



Department
for Work &
Pensions

Main Estimate 2022-23

Select Committee Memorandum

May 2022

1 Overview

1.1 Objectives

DWP's vision is to improve people's quality of life both now and in the future, supporting people to become financially resilient by moving into and progressing in decent jobs, while providing a safety net for those who cannot work. We aim to deliver excellent services to our millions of customers every day, including the most vulnerable in society.

To deliver our vision, we continue to focus on our three core objectives into which everyone in DWP has a role to play:

1. Maximising employment and in-work progression
2. Improving people's quality of life
3. Delivering excellent services for citizens and taxpayers

1.2 Spending controls

DWP's spending includes several individual spending totals, for which Parliamentary approval is sought.

The spending totals that Parliament votes are:

- **Resource Departmental Expenditure Limit** (Resource DEL) - day to day running costs.
- **Capital Departmental Expenditure Limit** (Capital DEL) - investment in infrastructure and financial transactions. Financial transactions in DWP Capital DEL include Social Fund Funeral Expense Payments, and National Employment Savings Trust Corporation loan.
- **Resource Annually Managed Expenditure** (Resource AME) - in DWP's case, mainly payment of benefits.
- **Capital Annually Managed Expenditure** (Capital AME) - in DWP's case, payments of Support for Mortgage Interest loans and Universal Credit advances to customers, less repayments from customers.
- **Non-budget expenditure** - includes the cash paid into the Social Fund.

In addition, Parliament votes a net cash requirement, which covers the cash elements of the voted spending totals above.

1.3 Main areas of spending

The figures below show the main components of DWP's proposed budget, included in the latest Estimate, and the proportions spent on its main activities.

Figure 1: Resource DEL 2022-23

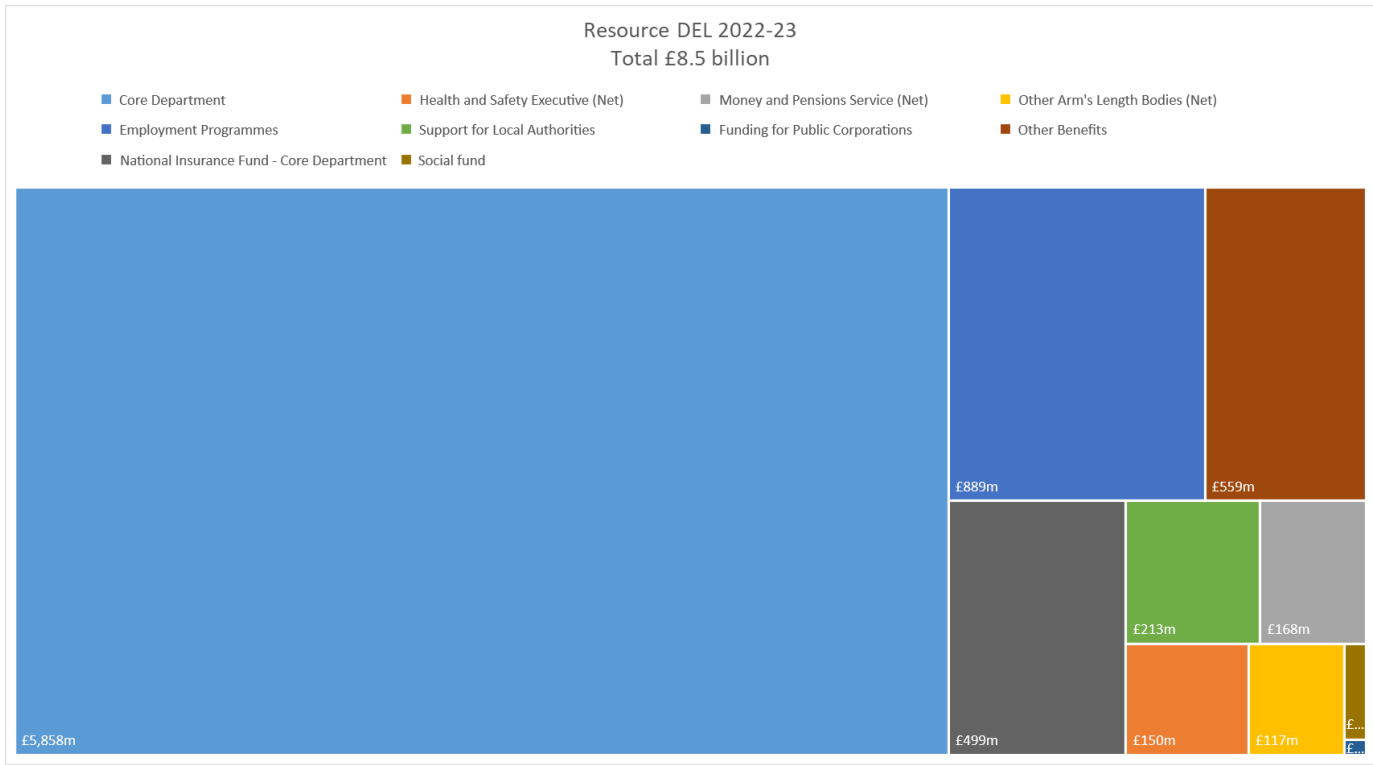


Figure 2: Capital DEL 2022-23

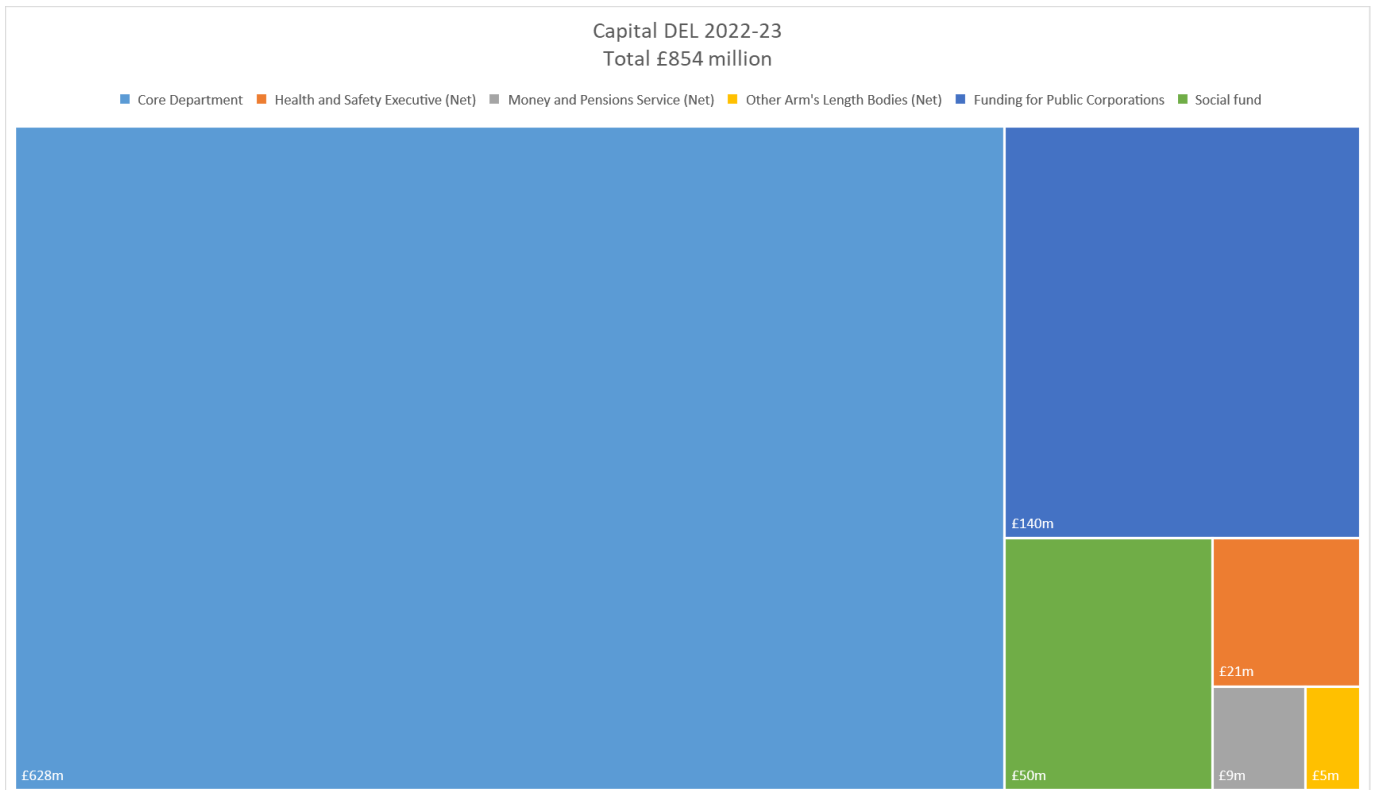
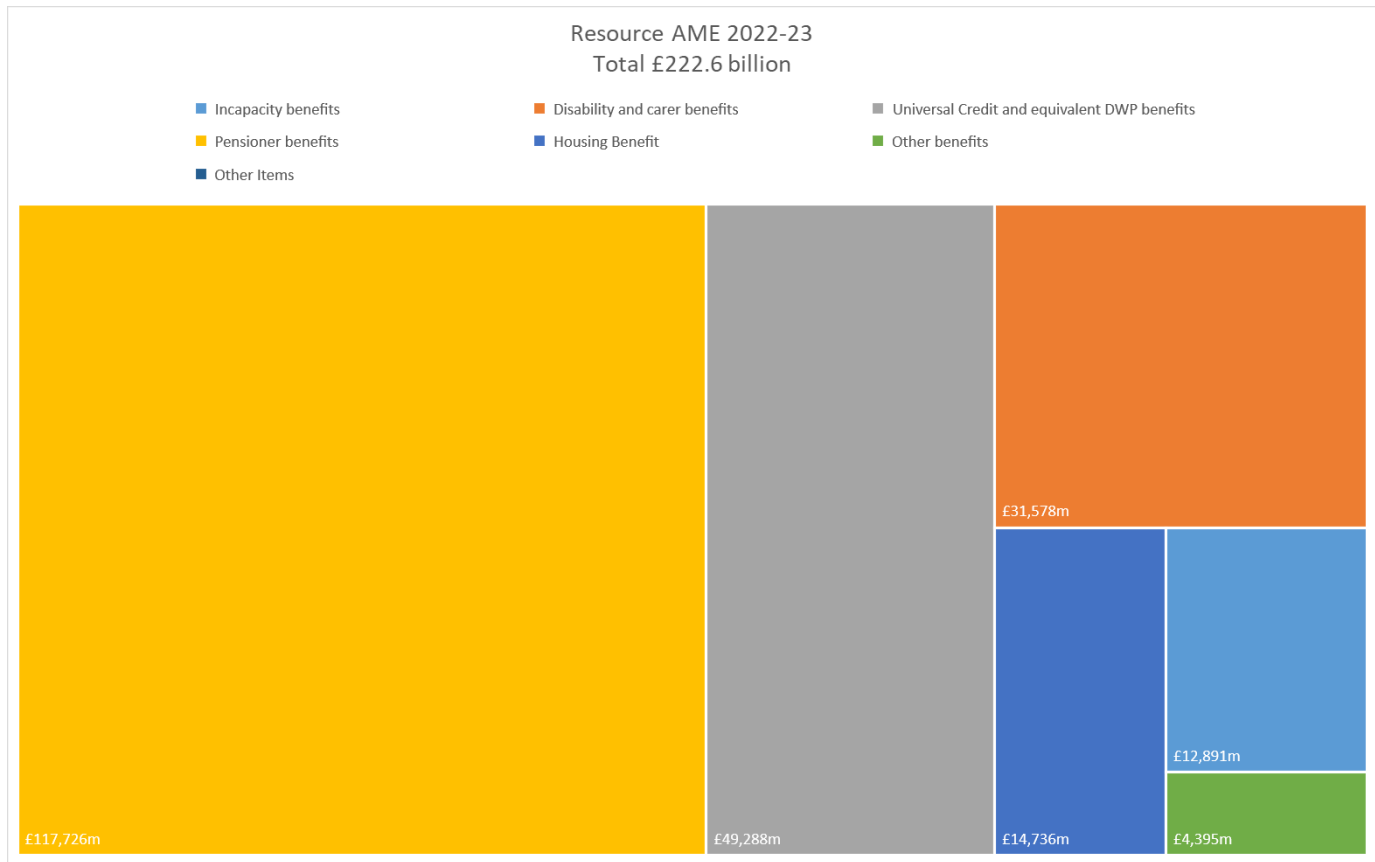


Figure 3: Resource AME 2022-23



Total does not sum due to non-contributory Employment and Support Allowance (ESA) being included in Incapacity Benefits and in Universal Credit and equivalent benefits (see table 6).

1.4 Comparison of spending totals sought

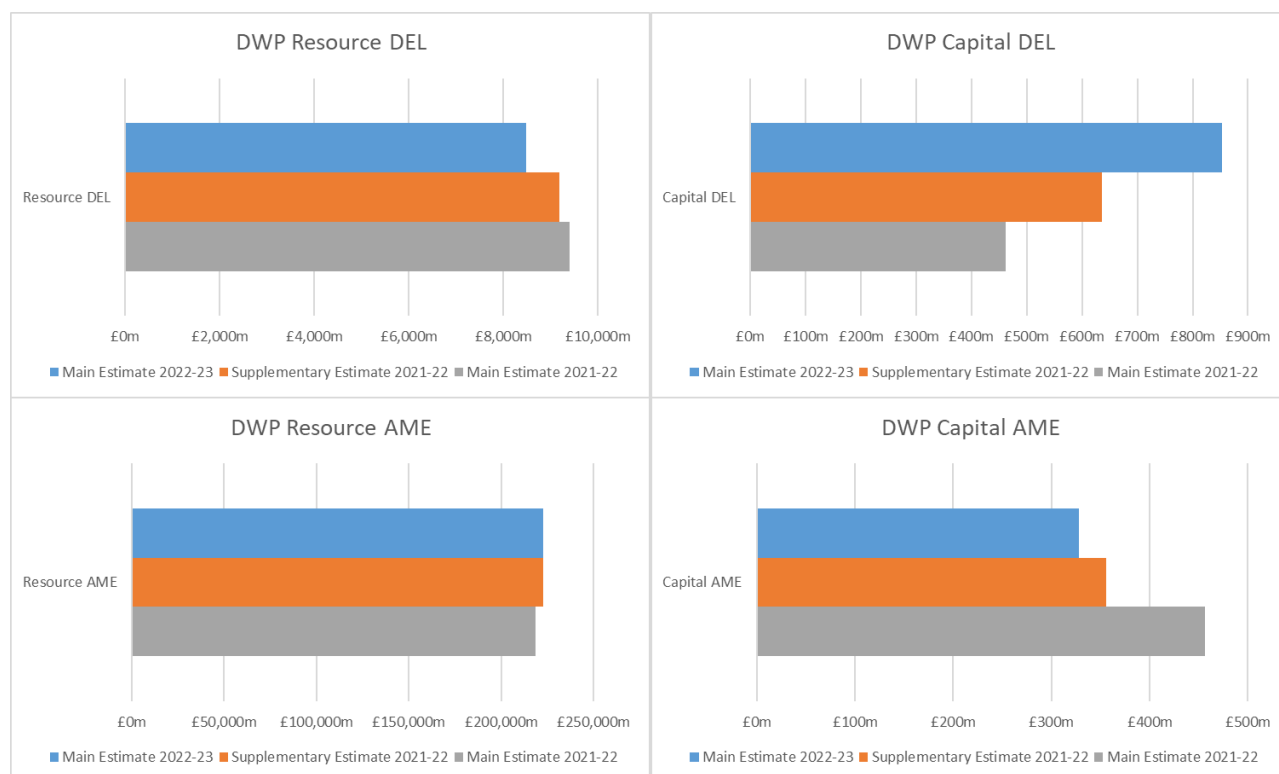
The table below shows how the totals sought for DWP in Main Estimate 2022-23 have changed compared with the Main Estimate and Supplementary Estimate in 2021-22:

Table 1: Comparison of spending totals

| | Amounts sought in Main Estimate 2022-23 | | Change compared to Supplementary Estimate 2021-22 | | Change compared to Main Estimate 2021-22 | |
|--------------|---|--|---|-----|--|------|
| | £m | | £m | % | £m | % |
| Resource DEL | 8,479.0 | | (701.0) | -8% | (932.6) | -10% |
| Capital DEL | 853.8 | | 218.4 | 34% | 392.5 | 85% |
| Resource AME | 222,645.7 | | (91.6) | 0% | 4,331.2 | 2% |
| Capital AME | 327.7 | | (28.0) | -8% | (128.4) | -28% |

The figure below shows how the totals sought for DWP in Main Estimate 2022-23 compared with the Main Estimate and Supplementary Estimate in 2021-22:

Figure 4: Comparison of spending totals



1.5 Key drivers of spending changes since last year

DWP's total DEL funding sought for 2022-23 is £9.3bn, a decrease on 2021-22 of £0.5bn (Resource DEL decrease of £0.7bn offset by Capital DEL increase of £0.2bn). Changes compared with Supplementary Estimate are expanded on in Section 2. The reduction in Resource DEL reflects the end of the peak of spend relating to the Covid-19 pandemic with a reduction in programmes including Kickstart and a gradual reduction in staffing levels.

Resource DEL

Resource DEL funding has decreased from Supplementary Estimate by £0.7bn to £8.5bn. The material changes include:

- Restart funding increased by £0.2bn to £0.5bn.
- Kickstart funding reduced from prior year Supplementary Estimate by £0.7bn to £0.3bn. This project was initiated to deliver grant programme to encourage employers to employ 16-24 year olds at risk of long term unemployment. This project is now closed to new applicants and is in the process of closing.
- £0.2bn Service Delivery staffing reduction mainly in Work and Health Services.
- A net nil movement of £0.2bn of DEL Admin and DEL Programme to depreciation due to a change to lease accounting classifications under the accounting standard IFRS 16.

Capital DEL

Capital DEL funding has increased from Supplementary Estimate by £0.2bn to £0.8bn. This increase is due to a change of accounting policy following the implementation of accounting standard IFRS 16 which reclassified revenue spent on leased items creating “right of use” capital Assets. The wider capital programme funding for 2022-23 remained consistent with 2021-22 levels.

Resource AME

Table 1 compares Main Estimate for 2022-23¹ to the Supplementary Estimates for 2021-22. The basis for Supplementary Estimates 2021-22 was the final AME Welfare Forecast following Autumn Budget 2021 (AB21), including updates at the time the return was compiled. For the 2021-22 Supplementary Estimates this update took place in November 2021. From here onwards in this document, for Resource AME, the comparison is against the 2021-2 Supplementary Estimates forecast, excluding any margins and provisions. This leads to a more meaningful comparison (see Table 6 for more detail) because at Supplementary Estimate it is standard practice for HM Treasury to allow DWP to add a margin to forecasts to cover potential fluctuations in the remainder of the year due to AME Welfare spending being demand-led. Margins have not been included in the Main Estimate for 2021-22.

Resource AME has increased by £5.5bn against the forecast used at Supplementary Estimates (£217.1bn²). The material changes include:

¹ Main Estimate AME figures are based on the Office for Budgetary Responsibility's Spring Statement 2022 forecasts.

² Supplementary Estimate excluding margins and provisions.

- Uprating of the State Pension by 3.1% is the primary cause of a £5.9bn increase in Pensioner costs (see Table 10)
- The increase in disability and carer benefits of £2.6bn (8.9%) due to increasing average awards and caseloads as well as through the uprating of benefits
- Decreases of approximately £3.1bn across Housing Benefit and Universal Credit offset part of the increases outlined above

Capital AME

Benefit expenditure in Capital AME is £0.2bn lower than at Supplementary Estimate 2021-22 (see Table 13). The change is driven by a reduction in UC advances compared to those forecast at Supplementary Estimate.

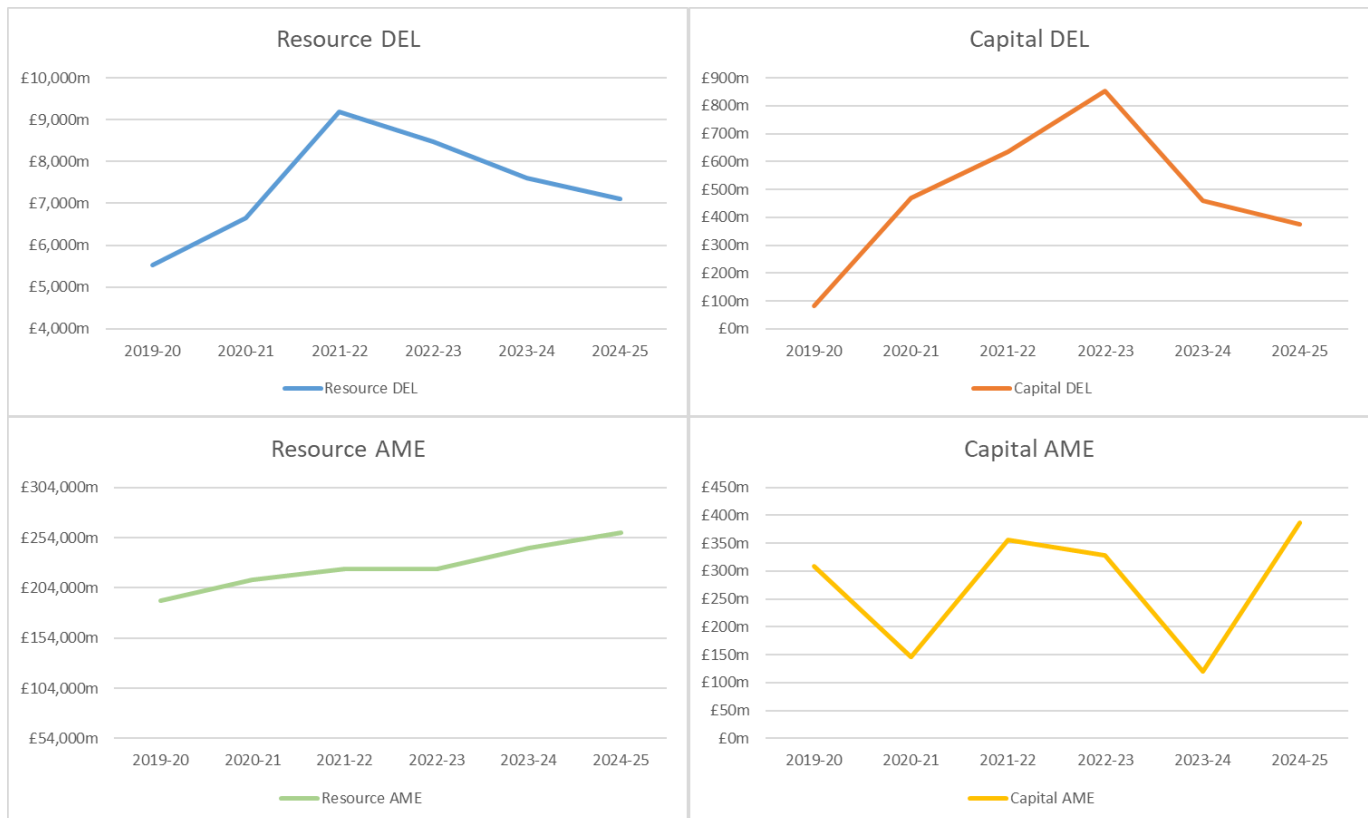
1.6 New policies and programmes; ambit changes

There has been no change to the activities included in the Ambit.

1.7 Spending trends

The charts below show overall spending trends for the last 3 years, plans presented in the Main Estimates for 2022-23, and current future spending plans for the Spending Review period to 2024-25.

Figure 5: Spending Trends



Resource DEL

COVID-19 had led to increases in claimant caseloads in both 2020-21 and 2021-22 and additional funding was sought to support DWP’s response. Accordingly, the Resource DEL requirements have reduced as the economy recovers from COVID-19 and claimant caseloads reduce.

Capital DEL

This includes Financial Transactions for loans to the National Employment and Savings Trust Corporation (NEST), Office for Nuclear Regulation (ONR) and Social Fund Funeral Expense Payment loans which are demand driven. The remainder of Capital DEL expenditure is predominantly non-recurrent investment within Change programmes, Digital and Estates. The Capital DEL budget was increased in the 2021-22 Supplementary Estimates to £635m supporting the Rapid Estate Expansion Programme resulting from increased demand for services due to COVID-19. The 2022-23 settlement remains consistent, with this figure, reducing slightly to £621m. The large increase shown in 2022-23 reflects the impact of the IFRS 16 accounting standard change with future years funding reducing as the COVID-19 funding ceases.

Resource AME

Benefit expenditure has increased over the period shown, driven by uprating (the annual increase in most benefits) and demographics (a growing and ageing

population). The largest elements of the increase relate to State Pension, disability benefits and incapacity benefits (see table 6).

The basic State Pension has been increased by at least 2.5% every year, in line with the Government's "triple lock", except for 2022-23 when a double-lock was implemented instead (the greater of CPI or 2.5%).

Capital AME

Until 2016-17, Capital AME within DWP consisted of Social Fund net lending only and was a negative figure because recoveries in-year exceeded payments out. In 2017-18 DWP capitalised a proportion of Universal Credit (UC) advances for the first time in line with HM Treasury budgeting rules and in 2018-19 DWP introduced Support for Mortgage Interest (SMI) loans. These are both new elements of the welfare system that are anticipated to grow over time. The increases in Capital AME in 2021-22 and 2022-23 are driven by a policy change in April 2021 to extend the repayment terms of UC advances to new claimants from 12 to 24 months. Recoveries increase in 23-24 as these advances mature, and budgetary and hardship advances, with 12 month repayment terms, become a greater proportion of the loan stock. UC Advances are forecast to increase again in 2024-25 as more claimants move to Universal Credit.

1.8 Administration costs and efficiency plans

Table 2: Administration budgets

| | Amounts sought in Main Estimate 2022-23 | | Change compared to Supplementary Estimate 2021-22 | | Change compared to Main Estimate 2021-22 | |
|----------------------|---|--|---|----|--|----|
| | £m | | £m | % | £m | % |
| Administration costs | 949.0 | | 21.2 | 0% | 39.5 | 4% |

Within DWP, DEL administration (DELA) relates to expenditure to maintain departmental infrastructure and provide necessary business services including improvements to IT services for users and customers. Administration as a proportion of DWP's Resource DEL expenditure is 11% of 2022-23 Main Estimate Resource DEL. This spend remains relatively flat year-on-year.

1.9 Funding: Spending Review and Budgets

The DWP DEL funding for 2022-23 was set at Spending Review 2021. There were also minor amendments made at Spring Budget 2022 including £421m for the Household Support Fund. Full details of funding changes since the original settlement are provided at Annex B.

1.10 Funding: other spending announcements

In December 2021 the Government announced £510m of DEL expenditure over

three years for the Department to reduce benefit fraud and collect more debt, of which £141.8m DEL funding and £4m CDEL funding is received in 2022-23.

2 Spending detail

2.1 Explanations of changes in spending

Resource DEL

The table below shows how DWP's spending plans for Resource DEL at the Main Estimate compare with the Supplementary Estimate.

Table 3: Resource Departmental Expenditure Limits (Resource DEL)

| Subhead | Description | Main Estimate 2022-23 | Supplementary Estimate 2021-22 | Change compared to Supplementary Estimate 2021-22 | | Note |
|---------|--|--------------------------|-----------------------------------|--|--------------|------|
| | | £m | £m | £m | % | |
| A | Core Department | 5,858.0 | 6,268.9 | (410.8) | (6.6) | 1 |
| B | Health and Safety Executive (Net) | 150.2 | 168.1 | (17.9) | (10.6) | 2 |
| C | Money and Pensions Service (Net) | 167.8 | 158.6 | 9.2 | 5.8 | 3 |
| D | Other Arm's Length Bodies (Net) | 117.1 | 107.6 | 9.5 | 8.8 | |
| E | Employment Programmes | 888.6 | 711.9 | 176.7 | 24.8 | 4 |
| F | Support for Local Authorities | 212.5 | 212.7 | (0.2) | (0.1) | |
| G | Funding for Public Corporations | 3.8 | 0.1 | 3.7 | 5,472.1 | |
| H | Other Benefits | 558.8 | 808.5 | (249.7) | (30.9) | 5 |
| I | National Insurance Fund - Core Department | 498.7 | 713.7 | (215.0) | (30.1) | 6 |
| J | Social fund | 23.4 | 29.9 | (6.5) | (21.7) | |
| | Total voted and non-voted | 8,479.0 | 9,180.0 | (701.0) | (7.6) | |

Major differences are explained below. These are numbered and referenced to the table above.

1. Core Department – Significant movements due to a reduction (£0.7bn) in Kickstart funding as scheme is closed to new applicants. This is offset by £0.14bn additional funding for Fraud Error and Debt.

2. Health and Safety Executive (Net) – A reduction in spending plans due to cost decreases in 2022-23; this is driven by a reduction in funding for the National Core Studies research into COVID-19, which reduced from £14m to £5m for its final year.

3. Money and Pension Service – Additional funding to support the Debt Advice service.

4. Employment Programmes – The increase in spending plans takes into consideration the continued support given via the Restart scheme and Access to Work. Restart supports Universal Credit claimants who have been out of work for at least 9 months enhanced support to find jobs in their local area. Providers will work with employers, local government and other partners to deliver tailored support for individuals. Access to Work provides advice and a financial grant for practical support to overcome work related barriers due to disability and is available to customers with a disability who are in employment or with a job to start. The increase has been offset slightly by reduced funding for the Job Entry Targeted Support scheme which assists claimants who have been unemployed for 13 weeks or over and are in receipt of benefit and need light touch support to get back into work.

5. Other Benefits - This includes in 2021/22 the COVID support payments provided for local authorities in response to COVID-19 to help them support citizens most in

need with the cost of food, energy (heating, cooking and lighting), water bills (including sewerage) and other essentials. This funding has ceased. It also includes the Household Support Fund, which continues into 2022-23 following the announcement of a further £421m in the Spring Statement.

6. National Insurance Fund - The amount of non-voted DEL funding to be received from HMRC in respect of the administration of contributory benefits has been set at £499m in accordance with the Service Level Agreement signed by both Departments. The difference of £215m from the charge in 2021-22, is due to a decrease of COVID-19 related activity, which is no longer included within the 2022-23 charge.

Capital DEL

The table below shows how spending plans for Capital DEL compare with the Supplementary Estimate.

Table 4: Capital Departmental Expenditure Limits (Capital DEL)

(Totals and percentages may not match due to roundings)

| Subhead | Description | Main Estimate 2022-23 | Supplementary Estimate 2021-22 | Change compared to Supplementary Estimate 2021-22 | | Note |
|---------|--|--------------------------|-----------------------------------|--|------------|------|
| | | £m | £m | £m | % | |
| A | Core Department | 628.1 | 452.3 | 175.8 | 39% | 1 |
| B | Health and Safety Executive (Net) | 21.0 | 19.6 | 1.5 | 8% | |
| C | Money and Pensions Service (Net) | 9.2 | 0.2 | 9.0 | 4322% | |
| D | Other Arm's Length Bodies (Net) | 5.4 | 5.8 | (0.4) | -7% | |
| E | Employment Programmes | 0.0 | 0.0 | 0.0 | 0% | |
| F | Support for Local Authorities | 0.0 | 0.0 | 0.0 | 0% | |
| G | Funding for Public Corporations | 140.0 | 110.6 | 29.4 | 27% | 2 |
| H | Other Benefits | 0.0 | 0.0 | 0.0 | 0% | |
| I | National Insurance Fund - Core Department | 0.0 | 0.0 | 0.0 | 0% | |
| J | Social fund | 50.0 | 46.9 | 3.1 | 7% | |
| | Total | 853.8 | 635.4 | 218.4 | 34% | |

Differences of more than 10% and £10m are explained below. These are numbered and referenced to the table above.

1. Core Department – The increased cost is due to a change of accounting policy following the implementation of accounting standard IFRS 16.

2. Funding for Public Corporations - The variance is driven by a £27m increase in the loan to National Employment Savings Trust (NEST). For 2022-23 the total loan is £138m with the increase in funding required to support the transition of administration services for NEST's defined contribution pension scheme to ATOS under the Future Scheme Implementation Programme, the peak of these costs is expected to materialise in 2022-23.

Annually Managed Expenditure (AME)

In DWP, AME is primarily demand-led expenditure on social security and social assistance benefits. These cover a range of life events such as being out of work, retirement, disability, maternity and/or bereavement.

Over half of DWP AME is spent on contributory benefits, overwhelmingly State Pension, where entitlement is based on National Insurance contributions. A third of DWP's Resource AME is income-related where entitlement is affected by the recipient's other income and capital. Examples of income-related benefits include Universal Credit and Pension Credit.

The remainder of the benefit expenditure is neither contributory nor income-related. The main area of spending of this type includes Disability Living Allowance, Personal Independence Payment and Attendance Allowance. Additional details of individual benefits and eligibility requirements can be found on the [gov.uk](https://www.gov.uk) website.

In addition to benefit expenditure, Resource AME also includes non-cash expenditure relating to accounting treatment for impairments and provisions. Table 6 shows how spending plans for Resource AME compare with the forecasts that informed Supplementary Estimates and does not consider non-cash items (see Section 1.5).

The following summary tables show spending by broad benefit group to illustrate general trends. There is some overlap between Table 7 (incapacity benefits) and Table 9 (Universal Credit and equivalent DWP benefits) because we include Employment and Support Allowance (non-contributory) in both tables.

Resource AME

Table 6: Resource AME

(Totals may not sum due to rounding)

| Subheads | Description | Main Estimate 2022-23 | Supplementary Estimate 2021-22 ³ | Change from latest forecast | |
|--|---|--------------------------|---|--------------------------------|------------|
| | | £m | £m | £m | % |
| K, N, AD, AE | Incapacity benefits | 12,891.1 | 12,848.2 | 42.9 | 0.3 |
| R, S, T, U | Disability and carer benefits | 31,578.0 | 29,005.5 | 2,572.5 | 8.9 |
| M, N, O, Y | Universal Credit and equivalent DWP benefits | 49,288.3 | 50,755.6 | (1,467.4) | (2.9) |
| P, Q, Z, AB (part), AF, AL | Pensioner benefits | 117,725.6 | 111,844.0 | 5,881.7 | 5.3 |
| V | Housing Benefit | 14,736.1 | 16,369.1 | (1,632.9) | (10.0) |
| L, W, X, AA, AB (part), AG, AH, AI, AJ, AK | Other benefits | 4,394.6 | 4,530.3 | (135.7) | (3.6) |
| AB (part), AC | Other Items | 0.1 | 0 | 0.1 | 0 |
| | Less items double-counted above (ESA non-contributory) ⁴ | (7,968.1) | (8,183.4) | 215.3 | 2.7 |
| | Total voted and non-voted | 222,645.7 | 217,169.3 | 5,476.4 | 2.5 |

Main Estimate AME figures are based on the Office for Budgetary Responsibility's Spring Statement 2022 forecasts.

³ Comparatives for Supplementary Estimate 2021-22 come from forecasts following the Autumn Budget 2021, updated with the latest data at the time the Supplementary Estimate was compiled (November 2021). These figures do not include any margins or provisions.

⁴ Total does not sum to the above due to non-contributory Employment and Support Allowance (ESA) being included in Incapacity benefits and in Universal Credit and equivalent benefits.

Benefit expenditure in Resource AME for 2022-23 is forecast to be approximately £5.5bn higher than at Supplementary Estimates 2021-22. The main drivers are:

- Pensioner benefits increase by £5.9bn, mainly due to the 3.1% triple lock uprating of basic and new State Pensions
- Disability and Carer benefits have increased by £2.6bn, due to uprating by CPI (3.1%), and higher caseloads (increased demand) and average awards (upward trend in award levels).

Incapacity benefits⁵

Table 7 shows the net change in incapacity benefits spending. It does not cover similar spending in Universal Credit.

Table 7: Incapacity benefits

(Totals may not sum due to rounding)

| | Main Estimate 2022-23 | Supplementary Estimate 2021-22 ⁶ | Change from latest forecast | |
|--|--------------------------|---|--------------------------------|------------|
| | £m | £m | £m | % |
| Incapacity benefits, of which: | 12,891.1 | 12,848.2 | 42.9 | 0.3 |
| Severe Disablement Allowance | 58.9 | 63.7 | (4.8) | (7.5) |
| Incapacity benefit | (0.0) | 2.1 | (2.1) | (101.4) |
| Employment and Support Allowance (non- contributory) | 7,968.1 | 8,183.4 | (215.3) | (2.6) |
| Employment and Support Allowance (contributory) | 4,864.2 | 4,599.1 | 265.1 | 5.8 |

Overall spending on incapacity benefits is forecast to increase by £43m (0.3%). Only Contributory Employment and Support Allowance (ESA) can now be claimed. Contributory ESA is forecast to cost £4.9bn in 2022-23, rising by £0.3bn (5.8%) compared to 2021-22 due to uprating and increases in the forecasted caseload.

⁵ Excluding Universal Credit spending estimated to be ESA equivalent.

⁶ Comparatives for Supplementary Estimate 2021-22 come from forecasts following the Autumn Budget 2021, updated with the latest data at the time the Supplementary Estimate was compiled (November 2021). These figures do not include any margins or provisions.

Disability and carer benefits

Table 8: Disability and carer benefits

(Totals may not sum due to rounding)

| | Main Estimate 2022-23 | Supplementary Estimate 2021-22 ⁷ | Change from latest forecast | |
|---|--------------------------|---|--------------------------------|------------|
| | £m | £m | £m | % |
| Disability and carer benefits, of which: | 31,578.0 | 29,005.5 | 2,572.5 | 8.9 |
| Attendance Allowance | 5,555.0 | 5,333.6 | 221.4 | 4.2 |
| Personal Independence Payment* | 17,004.4 | 14,956.0 | 2,048.4 | 13.7 |
| Disability Living Allowance | 5,666.9 | 5,637.6 | 29.3 | 0.5 |
| Carer's Allowance | 3,351.7 | 3,078.3 | 273.4 | 8.9 |

*Includes Armed Forces Independence Payment expenditure

Total spending on disability and carer benefits is planned to increase by £2.6bn (8.9%). This is due to increasing average awards and caseloads in Personal Independence Payments (PIP), Disability Living Allowance (DLA), Carer's Allowance and Attendance Allowance, as well as an increase in all benefits due to uprating of 3.1% in 2022-23. The increase in PIP is also due to PIP continuing to replace DLA for working-age claimants.

Universal Credit and equivalent DWP benefits⁸

Table 9: Universal Credit and equivalent DWP benefits

(Totals may not sum due to rounding)

| | Main Estimate 2022-23 | Supplementary Estimate 2021-22 ⁷ | Change from latest forecast | |
|--|--------------------------|---|--------------------------------|--------------|
| | £m | £m | £m | % |
| Universal Credit and equivalent DWP benefits, of which: | 49,288.3 | 50,755.6 | (1,467.4) | (2.9) |
| Universal Credit | 40,468.7 | 41,413.1 | (944.3) | (2.3) |
| Employment and Support Allowance (non- contributory) | 7,968.1 | 8,183.4 | (215.3) | (2.6) |
| Income Support | 656.9 | 856.8 | (199.8) | (23.3) |
| Jobseeker's Allowance (non-contributory) | 194.5 | 302.4 | (107.9) | (35.7) |

⁷ Comparatives for Supplementary Estimate 2021-22 come from forecasts following the Autumn Budget 2021, updated with the latest data at the time the Supplementary Estimate was compiled (November 2021). These figures do not include any margins or provisions.

⁸ Excluding Housing Benefit for people of working age.

Non-contributory JSA, non-contributory Employment and Support Allowance (ESA) (also included in Table 7), Income Support and Housing Benefit for working age people, as well as tax credits administered by HMRC are gradually being replaced by Universal Credit.

Universal Credit spend is forecast to be £40.5bn in 2022-23, £0.9bn (2.3%) lower than in the 2021-22 Supplementary Estimate. At the time the Supplementary Estimate was compiled, it was expected that the end of the Furlough Scheme would lead to a spike in caseload, which in turn would lead to higher expenditure. This was reflected in our AME funding request to Parliament in the Supplementary Estimate however, this effect did not materialise. Therefore, the decrease reflects the changing economic situation between Supplementary and Main Estimates and is not a reflection of actual spending trends. Actual Universal Credit spend is forecast to increase from 2021-22 to 2022-23 as it continues to be rolled out and due to the uprating of benefits.

Non-contributory ESA is £0.2bn (2.6%) lower than 2021-22 due to continuing roll-out of Universal Credit replacing the benefit and the correction of a double-counting error which over-estimated ESA caseload at Supplementary Estimate.

Non-contributory Jobseeker's Allowance (JSA) is £0.1bn (35.7%) lower than 2021-22 due to the roll-out of Universal Credit.

The main rates of Universal Credit and the associated legacy benefits are being uprated by 3.1% in 2022-23.

Pensioner benefits^{9,10,11}

Table 10: Pensioner benefits

(Totals may not sum due to rounding)

| | Main Estimate 2022-23 | Supplementary Estimate 2021-22 ¹² | Change from latest forecast | |
|--|--------------------------|--|--------------------------------|------------|
| | £m | £m | £m | % |
| Pensioner benefits, of which: | 117,725.6 | 111,844.0 | 5,881.7 | 5.3 |
| Pension Credit | 4,737.2 | 4,960.9 | (223.6) | (4.5) |
| Financial Assistance Scheme (benefits only) | 234.2 | 242.9 | (8.6) | (3.6) |
| TV licences for the over 75s | 2,004.5 | 1,960.9 | 43.6 | 2.2 |
| Winter Fuel Payments | 125.21 | 124.0 | 1.3 | 1.0 |
| Christmas Bonus (contributory) | 110,353.1 | 104,320.5 | 6,032.6 | 5.8 |
| State Pension | 271.3 | 234.8 | 36.4 | 15.5 |

Benefit expenditure on pensioners (excluding Housing Benefit, see Table 11) is due to increase by £5.9bn (5.3%) in 2022-23 mainly driven by State Pension increases. This increase is primarily due to a combination of demographic effects (an ageing population resulting in increased caseloads) and uprating. The basic and new State Pension is being uprated by 3.1% (double lock) and additional pension by 3.1% (Consumer Price Index) in 2022-23.

Housing Benefit

Table 11: Housing Benefit

| | Main Estimate 2022-23 | Supplementary Estimate 2021-22 ¹² | Change from latest forecast | |
|------------------------|--------------------------|--|--------------------------------|-------------|
| | £m | £m | £m | % |
| Housing Benefit | 14,736.1 | 16,369.1 | (1,632.9) | (10) |

Housing Benefit expenditure is forecast to fall by £1.6bn (10%) in 2022-23, driven by spending on working age people falling as their housing costs are increasingly paid through Universal Credit. A small part of this is offset by an increase in spend for pension age claimants caused by an increase in the overall caseload for State Pension, benefit uprating and several policies impacting pensioners such as Mix Age Couples and BBC TV Licence eligibility becoming linked to Pension Credit.

⁹ Excluding Housing Benefit for people over pension age.

¹⁰ Includes Financial Assistance Scheme benefit payments and movement in provision.

¹¹ Does not include other benefits paid to both pensioners and non-pensioners, such as bereavement benefits.

¹² Comparatives for Supplementary Estimate 2021-22 come from forecasts following the Autumn Budget 2021, updated with the latest data at the time the Supplementary Estimate was compiled (November 2021). These figures do not include any margins or provisions.

Other benefits

Table 12: Other benefits

(Totals may not sum due to rounding)

| | Main Estimate 2022-23 | Supplementary Estimate 2021-22 ¹³ | Change from latest forecast | |
|---|--------------------------|--|--------------------------------|--------------|
| | £m | £m | £m | % |
| Other benefits, of which: | 4,394.6 | 4,530.3 | (161.0) | (3.6) |
| Industrial injuries benefits scheme | 707.7 | 707.6 | 0.1 | 0.0 |
| Statutory Maternity Pay | 2,653.4 | 2,675.6 | (22.2) | (0.8) |
| Christmas Bonus (non-contributory) | 39.2 | 37.3 | 1.9 | 5.0 |
| Social Fund -Other Benefits ¹⁴ | 95.7 | 69.0 | 26.7 | 38.7 |
| Maternity Allowance | 351.7 | 354.2 | (2.4) | (0.7) |
| Bereavement benefits | 456.3 | 512.5 | (56.2) | (11.0) |
| Jobseeker's Allowance (contributory) | 90.1 | 174.1 | (84.1) | (48.3) |
| Support for Mortgage Interest loans | 0.4 | 0.0 | 0.4 | 0 |

Spending on other benefits is forecast to fall by £0.2bn (3.6%) in 2022-23.

This decrease is driven by decreases in contributory JSA which is falling by £84m compared to 2021-22. The time limited nature of contributory JSA, combined with a recovery in the labour market and reduced eligibility means this caseload is expected to continue to decrease in 2022-23.

Statutory Maternity Pay, Maternity Allowance and JSA are being uprated by 3.09% in line with CPI for 2022-23, alongside most industrial injuries benefits.

Other Items

Other items falling within the categorisation of Resource AME include DEL provisions; these are not included until Supplementary Estimate. The Main Estimate includes £0.1m funding for the RAME impact of adopting IFRS16 for depreciation on peppercorn leases.

Capital AME

Table 13: Capital AME

¹³ Comparatives for Supplementary Estimate 2021-22 come from forecasts following the Autumn Budget 2021, updated with the latest data at the time the Supplementary Estimate was compiled (November 2021). These figures do not include any margins or provisions.

¹⁴ Subhead AG Social Fund Other, including Cold Weather Payments and Funeral Expenses Payments Write-Offs

(Totals may not sum due to rounding)

| | Main Estimate 2022-23 | Supplementary Estimate 2021-22 | Change from latest forecast | |
|--|--------------------------|--------------------------------------|--------------------------------|--------------|
| | £m | £m | £m | % |
| AME Capital, of which: | 327.7 | 355.7 | (28.0) | 116.7 |
| Universal Credit Advances | 298.7 | 316.3 | (17.6) | 126.7 |
| Support for Mortgage Interest Loans | 26.7 | 19.4 | 7.4 | 38.0 |
| Social Fund Net Lending | 0 | 20.0 | (20.0) | 100.0 |
| IFRS16 Adjustments | 2.2 | 0 | 2.2 | 0 |

Capital AME has decreased by £28m for 2022-23 compared to 2021-22. Capital AME is made up of Support for Mortgage Interest loans, capitalised Universal Credit Advances, and anticipated Social Fund Net Lending (loans less recoveries).

Universal Credit Advances are forecast to decrease compared to the assumptions applied at the Supplementary Estimate (see UC narrative for table 9).

Support for Mortgage Interest changed to a loan from 1st April 2018. The benefit caseload in payment has decreased as a substantial proportion of eligible claimants decide not to apply for a loan. SMI caseload is expected to decrease further as claimants move from legacy benefits to UC and many decide not to reapply for the SMI loan.

Social Fund Net Lending is not forecast at Main Estimate and will be adjusted at Supplementary Estimate.

The 2022-23 Main Estimate also includes £2.2m funding for CAME impact of the adoption of IFRS16 for capitalised dilapidations provisions.

2.2 Restructuring

Subhead D has been renamed from 'Other Executive Arm's Length Bodies (Net)' to 'Other Arm's Length Bodies (Net)'. This is a technical clarification as the subhead includes The Pensions Ombudsman which is a non-executive advisory Non-Departmental Public Body. The costs charged to the subhead are unchanged.

2.3 Ring-fenced budgets

Table 14: Ring-fenced Funding

| Description | Amount sought Main Estimate 2022-23 | Change Compared to Supplementary Estimate 2021-22 | | Change Compared to Outturn 2021-22 | |
|--|---|---|--------------|---------------------------------------|------------|
| | £m | £m | % | £m | % |
| Resource DEL | | | | | |
| Kickstart | 258.0 | (694.8) | -73% | (595.3) | -70% |
| Restart | 542.0 | 202.1 | 59% | 198.2 | 58% |
| Money & Pensions Service (Covid) | 0.0 | (19.3) | -100% | (22.3) | -100% |
| Health & Safety Executive | 0.0 | (21.0) | -100% | (22.2) | -100% |
| Household Support Fund ¹⁵ | 420.8 | 420.8 | - | 420.8 | - |
| Depreciation | 483.9 | 225.3 | 87% | 483.9 | - |
| Labour Market Measures | 0.0 | (207.7) | -100% | (232.9) | -100% |
| Official Development Assistance | 6.0 | (0.1) | -2% | (0.1) | -2% |
| Money & Pensions Service | 151.4 | 22.0 | 17% | 26.0 | 21% |
| Discretionary Housing Payments | 100.0 | (36.5) | -27% | (35.5) | -26% |
| Reducing Parental Conflict | 0.0 | (10.3) | -100% | (10.3) | -100% |
| Health & Safety Executive - EU Exit Allocation | 0.0 | (14.0) | -100% | (14.0) | -100% |
| Total Resource DEL | 1,962.1 | (133.5) | (6.4) | 196.4 | - |
| Capital DEL | | | | | |
| Financial Transactions | 264.0 | 106.7 | 68% | 105.1 | 66% |
| Health & Safety Executive - Research & Development | 5.0 | (8.8) | -64% | 5.0 | - |
| Money & Pensions Service | 8.0 | 7.8 | 3691% | 7.8 | 3900% |
| Research & Development | 5.0 | 2.0 | 67% | 2.0 | 67% |
| Health & Safety Executive | 0.0 | 0.0 | - | (11.7) | -100% |
| Health & Safety Executive - EU Exit Allocation | 0.0 | (2.0) | -100% | (2.0) | -100% |
| Total Capital DEL | 282.0 | 105.7 | 60% | 106.2 | 60% |
| Total DEL Ringfence | 2,244.1 | (27.8) | -1% | 302.6 | 16% |

¹⁵ Additional funding of £412m was provided at Supplementary Estimate 2021-22 for the Household Support Fund of £421m, the balance funded from other savings. This amount was not included as a policy ringfence in 2021-22

3 Priorities and performance

3.1 How spending relates to objectives

The table below shows how expenditure against each subhead contributes to departmental core objectives under the Departmental Plan:

| | | Maximising employment and in-work progression | Improving people's quality of life | Delivering excellent services for citizens and taxpayers |
|---|---|---|------------------------------------|--|
| A | Core Department | ✓ | ✓ | ✓ |
| B | Health and Safety Executive (Net) | ✓ | ✓ | ✓ |
| C | Money and Pensions Service (Net) | | ✓ | ✓ |
| D | Other Executive Arm's Length Bodies (Net) | | ✓ | ✓ |
| E | Employment Programmes | ✓ | ✓ | ✓ |
| F | Support for Local Authorities | | ✓ | ✓ |
| G | Funding for Public Corporations | | ✓ | ✓ |
| H | Other Benefits | | ✓ | ✓ |

3.2 Measures of performance against each priority

DWP's Departmental Plan sets out the following core objectives, and measures of performance, for DWP for 2022-23.

1. Maximising employment and in-work progression
 - Employment rate of 16-64 year olds. UK and regional
 - Employment rate of 16-24 year olds. UK and regional
 - Number of participants in Kickstart
 - Movement into work for participants of the core UC conditionality regime
 - Starts on Restart, JETS and SWAPs
 - Disability employment rate gap
2. Improving people's quality of life
 - Absolute poverty before housing costs
 - Number of children in workless households
 - Percentage of claims processed within planned timescales
 - Number of people automatically enrolled in workplace pensions
3. Delivering excellent services for citizens and taxpayers
 - Gross monetary value of fraud and error (by value and proportion)
 - Monetary value of official error
 - Percentage of claimants satisfied with DWP services overall

3.3 Major Projects

DWP has the following projects on the Government Major Projects Portfolio (GMPP).

- **Universal Credit:** Universal Credit replaces six benefits and tax credits for working age people, bringing together in and out of work systems into one benefit to make work pay. When fully rolled out it is expected that up to 7 million households will benefit from Universal Credit.
- **Fraud, Error and Debt:** The Fraud, Error and Debt Programme delivers major transformational outcomes designed to ensure DWP manages fraud, error and debt in a systematic way; from initial referral, through risk management, to interventions and debt recovery.
- **Health Transformation Programme:** The Health Transformation Programme will transform the health and disability services DWP provides for people with disabilities and health conditions; looking at opportunities to re-shape assessment services and realise tangible improvements.
- **Restart:** As part of the Government's Plan for Jobs, the Restart scheme will provide enhanced and tailored support over 3 years of referrals to help Universal Credit claimants find jobs. Universal Credit claimants are

considered for the Restart Scheme after 9 months with no upper limit.

- **Pensions Dashboard Programme:** The Pensions Dashboard Programme joined GMPP in Quarter 4 2020-21. Established by the Money and Pensions Service, an arms-length body of DWP, the programme's vision is: "To enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement and growing financial wellbeing." The programme is estimated to run from 2019-2025 and is working closely with the pensions industry to deliver a dashboards service in the UK.

Funding for implementation for the first four of these projects is provided under subhead A (Core Department). The Pensions Dashboard Programme is funded under subhead C (Money and Pensions Service (Net)).

The Infrastructure and Projects Authority (IPA) reports on the delivery of major projects annually. Its latest report on the DWP's projects can be found on [gov.uk](https://www.gov.uk). The latest date published by IPA reflects data to March 2021. The next report will be published in summer 2022 and will cover information as of 31 March 2022.

4 Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit [website](#).

The information in this Estimates Memorandum has been approved by myself as Departmental Accounting Officer.

Peter Schofield

Accounting Officer

Permanent Secretary

Department for Work and Pensions

11 May 2022

Annex A (i) Departmental Expenditure Limits (DEL)

(Totals and percentages may not match due to roundings)

| Subhead | Description | Resource DEL | | | | Capital DEL | | | |
|---------|--|--------------------------|--------------------------------------|---|------------|--------------------------|--------------------------------------|---|------------|
| | | Main Estimate 2022-23 | Supplementary Estimate 2021-22 | Change from Supplementary Estimate 2021-22 | | Main Estimate 2022-23 | Supplementary Estimate 2021-22 | Change from Supplementary Estimate 2021-22 | |
| | | £m | £m | £m | % | £m | £m | £m | % |
| A | Core Department | 5,858.0 | 6,268.9 | (410.8) | -7% | 628.1 | 452.3 | 175.8 | 39% |
| B | Health and Safety Executive (Net) | 150.2 | 168.1 | (17.9) | -11% | 21.0 | 19.6 | 1.5 | 8% |
| C | Money and Pensions Service (Net) | 167.8 | 158.6 | 9.2 | 6% | 9.2 | 0.2 | 9.0 | 4322% |
| D | Other Arm's Length Bodies (Net) | 117.1 | 107.6 | 9.5 | 9% | 5.4 | 5.8 | (0.4) | -7% |
| E | Employment Programmes | 888.6 | 711.9 | 176.7 | 25% | 0.0 | 0.0 | 0.0 | - |
| F | Support for Local Authorities | 212.5 | 212.7 | (0.2) | 0% | 0.0 | 0.0 | 0.0 | - |
| G | Funding for Public Corporations | 3.8 | 0.1 | 3.7 | 5472% | 140.0 | 110.6 | 29.4 | 27% |
| H | Other Benefits | 558.8 | 808.5 | (249.7) | -31% | 0.0 | 0.0 | 0.0 | - |
| I | National Insurance Fund - Core Department | 498.7 | 713.7 | (215.0) | -30% | 0.0 | 0.0 | 0.0 | - |
| J | Social fund | 23.4 | 29.9 | (6.5) | -22% | 50.0 | 46.9 | 3.1 | 7% |
| | Total | 8,479.0 | 9,180.0 | (701.0) | -8% | 853.8 | 635.4 | 218.4 | 34% |

Annex A (ii) Annually Managed Expenditure (AME)

| Subhead | Description | | 2022-23 Main Estimate budget sought | 2021-22 Supplementary Estimate ¹⁶ | Change from Supplementary Estimate 2021-22 | |
|-----------------------------|--|---|-------------------------------------|--|--|-------------|
| Resource | | | £m | £m | £m | % |
| K, AD, N, AE | Incapacity benefits | <i>Severe Disablement Allowance</i> | 58.9 | 65.0 | (6.0) | -9% |
| | | <i>Incapacity benefit</i> | 0.0 | 2.1 | (2.1) | -101% |
| | | <i>Employment and Support Allowance (non-contributory)</i> | 7,968.1 | 8,255.3 | (287.2) | -3% |
| | | <i>Employment and Support Allowance (contributory)</i> | 4,864.2 | 4,783.0 | 81.2 | 2% |
| | sub total | | 12,891.1 | 13,105.3 | (214.2) | -2% |
| R, S, T, U | Disability and carer benefits | <i>Attendance Allowance</i> | 5,555.0 | 5,440.3 | 114.7 | 2% |
| | | <i>Personal Independence Payment</i> | 17,004.4 | 15,533.4 | 1,471.0 | 9% |
| | | <i>Disability Living Allowance</i> | 5,666.9 | 5,806.7 | (139.8) | -2% |
| | | <i>Carer's Allowance</i> | 3,351.7 | 3,109.0 | 242.6 | 8% |
| | sub total | | 31,578.0 | 29,889.5 | 1,688.5 | 6% |
| M, N, O, Y | Universal Credit and equivalent | <i>Universal Credit</i> | 40,468.7 | 44,381.8 | (3,913.1) | -9% |
| | | <i>Employment and Support Allowance (non-contributory)</i> | 7,968.1 | 8,255.3 | (287.2) | -3% |
| | | <i>Income Support</i> | 656.9 | 865.3 | (208.4) | -24% |
| | | <i>Jobseeker's Allowance (non-contributory)</i> | 194.5 | 308.4 | (113.9) | -37% |
| | sub total | | 49,288.3 | 53,810.9 | (4,522.6) | -8% |
| P, Q, AF, AJ, AL, Z | Pensioner benefits | <i>Pension Credit</i> | 4,737.2 | 5,060.1 | (322.9) | -6% |
| | | <i>Financial Assistance Scheme</i> | 234.2 | (242.0) | 476.2 | -197% |
| | | <i>Winter Fuel Payments</i> | 2,004.5 | 2,000.1 | 4.4 | 0% |
| | | <i>Christmas Bonus (contributory)</i> | 125.2 | 124.0 | 1.3 | 1% |
| | | <i>State Pension (contributory)</i> | 110,353.1 | 105,363.7 | 4,989.4 | 5% |
| | | <i>State Pension (non-contributory)</i> | 271.3 | 234.8 | 36.4 | 16% |
| | sub total | | 117,725.6 | 112,305.9 | 5,184.9 | 5% |
| V | Housing Benefit | <i>Housing Benefit</i> | 14,736.1 | 16,696.4 | (1,960.3) | -12% |
| sub total | | 14,736.1 | 16,696.4 | (1,960.3) | -12% | |
| L, W, X, AG, AH, AI, AK, AA | Other benefits | <i>Industrial injuries benefits scheme</i> | 707.7 | 714.7 | (7.0) | -1% |
| | | <i>Statutory Maternity Pay</i> | 2,653.4 | 2,675.6 | (22.2) | -1% |
| | | <i>Christmas Bonus (non-contributory)</i> | 39.2 | 37.3 | 1.9 | 5% |
| | | <i>Social Fund Other : CW Payments and FEP write-offs ¹⁷</i> | 95.7 | 524.9 | (429.1) | -82% |
| | | <i>Maternity Allowance</i> | 351.7 | 355.9 | (4.2) | -1% |
| | | <i>Bereavement benefits</i> | 456.3 | 467.2 | (10.9) | -2% |
| | | <i>Jobseeker's Allowance (contributory)</i> | 90.1 | 179.4 | (89.3) | -50% |
| | | <i>Support for Mortgage Interest loans</i> | 0.4 | (0.3) | 0.8 | -221% |
| | sub total | | 4,394.6 | 4,954.7 | (560.1) | -11% |
| AB, AC | Other items | <i>Other Items</i> | 0.1 | (5.0) | 5.1 | -102% |
| | Total voted and non voted ¹⁸ | | 230,613.8 | 230,757.7 | (383.8) | 0% |
| Capital | | | | | | |
| M, AA, AB, AC, AG | AME Capital | <i>Universal Credit Advances</i> | 298.7 | 316.3 | (17.6) | -6% |
| | | <i>Support for Mortgage Interest Loans</i> | 26.7 | 19.4 | 7.4 | 38% |
| | | <i>Social Fund Net Lending</i> | 0.0 | 20.0 | (20.0) | -100% |
| | | <i>Other Expenditure</i> | 1.7 | 0.0 | 1.7 | - |
| | | <i>Other Expenditure EALBs (Net)</i> | 0.5 | 0.0 | 0.5 | - |
| | sub total | | 327.7 | 355.7 | (28.0) | -8% |

¹⁶ Comparatives per published Supplementary Estimate 2021-22, therefore do not agree to figures in Section 2 which excluded margins and provisions.

¹⁷ Subhead AG Social Fund Other, including Cold Weather Payments and Funeral Expenses Payments Write-Offs

¹⁸ Total does not sum to the above due to non-contributory Employment and Support Allowance being included in Incapacity Benefit and in Universal Credit and equivalent benefits (see table 6).

Annex B Summary of Changes to DEL Funding since Spending Review 2021

| Description | Administration | Programme | Total Resource | Capital |
|---|----------------|----------------|----------------|--------------|
| | £m | £m | £m | £m |
| Baseline Non-Ring Fenced | 816.6 | 4,399.9 | 5,216.5 | |
| Baseline Ring Fenced: Policy | | 135.4 | 135.4 | |
| Baseline Ring Fenced: Depreciation | 40.5 | 153.1 | 193.6 | |
| Non-Baseline Non-Ring Fenced | 103.6 | 1,270.1 | 1,373.8 | 339.0 |
| Non-Baseline Ring Fenced: Policy | | 922.0 | 922.0 | 18.0 |
| Non-Baseline Ring Fenced: Financial Transactions | | | | 264.0 |
| Spending Review 2021 funding for 2022-23 | 960.7 | 6,880.5 | 7,841.2 | 621.0 |
| Depreciation adjustment | (10.2) | 75.2 | 65.0 | |
| Spring Statement 2022 | | | | |
| Fraud, Error and Debt spend to save | | 141.8 | 141.8 | 4.0 |
| Household Support Fund | | 420.8 | 420.8 | |
| Transfers to/from Other Government Departments | | | | |
| to Cabinet Office for shared deliverable | (0.2) | | (0.2) | |
| to HMRC for delivery of Universal Credit | | (14.1) | (14.1) | (1.1) |
| to HMRC for delivery of Universal Credit (depreciation) | | (2.4) | (2.4) | |
| to Cabinet Office for three Special Advisers | (0.3) | | (0.3) | |
| to DHSC for Personal Support, Health Led Trials | | (9.2) | (9.2) | |
| to HMRC for the provisions of wage dispute resolution services | | (3.9) | (3.9) | |
| to Cabinet Office - DWP contribution to 2022 CSS event | | (0.1) | (0.1) | |
| from HSE for Building Safety Regulator | | 15.0 | 15.0 | 0.2 |
| from DHSC for Individual Personal Support and Shared Outcome Funding | | 4.3 | 4.3 | |
| from Foreign, Commonwealth & Development Office for overhead costs associated with Fraud Officers supporting DWP in Spain | | 0.2 | 0.2 | |
| IFRS 16 Adjustments | | | | |
| Net funding for adoption of IFRS16 (Non-Depreciation) | (27.9) | (178.8) | (206.7) | 229.7 |
| Funding for adoption of IFRS16 (Depreciation) | 26.8 | 200.9 | 227.7 | |
| Main Estimate total | 949.0 | 7,530.0 | 8,479.0 | 853.8 |

Annex C Caseloads by benefit¹⁹

| Caseloads by benefit (thousands) Spring Statement 2022 | | | | |
|--|-----------------------|--------------------|---------------------------|--------|
| | Spring Statement 2022 | Autumn Budget 2021 | Change from Autumn Budget | |
| | Thousands | | | % |
| Armed Forces Independence Payment ²⁰ | 1 | 1 | 0 | 0.6 |
| Attendance Allowance | 1,389 | 1,388 | 1 | 0.0 |
| Bereavement related benefits | 94 | 96 | (2) | (1.6) |
| Carer's Allowance | 1,251 | 1,263 | (12) | (1.0) |
| Christmas Bonus ²¹ | 16,443 | 16,443 | 0 | 0.0 |
| of which contributory | 12,525 | 12,525 | 0 | 0.0 |
| of which non-contributory | 3,919 | 3,919 | 0 | 0.0 |
| Disability Living Allowance | 1,169 | 1,125 | 44 | 3.9 |
| Employment and Support Allowance | 1,706 | 1,779 | (74) | (4.1) |
| of which contributory only | 570 | 591 | (21) | (3.6) |
| of which contributory and income-based | 357 | 373 | (16) | (4.3) |
| of which income-based only | 779 | 815 | (36) | (4.4) |
| Housing benefits | 2,535 | 2,708 | (173) | (6.4) |
| Incapacity Benefit | 19 | 19 | (1) | (3.0) |
| Income Support | 153 | 157 | (4) | (2.8) |
| Industrial Injuries benefits | 225 | 225 | 1 | 0.2 |
| Jobseeker's Allowance ²² | 71 | 68 | 3 | 4.6 |
| of which contributory only | 31 | 25 | 6 | 23.7 |
| of which income-based only | 41 | 44 | (3) | (6.2) |
| Maternity Allowance | 43 | 48 | (5) | (10.5) |
| Pension Credit | 1,338 | 1,406 | (68) | (4.8) |
| Personal Independence Payment | 2,625 | 2,618 | 7 | 0.3 |
| Severe Disablement Allowance | 12 | 11 | 1 | 4.5 |
| State Pension (includes contributory and non-contributory) | 12,664 | 12,622 | 42 | 0.3 |
| Statutory Maternity Pay | 252 | 268 | (16) | (5.9) |
| Universal Credit | 4,166 | 4,649 | (483) | (10.4) |
| Winter Fuel Payments | 11,503 | 11,392 | 111 | 1.0 |

¹⁹ Caseload numbers above only include claims that result in a payment or a credit towards National Insurance Contributions

²⁰ Percentage does not align to whole numbers due to rounding

²¹ Christmas Bonus caseloads are only updated at the Autumn Fiscal Event, hence no movement

²² Breakdowns do not sum due to rounding