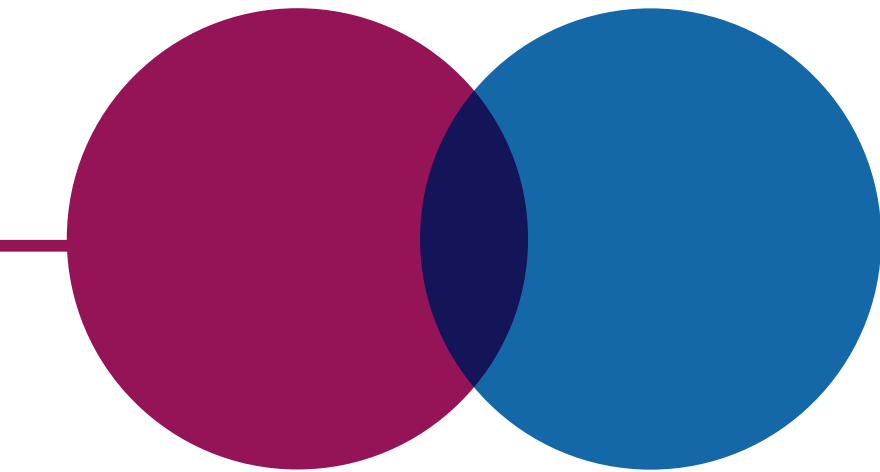




REPORT

DWP customer service

Department for Work & Pensions



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National Audit Office

DWP customer service

Department for Work & Pensions

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

11 July 2024



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Contents

Key facts 4

Summary 5

Part One

Approach to monitoring
customer service 14

Part Two

Customer service performance 24

Part Three

Plans for improving
customer service 40

Appendix One

Our audit approach 48

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Key facts

11.8%

increase in the number of benefit claimants from May 2019 to May 2023, equivalent to 2.4 million people

£3.4bn

combined operating cost in 2023-24 of the Department for Work & Pensions' (DWP's) two service delivery groups, whose work includes customer service activities

83%

proportion of surveyed customers who were very or fairly satisfied with the service they received from DWP in 2022-23, against DWP's benchmark for good performance of 85%

93%

proportion of State Pension customers who were satisfied in 2022-23, compared with 77% of Personal Independence Payment (PIP) customers

72%

proportion of new benefit claims that DWP processed on time in 2023-24, compared with 77% in 2019-20

52%

proportion of new PIP claims processed on time in 2023-24, compared with 96% of new State Pension claims

76%

proportion of calls to DWP's in-house telephone lines that were answered in 2023-24 (17.3 million calls), compared with 94% of calls to outsourced telephone lines (19.4 million calls)

43%

estimated proportion of customer call time, on DWP's in-house lines for eight benefits in 2022-23, that DWP identified as avoidable, for example if it improved its processes or communications

£680.4 million

DWP's 2023 estimate of the net undiscounted benefit of its Service Modernisation Programme from 2022-23 to 2032-33

Summary

1 The Department for Work & Pensions (DWP) makes benefit and pension payments to more than 20 million people across Great Britain, to support them through life events, such as being out of work or retirement, or disability. In 2023-24, it spent £268.5 billion on these payments plus £7.3 billion on running costs. Some of DWP's customers are vulnerable or have complex needs, due to poverty, age, health problems and disabilities. The quality of customer service that DWP provides matters because claimants rely on benefit income 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.

2 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.

3 The DWP staff involved in customer service carry out a range of activities that include processing claims and dealing with calls from customers. They work within DWP's two service delivery groups, which had a combined operating cost of £3.4 billion in 2023-24.

Focus of our report

4 This report examines whether DWP has an effective approach to customer service. The evaluative criteria we used to assess value for money included whether DWP:

- has a clear framework for monitoring customer service, such as clear objectives, measures and performance reporting;
- has provided good customer service over recent years in relation to four key areas – satisfaction, payment accuracy, payment timeliness and telephony. We examined performance overall and for four individual benefits to explore variation; and
- has clear plans for improving customer service.

5 The report covers DWP's: approach to monitoring customer service (Part One); customer service performance (Part Two); and plans for improving customer service (Part Three). Details of our audit approach are set out in Appendix One.

Key findings

DWP's approach to customer service

6 DWP's customer base is growing, with the number of people claiming benefits and State Pension rising by 2.4 million since 2019 because of a range of economic and societal factors. The number of people receiving benefit and pension payments in Great Britain rose from 20.3 million in May 2019 to 22.7 million in May 2023, an increase of 11.8%. The growth in demand was mainly for Universal Credit (UC), with a rapid rise in claimants during the COVID-19 pandemic in particular, and for Personal Independence Payment (PIP), reflecting the growing number of people with long-term health problems and disabilities. DWP expects the demand for benefits to continue to grow, with its caseload projected to increase by 12% from 29.0 million in 2022-23 to 32.5 million in 2025-26 (paragraphs 1.3 to 1.6 and Figure 1).

7 DWP has an objective to deliver high-quality services and monitors performance using three key measures – customer satisfaction, payment accuracy and payment timeliness. DWP's outcome delivery plan for 2023 to 2025 includes an objective to deliver high-quality services. Although DWP has not defined what it means by 'high quality', it publishes a summary of performance against the three key measures in its annual report and accounts. Internally, DWP also monitors telephony performance, such as the proportion of calls answered, although it does not report on it publicly. DWP's customer charter, which was published in 2013, set out four high-level principles for its service to customers: the right treatment, getting decisions right, keeping customers informed, and providing easy access to services. DWP previously used its customer experience survey to assess performance against the charter. It told us its ongoing monitoring is not specifically aligned to the charter principles as it has adjusted the survey to focus on what its research identified as the main factors that drive customer satisfaction, many of which are reflected in the charter (paragraphs 1.18, 1.19, 2.4, 2.15, 2.21 and 2.25).

8 DWP has published little information on the standard of service that customers can expect, increasing the likelihood of customer queries and greater pressure on its services. DWP has not published details of its performance standards, for example for payment timeliness, and does not consistently tell customers upfront what they can expect in areas such as claim-processing or call-waiting times. It told us it is planning to make more use of text messages to update customers, but noted that providing up-to-date information is not straightforward because of the range and complexity of its services. DWP's limited transparency about service standards increases the likelihood of customers calling for progress updates and reassurance. DWP recognises that some of the workload of its telephony services is 'avoidable contact' – calls that could be avoided or reduced if DWP improved its processes or communications. It analysed calls to in-house telephone lines for eight benefits and estimated that 31.6 million minutes of customer call time for these benefits were avoidable in 2022-23. This represented 43% of call time on these lines. Improving customer service and thereby reducing avoidable contact could help DWP become more efficient – for example, by reducing the resource it needs to devote to dealing with progress-chasing calls (paragraphs 1.20 to 1.23).

9 DWP has been improving its arrangements for monitoring customer service across the organisation. DWP devotes time and effort to monitoring and reporting performance, including at senior levels. There are regular performance discussions at all levels within the two service delivery groups, and the service delivery executive team reports to DWP's overall executive team on performance against its outcome delivery plan. DWP has approved performance frameworks and key performance indicator definitions setting out what it would like to measure for all its major benefits, although implementation is hindered by what it can measure using its current data and IT systems. DWP has been working towards an organisation-wide outcomes-based performance framework, to help it use the right data more efficiently (paragraphs 1.24 to 1.26 and Figure 3).

DWP's customer service performance

10 Since 2020-21, DWP has fallen slightly short of its benchmark for good performance, which is for 85% of customers to be satisfied with the service they received. DWP measures satisfaction using its quarterly customer experience survey. In 2020-21, DWP recorded its highest satisfaction score, with 88% of surveyed customers very or fairly satisfied with the service received. DWP attributes this performance to customers welcoming changes it made to streamline processes during the COVID-19 pandemic. In the following two years, DWP fell slightly short of its benchmark, with 83% of customers being very or fairly satisfied in 2022-23. Customer satisfaction varies between benefits – for example, in 2022-23, 93% of State Pension claimants were satisfied compared with 77% of PIP claimants. DWP could make more use of the survey data to generate deeper insights into how customer characteristics, experiences and perceptions affect satisfaction, and to explore common reasons why on average 16% of customers are dissatisfied. Our exploratory analysis of the survey data for 2022-23 indicated significant variations in customer satisfaction by age, disability, education, ethnicity and working status (paragraphs 2.2 and 2.5 to 2.10 and Figures 4 and 5).

11 Payment accuracy has declined, meaning some customers have not received the right amount of benefit each month. Being paid the right amount matters to customers, and DWP has a responsibility to protect public funds and make payments in line with people's entitlement. Overpayments can leave claimants with significant debts which they may find difficult to pay back. During the COVID-19 pandemic, DWP introduced easements across the benefit system to help it to handle the large increase in new claims. It accepted that these changes and the increased caseload would lead to an increase in fraud and error. The overpayment rate fell once DWP reintroduced the controls it had removed but remains well above pre-pandemic levels: in 2023-24, an estimated 3.7% of benefit expenditure was overpaid (£9.7 billion), compared with 2.4% in 2019-20. UC had the highest rate of overpayments (12.4%, £6.5 billion). In 2023-24, claimants received an estimated 1.6% (£4.2 billion) less than they were entitled to due to unfulfilled eligibility and official error. Levels of unfulfilled eligibility were highest for disability benefits – 11.1% (£750 million) for Disability Living Allowance and 4.0% for PIP (£870 million) (paragraphs 2.6, 2.12 and 2.16 to 2.18 and Figure 6).

12 DWP's payment timeliness improved during the COVID-19 pandemic but has fallen since then, with 72% of new claims processed on time in 2023-24. A failure to process claims and pay benefits in a timely way means claimants wait longer for money they are entitled to, making it more difficult for them to manage their finances effectively. DWP has a series of timeliness measures and performance standards for different benefits, reflecting the varying nature and complexity of each benefit. It uses the percentage of new claims processed within planned timescales as a headline measure of payment timeliness. In 2020-21, DWP's performance increased to 82%, as it prioritised processing high volumes of claims quickly so people did not face financial hardship during the pandemic. Performance varies significantly between benefits. For example, in 2023-24, 52% of new PIP claims were processed within the expected timeframe of 75 working days, against the standard of 75%. In contrast, 96% of new State Pension claims were processed within the expected timeframe of 10 working days, against the standard of 85% (paragraphs 2.19 to 2.23 and Figure 7).

13 Since 2020-21, DWP's in-house telephone lines have not met their performance standard for answering customer calls, although its outsourced providers have performed better. Unanswered calls and long waiting times are a source of frustration and stress for customers, and costly in terms of time spent on the line, although they are not charged for calling.

- Taking its in-house and outsourced lines together, DWP answered 85% of calls (36.7 million calls) in 2023-24.
- DWP aims to answer 85% of calls to its in-house lines. In 2020-21, it answered 86% of calls, exceeding the standard. Performance has fallen since then, dropping to 76% in 2023-24 – 17.3 million calls were answered and 5.3 million calls were abandoned after customers had joined a queue. Calls may be abandoned because customers hang up as they receive the information they need from a pre-recorded message while they are waiting, or due to long waiting times. In 2023-24, the average time DWP took to answer calls to its in-house lines was 15 minutes and 23 seconds.
- In calculating the percentage of calls answered, DWP excludes calls which were not assigned to a queue because the queues were full (blocked calls) or for other reasons such as customers calling just before lines closed at the end of the day (deflected calls). In 2023-24, 10% of calls to DWP's in-house lines were blocked and 4% were deflected. Including these 3.6 million calls in the calculation would reduce the proportion of calls answered in 2023-24 to 66%.
- DWP expects 90% of calls to outsourced providers to be answered. Since 2020-21, the performance of outsourced providers has improved and they exceeded the standard in the two most recent years. In 2023-24, they answered 94% of calls – 19.4 million calls were answered with 1.2 million calls abandoned. Including blocked and deflected calls in the calculation would reduce the proportion of calls answered by only 0.7%.
- In addition to the various performance measures, we looked at how long in total DWP customers spend waiting to speak to an agent on the telephone, as an indicator of the overall impact on the public. We estimate that in 2023-24 DWP customers spent the equivalent of 753 years waiting for their calls to be answered. This comprised 652 years waiting on DWP's in-house lines and 102 years on its outsourced lines. These numbers do not sum to 753 due to rounding (paragraphs 2.24 to 2.32 and Figures 8 and 9).

14 DWP faces significant challenges that affect the level of customer service it provides and how easily it can make improvements in the short term. Alongside the growing number of claimants and changing customer expectations (such as a desire for more digital options), DWP faces a challenging internal operating environment. For example, it has some outdated legacy IT systems which are inefficient to use, and its systems do not provide an integrated view of all the information it holds on a customer. It also faces a range of workforce challenges – for example, it finds it difficult to retain staff in critical frontline roles, such as work coaches and case managers who deal directly with customers. In addition, the complexity of the benefit system makes it harder for DWP to use its staff flexibly, as it takes time to train staff in the different rules and processes for each benefit. DWP's challenges are not unique, however, and there is an opportunity for it to collaborate with, and learn from, other customer-facing government bodies about what approaches to improving customer service have and have not worked (paragraphs 1.17, 2.33 and 2.34).

DWP's plans for improving customer service

15 In 2022, DWP set out a vision to be a customer-focused organisation, but it has not made clear how it is tracking progress or what success would look like. DWP's business strategy provides the overarching framework for how it wants to transform its services, with multiple other long-term strategies focusing on customer experience specifically and on enabling areas such as data and digital. DWP has set out a wide range of potential benefits from its plans to transform its services, such as access to 'self-service' options and smoother 'customer journeys'. However, it has not set out how it is monitoring progress in improving customer experience or how it will demonstrate that it has achieved its vision to be a customer-focused organisation. (paragraphs 3.2 to 3.7 and Figure 10).

16 DWP's customer experience strategy has introduced some positive changes, but its success depends on influencing multiple teams across the organisation. The aim of the customer experience strategy is to improve customers' experience of DWP's services by 2025 and beyond. In spring 2024, DWP assessed that most of its improvement activities were on track. It had made progress in areas such as developing guidance for staff on communicating with customers, and enhancing performance reporting by including metrics on customer experience. It has more work to do in areas such as setting out its strategy for meeting the needs of customers at risk of harm, and establishing the use of real-time customer feedback. A challenge for the customer experience team is that operational pressures may make elements of the strategy less of a priority for the multiple other teams that it is seeking to influence (paragraphs 3.7 to 3.9).

17 DWP's Service Modernisation Programme (SMP) is critical to implementing the changes needed to transform services for customers. The SMP is an 11-year organisation-wide programme, running to 2033. DWP expects the SMP to achieve a better experience for customers; lower operating costs and higher productivity; fewer manual errors; and fewer serious case failures. DWP set out high-level objectives in the programme's business case and has been tracking progress, initially by using measures focused on financial and staffing savings. In 2023, it agreed a set of wider performance measures. At the time of our work, it was collecting data to monitor performance against these measures and was in the process of finalising the measures. DWP has made mixed progress in delivering a number of cross-cutting initiatives which have the potential to transform how customers interact with its services. For example, a 'conversational platform', whereby customers interact with a virtual telephone agent, was successfully tested with some UC customers from November 2023, while a 'customer view' application that will enable customers to view and update their own information has been delayed due to unexpected complexity around updating the legacy systems and a subsequent resequencing of delivery (paragraphs 3.10 to 3.13 and Figure 11).

18 The scale and complexity of the SMP means delivery involves significant risk. In 2023, DWP estimated that from 2022-23 to 2032-33 the SMP would cost £312.1 million and would produce a net undiscounted benefit of £680.4 million. 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 changes. In March 2024, the Infrastructure and Projects Authority (IPA) awarded the programme an 'amber' delivery confidence rating, meaning that delivery appears feasible but significant issues exist, requiring management attention. The IPA was positive about DWP senior leadership's support for the programme and the programme team's capability. It highlighted, however, that there was not yet consensus among DWP senior leadership about the future design and the pace of transformation that should be adopted, and the associated organisational risk appetite (paragraphs 3.14 to 3.18).

Conclusion on value for money

19 DWP has a responsibility to provide good customer service, not least because its customers cannot switch to an alternative welfare provider if they are unhappy with the service they receive. Its customers include some of the most vulnerable in society, who rely on DWP for the accurate and timely payment of the benefits to which they are entitled.

20 Faced with growing demand and a challenging operational context, DWP's customer service has fallen short of the expected standards over recent years, particularly for certain benefits, such as PIP. It is generally not meeting its performance benchmarks or standards for customer satisfaction, payment timeliness and answering calls to its in-house telephone lines. There are some areas of strong performance with, for example, the proportion of State Pension customers satisfied with the service they receive consistently above DWP's benchmark of 85%, and UC performing well on payment timeliness and telephony. But there are also areas of poor performance, in particular payment timeliness for PIP with only 52% of claims processed in line with the 75-day standard in 2023-24 – although this represents a considerable improvement compared with previous years.

21 DWP recognises that it needs to transform its services to be a customer-focused organisation. Its modernisation plans are based on a good understanding of the issues that need to be addressed and are necessarily ambitious. However, the scale and complexity of the plans mean delivery is risky, and DWP is unlikely to achieve in the short term the improvements that are needed. DWP must now set out how it will assess whether its actions to improve customer service are working and how it will track progress towards its goals. This will provide assurance on value for money and help DWP keep its plans on track so that it can consistently provide a good service to those people who rely on it.

Recommendations

22 To improve its customer service, DWP should:

- a** review the effectiveness of how it communicates claim-processing and call-waiting times to customers, and identify how it can provide fuller and more up-to-date information, at the point of claim and during other key interactions, so customers are informed about the level of service they can expect;
- b** publish comprehensive reports which bring together annual performance, trends over time and whether it has exceeded or fallen short of its standards for its main customer service measures (customer satisfaction, payment accuracy, payment timeliness and telephony);
- c** build its evidence base on the scale and type of avoidable customer contact, and develop a plan to improve its processes and communications in order to reduce avoidable contact and realise efficiency savings;
- d** take action to improve customer service in light of the results of its customer experience survey and follow-up qualitative research, particularly on the reasons for dissatisfaction;
- e** use its insights on the areas that customers prioritise to develop measurable objectives for its customer service improvement plans, including defining what success looks like and how progress will be assessed; and
- f** further develop key performance indicators for the Service Modernisation Programme.

Part One

Approach to monitoring customer service

1.1 This part of the report covers the Department for Work & Pensions' (DWP's) approach to monitoring customer service.

DWP's customers

1.2 DWP makes benefit and pension payments to support people through life events such as being out of work or retirement, or disability. In 2023-24, it spent £268.5 billion on these payments plus £7.3 billion on running costs.

1.3 The number of people receiving benefit and pension payments in Great Britain rose from 20.3 million in May 2019 to 22.7 million in May 2023, an increase of 2.4 million (11.8%). This contrasted with the preceding four years, from 2015 to 2019, when the number of people receiving benefit and pension payments fell by 1.2%. Some claimants receive more than one benefit, meaning the number of claims is higher than the number of claimants.

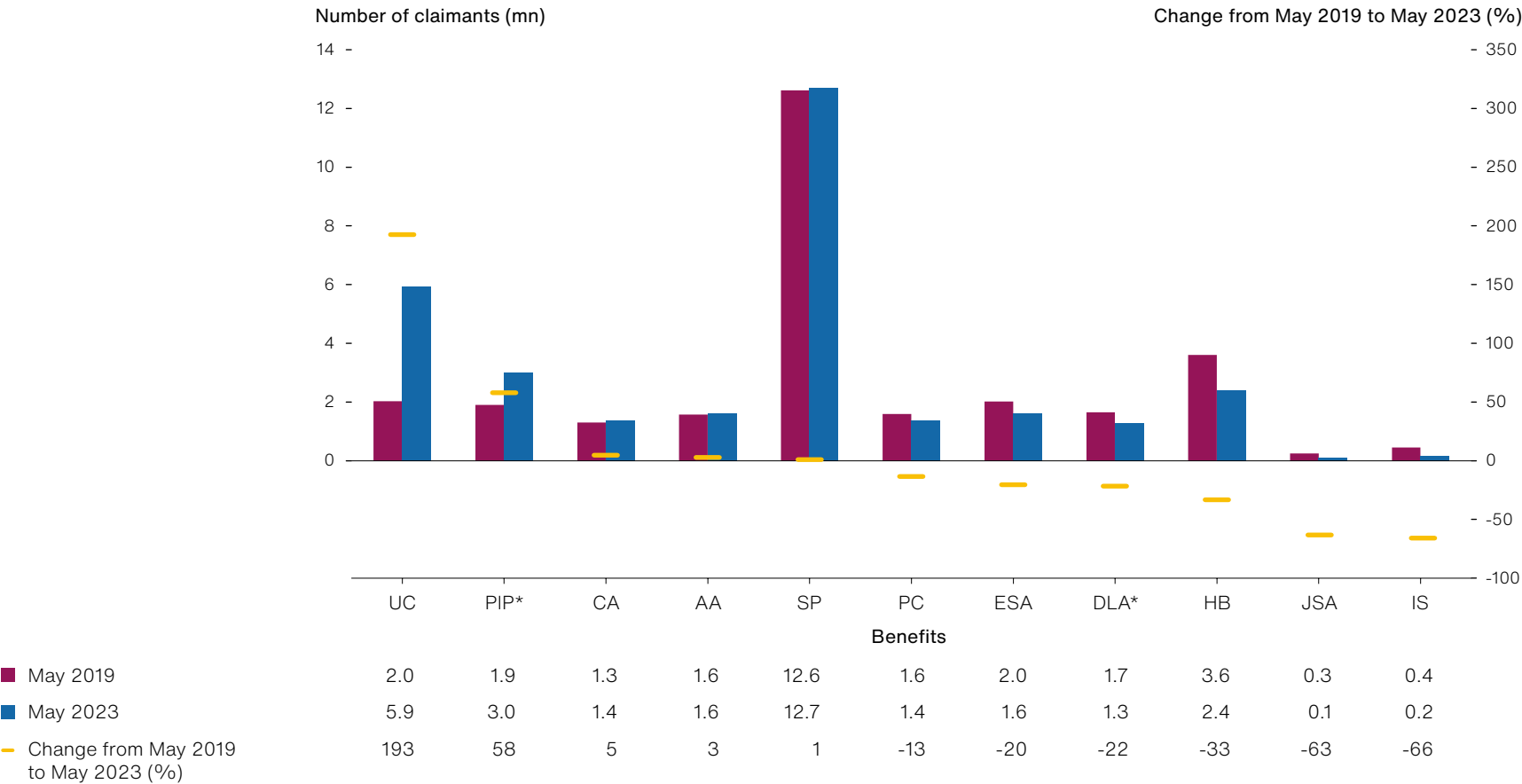
1.4 Universal Credit (UC) and Personal Independence Payment (PIP) accounted for most of the increase in claimants (**Figure 1**). The number of people claiming UC rose by 193% from May 2019 to May 2023, from 2.0 million to 5.9 million, mainly because of rapid growth during the COVID-19 pandemic and also because of the shift from 'legacy benefits' to UC.¹ Over the same period, the number of PIP claimants increased by 58%, from 1.9 million to 3.0 million.

¹ Legacy benefits are the six benefits which UC is replacing and which have been closed to new claims since 2018. These are: Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance. Working Tax Credit and Child Tax Credit were administered by HM Revenue & Customs so claimants were not DWP's customers.

Figure 1

Number of claimants in Great Britain by benefit and percentage change, May 2019 to May 2023

Universal Credit (UC) and Personal Independence Payment (PIP) accounted for most of the increase in claimants from 2019 to 2023, increasing by 193% and 58% respectively



Notes

- 1 The benefits are: Universal Credit (UC), Personal Independence Payment (PIP), Carer's Allowance (CA), Attendance Allowance (AA), State Pension (SP), Pension Credit (PC), Employment and Support Allowance (ESA), Disability Living Allowance for children (DLA), Housing Benefit (HB), Jobseeker's Allowance (JSA) and Income Support (IS).
- 2 Benefits annotated with a star (*) (Personal Independence Payment and Disability Living Allowance for children) exclude data for Scotland.
- 3 The Department for Work & Pensions publishes statistics on the number of benefit claimants quarterly. This Figure shows data for May 2019, the first dataset for 2019-20, and for May 2023, the most recent available complete dataset at the time of our work.

Source: National Audit Office analysis of Department for Work & Pensions data

1.5 The demand for benefits is affected by a range of economic and societal factors. Factors that have led to growing demand in recent years include the following:

- **COVID-19 pandemic:** The number of people claiming UC grew rapidly during the pandemic. As we reported in February 2024, DWP received 2.4 million new claims for UC in the early months of the pandemic, from 1 March to 26 May 2020, as many businesses were unable to trade and many employees were unable to work as a result of government restrictions.² By comparison, 2.9 million people in total were receiving UC in February 2020.
- **Cost-of-living pressures:** Demand for benefits tends to rise in response to cost-of-living pressures when people on lower incomes are more likely to claim support they are entitled to. DWP acknowledges that these pressures disproportionately affect the most vulnerable in society. The total number of claimants rose from 22.4 million in February 2022 to 22.7 million in May 2023.
- **Ageing population:** The Office for National Statistics (ONS) projects that the number of people aged over 66 will rise by 2.3 million from 2020 to 2030. The number of State Pension claimants fell slightly in 2019-20, partly due to a rise in the age when people become entitled, before rising again from May 2021.
- **Health and disability issues:** The proportion of the UK population reporting a disability rose by two percentage points from 2019-20 to 2022-23, bringing the total to 16.1 million people. The ONS has reported that the number of years people live with a disability is also increasing. Such changes will have contributed to growing demand for disability benefits, including PIP.

1.6 DWP expects the demand for benefits to continue to grow. It projects that its caseload will increase by 12% from 29.0 million in 2022-23 to 32.5 million in 2025-26.

DWP's customer service provision

How customers can contact DWP

1.7 Customers can contact DWP by telephone or post, face to face and via digital channels. The means of contact is partly a matter of customer choice but also depends on the benefit involved and the reason for contact. Except for UC claimants, most customers contact DWP by telephone when they have general queries or need to report a change of circumstances. Applications for some benefits, including UC and State Pension, can be made online, and UC claimants have an online account and use an online journal function to communicate with their work coach. DWP told us it offers reasonable adjustments for customers in line with the Public Sector Equality Duty, which may include communication via email. It does not generally offer an email communication channel.

² Comptroller and Auditor General, *Progress in implementing Universal Credit*, Session 2023-24, HC 552, National Audit Office, February 2024.

1.8 DWP offers customers a range of contact options so they can choose the one that best meets their needs, rather than being 'digital by default'. Many of its customers have disabilities or additional needs, or may find it difficult to use digital technology. DWP considers that the circumstances of its customers mean that it will need to retain face-to-face and post options, and accessible choices like braille.

1.9 The extent to which departments are seeking to switch to digital channels varies and depends to some extent on the needs and capabilities of their customers. For example, as we reported in May 2024, HM Revenue & Customs (HMRC) has been working to become a 'digital-first' organisation since at least 2012.³ By encouraging its customers to use its customer-facing digital channels to self-serve wherever possible, it expects to provide services that are easier to use and more efficient for customers, while also freeing up capacity on telephone and correspondence for those customers who need it, and reducing costs. HMRC estimates that approximately 60% of customer transactions are currently digital, and aims to increase this by 2030. It is working towards reducing the volume of telephone and correspondence contacts by 30% compared with a 2021-22 baseline.

Organisational structures

1.10 Responsibility for customer service work is spread across DWP. Parts of the organisation involved in dealing directly with customers include:

- two contracted-out call centre hubs that handle relatively straightforward queries from customers;
- around 630 jobcentres that mainly deal with customers face to face – for example, helping people find employment and undertaking tasks that are not possible to do remotely; and
- 70 'back-of-house' sites that undertake customer service activities, including processing benefit claims and handling more complex queries by telephone.

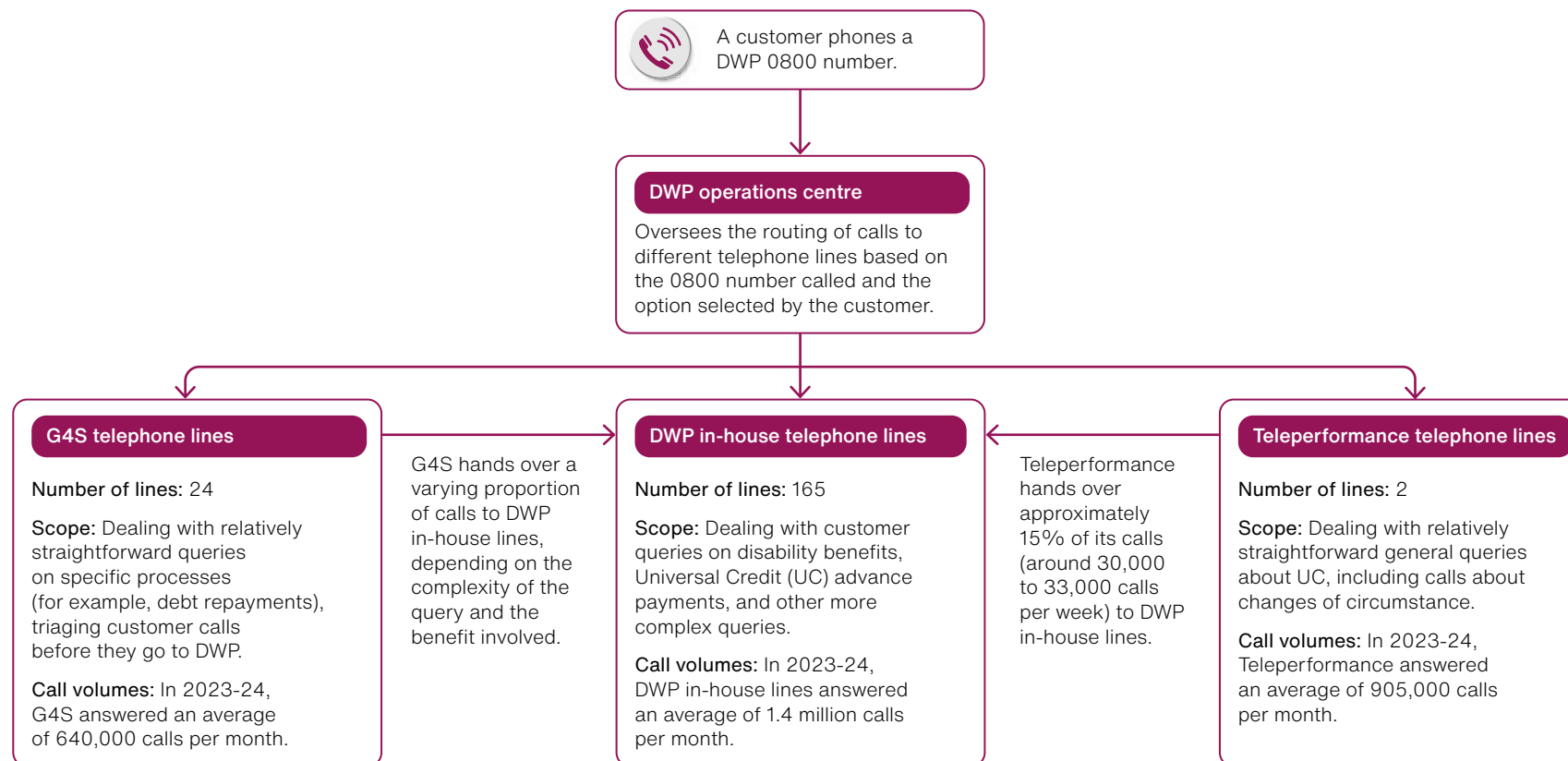
1.11 DWP outsources part of its telephony services to the two call centre hubs, with 26 of its 191 telephone lines run by private providers, G4S Facilities Management UK Ltd (G4S) and Teleperformance Ltd (Teleperformance) (**Figure 2** overleaf). It expects customers to receive the same quality of experience, regardless of which outsourced provider they are routed to.

³ Comptroller and Auditor General, *HMRC customer service*, Session 2023-24, HC 726, National Audit Office, May 2024.

Figure 2

An overview of the Department for Work & Pensions' (DWP's) telephony services

Two contractors provide part of DWP's telephony services, running 26 of the 191 telephone lines and dealing with around half of calls

**Notes**

- 1 Data on the number of telephone lines are correct at June 2024.
- 2 Call volumes have been rounded to the nearest thousand, except for the figure of 1.4 million which has been rounded to the nearest hundred thousand.

Source: National Audit Office analysis of Department for Work & Pensions information

Support for customers with additional needs

1.12 Some of DWP's customers are vulnerable or have complex needs. DWP has arrangements in place to help those customers most in need of extra support:

- DWP has a team of 37 'advanced customer support senior leaders' who work to provide specialist support and advice for customers at serious risk of harm, abuse or neglect. They collaborate with DWP staff and other agencies to ensure appropriate action is taken. In 2022-23, the team received 12,200 referrals.
- DWP offers a home-visiting service for customers requiring extra face-to-face help to access its services. This could include customers who have complex needs or who have nobody else to support them. In 2023-24, the home-visiting service received 189,000 referrals and cleared 155,000 cases.
- DWP told us it has safeguards to identify, and provide extra support for, vulnerable customers calling its outsourced telephone lines. Agents are trained to identify vulnerable customers based on how they communicate and the information they share.

1.13 As a customer-facing organisation, DWP has a legal obligation to make its online content accessible so that it can be used by as many people as possible, including people with disabilities. DWP's research, published in March 2024, found that making its websites easier to understand would encourage more customers to use them for some benefits. DWP measures the accessibility of its websites by assessing how easily people with vision, hearing, mobility or other impairments can read and use its online content against the Web Content Accessibility Guidelines and the Public Sector Bodies Accessibility Regulations 2018. At May 2024, 49 of DWP's 69 customer-facing websites (71%) were compliant with the 2018 regulations.

Spending

1.14 The staff involved in customer service carry out a range of activities that include processing claims and dealing with calls from customers. They work within DWP's two service delivery groups, which had a combined operating cost of £3.4 billion in 2023-24:

- the 'work and health' group, which covered disability services, UC, working-age benefits, and counter fraud, compliance and debt, with operating costs of £2.6 billion; and
- the 'service excellence' group, which covered retirement services, child maintenance, customer experience, service transformation, and service planning and delivery, with operating costs of £0.8 billion.

1.15 In 2022-23, DWP spent £208 million on telephony services specifically, covering telephone lines for most benefits and including outsourcing costs.⁴ DWP's contract with Teleperformance for the UC general queries lines runs from August 2022 to August 2025 and is worth £200 million; and its contract with G4S for other telephone lines runs from December 2022 to March 2026 and is worth £120 million.

DWP's customer service objectives

What matters to customers

1.16 DWP has drawn on a range of evidence, including its own research, to understand what matters to its customers. Its unpublished research from June 2022 identified five priority areas for customers, including DWP getting it right every time, and making it easy for customers by having transparent processes. The stakeholders we consulted agreed that customers wanted DWP to get the basics right. They highlighted the importance of customers being: paid on time and the correct amount; kept informed of progress; able to access timely advice; and able to trust that they are receiving reliable information and advice.

1.17 DWP's research and the stakeholders we spoke to also indicate that customers' expectations are changing and becoming more demanding, as people expect DWP to provide customer service on a par with other organisations. For example, customers:

- want more digital options for communicating with DWP, alongside traditional telephone and postal channels;
- look for faster response times than DWP currently provides; and
- expect DWP to provide a joined-up service and to share information to support the smooth processing of their claims.

What DWP aims to provide

1.18 In 2013, DWP published a customer charter setting out four high-level principles for its service to customers: the right treatment, getting decisions right, keeping customers informed, and providing easy access to services. It previously used its customer experience survey (see paragraph 2.2) to assess performance against the charter. DWP told us its ongoing monitoring is not specifically aligned to the charter principles as it has adjusted the customer experience survey to focus on what its research identified as the main factors that drive satisfaction, many of which are reflected in the charter.

⁴ Spending on telephony services in 2022-23 was the most up-to-date data available at the time of our work.

1.19 DWP's outcome delivery plan for 2023 to 2025 includes an objective to deliver high-quality services. DWP has not defined what it means by 'high quality' but uses three key measures to monitor performance – customer satisfaction, payment accuracy and payment timeliness. It also told us that telephony performance, such as the proportion of calls answered, is another key measure of customer service.

1.20 DWP has published some, but not complete, information on the standard of service that customers can expect in areas such as claim-processing or call-waiting times. Its annual reports have summarised performance in relation to its three key measures but have not included details of its standards or the rationale behind them. DWP's approach contrasts with HMRC, whose annual reports summarise its performance for the year, trends over time and whether it has exceeded or fallen short of selected targets. In addition, many customer-facing government bodies tell their customers upfront about waiting times and when they should expect a response. DWP shared with us examples of where it does this, but it does not do so consistently across its services.

1.21 DWP's limited transparency about service standards increases the likelihood of customer queries, as people call for progress updates and reassurance. The stakeholders we spoke to highlighted that customers may become stressed or have a poor experience as a result of the lack of information that DWP provides, for example about progress with their claims. DWP told us it is planning to make more use of text messages to update customers, but noted that providing up-to-date information is not straightforward because of the range and complexity of its services. It also said that some customers will chase progress even where DWP provides updates because they feel it will speed up the processing of their claim.

1.22 DWP recognises that some of the workload of its telephony services is 'avoidable contact' – calls that could be avoided or reduced if DWP improved its processes or communications. It analysed customer calls to its in-house telephone lines for eight benefits to identify the amount of call time that was avoidable, potentially avoidable or unavoidable.⁵ It estimated that in 2022-23:

- 31.6 million minutes of customer call time (43%) were avoidable, for example if it provided more information online or improved its processing times. Customers calling for progress updates was the biggest type of avoidable contact. DWP noted that reviewing its operational processes could identify 'quick wins' in these areas and help to reduce the number of avoidable calls. DWP told us it would not expect to remove all avoidable contact in practice as some customers would continue to seek additional support or reassurance from its telephony services;

⁵ The eight benefits covered by this analysis were: Attendance Allowance, Carer's Allowance, Disability Living Allowance for adults, Disability Living Allowance for children, Employment and Support Allowance, Jobseeker's Allowance, Income Support and Personal Independence Payment.

- 3.8 million minutes of customer call time (5%) were potentially avoidable. These mainly involved simple queries that DWP noted could potentially be avoided if it chose to deliver the service digitally, which would require some investment in digital systems; and
- 37.0 million minutes of customer call time (51%) were unavoidable, such as customers providing information to change their claims. DWP noted that these areas were potential candidates for automation provided the return on investment was high enough.⁶

1.23 Avoidable contact is a form of ‘failure demand’, which results from the failure of a service to do something or do something right for the customer and leads to extra cost and effort. DWP is seeking to reduce failure demand in its telephony services. It told us it has acted to reduce failure demand in specific areas, such as unnecessary customer contact when it was administering the first cost-of-living payments in 2022. Improving customer service and thereby reducing failure demand could help DWP become more efficient – for example, by reducing the amount of resource it needs to devote to dealing with customers who call to chase progress and using this resource to process claims more quickly.

DWP’s oversight of customer service

1.24 DWP takes customer service seriously and devotes time and effort to monitoring and reporting performance across the organisation, including at senior levels. There are regular performance discussions at all levels within the two service delivery groups, and routes for escalating issues. The service delivery executive team also provides data and supporting commentary for DWP’s executive team about how the department is performing against its outcome delivery plan (**Figure 3**).

1.25 DWP has been improving its arrangements for monitoring customer service performance because of its Insight and Performance Programme, which it established in 2021 following a review of its data capabilities. This review found shortcomings in DWP’s ability to answer simple performance questions because of inconsistent measures, insufficient focus on outcomes and a lack of a consistent performance culture. Our wider work on operational delivery emphasises the importance of senior leaders being equipped to use data so they can spot problems quickly.⁷ As part of the Insight and Performance Programme, DWP has been working towards an organisation-wide outcomes-based performance framework, to help it use the right measures and data to inform decisions. It has also introduced coaching for staff on how to use performance data effectively.

1.26 DWP has approved performance frameworks and key performance indicator definitions setting out what it would like to measure for all its major benefits, but it is not able to implement these frameworks in full because of limitations in its current data and IT systems. DWP told us it is working to understand better what data are available now and where it needs to rely on proxy metrics until better data become available.

⁶ The percentages in this paragraph do not sum to 100% due to rounding.

⁷ National Audit Office, *Improving operational delivery in government: A good practice guide for senior leaders*, March 2021.

Figure 3

The Department for Work & Pensions' (DWP's) high-level oversight arrangements for customer service performance

There is regular monitoring of customer service performance across DWP, including at senior levels

DWP executive team

- DWP's departmental planning and performance team reports to DWP's executive team on performance against the outcome delivery plan for 2023 to 2025, which includes an objective to deliver high-quality services.
- The service delivery executive team provides the data and narrative on how DWP is performing against its customer service key performance indicators.

Service delivery executive team

- The service delivery executive team, chaired by the director general for service excellence, holds reviews on performance. These conversations are supported by:
 - a performance pack that covers areas of concern, celebration and risk; and
 - a data pack with measures that are comparable across service areas.

Group

Work and health group executive team

Service excellence group executive team

- The executive team for each group holds monthly reviews of performance involving all directors from the group, as well as representatives from finance, human resources, commercial, and other business partners.
- Each group holds quarterly in-depth reviews of performance with directors.

Directorate

Universal Credit

Disability services

Child maintenance services

Retirement services

Dispute resolution services

Customer experience

Working-age benefits

Counter fraud, compliance and debt

Service modernisation

Deployment

Service delivery optimisation

- Each directorate holds regular meetings on performance involving teams and directors.

Notes

- 1 Service delivery includes the work and health group and the service excellence group.
- 2 This Figure shows DWP's directorate structures at the time of our work.
- 3 This Figure does not cover the oversight arrangements for DWP's service centres, national service hubs or telephony services (in-house and outsourced).

Source: National Audit Office analysis of Department for Work & Pensions information

Part Two

Customer service performance

2.1 This part of the report covers the Department for Work & Pensions' (DWP's) performance in key areas of customer service – customer satisfaction, payment accuracy, payment timeliness and telephony. We examined performance overall and for four individual benefits in order to explore variation.⁸ To put performance in context, we also outline some of the main challenges that DWP faces as it seeks to provide good customer service.

Customer satisfaction

Measurement and reporting

2.2 DWP has a well-established approach to assessing customer satisfaction. Since 2019, it has contracted Ipsos to undertake a regular customer experience survey. Since 2020-21, survey fieldwork has been conducted quarterly. DWP uses the survey data to calculate a customer satisfaction score, which is the percentage of customers who are either very or fairly satisfied with the overall service they received. It also uses the survey to understand customers' experience of aspects of its service provision, such as communications and accessibility.

2.3 Through the customer experience survey, DWP has obtained the views of a representative sample of around 7,700 benefit customers on average each year from 2020-21 to 2022-23. The survey covers claimants of eight benefits, which account for the majority of DWP's customers.⁹ Customers must have been in contact with DWP during the three-month period covered by each survey – to make a new claim, report a change of circumstances, or attend a mandatory jobcentre appointment.

⁸ The four benefits we examined were Employment and Support Allowance, Personal Independence Payment, State Pension and Universal Credit. We selected these based on scale and to reflect the diversity of DWP's customers.

⁹ The benefits covered by the customer experience survey are Attendance Allowance, Carer's Allowance, Disability Living Allowance for children, Employment and Support Allowance, Pension Credit, Personal Independence Payment, State Pension and Universal Credit.

2.4 DWP uses the survey data to produce quarterly findings for internal monitoring and reporting, and publishes summarised headline findings in its annual report and accounts. It also published a more detailed report on the 2020-21 survey results in May 2023, and told us it plans to do the same for subsequent surveys. It makes the survey results available across the organisation and states that it uses them to inform improvements in service delivery.

Performance

2.5 In 2020-21, DWP recorded its highest customer satisfaction score of 88%, exceeding its benchmark for good performance of 85%. In the following two years, it fell slightly short of the benchmark, with 83% of customers very or fairly satisfied with the service they received in 2022-23 (**Figure 4** on pages 26 and 27). DWP told us it set its benchmark for good performance at 85% by taking account of historical performance across different benefit lines. On average, 16% of customers were dissatisfied over the three years from 2020-21 to 2022-23.

2.6 DWP attributes its better performance in 2020-21 to customers welcoming changes it made to streamline processes during the COVID-19 pandemic. During the early months of the pandemic, DWP introduced more than 200 'easements' across the benefit system, such as relaxing identity verification checks. These measures helped it to handle the large increase in new claims and comply with government restrictions on face-to-face contact, although there was an increase in fraud and error.

2.7 Levels of customer satisfaction vary between benefits, which may partly reflect the varying complexity of DWP's services and the degree of modernisation, such as the use of digital systems. For the four benefits we examined, we found the following:

- In 2022-23, 77% of Personal Independence Payment (PIP) claimants were very or fairly satisfied, lower than the levels for the other three benefits. DWP partly attributes this position to the complexity and length of the PIP claim process.
- Recipients of State Pension are typically more satisfied than claimants of the other three benefits. In 2022-23, 93% of State Pension customers were very or fairly satisfied.

Figure 4

Proportion of customers who were satisfied with the Department for Work & Pensions' (DWP's) services, 2019-20 to 2022-23

DWP recorded the highest overall proportion of customers satisfied with the service they received in 2020-21, but performance has been slightly below its benchmark for good performance since then

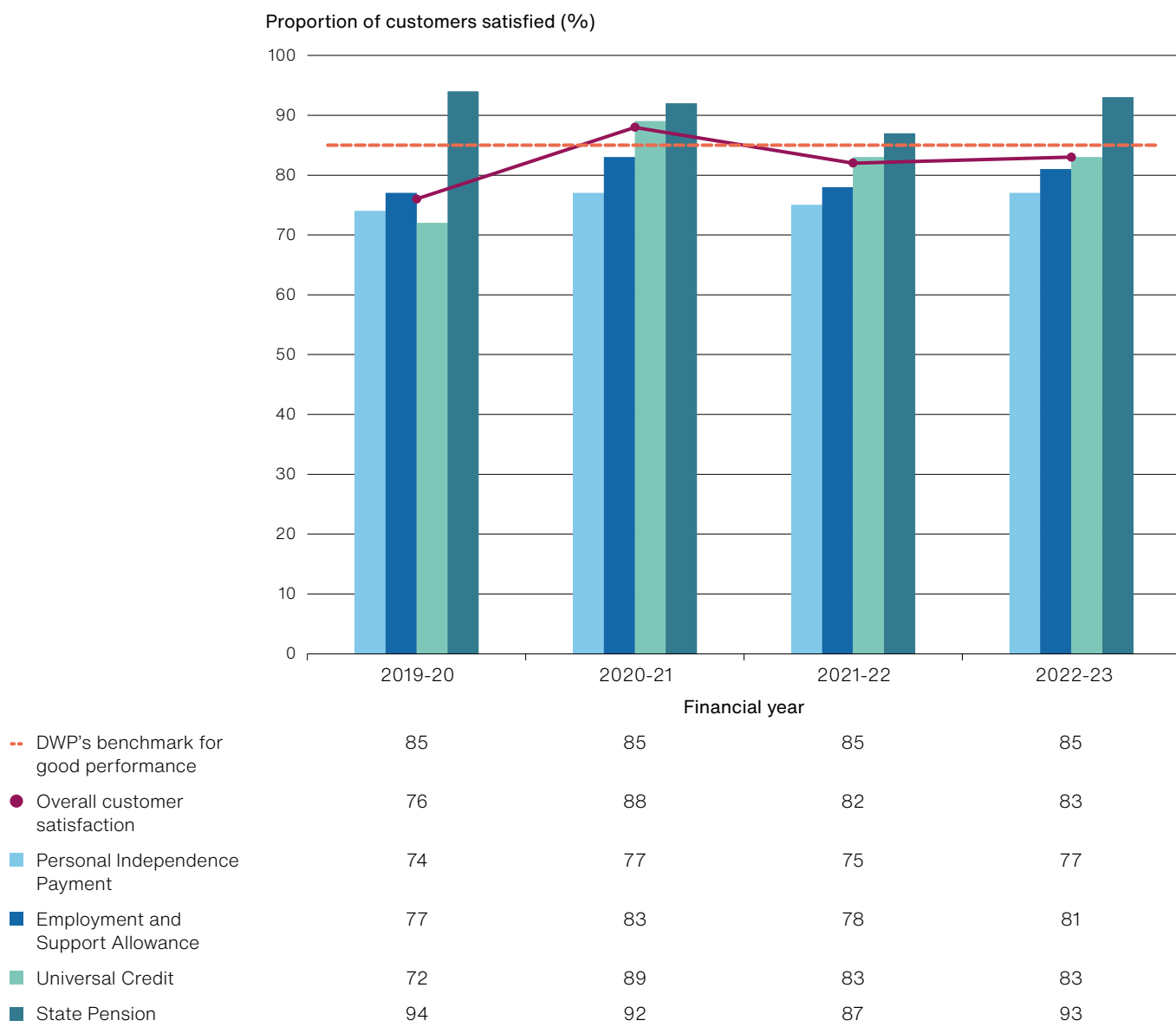


Figure 4 continued

Proportion of customers who were satisfied with the Department for Work & Pensions' (DWP's) services, 2019-20 to 2022-23

Notes

- 1 The proportion of customers satisfied comprises customers who were either very or fairly satisfied with the overall service they received from DWP.
- 2 The 'overall customer satisfaction' score covers Attendance Allowance, Carer's Allowance, Disability Living Allowance for children, Employment and Support Allowance, Pension Credit, Personal Independence Payment, State Pension and Universal Credit.
- 3 We present the scores for four individual benefits to indicate variation. We selected these benefits based on scale and to reflect the diversity of DWP's customers.
- 4 The survey is mixed-mode with customers having the option to complete an interview online or over the telephone.
- 5 The survey covered a representative sample of 7,700 customers on average each year from 2020-21 to 2022-23.
- 6 Customer satisfaction scores for 2019-20 are not directly comparable to later years. Survey fieldwork was due to be conducted twice during 2019-20 but the second set of fieldwork did not take place due to the impact of the COVID-19 pandemic. As a result, a total of 3,587 interviews were completed instead of the planned total of 7,000. Therefore, DWP does not know the extent to which the 2019-20 data are representative of service delivery across the whole year, and the results should be read with caution.

Source: National Audit Office analysis of Department for Work & Pensions customer experience survey data

Understanding variation in customer satisfaction

2.8 DWP could use its customer experience survey data to investigate more routinely the variation between different groups of customers and to gain insights into the factors that have the strongest association with satisfaction. The results of such analysis could inform DWP's decisions about how it designs and provides its services, and which customer groups or activities to prioritise.

2.9 DWP published analysis of the extent to which satisfaction varied by customer characteristics like age and ethnicity using 2020-21 data.¹⁰ It told us it plans to publish similar analysis for subsequent years. It has carried out limited qualitative research to explore the survey findings in more detail, for example to identify themes and common reasons for why customers were dissatisfied with the service they received. DWP told us it is looking to make better use of the survey data, including through qualitative analysis of the text responses and real-time analysis of customer feedback, to gain deeper insights into customer preferences and experiences.

2.10 We conducted exploratory analysis of the survey data for 2022-23 to understand the extent to which satisfaction varied based on customer characteristics. We found significant variation in customer satisfaction by age, disability, education, ethnicity and working status (**Figure 5** overleaf). For example, 92% of older customers (aged 66 and over) were satisfied with DWP's services, compared with 82% of customers in other age groups (aged 16 to 65). There was no significant variation in customer satisfaction based on the other characteristics we analysed (gender and region).

10 Department for Work & Pensions, *DWP Customer Experience Survey: benefit customers 2020 to 2021*, May 2023.

Figure 5

Proportion of customers who were satisfied with the Department for Work & Pensions' (DWP's) services by customer characteristic, 2022-23

There was significant variation in customer satisfaction by age, disability, education, ethnicity and working status

Customer characteristics	Satisfaction scores (%)	
Characteristics where there was significant variation		
Age	92 Older customers (aged 66 and over)	82 Other age groups (aged 16 to 65)
Disability	89 Customers without a long-term condition	80 Customers with a long-term condition
Education	We found significant variations in satisfaction levels across multiple different education categories, for example:	
	89 Customers with no formal qualification	83 Customers with a vocational qualification
Ethnicity	90 Black/African/Caribbean/Black British customers	83 White customers
Working status	We found significant variations in satisfaction levels across multiple different working status categories, for example:	
	86 Unemployed and actively seeking work	78 Unemployed, not actively looking for work, long-term sick or disabled
Characteristics where there was no significant variation		
Gender	No significant variation (male and female)	
Region of Great Britain	No significant variation (all regions)	

Notes

- 1 Our analysis assessed the differences in satisfaction scores within categories of a single variable. The analysis did not explore causal relationships between variables.
- 2 Significant variation in satisfaction scores refers to statistically meaningful differences observed between different customer characteristics. These differences are unlikely to have occurred by chance and may indicate underlying factors influencing satisfaction levels within those groups.

Source: National Audit Office analysis of Department for Work & Pensions customer experience survey data

2.11 Understanding the impact of customers' experiences and their reasons for being satisfied can also generate useful insights for improving services. We used DWP's survey data to explore, using a statistical model, the association between specific customer experiences and perceptions of DWP and customer satisfaction levels when all other factors remain constant. We found that certain experiences and perceptions are associated with satisfaction levels in a statistically significant way. For example, customers who believed that DWP treated people fairly were more than twice as likely to be satisfied compared with those who did not. Of the factors relating to DWP that we analysed, 'feeling that DWP cares about the people who use its services' had the largest association with whether customers were likely to be satisfied with DWP's services.

Payment accuracy

Measurement and reporting

2.12 DWP's research has confirmed that being paid the right amount of benefit each month matters to customers and can help them manage their money. DWP also has a responsibility to protect public funds and make payments in line with people's entitlement. Underpayments leave claimants with less money than they are entitled to, increasing the risk of them facing financial hardship. And, while overpayments give claimants more money in the short term, they can lead to significant debts, which people may find difficult to pay back. For example, DWP can deduct up to 25% of a claimant's standard Universal Credit (UC) allowance each month to recover a previous overpayment, although claimants can ask for a repayment plan (such as reduced repayment rates) if they are facing financial hardship.

2.13 DWP produces statistics to understand whether it is paying customers accurately. These statistics express the value in money terms of overpayments and underpayments as a percentage of benefit spending. DWP categorises overpayments into:

- fraud – where DWP considers claimants should reasonably have been aware they were receiving money that they were not entitled to;
- claimant error – where claimants made mistakes (for example, they provided inaccurate or incomplete information) and DWP believes they did not have fraudulent intent; and
- official error – where benefits were paid incorrectly due to action, delay or a mistaken assessment by DWP, a local authority or HM Revenue & Customs.

2.14 For 2023-24, DWP made a change to its statistics on payment accuracy. It continued to include underpayments due to official error in its published fraud and error statistics but removed underpayments due to claimant error. It reports that it made this change because claimants are not legally entitled to a higher benefit payment until they notify DWP of a change in circumstances or provide evidence to support their entitlement as required in legislation. It now publishes statistics on claimant error underpayments separately under the title 'Unfulfilled eligibility in the benefit system'.

2.15 DWP estimates overpayments and underpayments through direct measurement of five or six benefits each year using a statistical sampling exercise. For those benefits not covered in a given year, DWP rolls forward the rates from previous sampling exercises. It publishes statistics on overpayments and underpayments annually, and provides additional commentary in the fraud, error and debt report within its annual report and accounts. DWP also has quarterly management information, based on its sampling exercise, that it uses to track the level and nature of incorrect payments during the year.

Performance

2.16 Before the COVID-19 pandemic, DWP had internal performance standards that overpayments should not exceed 2.1% of benefit expenditure and underpayments should not exceed 0.9%. As we reported in 2021, DWP accepted that the increased caseload and easements made to the process of applying for benefits during the pandemic would lead to an increase in fraud and error.¹¹ It stopped setting internal performance standards as it considered that the position was too unstable to set meaningful baselines.

2.17 The estimated proportion of benefit expenditure overpaid rose from 2.4% in 2019-20 to 4.0% in 2021-22 (**Figure 6**). The overpayment rate fell once DWP reintroduced the controls it had removed at the start of the pandemic, but remains well above pre-pandemic levels – in 2023-24, 3.7% of benefit expenditure was overpaid (£9.7 billion), with fraud accounting for around three-quarters of this. In the same year, claimants received an estimated 1.6% (£4.2 billion) less than they were entitled to due to unfulfilled eligibility and official error.¹²

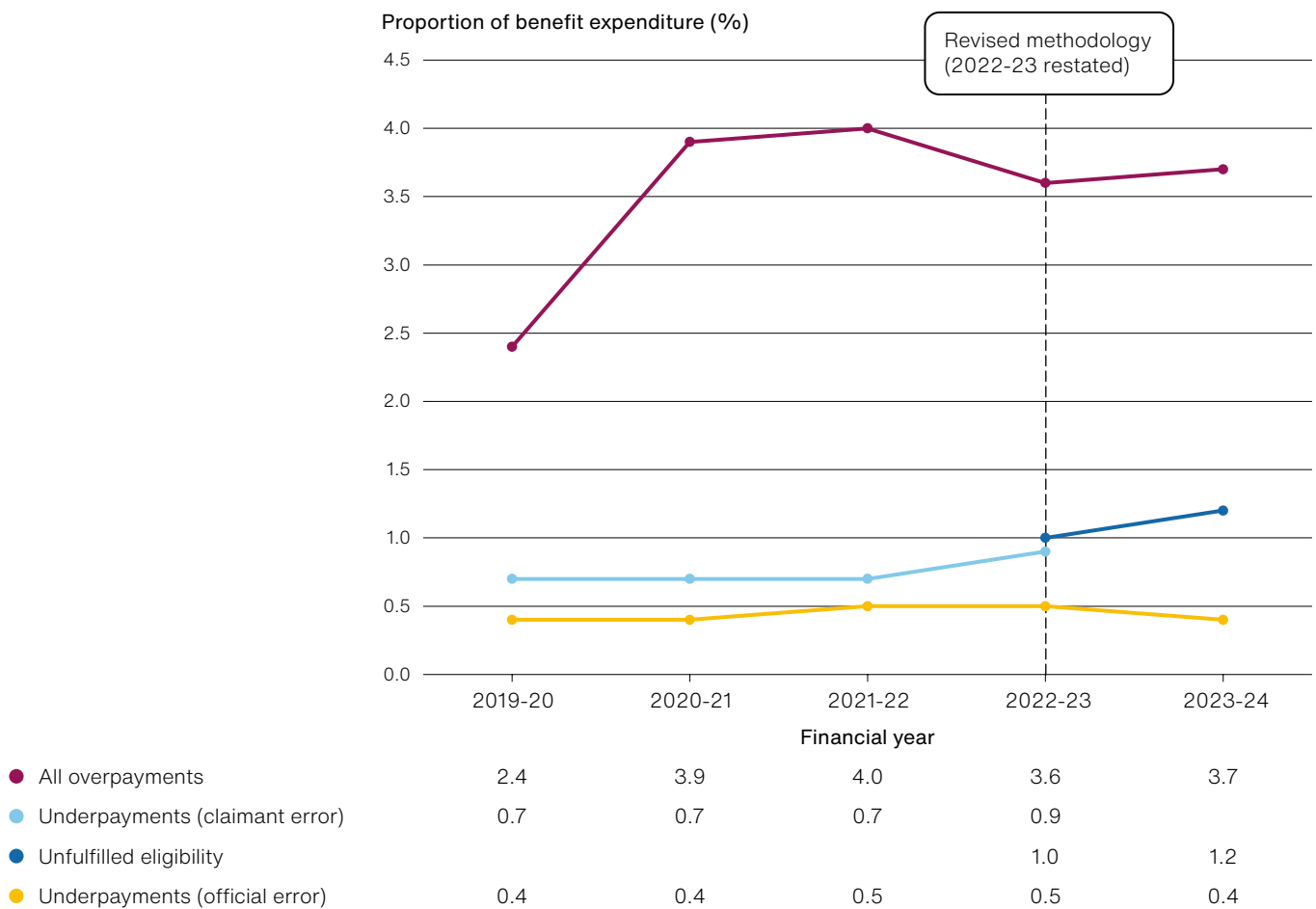
¹¹ Comptroller and Auditor General, *Initial learning from the government's response to the COVID-19 pandemic*, Session 2021-22, HC 66, National Audit Office, May 2021.

¹² As DWP no longer includes unfulfilled eligibility in its fraud and error statistics, cases with both unfulfilled eligibility and another error no longer have these amounts netted off or capped. This introduces the possibility that these figures, when combined, may include a very small amount of double-counting.

Figure 6

Estimated levels of overpayments, underpayments and unfulfilled eligibility as a proportion of benefit expenditure, 2019-20 to 2023-24

The proportion of benefit expenditure overpaid rose from 2.4% in 2019-20 to between 3.6% and 4.0% in the following four years

**Notes**

- 1 All data points are the Department for Work & Pensions' (DWP's) central estimates. DWP publishes its estimates for fraud and error in the benefit system annually as National Statistics. In May 2024, it published its estimates for unfulfilled eligibility in the benefit system as Official Statistics in Development.
- 2 DWP changed its methodology in 2023-24 to remove claimant error underpayments and reclassify these as unfulfilled eligibility. DWP restated its results for 2022-23 and the data above show both the original and restated results for 2022-23 with the vertical line signifying the change in the methodology.
- 3 DWP makes its estimates through direct measurement of five or six benefits each year using a statistical sampling exercise. For those benefits not covered in a given year, it rolls forward the rates from previous sampling exercises.
- 4 Data relate to benefit expenditure in Great Britain, excluding expenditure that has been devolved to the Scottish Government. Benefit expenditure in Northern Ireland is the responsibility of the Northern Ireland Executive.

Source: National Audit Office analysis of Department for Work & Pensions statistics, *Fraud and error in the benefit system: financial year 2023 to 2024 estimates* and *Unfulfilled eligibility in the benefit system: financial year 2023 to 2024 estimates*

2.18 DWP's payment accuracy varies by benefit, partly reflecting the complexity of different benefit calculations. Various factors can contribute to inaccurate payments, including claimants failing to disclose changes in their personal circumstances or incorrectly declaring income or savings. DWP may also make errors such as failing to act on information received or miscalculating benefit amounts. Complicated benefit structures and eligibility criteria can increase the likelihood of errors. DWP's estimates indicate the following:

- Overpayment rates are highest for UC – 12.4% (£6.5 billion) in 2023-24. DWP attributes the high rates to customers under-declaring their earnings from self-employment or their financial assets, and not engaging or providing the required evidence.
- Underpayment rates are highest for disability benefits. 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 financial support. In 2023-24, the unfulfilled eligibility rate for Disability Living Allowance was 11.1% (£750 million) and for PIP was 4.0% (£870 million). These benefits also had underpayments due to official error of 1.0% and 0.4% respectively.
- Overall payment accuracy is consistently best for State Pension. In 2023-24, the overpayment rate was 0.1% (£170 million), while the underpayment rate was 0.4% (£470 million) with virtually no unfulfilled eligibility.

Payment timeliness

Measurement and reporting

2.19 DWP's research has found that payment timeliness is one of the things that customers care most about. 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.

2.20 Monitoring payment timeliness is complicated because DWP's timescales vary to take account of the nature and complexity of each benefit. It has a series of timeliness measures and standards for processing and paying different benefits. This makes it more difficult to compare timeliness performance across benefits. For example, DWP expects to clear new State Pension claims within 10 working days, whereas it expects to clear new PIP claims within 75 working days because of the time taken to gather the detailed evidence needed to assess a claim.

2.21 DWP uses the percentage of new claims processed within planned timescales as a headline measure of payment timeliness. This measure allows comparison between benefits, while recognising that the underpinning timescales vary. DWP reports performance against this measure in its annual report and accounts.

Performance

2.22 DWP's performance in processing new claims on time fell from 77% in 2019-20 to 72% in 2023-24. Its payment timeliness improved during the COVID-19 pandemic, with 82% of claims processed on time in 2020-21, but has been lower in the following three years (**Figure 7** overleaf). During the pandemic, DWP prioritised processing high volumes of claims quickly so people did not face financial hardship – it made some short-term simplifications to its processes to speed things up and brought in extra resources to help handle the volume of claims. DWP reports that the long-term effects of the pandemic, together with the increased demand for benefits, have adversely affected its capacity to process benefits in a timely manner since 2019-20.

2.23 Over the past five years, DWP's performance in processing new claims on time has varied significantly between benefits. For the four benefits we examined, we found the following:

- The proportion of UC claims processed on time has consistently exceeded the standard of 83%. In contrast to the other three benefits, performance did not drop in 2020-21 as DWP prioritised the rapid processing of UC claims during the COVID-19 pandemic.
- Until 2023-24, payment timeliness for PIP was worse than for the other three benefits. Just 7% of new claims were processed on time in 2021-22, with DWP noting that PIP assessment providers had prioritised the oldest PIP cases, making it more difficult to achieve the expected clearance times. Performance recovered to 52% in 2023-24 but remained well short of DWP's standard for 75% of new claims to be processed within 75 working days.

Telephony

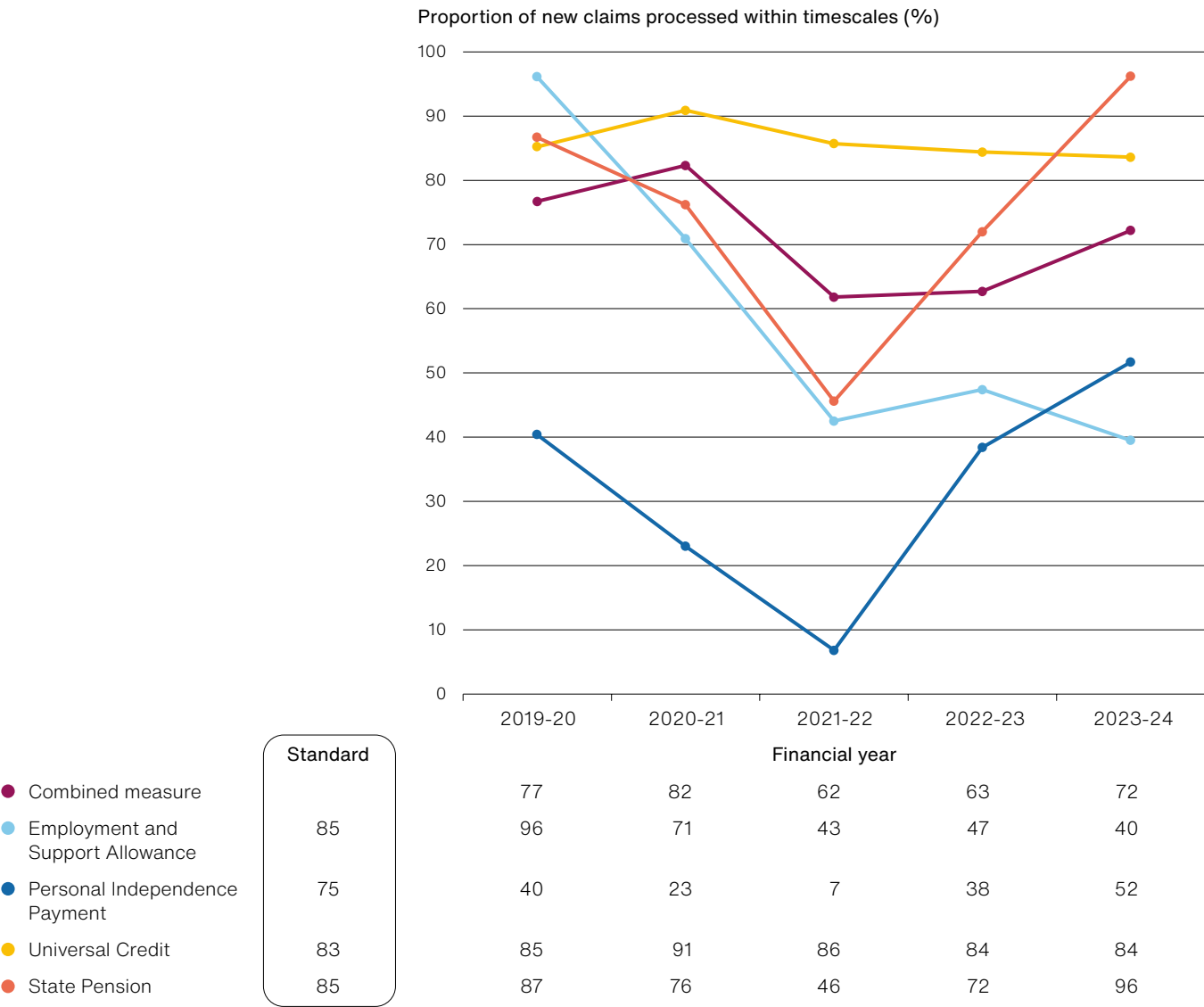
Measurement and reporting

2.24 Telephony performance is a key aspect of DWP's customer service. Unanswered calls and long waiting times are a source of frustration and stress for customers, and costly in terms of time spent on the line waiting or calling back. Customers are not charged for calling DWP's in-house or outsourced telephone lines.

2.25 DWP's main measure for telephony performance is the percentage of calls answered, which it calculates as the number of calls picked up by agents divided by the total number of calls assigned to agents. This calculation excludes blocked and deflected calls, which do not get to the point of being assigned to agents. Including blocked and deflected calls in the total would mean the percentage of calls answered would be lower than DWP calculates. DWP does not publish information on its telephony performance.

Figure 7
Proportion of new benefit claims processed within planned timescales, 2019-20 to 2023-24

Overall, the proportion of new claims that the Department for Work & Pensions (DWP) processed on time fell from 77% in 2019-20 to 72% in 2023-24



Notes

1 The combined measure covers new claims for Child Maintenance, Disability Living Allowance for children, Employment and Support Allowance (ESA), Jobseeker’s Allowance, Pension Credit, Personal Independence Payment (PIP), State Pension and Universal Credit (UC).

2 We present performance for four individual benefits to indicate variation. We selected these benefits based on scale and to reflect the diversity of DWP’s customers. The time DWP allows to process new claims varies as follows: ESA – 10 working days, PIP – 75 working days, State Pension – 10 working days, and UC – 5 weeks.

Source: National Audit Office analysis of Department for Work & Pensions data

2.26 DWP also monitors several other aspects of telephony performance, including:

- **blocked calls** – where DWP did not assign calls to a queue because the queues were full;
- **deflected calls** – where DWP did not assign calls to a queue for other reasons, such as customers calling just before lines closed at the end of the day; and
- **speed to answer** – the average time that customers wait, from when they join a queue to when they speak to an agent.

Performance

2.27 Taking its in-house and outsourced telephone lines together, DWP answered 85% of calls (36.7 million calls) in 2023-24. DWP does not aim for all calls received to be answered – its performance standards are for 85% of calls to its in-house lines, and 90% of calls to its outsourced providers, to be answered. The performance of DWP's outsourced telephony services has improved since 2020-21, while the performance of its in-house lines has declined (**Figure 8** overleaf):

- In 2020-21, DWP's in-house lines exceeded its standard by answering 86% of calls. However, since then, performance has fallen short of the standard, dropping to 76% in 2023-24 (17.3 million calls answered with 5.3 million abandoned). With blocked and deflected calls included in the total, DWP answered 66% of all calls in 2023-24.
- The performance of outsourced providers has improved, and they exceeded the standard in the two most recent years. In 2023-24, performance was 94% (19.4 million calls answered with 1.2 million abandoned). Outsourced providers blocked or deflected 144,100 calls in 2023-24, which had only a very small impact on the overall proportion of calls answered (a reduction of 0.7%).

2.28 Calls may be abandoned for positive or negative reasons: customers may hang up because they receive the information they need from a pre-recorded message while they are waiting, or due to long waiting times. DWP has not conducted research to determine the reasons why calls are abandoned and the action it may need to take in response.

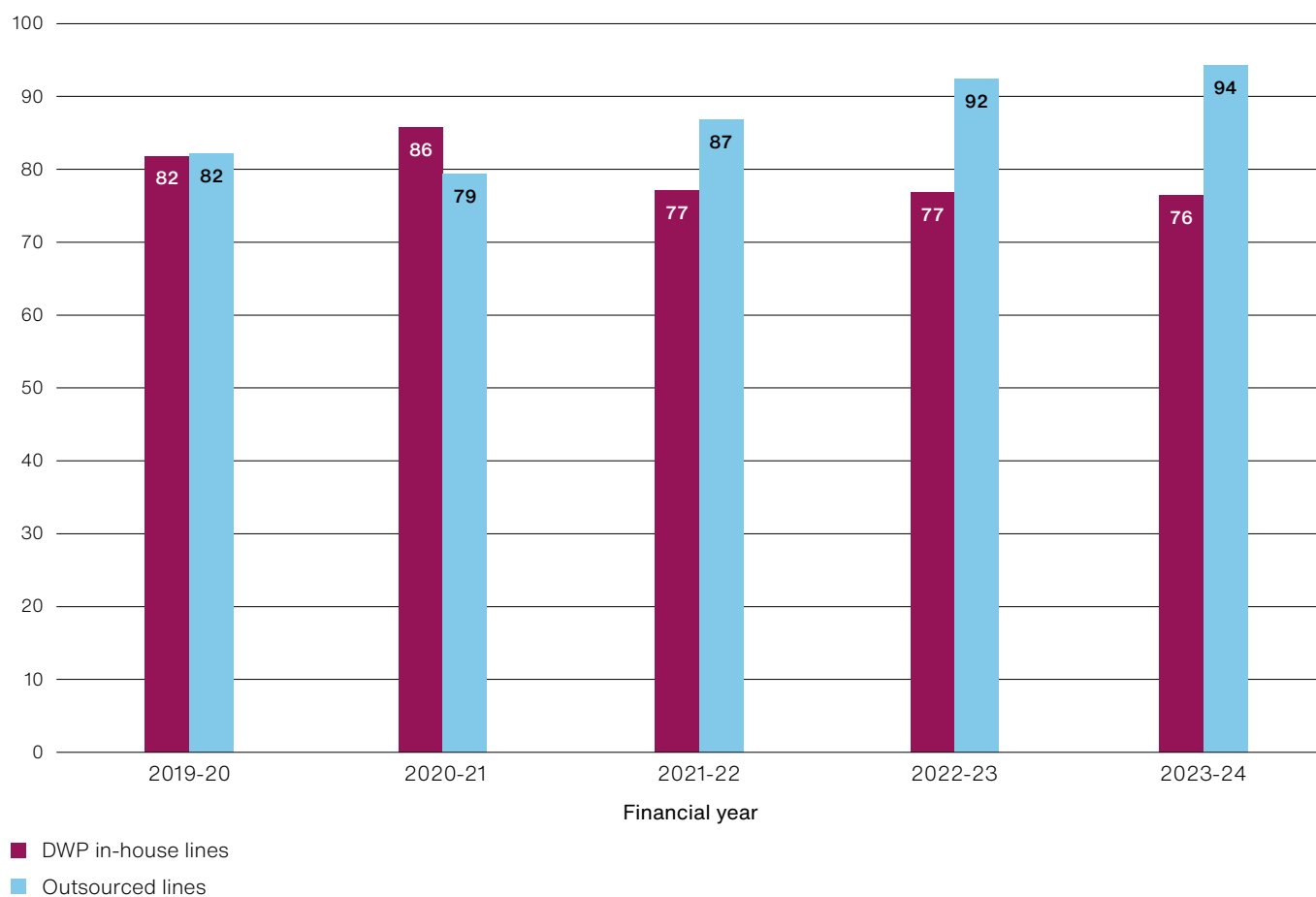
2.29 In 2023-24, 10% of calls to DWP's in-house lines (2.5 million calls) were blocked and 4% were deflected (1.1 million calls) (**Figure 9** on page 37). DWP recognises that these outcomes are a negative experience for customers and can generate 'failure demand' as customers may make repeated follow-up calls when they cannot get through (see paragraph 1.23).

Figure 8

Proportion of calls answered by the Department for Work & Pensions' (DWP's) in-house and outsourced telephone lines, 2019-20 to 2023-24

The proportion of calls answered by DWP's in-house lines declined from 82% in 2019-20 to 76% in 2023-24

Proportion of calls answered (%)

**Notes**

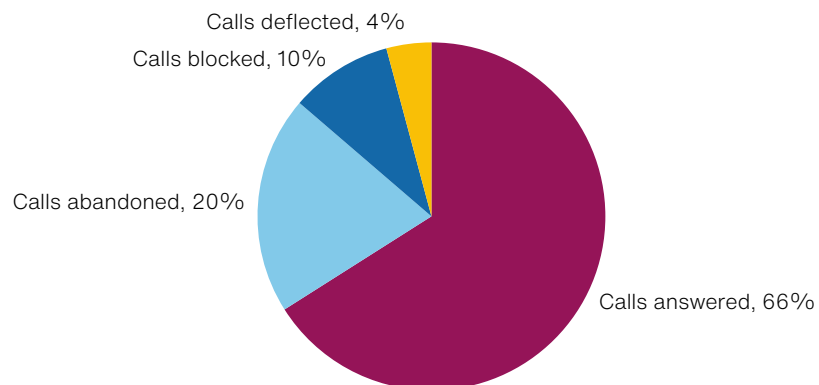
- 1 DWP's calculation of the percentage of calls answered excludes blocked and deflected calls from the total. A call is 'blocked' when DWP does not assign it to agent queues because the queues are full. A call is 'deflected' when DWP does not assign it to agent queues for another reason, for example, because the lines are closed.
- 2 DWP outsources some of its telephony services. At the time of our work, it had two providers, G4S Facilities Management UK Ltd (contract started in December 2022) and Teleperformance Ltd (contract started in August 2022).

Source: National Audit Office analysis of Department for Work & Pensions data

Figure 9

Outcomes of calls to the Department for Work & Pensions' (DWP's) in-house telephone lines, 2023-24

In 2023-24, 14% of calls to DWP's in-house lines were blocked or deflected, meaning they did not reach the point of being assigned to a queue

**Notes**

- 1 Calls answered are calls which DWP's agents picked up from the queues.
- 2 Calls abandoned are calls which were assigned to the queues but where customers hung up, potentially due to long waiting times or because they received the information they needed from a pre-recorded message while they were waiting.
- 3 Calls blocked are calls which DWP did not assign to a queue because the queues were full.
- 4 Calls deflected are calls which DWP did not assign to a queue for other reasons, such as customers calling just before lines closed at the end of the day.
- 5 In total there were 26.2 million calls to DWP's in-house lines in 2023-24.

Source: National Audit Office analysis of Department for Work & Pensions data

2.30 Telephony outcomes vary substantially between benefits. For example, taking DWP's in-house and outsourced lines together, fewer than half (44%) of calls relating to ESA were answered in 2023-24, with 21% abandoned and 35% blocked. In contrast, 93% of calls relating to UC were answered, with 7% abandoned and virtually none blocked.

2.31 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:

- The average time taken to answer calls to DWP's in-house lines was 15 minutes and 23 seconds, while the average time for calls to outsourced lines was 2 minutes and 29 seconds.
- For the four benefits we examined, the average speed to answer ranged from 2 minutes and 45 seconds for calls relating to UC to 26 minutes and 53 seconds for calls relating to ESA.

2.32 In addition to the various performance measures, we looked at how long in total DWP customers spend waiting to speak to an agent on the telephone, as an indicator of the overall impact on the public and the scope for improvement. We estimate that in 2023-24 DWP customers spent the equivalent of 753 years waiting for their calls to be answered. This comprised 652 years waiting on DWP's in-house lines and 102 years on its outsourced lines.¹³ The estimate covers 43.2 million calls in total that were answered or abandoned. It does not include any time customers spent waiting before they were assigned to a queue.

Challenges to providing good customer service

2.33 Alongside the growing number of claimants and changing customer expectations, aspects of DWP's operations create some significant challenges that affect the level of customer service it provides and how easily it can make improvements in the short term. Based on our discussions with DWP and stakeholders, and our review of documentary evidence, these issues include the following:

- **Legacy IT and data challenges:** DWP is still using some outdated legacy IT systems, such as for ESA, which are inefficient to use and increase the risk of error. Its IT systems are not fully integrated, with separate systems for different benefits. The systems do not allow staff to view at the same time all the information DWP holds about a customer.
- **Workforce challenges:** Resourcing to meet demand is a key area of focus for DWP. For example, it finds it difficult to retain staff in critical frontline roles, such as work coaches and case managers who deal directly with customers. In addition, when staff are recruited, it takes time to train them to the point where they can undertake work such as processing claims and dealing with customer queries.
- **Complexity of the welfare system:** DWP provides a wide range of services to customers, with each benefit having its own rules and processes. This complexity makes it harder for DWP to use its resources flexibly, as staff need to be trained to understand the specifics of each benefit.
- **Legacy of the COVID-19 pandemic:** DWP shifted priorities and resources during the pandemic, including moving staff to deal with the surge in UC claims. It considers that it is still contending with the impact of this on areas that were deprioritised, including backlogs in some parts of the business, such as PIP claims.

¹³ These numbers do not sum to 753 due to rounding.

2.34 DWP's challenges are not unique, with other customer-facing government bodies also seeking to provide a good service in the context of significant operating difficulties. There is an opportunity for DWP to collaborate with, and learn from, others about what approaches to improving customer service have and have not worked in which circumstances, and why. In this regard, DWP highlighted to us the role of the civil service operational delivery profession, including the senior community of practice which holds events to bring together senior leaders to explore challenges and share good practice. DWP is also part of the cross-government centre of expertise, which has been set up to share knowledge and support operational delivery professionals in their roles.

Part Three

Plans for improving customer service

3.1 This part of the report covers the Department for Work & Pensions' (DWP's) plans for improving customer service.

DWP's customer service ambitions

Framework for delivering improvements

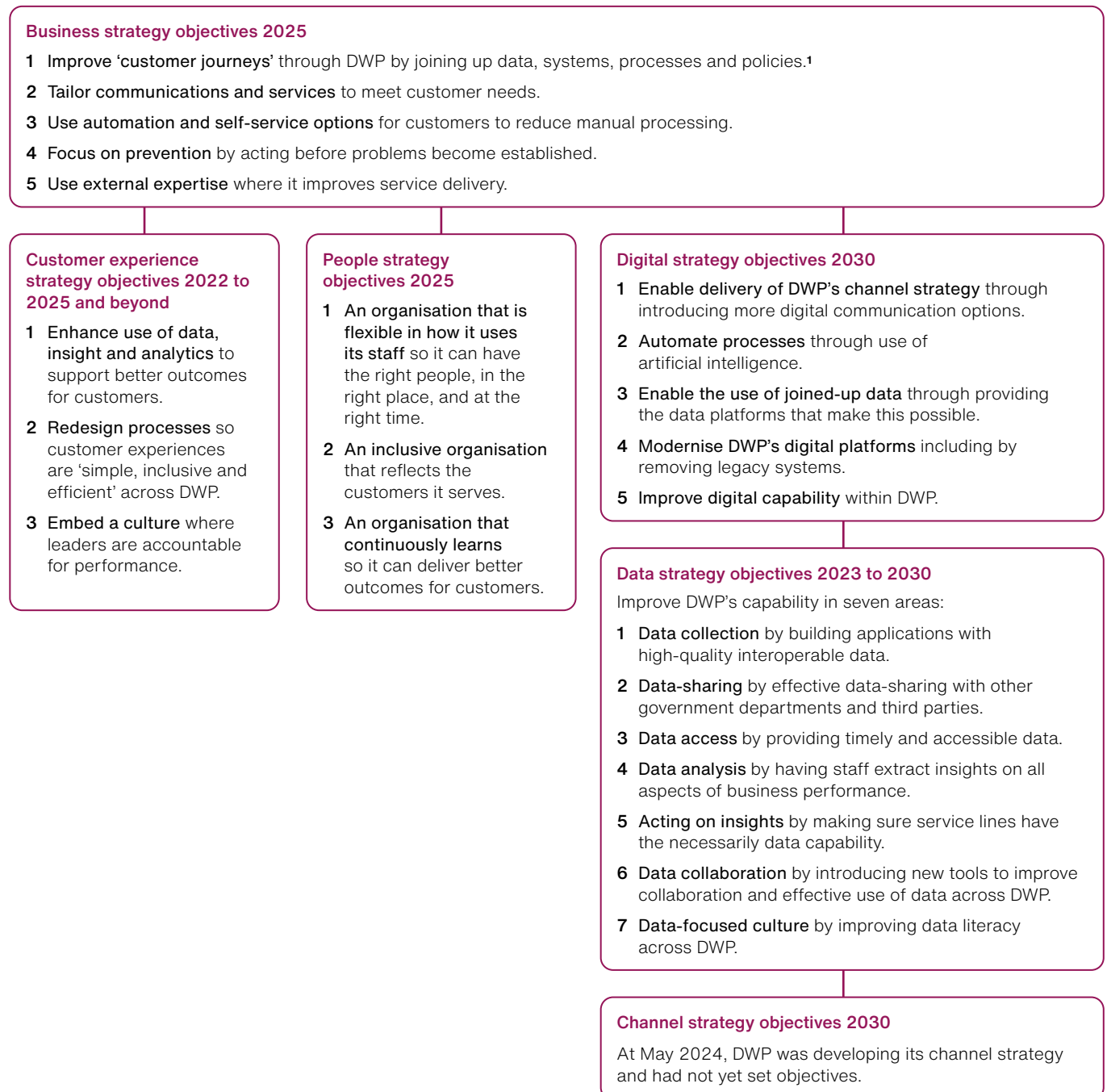
3.2 DWP's vision is to be a 'customer-focused organisation'. It has multiple long-term strategies that relate to this aim, indicating the scale and complexity of the improvements required. DWP's current business strategy, which runs to 2025, provides the overarching framework for how it wants to transform its services, with other enabling strategies sitting beneath this (**Figure 10**). The timeframe for several of these strategies extends well beyond 2025:

- **Customer experience strategy 2022 to 2025 and beyond:** This outlines DWP's vision to be a customer-focused organisation and deliver excellent services to customers and value to taxpayers.
- **People strategy 2025:** This outlines DWP's vision for using its staff flexibly in an uncertain landscape, being an inclusive organisation and one that continuously learns to deliver better outcomes for customers.
- **Digital strategy 2030:** This sets out how DWP plans to use digital technology for the benefit of customers and staff, such as by automating processes and joining up customer data.
- **Data strategy 2023 to 2030:** This outlines DWP's vision for improving the quality of its data and making better use of data for the benefit of customers and staff, for example by enabling effective data-sharing within DWP and with other government departments.
- **Channel strategy 2030:** This will cover DWP's plans for improving how it communicates with customers, by giving them more and better choice over how they make contact.

Figure 10

Summary of the objectives of the Department for Work & Pensions' (DWP's) key strategies that relate to improving customer service

DWP has multiple intersecting strategies that relate to its plans for improving customer service



Note

¹ A 'customer journey' is a customer's end-to-end experience, encompassing all their interactions with DWP.

Source: National Audit Office summary of Department for Work & Pensions strategies

3.3 Through these strategies, DWP is devoting attention to the different components that it expects will contribute to improving customer service over the longer term. It will be important for DWP to maintain its ongoing efforts to keep the strategies aligned, particularly given their interdependencies and extended timeframes for delivery. DWP told us it also has mechanisms in place aimed at ensuring that the strategies align with the Service Modernisation Programme, which is its key programme for implementing the changes needed to improve customer service (see paragraphs 3.10 to 3.19). The mechanisms mainly involve relevant officials participating in the programme's governance structures.

3.4 DWP has not set out how it is monitoring progress in improving customer experience or how it will demonstrate that it has achieved its vision to be a customer-focused organisation. Similarly, its individual strategies do not include measurable objectives or supporting performance indicators to judge success. DWP told us it is intending to develop performance metrics for its next business strategy, which will run from 2025 to 2030. HM Treasury's guidance highlights the importance of setting measurable, time-bound objectives for monitoring and evaluating an intervention.¹⁴

Expected benefits for customers

3.5 DWP's business strategy sets out how it expects customers to benefit from its planned service transformation. DWP has not set out how it will assess whether these benefits are being achieved or how it will track progress. The wide range of potential benefits includes:

- access to simplified services so it is easier for customers to notify DWP about changes of circumstances;
- improved channel options so customers have more choice about how they contact DWP;
- access to 'self-service' options, such as customers being able to view information about their claims online without having to contact DWP; and
- more tailored support that meets customers' needs.

¹⁴ HM Treasury, *The Green Book: Central government guidance on appraisal and evaluation (2022)*, last updated May 2024.

3.6 DWP is also aiming to create quicker and smoother ‘customer journeys’ by improving how it uses data and automation.¹⁵ Our wider work on operational delivery has highlighted that taking an end-to-end service perspective is important to improving efficiency and providing better outcomes for customers.¹⁶ DWP is at an early stage of mapping and understanding various customer journeys (such as the journeys of people who access DWP services on release from prison) and has set up a specialist team for this work. It has developed a framework for deciding which customer journeys to prioritise, focused on factors such as strategic importance and the potential benefits of mapping the journey.

Customer experience strategy

3.7 DWP introduced its customer experience strategy in 2022 to focus on improving customers’ experience of its services. The teams in the customer experience directorate focus on influencing, and working with, other parts of the organisation to make the changes needed to achieve the strategy’s aims. DWP told us that one of the challenges is that operational pressures may make elements of the customer experience strategy less of a priority for the multiple other teams that the directorate is seeking to influence.

3.8 DWP aims to achieve the ambitions of its customer experience strategy in three stages by 2025 and beyond. The directorate is focusing on a range of areas, including:

- customer feedback data and performance metrics;
- meeting the needs of customers experiencing vulnerability;
- improving the accessibility of services;
- collaborating with other teams on including customer perspectives in DWP change programmes; and
- internal research on what matters to customers.

¹⁵ A ‘customer journey’ is a customer’s end-to-end experience, encompassing all their interactions with DWP.

¹⁶ National Audit Office, *Improving operational delivery in government: A good practice guide for senior leaders*, March 2021.

3.9 In spring 2024, DWP assessed that most of its improvement activities were on track. For example, it had made progress in developing guidance for staff on communicating with customers; enhancing performance reporting by including metrics on customer experience; and improving complaints processes, including through greater automation. DWP also noted it had more work to do in areas such as setting out its strategy for meeting the needs of customers at risk of harm, and establishing the use of real-time customer feedback across its services. Our wider work on operational delivery has highlighted the importance of organisations using real-time data and equipping senior leaders with the ability to use data, so that service problems can be quickly identified and addressed.¹⁷

Service Modernisation Programme

Vision

3.10 DWP's Service Modernisation Programme (SMP) is an 11-year organisation-wide programme, running from 2022-23 to 2032-33. DWP recognises that significant parts of its services remain largely unmodernised – some benefit processing is still paper-based, which is slow and expensive to administer and makes it more difficult for DWP to track customer experience for the products involved. It intends that the programme will deliver benefits for customers, staff and taxpayers.

3.11 The high-level outcomes that DWP is expecting the SMP to achieve are a better experience for customers; lower operating costs and higher productivity; fewer manual errors; and fewer serious case failures. DWP set out high-level objectives in the programme's business case and has been tracking progress, initially by using measures focused on financial and staffing savings. In 2023, it agreed a set of wider performance measures including some focused on customer service. At the time of our work, it was collecting data to monitor performance against these measures and was in the process of finalising the measures. **Figure 11** summarises DWP's vision for the SMP, including the objectives and outcomes.

Progress with cross-cutting activities

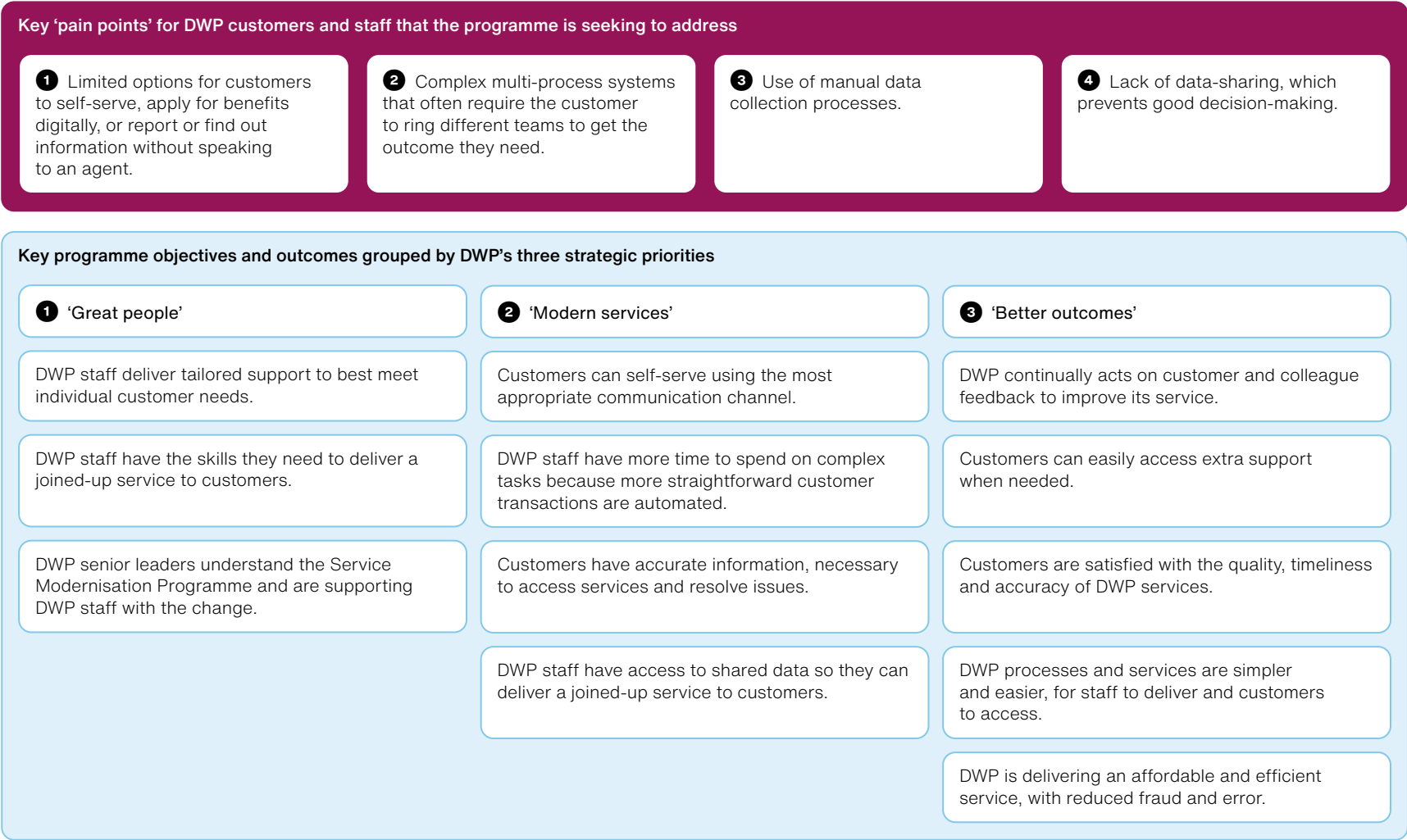
3.12 The SMP includes 10 projects that relate to modernising four service delivery areas: retirement services; health and working-age services; child maintenance; and disputes services. There are also cross-cutting initiatives, including modernising telephony services and improving the capability of DWP staff.

¹⁷ See footnote 16.

Figure 11

The Department for Work & Pensions’ (DWP’s) vision for its Service Modernisation Programme

The Service Modernisation Programme seeks to address four key ‘pain points’ for DWP customers and staff



Note

1 This Figure draws on DWP’s first full business case for the Service Modernisation Programme, approved by HM Treasury in May 2023.

Source: National Audit Office summary of Department for Work & Pensions information

3.13 DWP has made mixed progress in delivering a number of cross-cutting activities which have the potential to transform how customers interact with its services:

- A 'conversational platform', whereby customers interact with a virtual telephone agent, was successfully tested with some Universal Credit customers from November 2023. In March 2024, DWP started testing the platform on some of its other telephone lines.
- A 'colleague view' application that will pull together information from multiple benefit systems into one place, allowing DWP staff to update a customer's entire record at once, has been deferred by two months because of a delay to another SMP project.
- A 'customer view' application that will enable customers to view and update their own information, and access DWP services, has been delayed due to unexpected complexity around updating the legacy systems and a subsequent resequencing of delivery. DWP plans to 'go live' with a minimum viable product in October 2024 rather than in March 2024, as originally planned.
- An 'attend anywhere' video project whereby customers can interact with DWP through video has been completed and rolled out to health services to use for health assessments.
- A new training offer on 'excellence in customer service' was tested with a group of DWP customer service agents and case managers in May 2024.

Estimated costs and benefits

3.14 In January 2023, DWP estimated that the SMP would cost £312.1 million over 11 years, from 2022-23 to 2032-33. By March 2024, it had spent £211.5 million on the programme.

3.15 DWP secured funding in the 2021 Spending Review to implement the initial phases of the SMP. HM Treasury approved the strategic outline business case for the programme in October 2022 and the first full business case in May 2023. The second full business case is scheduled for approval in July 2024. DWP is also relying on achieving its annual forecast savings from delivering the programme to help fund it. At April 2024, DWP assessed that these savings would not be realised until 2025-26, and that insufficient funding could affect programme delivery.

3.16 DWP reduced its estimate of the SMP's expected net benefits between producing the strategic outline business case in 2022 and the first full business case in 2023, due to changes in programme scope, reclassification of some savings, and an increase in some costs. It remains confident that the SMP represents value for money. In 2023, DWP estimated that the SMP would produce a net undiscounted benefit of £680.4 million from 2022-23 to 2032-33.¹⁸ It expects to make the biggest savings from its modernisation plans for child maintenance, telephony and State Pension.

Delivery risks

3.17 The scale and complexity of the SMP means delivery involves significant risk. DWP's 2023 accounting officer assessment judged as medium the feasibility of successfully delivering the programme to the planned timescales. The assessment highlighted the challenges of managing multiple interdependencies; the scale and nature of the desired change; and achieving the necessary cultural changes, such as embedding a culture of continuous learning and improvement. DWP recognises that implementing cultural change is essential to securing the full benefits of the SMP and realising its customer service ambitions.

3.18 The SMP is one of DWP's programmes in the Government Major Projects Portfolio and will be subject to regular review by the Infrastructure and Projects Authority (IPA).¹⁹ In March 2024, the IPA awarded the programme an 'amber' delivery confidence rating. This rating means that successful delivery appears feasible but significant issues exist, requiring management attention; the issues appear resolvable and, if addressed promptly, should not present a cost or schedule overrun. The IPA noted that the programme was in a strong position for successful delivery in the short term, with the amber rating reflecting the more challenging medium/longer-term outlook. This was the IPA's first assessment of the SMP, and it was positive about DWP senior leadership's support for the programme and the programme team's capability. The IPA highlighted, however, that there was not yet consensus among DWP senior leadership about the future design and the pace of transformation that should be adopted, and the associated organisational risk appetite. It made 10 recommendations relating to areas such as programme management, benefits realisation and risk management.

3.19 Our review of the business cases for the SMP indicated that DWP's vision for improved customer service is based on a good understanding of the issues that need to be addressed. However, DWP could strengthen the SMP's foundations by finalising key performance indicators to measure progress against the objectives set out in the business cases; identifying which objectives take priority; and being clear how interdependencies within the programme will be recognised and managed.

¹⁸ 'Undiscounted' means that DWP has not adjusted for how the value of money changes over time.

¹⁹ The Government Major Projects Portfolio comprises the largest, most innovative and highest-risk projects and programmes delivered by government.

Appendix One

Our audit approach

Scope

1 We reached our independent conclusions on whether the Department for Work & Pensions (DWP) has an effective approach to customer service after analysing evidence collected from November 2023 to June 2024. Our examination covered benefit expenditure in Great Britain, excluding expenditure that has been devolved to the Scottish Government. Benefit expenditure in Northern Ireland is the responsibility of the Northern Ireland Executive and was outside the scope of our work.

2 The evaluative criteria we used to assess value for money included: whether DWP has a clear framework for monitoring customer service, including clear objectives, comprehensive performance measures, and clear reporting and accountability arrangements; whether DWP has provided good customer service over recent years based on its own performance targets and expectations; and whether DWP has clear plans for improving customer service over the next five years, including how it will achieve its vision and whether it has determined what success will look like.

3 Our work did not examine the quality of DWP's decision-making, such as mandatory reconsiderations and appeals, or its arrangements for handling complaints.

Methods

4 In forming our conclusions, we drew on a variety of evidence sources, as described in the paragraphs below. We collated and analysed the evidence we obtained, using our evaluative criteria as a framework. We looked across different sources of evidence to support our findings.

Interviews with DWP

5 We interviewed departmental officials involved in various aspects of customer service. The people we spoke to were selected based on their roles in:

- DWP's service excellence group and work and health group, including staff in strategy, operational performance and analytical roles;
- DWP's key strategies for improving customer service; and
- DWP's Service Modernisation Programme (SMP).

6 We carried out the interviews online and took detailed notes. The interviews typically lasted one hour, and the subject of each interview was informed by our audit questions and tailored to the responsibilities of the officials involved. We used information from the interviews to develop our understanding of all the topics that related to our audit questions and to inform our evidence requests. Where possible, we triangulated interview evidence with documentary or other evidence.

Interviews with other bodies

7 We carried out online interviews with six other bodies to inform our findings. Our questions were tailored to reflect the role of each organisation and the responsibilities of those being interviewed.

8 We interviewed two of DWP's contractors:

- Ipsos, which conducts DWP's customer experience survey – we used this interview to understand the survey design (including any limitations) and key research outputs and analysis; and
- Teleperformance, which is one of DWP's contracted-out call centre operators – we used this interview to understand the provision of telephony services, including the arrangements in place to manage performance.

9 We interviewed four stakeholders who deal with or represent the interests of DWP's customers. We selected the stakeholders to capture a range of views on: the trends in demand for benefits, changing customer expectations, whether DWP is providing good customer service, and differences in experience between customer groups (such as older people and those with disabilities). The stakeholders were:

- Age UK;
- the Child Poverty Action Group;
- Citizens Advice; and
- rightsnet.

10 We organised our interview notes into a matrix that was structured by our study questions, to support comprehensive and consistent analysis. Our analysis was used to report on stakeholder views including:

- what good customer service looks like and whether DWP is providing it;
- customer trust in DWP;
- transparency in customer service processes; and
- the availability and suitability of DWP's communication channels.

11 The findings presented in the report reflect the range of views of the stakeholders we interviewed.

Document review

12 We reviewed published and unpublished documents from DWP to develop our understanding of DWP's framework for customer service, whether DWP is providing good customer service, and whether DWP has clear plans for improving customer service over the medium term. The documents included:

- unpublished documents such as: the outcome delivery plan for 2023 to 2025; research on the customer experience; customer service performance reports; the business strategy which runs to 2025; other strategies that relate to improving customer service such as the customer experience strategy, the digital strategy, the data strategy and the channel strategy; and key documentation for the SMP, including programme business cases, the accounting officer assessment, board papers and risk registers; and
- published documents such as: the customer charter; and annual reports and accounts.

13 We reviewed each document against our evaluative criteria. The review was used to inform further discussion and follow-up with DWP, and to determine audit findings and triangulate findings from other sources.

Site visits

14 We visited three DWP sites – its service centres in Basildon in Essex and Tyneview Park in Newcastle upon Tyne, and its jobcentre in Ashford in Kent. The visits included meetings with managers and operational staff, and observations of staff as they carried out their work. The purpose of the visits was to develop our understanding of DWP's frontline customer service arrangements, including key roles and responsibilities and the challenges staff face in providing good customer service. We took high-level notes on each visit to record our meetings and observations.

15 We also visited one of DWP's contracted-out call centre operators, Teleperformance. The purpose of the visit was to develop our understanding of how the call centres operate, including the arrangements in place for providing good customer service. The visit included observations of, and interviews with, staff including telephony agents, team leaders and managers. We took a high-level note to record our interviews and observations (see paragraph 8).

Quantitative analysis

Data on the trends in demand for benefits

16 We used DWP's published official statistics on the number of claimants and claims for benefits, accessed online via Stat-Xplore, a web-based tool for analysing DWP statistics. We carried out descriptive analysis on the trends in demand for DWP's main benefits: Attendance Allowance, Carer's Allowance, Disability Living Allowance for children, Employment and Support Allowance (ESA), Housing Benefit, Income Support, Jobseeker's Allowance, Pension Credit, Personal Independence Payment (PIP), State Pension and Universal Credit (UC). We did not include other benefits, such as maternity or bereavement benefits, that have a relatively small and stable number of claimants.

17 Our analysis focused on trends from May 2019 to May 2023. We chose this period as we wanted to understand how the demand for benefits had changed since before the COVID-19 pandemic. We supplemented our analysis with evidence from our interviews and document review to understand the main reasons behind the trends in demand.

Customer service performance data

18 Our analysis of DWP's customer service performance data focused on four key areas – customer satisfaction, payment accuracy, payment timeliness and telephony.

19 Our main data sources included the following:

- **Customer satisfaction:** DWP's customer experience survey results. The survey has covered a representative sample of around 7,700 benefit customers on average each year from 2020-21 to 2022-23. It covers the claimants of eight benefits who represent the majority of DWP's customers.²⁰ Since 2019, DWP has contracted Ipsos to undertake this survey.
- **Payment accuracy:** DWP's published National Statistics on fraud and error in the benefit system and its Official Statistics in Development on unfulfilled eligibility in the benefit system. DWP estimates overpayments and underpayments for five or six benefits each year, including ESA, Housing Benefit, Pension Credit, PIP, State Pension and UC in 2022-23.

²⁰ The benefits covered by the survey are Attendance Allowance, Carer's Allowance, Disability Living Allowance for children, Employment and Support Allowance, Pension Credit, Personal Independence Payment, State Pension and Universal Credit.

- **Payment timeliness:** DWP's internal performance data on payment timeliness. DWP has a series of timeliness measures and standards for processing and paying different benefits, which take account of the nature and complexity of each one. We focused on the proportion of new claims processed on time, which allows comparison between benefits. The combined measure covers new claims for Child Maintenance, Disability Living Allowance for children, ESA, Jobseeker's Allowance, Pension Credit, PIP, State Pension and UC.
- **Telephony:** DWP's internal performance data for telephony services, including for its in-house lines and lines run by outsourced providers, which cover all benefits.

20 Our analysis covered the period from 2019-20 to 2023-24. We selected this timeframe to provide an overview of DWP's customer service performance in recent years – before, during and since the COVID-19 pandemic.

21 We analysed each dataset to understand overall performance, on average, across most benefits, in each of the four key areas. We also examined each dataset to explore how performance varied for four different benefits – ESA, PIP, State Pension and UC. We selected these benefits based on scale (the number of claimants) and to reflect the diversity of DWP's customers.

22 We carried out two other strands of analysis of DWP's 2022-23 customer experience survey results:

- We analysed the extent to which customer satisfaction with DWP's services varied with customer characteristics (see Figure 5). We tested for statistically significant differences in satisfaction scores within each variable (such as age and ethnicity) and between different categories of that variable (such as those aged 25 to 65 or aged 66 and over). This analysis was not intended to explore relationships between different variables or to identify the reasons for satisfaction or dissatisfaction.

- We developed a multiple logistic regression model to explore the key drivers of customer satisfaction (see paragraph 2.11). Our method aligns with DWP's approach to analysing its claimant service and experience survey in 2013.²¹ We modelled the probability of a customer being satisfied with the service they received given their responses to survey questions about their experiences with DWP and their characteristics. We then selected variables which, when all other variables were held constant, had a statistically significant association with the probability of a customer being satisfied. We used the results from our model to determine the relative likelihood of a customer being satisfied based on their responses. We used statistical tests to assess the model's overall quality, including goodness of fit, cross-validation and techniques to check for collinearity, which confirmed the stability and reliability of our likelihood estimates.²²
- In our analyses, we determined 'statistical significance' at the 95% confidence level. Significant variation in satisfaction scores refers to statistically meaningful differences which are unlikely to have occurred by chance and may indicate underlying factors influencing satisfaction levels.

Financial data

23 The main sources of financial data that we drew on were DWP's:

- annual reports and accounts;
- unpublished data for spending on telephony services;
- unpublished contracts for outsourced telephony services; and
- unpublished SMP business cases, including data on the estimated programme costs and benefits.

24 We used this information to set out:

- the operating costs of DWP's two service delivery groups in 2023-24;
- DWP's spending on telephony services in 2022-23 (the most up-to-date data available at the time of our work) and the value of its contracts with outsourced providers; and
- the estimated costs and benefits of the SMP.

²¹ Department for Work & Pensions, *DWP Claimant Service and Experience Survey 2013*, October 2014.

²² 'Goodness of fit' evaluates how well the actual values in the model align with the expected values. 'Cross-validation' involves training a model on subsets of the data to validate its performance. 'Collinearity' occurs when independent variables are correlated with each other.

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