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**UK COVID-19 INQUIRY
MODULE 1**

**CORPORATE WITNESS STATEMENT OF THE DEPARTMENT FOR WORK AND
PENSIONS**

SECOND WITNESS STATEMENT OF NEIL COULING CB, CBE

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Section 1: Introduction

- 1.1. I, Neil Couling, make this statement on behalf of the Department for Work and Pensions ('DWP' or 'the Department'). My address and date of birth are known to the Inquiry.
- 1.2. I am providing this statement in response to the Inquiry's draft Rule 9 request dated 5 January 2023 ('the Rule 9 request') on behalf of the Department. The Inquiry has requested information on the preparedness for whole-system civil emergencies, including resourcing, the system of risk management and pandemic readiness and relevant materials, insofar as it is held by DWP.
- 1.3. I have been the Director General of DWP's Change and Resilience Group ('DG') since April 2021 and Senior Responsible Owner ('SRO') for Universal Credit since October 2014. As DG, I am accountable to the Permanent Secretary for leadership of DWP's Major Change Portfolio, delivering the overall objectives of the Major Change Portfolio, managing the agreed delegated Major Change Portfolio budget and leading SROs and Programme Directors in line with the corporate structure. Additionally, I have responsibility for resilience across DWP. I am accountable to Parliament for implementing the Government's main welfare reform programme. In April 2020 I was appointed as SRO for DWP's Covid-19 response.
- 1.4. Whilst I have a good personal recollection of some of the events or processes described in this witness statement, I have also coordinated and liaised with a number of colleagues across the Department. I have relied on them and their contributions, which have informed my response. I have also been reliant on document archive searches conducted by colleagues. I do not personally hold any documents relating to the Inquiry's Terms of Reference.
- 1.5. My statement should be read subject to the caveats above. I have done my best to assist the Inquiry on behalf of the Department against these limitations. If further

material is made available to me, I would be happy to add to or clarify this statement to take it into account.

Section 2: Whole-system Civil Emergency and Pandemic Preparedness

- 2.1. The Inquiry has asked DWP how, between 11 June 2009 and 21 January 2020, it prepared itself to provide economic support to individuals and businesses in the event of a whole-system civil emergency and, specifically, a pandemic.
- 2.2. DWP is responsible for welfare, pensions and child maintenance policy and running social security in Great Britain (social security is devolved in Northern Ireland and is run by the Department for Communities). DWP has no role in the provision of support to businesses, such as the furlough scheme, administered by HMRC, which provided a subsidy to businesses so they could afford to pay a reduced level of wages.
- 2.3. DWP's role, function, and responsibilities are set out in more detail at paragraphs 3.2 to 3.39 of my draft First Witness Statement which was submitted to the Inquiry on 24 November 2022.
- 2.4. Between June 2009 and January 2020, DWP estimates having had to plan for and respond to between 50 and 60 major crises and disruptive events, alongside hundreds of localised disruptions. In essence our plans and responses seek to ensure we can continue to run the social security system as Parliament and Ministers require through legislation and direction. As a consequence the Department regularly assesses the risk landscape and takes very seriously our responsibility to ensure the continuity of DWP services.
- 2.5. For the whole period covered by the Rule 9 Request of 5 January 2023, DWP has had extensive Business Continuity plans in place, underpinned by a Departmental Business Continuity Framework [NC/M1/001– INQ000114213, NC/M1/002– INQ000114214 and NC/M1/003– INQ000114215], to ensure continuity of service. Our Business Continuity plans have been regularly reviewed and updated over

that period, copies of two such versions from 2013 are exhibited [NC/M1/004– INQ000114216 and NC/M1/005– INQ000114217]. At this time the Business Continuity plans had annexes which covered areas including policy planning, guidance, and mitigating actions and continuity arrangements for each of the business units across DWP [NC/M1/006– INQ000114218, NC/M1/007– INQ000114220 and Irrelevant & Sensitive]. DWP's Executive Team (the 'ET') has ultimate responsibility for Departmental Business Continuity planning, subject to policy direction from Ministers, and a chart showing the relevant changes to the ministerial posts and members of the ET from 2009-2020 is exhibited hereto [NC/M1/009– INQ000114222]. Our overall approach to resilience is set out in Annexure A and an overview of our payment protection contingencies is in Annexure B.

- 2.6. DWP has prepared extensively for a pandemic; developing plans over a 20-year period, honing them, for instance, during and following the Swine Flu pandemic of 2009, and subsequently testing them via both cross-Whitehall and internal DWP exercises at regular intervals. (See Annexure C for summaries of two pandemic preparedness exercises and Annexure D for a summary of the Department's response to two crises.) Throughout the period under review, the plans were revised to reflect lessons learned and the changing nature and shape of the organisation. In addition, given the vagaries of the economic cycle, which can lead to surges in demand for benefits in an economic slowdown, the Department has well-tested plans to cope with that eventuality.
- 2.7. When Covid hit in early 2020, those plans became the bedrock of our successful response. They had to be adapted quickly to take into account the full impact of social distancing, rapidly increasing unemployment and stay at home orders, but our longstanding thinking on easements and contingencies and reshaped command structure were fundamental to the response.
- 2.8. Since 2014, as chair of the Business Continuity Forum, DWP has taken a prominent role in offering leadership to the Resilience and Business Continuity community across Government, with a focus on sharing best practice and building

professionalism. This role was described in my previous draft witness statement and is indicative of the importance which we attach to resilience in general. Further details are included in Annexure E.

Section 3: Steps taken to prevent fraud

- 3.1. The Inquiry has asked the DWP how it prepared itself to ensure that any economic support which it provided would not be subject to abuse such as fraud.
- 3.2. The preparation for and introduction of Universal Credit occupied much of DWP's focus from 2010 onwards. See Annexure F for an explanation of the principles behind Universal Credit. Woven into the creation of this new benefit was the Department's ability to combat fraud and error, which, as one of the Department's top priorities, influenced legislative changes and saw the creation of new systems and processes. From 2010-2015 DWP and HMRC worked together to develop and implement a strategy to tackle fraud and error in the benefits system. And prior to the pandemic, losses to fraud, error and overpayments across the social security system had fallen to close to their lowest ever level, 3%, as set out in the chart on page 59 of the DWP Annual Report and Accounts 2021–22 [NC/M1/010–INQ000114223]. (Though, to note, that this figure was subsequently revised to 3.1% on the basis of final figures provided by HMRC.)
- 3.3. The introduction of Universal Credit, following enactment of the Welfare Reform Act 2012, enabled DWP to introduce the data analytics and anti-fraud measures which are summarised below in the years leading up to the Covid-19 pandemic. Annexures G and H provide summaries of the steps we have taken to improve how we tackle fraud and error and recover overpayments during the relevant period. When the pandemic hit, as per our long-standing priorities, DWP focused on swiftly and safely providing people who needed our help with the financial support to best enable them to follow the public health advice in place at the time. We knew that as a consequence of the strictures of lockdown the level of fraud would rise because we would lose our ability to verify claimants in person in Jobcentres. We made assessments of that risk and kept full records of all our modifications so that

we had the option to revert or adapt Covid measures when the emergency had passed.

- 3.4. Whilst fraud did indeed rise as predicted we estimate that we were able to thwart, through the deployment of the capabilities developed pre-pandemic and summarised in Annexure G, significant attacks on the system. On page 112 of the DWP Annual Report and Accounts 2020–21, we calculated that our interventions reduced losses to fraud and error in Universal Credit by approximately £3 billion. Although fraud, error and overpayments accounted for 3.9% of expenditure in 2020/21, we estimate that it would have been 5.4% without our interventions [NC/M1/011 – INQ000114224].
- 3.5. Ultimately, the delivery of Universal Credit and the linked, wider strategy to improve fraud and error detection rates and resolution rates gave the Department a robust, flexible and stable benefit which was able with withstand and respond to the impact of Covid. Universal Credit enabled DWP to successfully pay an additional 2.4 million claims during the early months of the pandemic and maintain our services, throughout the pandemic, to over 20 million existing claimants.

Section 4: Reflections on readiness for future disruptive events and lessons learned

- 4.1. The Inquiry has asked what general reflections DWP has in respect of its readiness to provide economic support as a result of the Covid-19 pandemic.
- 4.2. The Covid-19 pandemic brought many challenges. DWP adapted existing plans rapidly in the face of both extensive staff absence (or inability to work for other reasons) and a huge surge in claims in early 2020. DWP delivered successfully by focusing on three areas – strong governance (pivoting from the initial Gold Command into a programme approach via the Implementation Planning and Delivery Executive); building a flexible workforce (rolling out thousands of pieces of additional kit to staff members who needed to work from home and retraining much of the workforce to work directly on the front line (via the Virtual Service Centre)); and introducing numerous easements and contingencies which allowed

processes to be adapted to a new normality and to work more effectively in the short term in constrained circumstances.

- 4.3. During times of disruption, Ministers and the ET set the direction and are ultimately responsible for decisions. However, they trust teams across DWP to operate in accordance with Business Continuity plans and command structures. During the Covid-19 pandemic, this approach was a key enabler of DWP's successful delivery of its main priority, payments to vulnerable people. This empowered approach allowed for local judgements to be made and issues to be escalated where local flexibilities were insufficient to tackle problems. The senior leadership focussed on policy decisions and maintaining public confidence and resisted the urge to seek to micro-manage delivery, despite the pressures and anxieties.
- 4.4. Section 2 above summarises how DWP had prepared itself to deal with potential civil emergencies. Whilst clearly features of the Covid-19 pandemic and the response to it had not been foreseen, and so had not been expressly planned for (an obvious example being the national lockdowns which were put in place), the Business Continuity work of the Department enabled us to respond quickly and effectively. For example, having already thought through the impacts of easements and contingencies in various scenarios, the Department was as well prepared as it could be to ensure its key priorities were achieved. The modern Universal Credit service could be adapted quickly for the rapidly evolving circumstances of the lockdown and wider public health measures.
- 4.5. By way of another example, previously when the UK has experienced high unemployment, DWP has used a combination of Jobcentre support and contracted programmes to support people back into work quickly. Key DWP programmes were implemented during the Covid-19 pandemic through Plans for Jobs from the autumn of 2020. For example, Kickstart, Restart, expanding the numbers of work coaches and setting up temporary jobcentres, drew on our earlier responses to increased unemployment, including during the 2008/09 recession. See Annexure I for further information regarding Kickstart and Restart.

- 4.6. Section 3 above summarises the work which we had done in the relevant period to minimise fraud and error in the benefits system. That work had three principal positive effects on our readiness to minimise fraud and error whilst delivering Departmental and Governmental priorities during the Covid-19 pandemic. First, the automated nature of Universal Credit (and other non-legacy benefits) meant they were better equipped to withstand the loss of face-to-face contact with claimants and other easements. Second, the unification of fraud operations helped establish a sound base from which to work and to adopt an overarching and coordinated approach to fraud prevention. And third, those changes meant that we were far better able to detect and then stop fraud and error during the pandemic. Those factors meant that losses to fraud and error were lower than they otherwise would have been.
- 4.7. When the pandemic hit, DWP focused on swiftly and safely paying people who needed financial support to enable them to follow the applicable public health guidance. The robust structure of Universal Credit enabled the Department to deal with the unprecedented surge in claims meaning it could, together with the appropriate contingency measures of easements, withstand the sudden increase in demand and expenditure that occurred in the initial 12 months of the pandemic – £18.1 billion in 2019/20 to £38.1 billion in 2020/21 [NC/M1/012 – INQ000114225].
- 4.8. The susceptibility of temporary measures introduced during the pandemic to fraud and error impact were considered. The potential impacts were logged so that DWP could consider the actual outcomes against the potential outcomes. Easements were thought through carefully with a view to managing the risks associated with easing a level of security elements in order to keep benefits flowing. The work undertaken by the Cyber Resilience Centre (the '**CRC**') and the Integrated Risk & Intelligence Service ('**IRIS**') assisted with offsetting the contemplated risk of increased fraud and error.
- 4.9. Establishing the CRC and deploying its expertise during the pandemic, enabled the detection of significant organised criminal attempts to defraud Universal Credit, and preventative action to be taken. As is referred to on page 68 of the 2021/22

Annual Report and Accounts, we thwarted a significant attack by criminals on the benefit system in May 2020. We have continued to suspend suspect claims in relation to this attack, with 172,000 claims suspended by mid-2022. CRC continues to play a significant role in enabling the prevention of organised criminal attempts to defraud the welfare system [NC/M1/013 – INQ000114226].

- 4.10. The existence of IRIS allowed DWP to monitor risks and use data matching and analytics to help identify emerging fraudulent activity. As soon as possible after the easements were lifted, DWP revisited cases where the easements applied, reducing the levels of verification required. The verifications that would have been applied, but for the easements, were then applied to those revisited cases. This process was known as Retroaction. IRIS was used to identify the riskiest cases. Payments which were inconsistent with entitlement were found in approximately 12% of cases. The Annual Managed Expenditure savings were approximately £500 million. See Annexure J for further information.
- 4.11. My statement on Module 2 of the Inquiry provides more detail on all of these areas. I would also like to refer the Inquiry to the Covid-19 lessons learned report that has been submitted as part of DWP's response to Module 2 which contains additional information.
- 4.12. My general reflection is that DWP responded well to the challenge of the pandemic. DWP has learned much from the experience of Covid-19, as the Department did from the disruptive events and exercises reflected in this witness statement over the previous decade. Departmental plans and processes continue to be developed as a result and DWP remains ready to deliver economic support to millions of people via the benefits and pension systems.
- 4.13. DWP learned that:
- a. good plans are essential to a strong response to disruption, but plans will need adapting when impacted by real events;
 - b. DWP's workforce can be more flexible than anticipated pre-2020; and

- c. a strong resilience and crisis management function is essential to a government department, particularly one with such a large operational function, a national presence and which provides a public service to our fellow citizens at the most vulnerable times in their lives.

Statement of Truth

I believe that the facts stated in this witness statement are true. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief of its truth.

Signed: Personal Data

Dated: 9 March 2023