



MEDIA RELEASE

Comptroller & Auditor General reports on the management and delivery of the Personal Independence Payment contract in NI

Spending on the Personal Independence Payment (PIP) benefit in Northern Ireland has been higher than expected, with claimants paid a total of £838 million in 2019-20, against an estimated £539 million. This is among the key findings in a report published today (23 March 2021) by the Comptroller and Auditor General, Mr Kieran Donnelly CB.

The Department for Communities has been rolling out PIP, as a replacement for Disability Living Allowance (DLA), across NI since June 2016. Today's report focuses on delivery to date, and the Department's management of its contract with Capita, the private sector company which assesses how claimants' health conditions affect their daily lives.

The report notes that 2019-20 was the first year where expenditure on PIP in NI exceeded that of DLA. Similar to PIP, DLA expenditure was also higher than expected, at £432 million compared to an estimate of £401 million. The report concludes that, while it is too early to assess if the implementation of PIP will meet all its objectives, it is likely to cost more than DLA.

By May 2020, there were over 146,000 PIP claims in payment compared to 78,000 DLA claims. Over a third of PIP claimants receive the highest payment rate, compared to 15 per cent of DLA claimants. The maximum PIP award during 2019-20 was £148.85 per week.

The main disabling condition for claimants awarded PIP is mental illness, affecting approximately 61,000 claimants (42 per cent of claims) in May 2020. Next is musculoskeletal disease, affecting over 46,000 claimants (33 per cent of claims). This is similar to the position in GB where over 80 per cent of claims are due to mental illness, musculoskeletal disease, neurological disease or respiratory illnesses.

While payments to PIP claimants are higher than estimated, the report refers to underspends in other areas, due largely to the number of claimant appeals being fewer than expected:

- In the four years to March 2020, the Department incurred £43 million of contract administration costs, compared with an estimate of £111 million;
- Of the money set aside by the Northern Ireland Executive to mitigate against claimants losing out as a result of the move to PIP, the Department paid out £73 million (60 per cent) of the allocated £121 million during the four years ending 31 March 2020; and
- Payments to Capita for completing assessments totalled £88 million for the four years to March 2020, which was lower than the Department's initial estimate of £140 million. This underspend was also due in part to the renegotiation of the contract.

Commenting on the report's findings, Mr Donnelly commented:

"The implementation of PIP was delayed in Northern Ireland, and this gave the Department the opportunity to learn from the experience of the Department of Work and Pensions in GB. This has helped the Department replace DLA for working-age claimants with PIP under budget and without claimants here experiencing similar delays."

THIS STATEMENT IS ISSUED ON THE STRICT UNDERSTANDING THAT IT IS NOT FOR PUBLICATION OR BROADCAST BEFORE 00.01 hrs ON 23 MARCH 2021

The report also notes that, earlier in the contract, Capita missed key targets relating to clearance times and the quality of assessments, but adds that, more recently, Capita has improved performance in both these areas.

Mr Donnelly added:

“While my report has not evaluated the quality of Capita’s work, it does conclude that the Department has generally managed its contract in line with good practice. However, I note that the Department relies on Capita to provide it with the information used to manage performance. While this management information is validated where possible, I have recommended that the Department enhances its own systems for monitoring contract performance. This will help strengthen future oversight of the PIP contract.”

ENDS

Notes for Editors

1. A copy of this report is available on the Northern Ireland Audit Office website at www.niauditoffice.gov.uk.
2. The Comptroller and Auditor General is Head of the Northern Ireland Audit Office (the Audit Office). He, and the NIAO, are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.
3. This report follows Mr Donnelly’s previous high-level report on Welfare Reforms in Northern Ireland, published in January 2019.
4. This report considers the Department’s management of the Capita contract and how PIP has been delivered. **The report does not look, in detail, at the processes for gathering further evidence as part of the decision-making process nor does it look at the process for handling internal complaints. These areas are currently being investigated by the Office of the Northern Ireland Public Services Ombudsman (NIPSO) which is expected to report in the coming months.**
5. Personal Independence Payment is designed to help working-age claimants (16-64 years) with disabilities or long-term health conditions live more independently by supporting those in greatest need. It is based on the claimant’s ability to complete certain activities. Claimants under the age of 16 and those aged 65 and over on 20 June 2016 will continue to receive DLA, provided they continue to meet the eligibility criteria.
6. Background briefing can be obtained from the Audit Office by contacting Tomas Wilkinson (028 9025 1073) or Anu Kane (028 9025 4301).