been on digital and technology and its ambition was to build components once and then reuse them multiple times.<sup>44</sup> DWP’s expected net return from the programme has fallen by almost £150 million over the past year, from an estimate of £680 million in 2023 to £531 million in 2024.<sup>45</sup> DWP told us that the return on investment remained where it would want it to be, within the boundaries of the business case. It had funding for the programme until March 2026 and would make a strong case to secure further funding in the forthcoming three-year spending review.<sup>46</sup> It also said that it would be revising the programme business case, including estimates of costs and benefits, in light of the spending review.<sup>47</sup>

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41 Qq 30-31

42 Q 37

43 C&AG’s Report (customer service), para 3.14

44 Q 38

45 C&AG’s Report (customer service), para 3.16; [Service Modernisation Programme Accounting Officer Assessment \(August 2024\)](#)

46 Qq 33-36

47 Qq 39-43

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## 2 Fraud and error in benefit expenditure

24. Benefit payments may be incorrect due to deliberate fraud, either by individuals or by organised crime groups, or unintended error by claimants or by DWP or another part of government. The C&AG qualified his opinion on the regularity of DWP's 2023–24 financial statements due to the material level of fraud and error in its benefit expenditure (except for expenditure on State Pension, for which the level of fraud and error is significantly lower). Regularity relates to whether money has been spent as Parliament intended, for example whether spending complies with relevant legislation. This was the thirty–sixth consecutive year for which DWP's accounts have been qualified due to material fraud and error.<sup>48</sup>

### Underpayments

25. DWP estimates that claimants received 1.6% (£4.2 billion) less than they were eligible for in 2023–24, up from 1.5% (£3.5 billion) in 2022–23. These underpayments comprised £1.1 billion in official error and £3.1 billion in unfulfilled eligibility.<sup>49</sup> Official error is where a benefit is paid incorrectly due to action, delay or a mistaken assessment by DWP, a local authority or HM Revenue & Customs.<sup>50</sup> Unfulfilled eligibility is where a claimant by error, omission or choice fails to provide accurate information or evidence to DWP about their circumstances and as a result receives less than the full amount of benefit they are entitled to. It was referred to as 'claimant error underpayments' by DWP until 2023–24.<sup>51</sup>
26. Underpayment rates are highest for disability benefits. In 2023–24, the unfulfilled eligibility rate for Disability Living Allowance was 11.1% (£750 million) and for Personal Independence Payment was 4.0% (£870 million). The most common reason for underpayments is customers failing to inform DWP that their condition has worsened or their needs have increased,

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48 C&AG's Report (on accounts), para 4; C&AG's Report, [An Overview of the Department for Work & Pensions for the new Parliament 2023–24](#), October 2024, page 22

49 C&AG's Report (on accounts), para 21

50 C&AG's Report (on accounts), para 14

51 C&AG's Report (on accounts), para 21

meaning they would have been entitled to more financial support.<sup>52</sup> These underpayments leave the claimants affected with less money than they should have, increasing the risk of them facing financial hardship.<sup>53</sup>

27. Many customers contact DWP by telephone when they need to report a change of circumstances.<sup>54</sup> However, a significant proportion of calls to DWP go unanswered. In 2023–24, DWP answered 66% of calls to its in-house lines, after taking account of calls that were not assigned to a queue, for example because the queues were full.<sup>55</sup>
28. DWP confirmed that most underpayments stemmed from people with health conditions not informing DWP when their condition had deteriorated. It acknowledged that it needed regularly to encourage people to come forward about changes of circumstances and make it easy for them to do so. It also stressed the importance of trust – creating an environment in which people think that they will be treated fairly if they tell DWP that their condition has worsened.<sup>56</sup> Written evidence from Sense highlighted, however, that 43% of claimants with complex disabilities do not have their needs met through DWP’s communications, even when they had shared their preferences with DWP.<sup>57</sup>

## Overpayments

29. Excluding State Pension, DWP estimates that it overpaid a total of 6.7% (£9.5 billion) of benefit expenditure in 2023–24, up from 6.6% (£8.2 billion) in 2022–23.<sup>58</sup> Fraud—where DWP considers that a claimant should reasonably have been aware that they were receiving money they were not entitled to—accounted for most of the overpayments (£7.3 billion).<sup>59</sup> Two-thirds of all overpayments by value related to UC.<sup>60</sup>
30. DWP set out its current plan to tackle fraud and error in its strategy *Fighting Fraud in the Welfare System*, published in May 2022. Its initiatives include a programme of Targeted Case Reviews to verify around 8 million existing UC claims.<sup>61</sup> During 2023–24, Targeted Case Reviews delivered savings of £90 million, falling short of DWP’s expected savings of £115 million.<sup>62</sup>

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52 C&AG’s Report (customer service), para 2.18

53 C&AG’s Report (customer service), para 2.12

54 C&AG’s Report (customer service), para 1.7

55 C&AG’s Report (customer service), paras 2.26, 2.27

56 Q 49

57 [DCSA0001](#)

58 C&AG’s Report (on accounts), para 13

59 C&AG’s Report (on accounts), para 14

60 C&AG’s Report (on accounts), para 16

61 C&AG’s Report (on accounts), para 32

62 C&AG’s Report (on accounts), para 33

31. DWP said that missing its savings target was not a cause for concern, describing it as “a blip” caused by a change in its approach to implementing the Targeted Case Reviews due to wider pressures in the Department. In 2023–24, it had realised that it could not recruit the staff needed for Targeted Case Reviews alongside the extra work coaches and other staff required to administer the growth in benefits. It therefore decided to use a contracted route and had to divert some resources away from carrying out the reviews to set up that arrangement. It assured us that the Targeted Case Review approach was working and said that it was ahead of profile in generating savings in the current year and would be back on track for later years.<sup>63</sup>
32. In the 2024 Autumn Budget, the government announced it would increase funding for DWP’s counter fraud and error activities by £110 million in 2025–26, hire an additional 3,000 DWP fraud and error staff, and introduce new legislative powers for DWP to recover debt alongside requiring banks and financial institutions to undertake checks to identify incorrect benefit payments.<sup>64</sup>
33. We asked DWP what the extra funding would achieve in terms of reduced fraud. It told us that it would be doing more Targeted Case Reviews and more of its business-as-usual work on counter fraud and compliance. It would also be doing some new things, such as regularly asking UC claimants to confirm that their circumstances are up to date. It said that, although people’s claims were correct when they made them, they tended not to get round to letting DWP know when something changed in their lives, such as a partner moving in which meant they should be claiming as a household rather than as two separate individuals.<sup>65</sup>
34. DWP also highlighted the importance of access to data, particularly because one of the big areas of UC overpayments related to people who had savings that they did not tell DWP about. It said that some of the powers in the planned Fraud, Error and Debt Bill would give it the ability to ask banks to let it know of situations in which someone on UC has more than a certain amount of savings. DWP told us that this situation would not automatically stop benefit payments but would highlight lines of inquiry for its investigators.<sup>66</sup>
35. DWP pointed us to the Office for Budget Responsibility’s statement forecasting welfare trends alongside the 2024 Autumn Budget, which showed overpayments in UC returning to below pre-pandemic levels in the

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63 Qq 55-56

64 [Autumn Budget 2024](#), para 4.109

65 Q 58

66 Qq 58-60

period to 2030.<sup>67</sup> Nevertheless, DWP said that overpayments had not come down as quickly as it had wanted and it was not satisfied with the current position. As it had done in previous evidence sessions, it noted that, as it acted to drive down fraud and error, the “headwinds” in terms of a greater propensity for fraud in society at large pushed it back the other way.<sup>68</sup>

## Using machine learning to identify potential fraud

- 36.** DWP is implementing machine learning techniques to help it identify fraud in benefit expenditure. It has one machine learning model in operation, for new UC advance claims, alongside several others in development.<sup>69</sup> The previous Public Accounts Committee raised concerns about the level of transparency in DWP’s use of these tools and the potential impact on claimants who are vulnerable or from protected groups.<sup>70</sup> In December 2023, the previous Committee recommended that DWP should consider explicitly the impact of using machine learning to identify fraud on legitimate claims being delayed or reduced, the number of people affected, and whether this was affecting specific groups of people.<sup>71</sup> DWP has since undertaken a fairness impact assessment, but has not published the results so as to conceal from fraudsters how its model operates. It says that the results did not give any cause for concern when considered alongside the safeguards in place to protect claimants.<sup>72</sup>
- 37.** However, written evidence we received from the Public Law Project raised a series of risks around DWP’s use of machine learning to tackle fraud. In particular, it noted the risk of machine learning taking on human biases when it was trained on historical data and the potential for widescale detrimental impacts on claimants if there was a system error. It said that DWP needed to be more transparent to address the issue of public confidence in its machine learning techniques.<sup>73</sup>

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67 Q 46

68 Qq 46, 57

69 C&AG’s Report (on accounts), paras 32, 34

70 Committee of Public Accounts, [The Department for Work & Pensions Annual Report and Accounts 2022–23](#), Fourth Report of Session 2023–24, HC 290, 6 December 2023; Committee of Public Accounts, [The Department for Work and Pensions’ Accounts 2021–22 – Fraud and error in the benefits system](#), Twenty-Sixth Report of Session 2022–23, HC 44, 9 November 2022

71 Committee of Public Accounts, [The Department for Work & Pensions Annual Report and Accounts 2022–23](#), Fourth Report of Session 2023–24, HC 290, 6 December 2023

72 C&AG’s Report (on accounts), para 34

73 [DCSA0003](#)

- 38.** We stressed that we would like to be satisfied that DWP’s use of machine learning is fair and consistent. DWP highlighted its main safeguard, which is that it would never stop benefit payments to a customer due to an AI tool. It said that what AI helped it to do was to direct the work of its staff to investigate more effectively. DWP also committed to work with us and the National Audit Office to find a way to provide the necessary further assurance as to the fairness of its machine learning techniques. It reiterated this commitment in subsequent correspondence.<sup>74</sup>

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74 Qq 52-54; [Letter from DWP to the Public Accounts Committee dated 23 December 2024](#)

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# Formal minutes

**Thursday 23 January 2025**

## Members present

Sir Geoffrey Clifton-Brown, in the Chair

Mr Clive Betts

Anna Dixon

Rachel Gilmour

Sarah Green

Chris Kane

Rebecca Paul

## Declaration of interests

The following declarations of interest relating to the inquiry were made:

### **5 December 2025**

Anna Dixon declared the following interest: relatives who work for the DWP.

## **DWP Customer Service and Accounts 2023-24**

Draft Report (*DWP Customer Service and Accounts 2023-24*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 38 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Sixth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available (Standing Order No. 134).

## **Adjournment**

Adjourned till Monday 27 January at 3 p.m.



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# Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

## Thursday 5 December 2024

**Sir Peter Schofield KCB**, Permanent Secretary, Department for Work & Pensions; **Neil Couling CB CBE**, Fraud, Disability and Health Director General and Senior Responsible Owner, Universal Credit, Department for Work & Pensions; **Amanda Reynolds**, Director General Strategy and Transformation, Department for Work & Pensions

[Q1-67](#)

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# Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

DCSA numbers are generated by the evidence processing system and so may not be complete.

- |   |                            |                          |
|---|----------------------------|--------------------------|
| 1 | Child Poverty Action Group | <a href="#">DCSA0004</a> |
| 2 | Equifax                    | <a href="#">DCSA0002</a> |
| 3 | Public Law Project         | <a href="#">DCSA0003</a> |
| 4 | Sense                      | <a href="#">DCSA0001</a> |

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# List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

## Session 2024–25

Number	Title	Reference
1st	Support for children and young people with special educational needs	HC 353
2nd	Condition and maintenance of Local Roads in England	HC 349
3rd	HMRC Customer Service and Accounts	HC 347
4th	Tackling homelessness	HC 352
5th	NHS financial sustainability	HC 350