



House of Commons

Committee of Public Accounts

---

# **Personal Independence Payment**

---

**First Report of Session 2014–15**





House of Commons  
Committee of Public Accounts

---

# Personal Independence Payment

---

**First Report of Session 2014–15**

*Report, together with formal minutes related  
to the report*

*Ordered by the House of Commons  
to be printed 9 June 2014*

**HC 280**  
**[Incorporating HC 1116, Session 2013-14]**  
Published on 20 June 2014  
by authority of the House of Commons  
London: The Stationery Office Limited  
£0.00



## Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

### Current membership

[Rt Hon Margaret Hodge](#) (Labour, Barking) (Chair)  
[Mr Richard Bacon](#) (Conservative, South Norfolk)  
[Stephen Barclay](#) (Conservative, North East Cambridgeshire)  
[Guto Bebb](#) (Conservative, Aberconwy)  
[Jackie Doyle-Price](#) (Conservative, Thurrock)  
[Chris Heaton-Harris](#) (Conservative, Daventry)  
[Meg Hillier](#) (Labour, Hackney South and Shoreditch)  
[Mr Stewart Jackson](#) (Conservative, Peterborough)  
[Rt Hon Anne McGuire](#) (Labour, Stirling)  
[Austin Mitchell](#) (Labour, Great Grimsby)  
[Andrea Leadsom](#) (Conservative, South Northamptonshire)  
[Nick Smith](#) (Labour, Blaenau Gwent)  
[Ian Swales](#) (Liberal Democrats, Redcar)  
[Justin Tomlinson](#) (Conservative, North Swindon)

### Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at [www.parliament.uk/pac](http://www.parliament.uk/pac). A list of Reports of the Committee in the present Parliament is at the back of this volume. Additional written evidence may be published on the internet only.

### Committee staff

The current staff of the Committee is Sarah Petit (Clerk), Claire Cozens (Committee Specialist), James McQuade (Senior Committee Assistant), Ian Blair and Sue Alexander (Committee Assistants) and Janet Coull Trisic (Media Officer).

### Contacts

All correspondence should be addressed to the Clerk, Committee of Public Accounts, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5708; the Committee’s email address is [pubaccomm@parliament.uk](mailto:pubaccomm@parliament.uk).



# Contents

---

<b>Report</b>	<i>Page</i>
<b>Summary</b>	<b>3</b>
<b>Conclusions and recommendations</b>	<b>4</b>
<b>1 Implementation of Personal Independence Payment</b>	<b>6</b>
<b>2 The impact of Personal Independence Payment on claimants</b>	<b>9</b>
<b>Formal Minutes</b>	<b>12</b>
<b>Witnesses</b>	<b>13</b>
<b>List of printed written evidence</b>	<b>13</b>
<b>List of Reports from the Committee during the current Parliament</b>	<b>14</b>



## Summary

---

The Department for Work and Pensions (the Department) rushed the introduction of Personal Independence Payment and did not pilot the benefit process. We are concerned that many disabled people have experienced long and unacceptable delays in their Personal Independence Payment being assessed and granted. The process has proved inaccessible and cumbersome for claimants, who are some of the most vulnerable people in society. The Department significantly misjudged the number of face-to-face assessments that providers would need to carry out, and the time these assessments would take. This has resulted in significant delays to benefit decisions and a growing backlog of claims. The unacceptable level of service provided has created uncertainty, stress and financial costs for claimants, and put additional financial and other pressures on disability organisations, and on other public services, that support claimants. The Department has yet to achieve the savings it intended to make and will have to seek compensatory savings elsewhere.

## Conclusions and recommendations

---

1. In April 2013, the Department introduced Personal Independence Payment, a new benefit to replace Disability Living Allowance, to support disabled people with the extra costs of living so that they can live independently and in some cases work. The Department administers and awards claims for Personal Independence Payment but it pays private sector contactors to assess claimants' needs. Atos Healthcare (Atos) and Capita Health and Wellbeing (Capita) conduct face-to-face consultations, or paper-based assessments, against criteria set by the Department. The Department introduced the new benefit through a 'controlled start' so that the Department could test early parts of the process, including the new IT system, staff guidance and the telephone application process, as it rolled out the benefit. The Department started taking new claims for Personal Independence Payment in parts of the north of England from April 2013, and nationally from June 2013. However only 360 decisions had been made by the time the scheme was implemented nationally. The Department began to reassess the 1.7 million Disability Living Allowance claimants from October 2013, but then postponed this for most claimants when it realised that claimants already faced long delays, and that significant backlogs had developed.

**2. Critical assumptions about the process were not fully tested and proved to be incorrect, resulting in significant delays to benefit decisions and a backlog of claims.**

The Department expected 75% of assessments would be face-to-face consultations rather than on paper, and that they would take 75 minutes on average to conduct. In practice, over 97% of assessments have been face-to-face consultations and they take around 120 minutes. This should have been established through a pilot programme, with necessary adjustments being made so that so many claimants could have avoided the distress and lack of support brought about by the delays. Without this piloting, contractors' planned staff numbers have been inadequate, benefit decisions have been delayed and backlogs have developed. When the Department rolled out the scheme nationally for new claims in June 2013, it had made only 360 benefit decisions and therefore had not fully tested the end-to-end process, or the accuracy of its assumptions. In deciding to continue with the roll-out, the Department had relied on its own judgement of the capacity required, and on assurances from assessment providers.

**Recommendation:** *The Department should ensure that new systems and policies are fully tested before they are implemented nationally, to provide evidence that assumptions made and any assurances received from third parties, are correct.*

**3. Claiming Personal Independence Payment can be cumbersome and difficult for claimants, increasing the risk of delays and incorrect decisions.** Claimants are encouraged to apply by telephone, but this deters and delays some people from making a claim, particularly those with mental health problems and sensory impairments. Obtaining an alternative paper-based form is difficult and time-consuming, with forms not readily available. Providers conduct face-to-face rather than paper-based assessments of claims when they lack sufficient information. In most cases assessment providers do not receive extra evidence requested from third parties such as General Practitioners, physiotherapists and social workers. The processes to ensure the appropriate information is delivered on time were not tested before the scheme was implemented nationally.

**Recommendation:** *The Department should make the process easier for claimants by, for example, making paper claim forms available through recognised voluntary organisations, such as Citizens Advice. The Department should also ensure that third parties supply information on claimants where relevant and do this in good time.*

**4. There have been unacceptable delays in making benefit decisions, placing unwarranted pressure on claimants, disability organisations, and other services.** Many claimants have had to wait over six months for their claim to be decided. By October 2013, the Department had only made 16% of the decisions it had expected to have made by that time. We heard evidence of a claimant requiring hospital intervention as a result of the stress caused by the delays suffered, and another claimant who was unable to afford the specific diet required for diabetes and gastric problems, while waiting for a decision. Claimants waiting for a decision may no longer be able to claim linked benefits such as carer's allowance, and additionally, delays have increased demand on third sector organisations which are helping claimants through the process. Some claimants have resorted to discretionary housing payments and others to food banks, loans and charitable donations to support the extra costs of living associated with their disability.

**Recommendation:** *The Department must speed up all stages of the process to ensure benefit decisions are made on a timely basis and tackle the backlog of cases that has arisen.*

**5. The Department and its contractors have failed to provide an acceptable standard of service to claimants.** Claimants have experienced difficulties in arranging appointments, assessment providers have cancelled home visits at the last minute, and assessors have failed to turn up when claimants have travelled to assessment centres.

**Recommendation:** *The Department should ensure that it, and its contractors, provide an acceptable level of service to claimants by minimising delays and travel times, making home visits when arranged, improving administrative processes, and providing better information to claimants.*

**6. The Department maintained that it had not regarded the bids as a contractual commitment, and that it expected negotiations between Atos and its subcontractors to continue once Atos had submitted its bid.** It also stated that it had ignored the bidders' previous record in providing assessments for Employment Support Allowance, when deciding to whom to award contracts. We would have expected the Department to exercise particular caution in letting this contract, given the poor performance of Atos on work capability assessments. The Committee were concerned that Atos appeared to include incorrect and potentially misleading information in its bid for the Personal Independence Payment contract.

**Recommendation:** *The Department should challenge inaccurate or exaggerated claims made in bids, so that it can demonstrate it has not relied on them when awarding contracts. The Department should have regard to previous performance on similar work when assessing contractors.*

# 1 Implementation of Personal Independence Payment

---

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Work and Pensions (the Department), Atos Healthcare (Atos) and Capita Health and Wellbeing (Capita) on progress in implementing Personal Independence Payment.<sup>1</sup> We also took evidence from Citizens Advice, Mencap, and Disability Association Barking and Dagenham.

2. Personal Independence Payment is a new non-means tested benefit aimed at helping claimants with the extra costs of living with a disability. The Department expects that around 3.6 million individuals will claim Personal Independence Payment by the start of 2018.<sup>2</sup> Personal Independence Payment will replace Disability Living Allowance and is designed to match support more closely to claimants' needs. The Department expects 600,000 fewer people will receive Personal Independence Payment by May 2018, compared with its projections for Disability Living Allowance. It expects this will lead to annual savings to benefit spending of £3 billion from 2018-19, and that savings during the Spending Review period to April 2015 will be £640 million. The Department administers and awards the claims for Personal Independence Payment and it pays private sector contractors to assess claimants' needs through face-to-face consultations or paper-based assessments.<sup>3</sup>

3. In May 2012, Atos and Capita submitted bids to the Department to provide claimant assessments. In its bid, Atos planned to subcontract with smaller organisations, such as hospitals and physiotherapy practices, to conduct claimant assessments on its behalf. Atos stated in its bid that it had agreements in place with a national network of 56 NHS hospitals, 25 private hospitals and over 650 physiotherapy practices to provide assessments. Atos stated that potential subcontractors had given their consent to being named in its bid. The bid, in one statement, described partners as having 'contractually agreed' to provide accommodation.<sup>4</sup> Atos admitted that it did not have binding contracts with subcontractors at the time of its bid. It maintained that it could not have entered into binding subcontracts without first having signed a prime contract with the Department.<sup>5</sup> Two organisations named in the bid, Cambridge University Hospital Trust and Mid Essex NHS Trust, had not given their consent to be named.<sup>6</sup> Atos admitted that it had named them, but said it had done so in error. Other health trusts stated they had not reached any agreement or understanding with Atos to provide facilities or staff<sup>7</sup>.

---

1 [C&AG's Report, \*Personal Independence Payment: early progress\*, HC1070 Session 2013-14, 27 February 2014](#)

2 [C&AG's Report, para 1.13](#)

3 [C&AG's Report, para 1.6-1.17](#)

4 [Qq 56-63](#); Atos Healthcare, *Tender and Supplier Information Form*, 2 May 2012, Pg 9, 37, 39, 72

5 [Qq 60, 113, 118](#); [Written submission from Atos](#)

6 [Q 68](#)

7 [Qq 65, 67-8](#); [Written submission from Atos](#)

4. The Department maintained that it had not regarded the bids as a contractual commitment to provide, for example, certain subcontractors. It expected negotiations between Atos and subcontractors to continue once Atos had submitted its bid. The Department evaluated the bids against 14 selection criteria. This included the resources and subcontractors the bidders needed to deliver and manage the service and assessing the coverage of the bidders' supply chain.<sup>8</sup> The Department also stated that it had not considered the bidders' previous record in providing assessments. The Department had previously contracted with Atos to provide work capability assessments to support Employment and Support Allowance claims. At the time the Department evaluated the Atos bid for Personal Independence Payment assessments, there were already substantial backlogs on the previous contract.<sup>9</sup> By 25 October 2013, there was a backlog of 780,000 Employment and Support Allowance claims waiting for assessment.<sup>10</sup> On 27 March 2014, the Minister for Disabled People announced Atos's early exit from this contract.<sup>11</sup>

5. In July 2012, the Department contracted with Atos and Capita to conduct claimant assessments and it expects to pay them £127 million a year from 2018-19. Atos is responsible for completing the assessments in Scotland, the north of England, and the south of England, constituting 77% of claims. Capita is responsible for completing the assessments in Wales and central England.<sup>12</sup>

6. The Department is introducing Personal Independence Payment in stages. However, it had not piloted or tested the end-to-end process before its introduction.<sup>13</sup> The Department started taking new claims for Personal Independence Payment in parts of the north of England from April 2013 and nationally from June 2013, and had planned to start reassessing existing Disability Living Allowance claimants from October 2013. However, by June 2013, of the 9,100 new claims made, assessment providers had completed only 660 assessments and only 360 decisions had been made.<sup>14</sup> By September 2013, claimants faced long delays in assessments and in hearing a decision on their claim. By October 2013, the Department had only made 16% of the decisions it had expected and it postponed the roll-out of most reassessments. This was largely because of its concerns about the assessment providers' ability to deal with the backlogs. It also needed time to consider further Atos's ability to handle an increased volume of claims. The Department is yet to announce when reassessments will be rolled out, and claimants in 88 out of 120 postcode areas face continuing uncertainty.<sup>15</sup>

7. The Department admitted that the delays experienced by claimants are unacceptable and acknowledged that many claimants have to wait over six months for their claim to be decided. In April 2013, the Department had estimated it would take 74 calendar days to

---

8 [Written submission from DWP](#)

9 [Qq 120, 139, 142-144](#)

10 [C&AG's Report, para 3.33](#)

11 [Written Ministerial Statement, 27 March 2014, Department for Work and Pensions 'Early exit of Atos from WCA contract'](#)

12 [C&AG's Report, para 1.10](#)

13 [Qq 121-122, 129, 134](#)

14 [C&AG's report, figure 11](#)

15 [C&AG's Report, paras 2.11-2.12, 2.15](#)

reach a decision on a new claim from someone who was not terminally ill, and 10 days to decide on a claim from someone who was terminally ill. By October 2013, the average time to reach a decision on claims from non-terminally ill people was 107 days, 45% longer than it had expected. The average time taken to reach a decision on claims from terminally ill people was 28 days, 180% longer than it had expected.<sup>16</sup> The Department told us that it, and the assessment providers, were reviewing processes to reduce the time taken for decisions. They were considering how to identify better those claims that could be conducted on paper, and which could be fast-tracked.<sup>17</sup>

8. The Department accepted that it had misjudged critical assumptions around the resources needed to deliver Personal Independence Payment. It told us that the resource capacity to provide Personal Independence Payment was in line with its initial assumptions, along with some contingency.<sup>18</sup> It had also relied on assurances provided by the assessment providers that this capacity would be met. However, the Department's assumptions for the resources required proved to be insufficient, and it acknowledged its judgement had been incorrect.<sup>19</sup>

9. In practice, the Department found that claims took longer to process than it had forecast.<sup>20</sup> While it had expected that 75% of claimants would have a face-to-face consultation, over 97% of claimants were doing so. The Department had also forecast that a face-to-face consultation would take an average of 75 minutes, but in practice, the average time was 120 minutes.<sup>21</sup> The Department told us that assessment providers are now recruiting and training more health professionals to carry out the assessments, to help reduce the backlog of cases.<sup>22</sup>

10. From April 2013, the Department monitored assessment providers' assurances around the staff, buildings and training plans to be provided to carry out their assessments.<sup>23</sup> While the Department considered this adequately monitored the risks, it did not specifically track the risk of assessment providers failing to provide assessments, or of claims taking longer than it had expected. From September 2013, the Department began to monitor separately applications from terminally ill people for Personal Independence Payment, from those of non-terminally ill people.<sup>24</sup>

---

16 [Qq 124, 151; C&AG's Report, para 2.7](#)

17 [Qq 156, 165, 189, 178](#)

18 [Qq 138-139](#)

19 [Qq 121-122, 126, 129, 134-6, 144](#)

20 [Qq 121-122, 126, 136, 144](#)

21 [C&AG's report, figure 12](#)

22 [Q 126](#)

23 [Qq 183, 206](#)

24 [Qq 145, 207; C&AG's Report, para 3.30](#)

## 2 The impact of Personal Independence Payment on claimants

---

11. The Department consulted disability organisations and claimants in designing the Personal Independence Payment process.<sup>25</sup> However, claimants still find the process inaccessible and cumbersome. The Department encourages all new claims for Personal Independence Payment to be made by telephone, to identify benefit entitlement more quickly, before sending out the detailed evidence-gathering forms.<sup>26</sup> Citizens Advice told us that difficulties using the telephone deter and delay some people from making a claim - particularly those with mental health problems and sensory impairments. Paper-based claim forms have been difficult to obtain from the Department.<sup>27</sup> Unlike other benefits, the Department does not provide paper-based forms to those organisations which support claimants. The Department agreed to consider providing new claim forms to organisations such as Citizens Advice.<sup>28</sup> From the end of April 2014, it will pilot paper-based claim forms being available with Macmillan, for terminally ill claimants. The Department will evaluate this pilot before deciding whether to change the overall approach.<sup>29</sup>

12. The Department designed the Personal Independence Payment process with the aim of collecting relevant evidence on claimants' circumstances early. The Department considered this would improve decision-making, encourage more paper-based assessments, and make the process quicker and less of a burden for claimants.<sup>30</sup> Additional evidence can be sought from a range of practitioners involved in a claimant's care, including occupational therapists, speech and language therapists, social workers and General Practitioners. However the Department did not test the processes to ensure the relevant information would be sent by the health professionals to the assessors in a timely manner. Atos highlighted to us the difficulties they encountered in obtaining evidence, mirroring the experiences witnessed by Citizens Advice and Mencap.<sup>31</sup> The Department accepted that receipt of more evidence about claimants would reduce the need for face-to-face consultations. The Department told us it is working with professional bodies to encourage practitioners to provide the evidence requested. It acknowledged that, although it pays General Practitioners for providing evidence, it does not do so for other practitioners, who might know claimants better.<sup>32</sup> Even General Practitioners do not provide the information on time.

13. Claimants have suffered long and difficult journeys to assessment centres. In the regions covered by Atos, 40% of claimants have a travel time of over 60 minutes and 20%

---

25 [C&AG's Report, para 3.8-3.9](#)

26 [Q 153](#)

27 [Qq 21-26](#)

28 [Q 159](#)

29 [Written submission from DWP](#)

30 [Q 166](#)

31 [Qq 107, 168, Written submission from Atos](#)

32 [Qq 168, 171, 175, Written submission from DWP](#)

have a travel time between 45 and 60 minutes.<sup>33</sup> Atos accepted that this fell well short of its commitment in its tender document that between 75% and 90% of claimants would travel less than 30 minutes to an assessment centre, and it agreed that it needed to improve travelling times for claimants.<sup>34</sup> It told us it currently has access to 96 assessment centres and aims to make more assessment centres available to reduce journey times.<sup>35</sup>

14. Mencap and Citizens Advice told us that some claimants had also experienced cancelled home visits for assessment, failure of their assessor to turn up at their home, and difficulties in arranging an appointment.<sup>36</sup> Capita admitted that it had to cancel home visits due to a problem in its scheduling system. It originally scheduled four home visits a day for its assessors. In practice, its assessors found that the assessments took longer than had been planned, and they could complete only three visits a day. This resulted in late notice cancellations and failures to attend. Capita told us it had invested about 50% more resources than it had initially planned, to improve performance and that it had made improvements.<sup>37</sup> Between April and October 2013, £0.8 million service credits accrued against Atos and £0.2 million against Capita, for their failures to achieve performance levels they had agreed with the Department. The Department can apply up to 15% of the invoice value of service credits for a given month.<sup>38</sup>

15. Communication to claimants by the Department and assessment providers on delays and progress with their claims, has been poor. The Department had not told claimants how long claims should take, or how long they had to wait.<sup>39</sup> To check the status of their claim, claimants must bear the cost of calling an 0845 number. The Department accepted that claimants making enquiries had been transferred between the Department and assessment providers, and agreed that it needed to be clearer about who should answer queries at each stage of the process. It gave us an understanding that calls would no longer be transferred across organisations. The Department told us that from March 2014, it had begun to advise claimants how long claims should, and do take.<sup>40</sup>

16. The delays which claimants are suffering before receiving a decision on their claim are causing unacceptable pressures and stress on this vulnerable group, and their families and carers. Citizens Advice, Mencap and Disability Association Barking and Dagenham told us that some claimants had been forced to resort to loans, food banks and discretionary housing payments to cover additional costs. In some cases, family members or carers had stopped or reduced their working hours to help care for claimants, while they waited to receive Personal Independent Payment. We heard evidence of a claimant requiring hospital intervention as a result of the stress caused by the delays suffered, and another claimant who was unable to afford the specific diet required for diabetes and gastric problems, while waiting for a decision. The delays have also led to increased demands on

---

33 [Qq 17, 81](#)

34 [Qq 17, 86](#); Atos Healthcare, *Tender and Supplier Information Form*, 2 May 2012, Pg 2

35 [Qq 64, 95-96](#); Atos Healthcare, *Tender and Supplier Information Form*, 2 May 2012, Pg 72

36 [Qq 11,48](#)

37 [Qq 181, 191](#)

38 [C&AG's Report, para 3.32](#)

39 [C&AG's Report, para 2.9](#)

40 [Qq 194, 208-209](#)

wider public spending and on disability organisations which provide support to claimants.<sup>41</sup>

17. Personal Independence Payment acts as a passport to wider benefits such as carer's allowance, disability premiums and concessionary travel. It also exempts certain households from the benefit cap. Citizens Advice told us that delays in administering Personal Independence Payment have impacted on families' rights to these wider benefits.<sup>42</sup> The Department assured us that passported social security benefits, such as carer's allowance, would be backdated to the start of Personal Independence Payment if the benefit criteria had been met. Other passported schemes, such as the Blue Badge scheme, do not rely solely on an entitlement to Personal Independence Payment. Claimants can still claim these benefits through other means, such as an assessment of walking difficulty carried out by Local Authorities.<sup>43</sup>

---

41 [Qq 4, 6-7, 14, 18](#)

42 [Q 4](#).

43 [Written submission from DWP](#)

# Formal Minutes

---

**Monday 9 June 2014**

Members present:

Mrs Margaret Hodge, in the Chair

Mr Richard Bacon  
Guto Bebb  
Chris Heaton-Harris  
Meg Hillier  
Mr Stewart Jackson

Mrs Ann McGuire  
Austin Mitchell  
Nick Smith  
Justin Tomlinson

Draft Report (Personal Independence Payment), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 17 read and agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

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

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

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 16 June at 3.00 pm]

## Witnesses

---

**Thursday 20 March 2013**

*Page*

**James Bolton**, Policy Officer, Mencap, **Lesley Hawes**, Chief Executive, DABD, UK, **Vicky Pearlman**, Social Policy Officer, Citizens Advice

[Q1 - 55](#)

**Robert Devereux**, Permanent Secretary, Department for Work and Pensions, **Lisa Coleman**, Senior Vice President of Atos Healthcare, **Dr Stephen Duckworth**, Chief Executive Officer, Capita PIP, **Jason Feeney**, Benefits Director, Department for Work and Pensions

[Q56 - 222](#)

## List of printed written evidence

---

- 1 Alan Campbell MP ([PIP0004](#))
- 2 Andy Sawford MP ([PIP0005](#))
- 3 Atos ([PIP0001](#))
- 4 Department For Work And Pensions ([PIP0002](#))
- 5 Rosie Cooper MP ([PIP0003](#))

## List of Reports from the Committee during the current Parliament

---

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

**Session 2014–15**