



Department
for Work &
Pensions

Main Estimate 2021-22

Select Committee Memorandum

May 2021

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 employment while providing a safety net for those who cannot work. We trust and empower our people to deliver excellent services to our millions of customers every day, including the most vulnerable in society. Our Departmental Plan sets out our objectives for the next year and beyond that will help deliver that vision and how, together, we will achieve them.

To deliver our vision, we have three core objectives:

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 a number of 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 2021-22

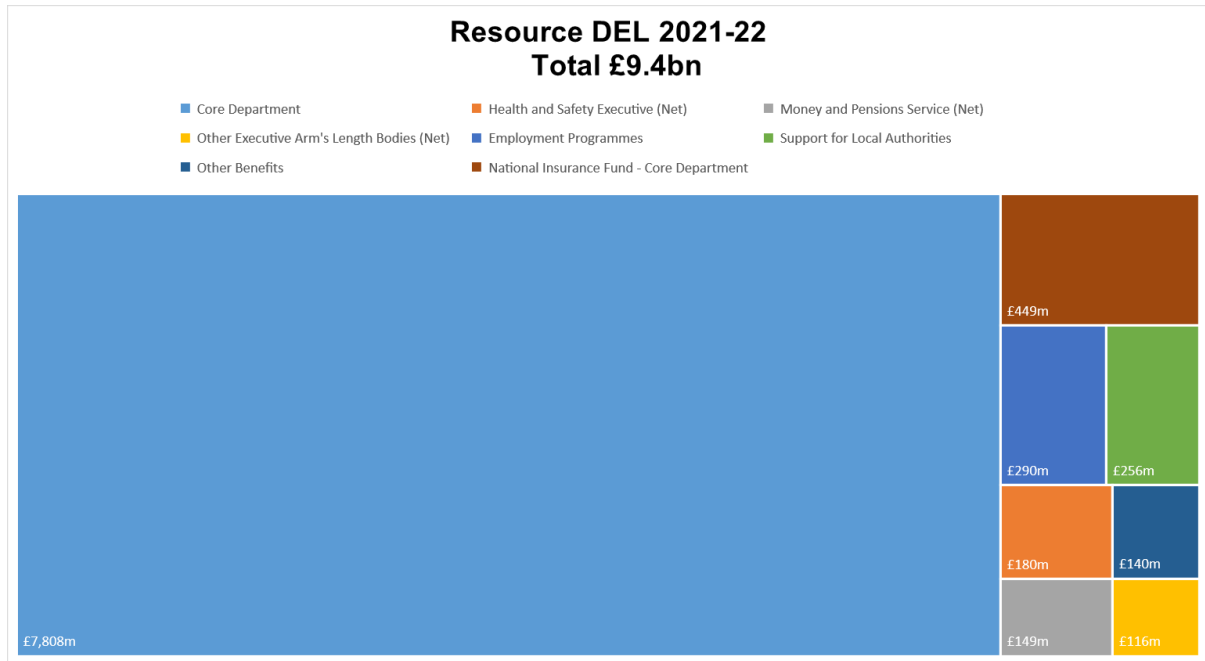
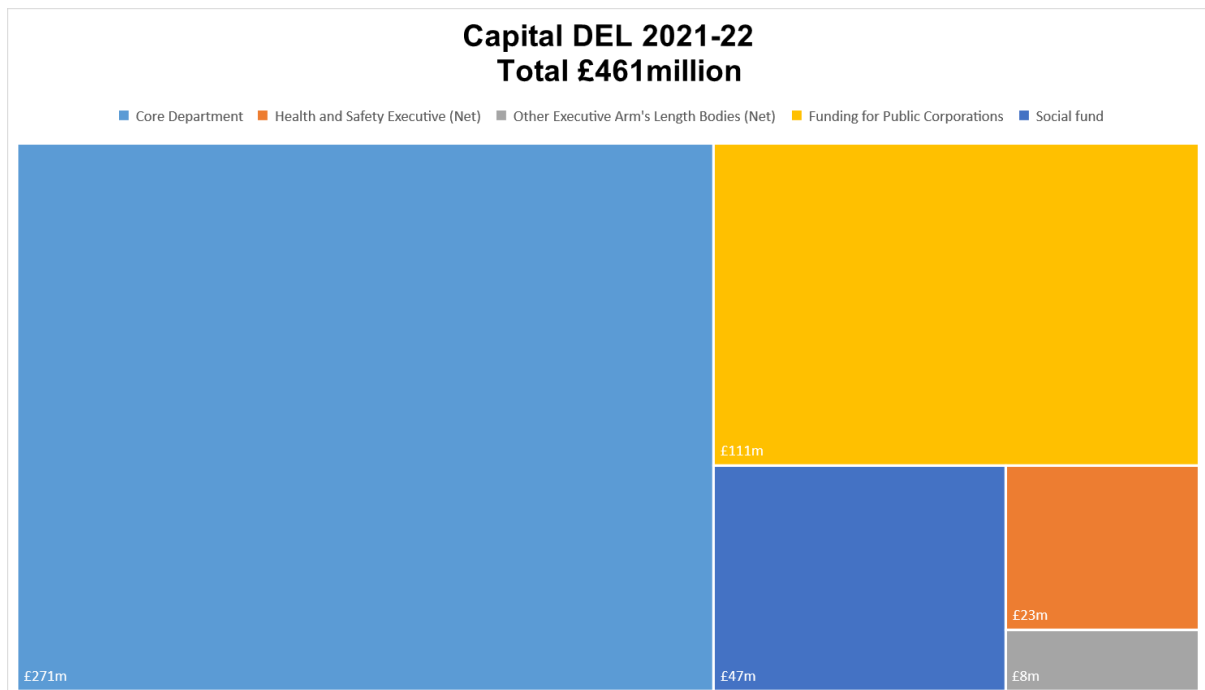


Figure 2: Capital DEL 2021-22



1.4 Comparison of spending totals sought

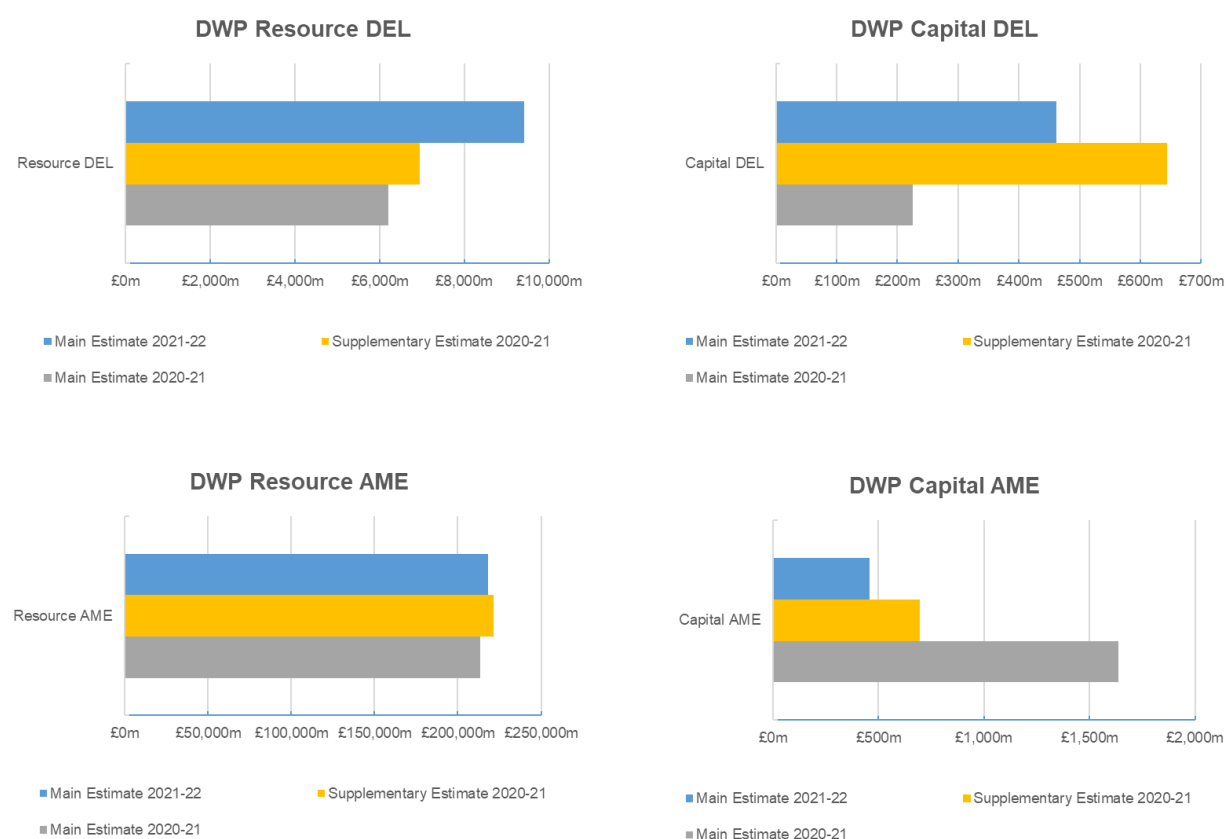
The table below shows how the totals sought for DWP in Main Estimate 2021-22 have changed compared with the Main Estimate and Supplementary Estimate in 2020-21:

Table 1: Comparison of spending totals

	Amounts sought in Main Estimate 2021-22		Change compared to Supplementary Estimate 2020-21		Change compared to Main Estimate 2020-21	
	£m	£m	£m	%	£m	%
Resource DEL	9,411.7	2,479.3	35.8	3,213.1	51.8	
Capital DEL	461.3	(182.8)	(28.4)	236.6	105.3	
Resource AME	218,314.5	(2,949.4)	(1.3)	4,832.6	2.3	
Capital AME	456.1	(238.0)	(34.3)	(1,180.9)	(72.1)	

The figure below shows how the totals sought for DWP in Main Estimate 2021-22 compared with the Main Estimate and Supplementary Estimate in 2020-21:

Figure 3: Comparison of spending totals



COVID-19 Funding

DWP's DEL funding for COVID-19 measures in 2021-22 is partly ring-fenced, with the remainder being non-baselined funding. Funding for COVID-19 measures is 38% of DWP's total DEL settlement for 2021-22. More details can be found in Section 1.5.

Table 2: COVID-19 funding 2021-22

Description	Resource	Capital
	£m	£m
COVID-19 Policy Ring Fences:		
Kickstart	1,617.5	0.0
Restart	391.0	0.0
Money & Pensions Service	19.3	0.0
Health & Safety Executive (includes Research and Development)	21.0	14.0
Labour Market Measures	213.1	0.0
Total COVID-19 Policy Ring Fences	2,261.9	14.0
COVID-19 Operational Delivery	1,315.8	111.4
Total COVID-19 Funding	3,577.7	125.4

1.5 Key drivers of spending changes since last year

DWP's total DEL funding sought for 2021-22 is £9.9bn, an increase on 2020-21 of £2.3bn (Resource DEL increase of £2.5bn offset by Capital DEL decrease of £0.2bn). Changes compared with Supplementary Estimate are expanded on in Section 2.

Resource DEL

Our Resource DEL funding has increased from Supplementary Estimate by £2.5bn. This is mainly due to increased funding for the DWP response to COVID-19 (2021-22 £3.6bn compared to 2020-21 £1.4bn). Table 2 expands on the COVID-19 funding for 2021-22 in more detail. The material changes include:

- Kickstart funding of £1.6bn to deliver grant programme to encourage employers to employ 16-24 year olds at risk of long term unemployment
- Restart, new funding of £0.4bn for a labour market initiative targeted to support people who have been unemployed between 12-24 months
- Additional funding of £1.3bn to continue the work started in 2020-21 for our Plan for Jobs which includes additional staff resource and estates
- Other Labour Market Measures of £0.2bn to fund programmes such as Job Entry: Targeted Support, Youth Offer and Job Finding Support

Capital DEL

Supplementary Estimate 2020-21 included significant funding for Digital and Estates costs to accommodate an additional 13,500 Work Coaches. This work commenced in 2020-21 and is due to continue in 2021-22.

Resource AME

Table 1 compares Main Estimate for 2021-22 to the Main and Supplementary Estimates for 2020-21. However, in the case of benefit expenditure, within Resource AME, the comparison against the latest forecast¹ for 2020-21 of £210.5bn is a more meaningful comparison (see Table 6 for more detail). This is because it is standard practise at Supplementary Estimate for HM Treasury to allow DWP to add a margin to forecasts to cover potential fluctuations in the remainder of the year. Margins have not been included in the Main Estimate for 2021-22.

Resource AME has increased by £7.8bn against the latest forecast for 2020-21 of £210.5bn. The material changes include:

- Uprating of the State Pension by 2.5% is the primary cause of a £4.1bn increase in Pensioner costs (see Table 10)
- The increase in the Universal Credit caseload and uprating of 0.5% has led to increases in Universal Credit of £3.0bn (see Table 9)

Capital AME

Benefit expenditure in Capital AME is £0.4bn higher than the latest forecast for 2020-21 (see Table 13). The material changes include:

- A policy change as part of Spring Budget 2021 that extended repayment terms of Universal Credit advances from 12 months to 24 months
- An increase in Universal Credit caseload

1.6 Ambit changes

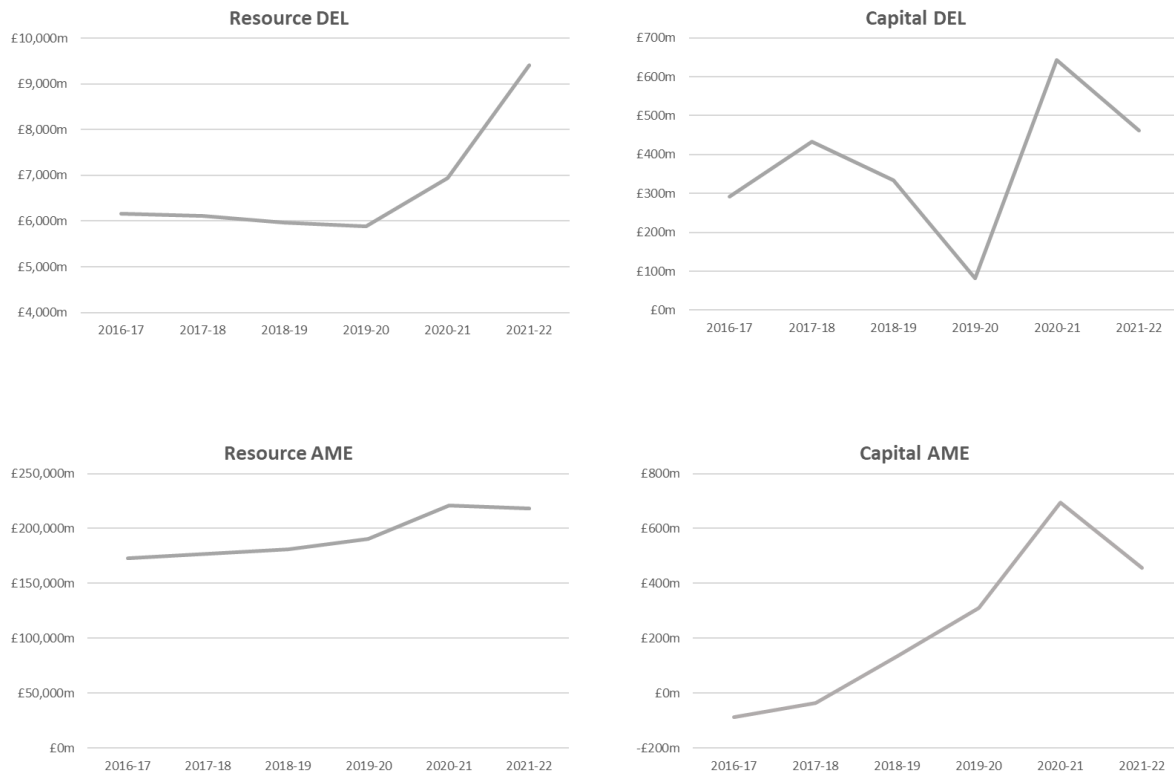
The Ambit has been revised to align with the Subheads included in DWP's Estimate in line with HM Treasury's Supply Estimates guidance manual. There has been no change to the activities included in the Ambit.

¹ Main Estimate AME figures are based on the Office for Budgetary Responsibility's Spring Budget 2021 forecasts

1.7 Spending trends

The charts below show overall spending trends for the last 5 years, and plans presented in the Main Estimates for 2021-22.

Figure 4: Spending Trends



Resource DEL

Spending reduces from SR10 through to SR15 due to driving out efficiencies and strong financial management. COVID-19 has led to increases in claimant caseloads in both 2020-21 and 2021-22 and additional funding has been sought to support DWP's response see Table 2 and Section 1.5 for details of additional COVID-19 funding for 2021-22.

Capital DEL

This consists of 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. In 2020-21 this increased significantly to support DWP's response to COVID-19 due to expanding our estates and investing in additional hardware to support staff working from home which continues into 2021-22.

Resource AME

Benefit expenditure has increased over the period shown, driven by up-rating (the annual increase in most benefits) and demographics (a growing and ageing population). The largest element of the increase relates to State Pension.

The basic State Pension has been increased by at least 2.5% every year, in line with the Government's "triple lock". At Main Estimate 2020-21 DWP included a margin as part of the response to COVID-19, margins have not been included in any other year in the graph above. The inclusion of this margin has led to an increase from 2019-20 to 2020-21 and a reduction from 2020-21 to 2021-22.

The overall increase is offset in part by devolution of some benefits to the Scottish Government from 2020-21 including Personal Independence Payment, Disability Living Allowance, and Attendance Allowance. Funding for these benefits in Scotland is no longer included in DWP spending in totals.

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 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. A margin was added to Universal Credit Advances for 2020-21 to account for the potential impact of COVID-19.

1.8 Administration costs and efficiency plans

Table 3: Administration budgets

Amounts sought in Main Estimate 2021-22		Change compared to Supplementary Estimate 2020-21		Change compared to Main Estimate 2020-21	
	£m	£m	%	£m	%
Administration costs	909.5	(53.2)	(5.9)	117.5	12.9

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 9% of 2021-22 Main Estimate Resource DEL.

At Supplementary Estimates 2020-21 DWP received £100m of DELA funding for increased overhead costs due to COVID-19 compared with £16m of funding in 2021-22. This decrease has been partially offset by increased funding at Spending Review to address a historic classification issue in baseline funding leading to an overall net

reduction in DELA funding of £53m.

1.9 Funding: Spending Review and Budgets

The DWP DEL funding for 2021-22 was set at Spending Review 2020, this included continued measures for COVID-19 funding (see Table 2). There were also minor amendments made at Spring Budget 2021. Full details of funding changes since the original settlement are provided at Annex B.

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 4: Resource Departmental Expenditure Limits (Resource DEL)

Resource DEL						
Subhead	Description	2021-22 Main Estimates budget sought	2020-21 Supplementary Estimates	Change compared to Supplementary Estimate 2020-21		Note
		£m	£m	£m	%	
A	Core Department	7,808.3	4,956.0	2,852.3	57.6	1
B	Health and Safety Executive (Net)	180.4	167.6	12.8	7.6	
C	Money and Pensions Service (Net)	148.7	148.1	0.6	0.4	
D	Other Executive Arm's Length Bodies (Net)	115.9	110.3	5.6	5.1	
E	Employment Programmes	290.2	255.9	34.3	13.4	2
F	Support for Local Authorities	255.6	220.4	35.2	16.0	3
G	Funding for Public Corporations	(6.5)	(12.7)	6.2	(48.8)	
H	Other Benefits	140.0	349.6	(209.6)	(60.0)	4
I	National Insurance Fund - Core Department	449.2	686.6	(237.4)	(34.6)	5
J	Social Fund	29.9	50.5	(20.6)	(40.8)	6
	Total Voted and Non-voted	9,411.7	6,932.4	2,479.3	35.8	

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

1. Core Department – Cost increases in 2021-22 to support people back into

work and assist economic recovery. This additional £2.9bn includes additional staff resource and estates for our staff as well as additional programmes including Kickstart and Restart as explained in Section 1.5

2. Employment Programmes – At Supplementary Estimates 2020-21, full funding was not drawn for Job Entry Targeted Support and Job Finding support, these programmes are now forecasted to be spent in 2021-22

3. Support for Local Authorities – The increase of £35m reflects that spend (other than DHP and WSG in Other Benefits) in Local Authorities was previously split between Support for Local Authorities and Core Department and now it is all included in Support for Local Authorities

4. Other benefits – In 2020-21, additional funding of £40m was provided for Discretionary Housing Payments, and £170m for Winter Support Grants, this funding has not been included within 2021-22 Main Estimate, therefore is reducing the expected funding on this estimate line by £210m

5. 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 £449m in accordance with the Service Level Agreement signed by both departments. The difference from the charge in 2020-21 is due to an increase for COVID-19 related activity no longer included within the 2021-22 charge

6. Social Fund - This includes estimates for Funeral Payment Debt impairments which increased in 2020-21 and are forecast to decrease in 2021-22

Capital DEL

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

Table 5: Capital Departmental Expenditure Limits (Capital DEL)

(Totals and percentages may not match due to roundings)

Capital DEL						
Subhead	Description	2021-22 Main Estimates budget sought	2020-21 Supplementary Estimates	Change compared to Supplementary Estimate 2020-21		Note
		£m	£m	£m	%	
A	Core Department	271.5	445.7	(174.2)	(39.1)	1
B	Health and Safety Executive (Net)	22.7	19.2	3.5	18.5	
C	Money and Pensions Service (Net)	0.5	0.6	(0.1)	(20.1)	
D	Other Executive Arm's Length Bodies (Net)	8.4	0.4	8.0	2,152.0	
G	Funding for Public Corporations	111.3	110.7	0.6	0.5	
J	Social Fund	46.9	67.5	(20.6)	(30.5)	2
	Total	461.3	644.1	(182.8)	(28.4)	

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

1. Core Department – Supplementary Estimate 2020-21 included significant funding for Digital and Estates costs to accommodate an additional 13,500 Work Coaches. This work is due to continue into 2021-22.
2. Social Fund - In 2020-21 additional funding was secured for increased volumes of Funeral Payments due to COVID-19 that has not carried through into 2021-22.

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 bereavement.

Over half of DWP AME is spent on contributory benefits, mainly 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 include Disability Living Allowance, Personal Independence Payment and Attendance Allowance. Additional details of individual benefits and eligibility requirements can be found on the 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 latest forecast for 2020-21 (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 roundings)

Subheads	Description	Main Estimate 2021-22	Latest Forecast 2020-21	Change from latest forecast	
		£m	£m	£m	%
K, N, AD, AE	Incapacity benefits	13,524.3	13,471.9	52.4	0.4
R, S, T, U	Disability and carer benefits	28,872.3	27,715.2	1,157.1	4.2
M, N, O, Y	Universal Credit and equivalent DWP benefits	51,091.7	48,022.7	3,069.0	6.4
P, Q, Z, AB (part), AF, AL	Pensioner benefits	112,545.5	108,432.4	4,113.0	3.8
V	Housing Benefit	16,442.8	16,821.9	(379.1)	(2.3)
L, W, X, AA, AB (part), AG, AH, AI, AJ, AK	Other benefits	4,530.7	4,833.5	(302.8)	(6.3)
AB (part), AC	Other Items	(0.3)	3.9	(4.2)	(107.7)
	Less items double-counted above (ESA non-contributory) ²	(8,692.5)	(8,823.8)	131.3	(1.5)
	Total voted and non-voted ²	218,314.5	210,477.8	7,836.7	3.7

² 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.

Main Estimate AME figures are based on the Office for Budgetary Responsibility's Spring Budget 2021 forecasts.

Benefit expenditure in Resource AME in 2021-22 is forecast to be £7.8bn higher than the latest forecast for 2020-21. The main drivers are:

- Pensioner benefits increase by £4.1bn, mainly due to the 2.5% triple lock uprating of basic and new State Pensions
- Universal Credit and related benefits increased by £3.1bn, mainly due to increased unemployment caseloads
- Disability and Carer benefits have increased by £1.2bn, due to increases in caseloads and average awards
- Impact on benefits that received an uprating of 0.5% costing approx. £0.5bn

Incapacity benefits³

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 2021-22	Latest Forecast 2020-21	Change from latest forecast	
	£m	£m	£m	%
Incapacity benefits, of which:	13,524.3	13,471.9	52.4	0.4
Severe Disablement Allowance	63.8	71.8	(8.0)	(11.1)
Incapacity benefit	0.2	0.8	(0.5)	(62.5)
Employment and Support Allowance (non-contributory)	8,692.5	8,823.8	(131.3)	(1.5)
Employment and Support Allowance (contributory)	4,767.8	4,575.5	192.3	4.2

Overall spending on incapacity benefits will increase by £0.1bn (0.4%). The driver of this increase is uprating, as these benefits are being uprated by 0.5% in 2021-22.

Contributory Employment and Support Allowance (ESA) is £4.8bn, rising by £0.2bn (4.2%) compared to 2020-21 due to uprating and increases in forecast caseload. Non-contributory ESA is £0.1bn (1.5%) lower than 2020-21 due to the continuing roll-out of Universal Credit replacing the benefit. Other incapacity benefits are closed to new claims and as such forecasts are reducing.

³ Excluding Universal Credit spending estimated to be ESA equivalent.

Disability and carer benefits

Table 8: Disability and carer benefits

(Totals may not sum due to roundings)

	Main Estimate 2021-22	Latest Forecast 2020-21	Change from latest forecast	
	£m	£m	£m	%
Disability and carer benefits, of which:	28,872.3	27,715.2	1,157.1	4.2
Attendance Allowance	5,367.0	5,356.3	10.7	0.2
Personal Independence Payment*	14,787.1	13,554.4	1,232.8	9.1
Disability Living Allowance	5,524.4	5,799.6	(275.1)	(4.7)
Carer's Allowance	3,193.7	3,005.0	188.7	6.3

Total spending on disability and carer benefits will increase by £1.2bn (4.2%). This is due to increasing average awards and caseloads in Personal Independence Payments (PIP), Disability Living Allowance (DLA) and Carer's Allowance, and an increasing average award in Attendance Allowance, as well as an increase in all benefits due to uprating of 0.5% in 2021-22. The increase in PIP is partially offset by a decrease in DLA as PIP continues to replace DLA for new claims from working-age people.

Universal Credit and equivalent DWP benefits⁴

Table 9: Universal Credit and equivalent DWP benefits

(Totals may not sum due to roundings)

	Main Estimate 2021-22	Latest Forecast 2020-21	Change from latest forecast	
	£m	£m	£m	%
Universal Credit and equivalent DWP benefits, of which:	51,091.7	48,022.7	3,069.0	6.4
Universal Credit	41,272.8	37,704.4	3,568.4	9.5
Employment and Support Allowance (non-contributory)	8,692.5	8,823.8	(131.3)	(1.5)
Income Support	807.9	1,060.4	(252.5)	(23.8)
Jobseeker's Allowance (non- contributory)	318.6	434.2	(115.6)	(26.6)

Non-contributory JSA, non-contributory Employment and Support Allowance (ESA) (also included in Table 7), Income Support and Housing Benefit for working age

⁴ Excluding Housing Benefit for people of working age.

people, as well as tax credits administered by HMRC are gradually being replaced by Universal Credit.

Overall spending on Universal Credit and the DWP benefits it is replacing (other than Housing Benefit, which is discussed below) will be £3.1bn (6.4%) higher in 2021-22 than in 2020-21.

Universal Credit is forecast to be £41.3bn in 2021-22, £3.6bn (9.5%) higher than in 2020-21. This increase is primarily driven by increased caseload, increasing roll-out of Universal Credit and uprating of 0.5%.

Caseloads are forecast to increase partly due to the continued roll out of Universal Credit replacing legacy benefits and also due to rising unemployment, which is forecast to peak at 6.5% in quarter four of this calendar year.

Non-contributory ESA is £0.1bn (1.5%) lower than 2020-21 due to continuing roll-out of Universal Credit replacing the benefit, offset by uprating of 0.5%.

Non-contributory Jobseeker's Allowance (JSA) is £0.1bn (26.6%) lower than 2020-21 due to Universal Credit roll-out replacing non-contributory JSA caseloads.

The main rates of Universal Credit and the associated legacy benefits are being uprated by 0.5% in 2021-22.

Pensioner benefits^{5,6,7}

Table 10: Pensioner benefits

(Totals may not sum due to roundings)

	Main Estimate 2021-22	Latest Forecast 2020-21	Change from latest forecast	
	£m	£m	£m	%
Pensioner benefits, of which:	112,545.5	108,432.4	4,113.0	3.8
Pension Credit	4,999.2	5,082.3	(83.2)	(1.6)
Financial Assistance Scheme (benefits only)	111.7	46.1	65.7	142.5
TV licences for the over 75s	0.0	0.0	0.0	n/a
Winter Fuel Payments	1,979.9	1,972.2	7.7	0.4
Christmas Bonus (contributory)	127.5	125.9	1.6	1.3
State Pension	105,327.2	101,205.9	4,121.3	4.1

Benefit expenditure on pensioners (excluding Housing Benefit, see Table 11) is due to increase by £4.1bn (3.8%) in 2021-22 driven by State Pension increases.

⁵ Excluding Housing Benefit for people over pension age.

⁶ Includes Financial Assistance Scheme benefit payments and movement in provision.

⁷ Does not include other benefits paid to both pensioners and non-pensioners, such as bereavement benefits.

The increase in State Pension of £4.1bn (4.1%) is due to a combination of demographic effects (an aging population resulting in increased caseloads) and uprating. The basic and new State Pension is being uprated by 2.5% (triple lock) and additional pension by 0.5% (Consumer Price Index) in 2021-22.

Housing Benefit

Table 11: Housing Benefit

	Main Estimate 2021-22	Latest Forecast 2020-21	Change from latest forecast	
	£m	£m	£m	%
Housing Benefit	16,442.8	16,821.9	(379.1)	(2.3)

Housing Benefit expenditure is forecast to fall by £0.4bn (2.3%) in 2021-22, driven by spending on working age people falling as their housing costs are increasingly paid through Universal Credit. This is partially off-set 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.

Other benefits

Table 12: Other benefits

(Totals may not sum due to roundings)

	Main Estimate 2021-22	Latest Forecast 2020-21	Change from latest forecast	
	£m	£m	£m	%
Other benefits, of which:	4,530.7	4,833.5	(302.8)	(6.3)
Industrial injuries benefits scheme	689.9	720.6	(30.7)	(4.3)
Statutory Maternity Pay	2,609.9	2,564.0	45.9	1.8
Christmas Bonus (non-contributory)	37.0	36.0	1.0	2.8
Cold Weather Payments	100.0	43.5	56.5	129.9
Maternity Allowance	385.6	385.5	0.1	0.0
Bereavement benefits	392.8	435.2	(42.4)	(9.7)
Jobseeker's Allowance (contributory)	282.1	598.5	(316.4)	(52.9)
Support for Mortgage Interest loans	0.4	0.3	0.1	33.3
Statutory Sick Pay	33.0	50.0	(17.0)	(34.0)

Spending on other benefits is forecast to fall by £0.3bn (6.3%) in 2021-22.

This decrease is driven by decreases in contributory JSA which is falling by £0.3bn compared to 2020-21. Contributory JSA saw an increase in caseload in response to COVID-19 in 2020-21. The time limited nature of contributory JSA means this caseload is expected to reduce in 2021-22.

Other notable changes compared to the latest forecast are Cold Weather Payments where the forecast for 2021-22 is an average of spending in the last ten years compared to the latest forecast for 2020-21 where the winter was relatively mild, and Statutory Sick Pay which was extended for the first six months of 2021-22 at Spring Budget as part of the COVID-19 Government response.

Statutory Maternity Pay, Maternity Allowance and JSA are being uprated by 0.5% in 2021-22 along with the majority of industrial injuries benefits.

Other Items

Other items falling within the categorisation of Resource AME include Social Fund Net Lending and DEL provisions; these are not included until Supplementary Estimate. These were forecast to be under £4m in 2020-21.

Capital AME

Table 13: Capital AME

	Main Estimate 2021-22	Latest Forecast 2020-21	Change from latest forecast	
	£m	£m	£m	%
AME Capital, of which:	456.1	13.4	442.7	3,303.7
Universal Credit Advances	316.3	(36.9)	353.2	(957.2)
Support for Mortgage Interest Loans	139.8	111.7	28.1	25.2
Social Fund Net Lending	0.0	(61.4)	61.4	(100.0)

Capital AME has increased by £0.4bn in 2021-22 compared to 2020-21. Capital AME is made up of three items, Support for Mortgage Interest loans, the capitalisation of Universal Credit Advances, and anticipated Social Fund Net Lending (loans less recoveries).

As caseloads increase, the expectation is that advances will also increase. Policy changes at Spring Budget means advances will be repaid over 24 months rather than the current 12 months which will reduce recoveries in 2021-22.

Support for Mortgage Interest changed to a loan from 1st April 2018. The benefit caseload continues to grow, and the forecast is higher for 2021-22 than 2020-21.

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

2.2 Restructuring

DWP has restructured its DEL subheads for 2021-22 in line with its organisational design. AME subheads were streamlined to remove the split between inside and outside the Welfare Cap to make it easier for readers to see totals by benefit.

The Estimate is shown using this new structure throughout, including columns showing comparative figures.

The following table shows where expenditure from removed subheads, which were present in the 2020-21 Supplementary Estimate, are now recorded.

2020-21 Supplementary Estimate Subhead	Subhead used in 2021-22 Main Estimate
DEL	
A Operational Delivery	A Core Department
G Other Programmes	
I Departmental Operating Costs	
C European Social Fund	
D Executive Arm's Length Bodies (Net)	This is now split to show the Money and Pensions Service in row C separately to our other ALBs in row D
AME	
AE Other Benefits - Outside Welfare Cap	AB Other Expenditure
AJ Expenditure incurred by the Social Fund - Inside Welfare Cap	Split across AF Expenditure incurred by the Social Fund: Winter Fuel and AG Expenditure incurred by the Social Fund: Other
AM Other Contributory Benefits - Inside Welfare Cap	AJ Christmas bonus (contributory), as this is the only expenditure included in this estimate line

2.3 Ring-fenced budgets

Table 14: Ring-fenced Funding

Description	Administration	Programme	Resource	Capital
	£m	£m	£m	£m
COVID-19 Policy Ring Fences				
Kickstart	0.0	1,617.5	1,617.5	0.0
Restart	0.0	391.0	391.0	0.0
Money & Pensions Service	0.0	19.3	19.3	0.0
Health & Safety Executive	0.0	21.0	21.0	0.0
Health & Safety Executive - Research & Development	0.0	0.0	0.0	14.0
Labour Market Measures	0.0	213.1	213.1	0.0
Total COVID-19 Policy Ring Fences	0.0	2,261.9	2,261.90	14.0
Other Policy Ring Fences				
Official Development Assistance	0.0	6.1	6.1	0.0
Money & Pensions Service	0.0	129.4	129.4	0.5
Discretionary Housing Payments	0.0	140.0	140.0	0.0
Reducing Parental Conflict	0.0	11.0	11.0	0.0
Health & Safety Executive - EU Exit Allocation	0.0	14.0	14.0	2.0
Research & Development	0.0	0.0	0.0	3.0
Total Other Policy Ring Fences	0.0	300.5	300.5	5.5
Other Ring Fences				
Depreciation	40.5	148.8	189.3	0.0
Financial Transactions	0.0	0.0	0.0	158.2
Total Other Ring Fences	40.5	148.8	189.3	158.2
Total Ring Fence	40.5	2,711.2	2,751.7	177.7

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 2021-22.

1. Maximising employment and in-work progression
 - Employment rate of 16-64 year olds
 - Employment rate of 16-24 year olds
 - Number of participants in Kickstart
 - Disability employment rate gap
2. Improving people's quality of life
 - Absolute poverty before housing costs - child, adult and pensioner combined
 - Number of children in workless households
 - Percentage of claims processed within planned timescales
3. Delivering excellent services for citizens and taxpayers
 - Gross monetary value of fraud and error (by value and proportion)
 - Percentage of claimants satisfied with DWP services overall
 - Number of people automatically enrolled in workplace pensions

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.

Project start date (latest approved start date)	17 November 2011
Project end date (latest approved end date)	31 December 2024
Whole Life Cost Total Baseline (including non-government costs)	£12,717.0m

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.

Project start date (latest approved start date)	2 April 2012
Project end date (latest approved end date)	1 December 2020
Whole Life Cost Total Baseline (including non-government costs)	£1,219.9m

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.

Project start date (latest approved start date)	28 March 2018
Project end date (latest approved end date)	31 March 2024
Whole Life Cost TOTAL Baseline (including non-government costs)	£6,598.8m

Restart:

- As part of the Government's Plan for Jobs, the new £2.9 billion Restart scheme, announced on 25 November 2020, will provide more than 1 million Universal Credit claimants who have been out of work for at least 12 months enhanced and tailored support to help them find jobs. Further information will be included in the next IPA Annual Report due to be published in summer 2021.

Pensions Dashboard Programme:

- The Pensions Dashboard Programme joined GMPP in Quarter 4 2020-21. It was 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. Further information will be included in the next IPA Annual Report due to be published in summer 2021.

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 figures included in the tables above are from the data published by IPA reflecting Quarter 2 of 2019-20. The next report will be published in summer 2021 and will cover information as of 31 March 2021.

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

4 May 2021

Annex A (i) Departmental Expenditure Limits (DEL)

(Totals and percentages may not match due to roundings)

		Resource DEL				Capital DEL			
Subhead	Description	2021-22 Main Estimates budget sought	2020-21 Supplementary Estimates	Change from Supplementary Estimate 2020-21		2021-22 Main Estimates budget sought	2020-21 Supplementary Estimates	Change from Supplementary Estimate 2020-21	
		£m	£m	£m	%	£m	£m	£m	%
A	Core Department	7,808.3	4,956.0	2,852.3	57.6	271.5	445.7	(174.2)	(39.1)
B	Health and Safety Executive (Net)	180.4	167.6	12.8	7.6	22.7	19.2	3.5	18.5
C	Money and Pensions Service (Net)	148.7	148.1	0.6	0.4	0.5	0.6	(0.1)	(20.1)
D	Other Executive Arm's Length Bodies (Net)	115.9	110.3	5.6	5.1	8.4	0.4	8.0	2,152.0
E	Employment Programmes	290.2	255.9	34.3	13.4	0.0	0.0	0.0	0.0
F	Support for Local Authorities	255.6	220.4	35.2	16.0	0.0	0.0	0.0	0.0
G	Funding for Public Corporations	(6.5)	(12.7)	6.2	(48.8)	111.3	110.7	0.6	0.5
H	Other Benefits	140.0	349.6	(209.6)	(60.0)	0.0	0.0	0.0	0.0
I	National Insurance Fund - Core Department	449.2	686.6	(237.4)	(34.6)	0.0	0.0	0.0	0.0
J	Social Fund	29.9	50.5	(20.6)	(40.8)	46.9	67.5	(20.6)	(30.5)
	Total Voted and Non-voted	9,411.7	6,932.4	2,479.3	35.8	461.3	644.1	(182.8)	(28.4)

Annex A (ii) Annually Managed Expenditure (AME)

Subhead	Description		2021-22	Supplementary	Change from	
			Main		Estimate 2020-	Supplementary
Resource			Estimates	2020-	Estimate	%
			budget	21	2020-21	
			sought			
			£m	£m	£m	%
K, AD, N, AE	Incapacity benefits	Severe Disablement Allowance	63.8	73.8	(10.0)	(13.6)
		Incapacity benefit	0.2	0.7	(0.5)	(71.4)
		Employment and Support Allowance (non-contributory) ⁸	8,692.5	9,140.6	(448.1)	(4.9)
		Employment and Support Allowance (contributory)	4,767.8	4,737.0	30.8	0.7
	sub total		13,524.3	13,952.1	(427.8)	(3.1)
R, S, T, U	Disability and carer benefits	Attendance Allowance	5,367.0	5,450.4	(83.4)	(1.5)
		Personal Independence Payment	14,787.1	13,836.8	950.3	6.9
		Disability Living Allowance	5,524.4	5,961.1	(436.7)	(7.3)
		Carer's Allowance	3,193.7	3,097.9	95.8	3.1
	sub total		28,872.3	28,346.2	526.0	1.9
M, N, O, Y	Universal Credit and equivalent DWP benefits	Universal Credit	41,272.8	41,705.0	(432.2)	(1.0)
		Employment and Support Allowance (non-contributory) ⁸	8,692.5	9,140.6	(448.1)	(4.9)
		Income Support	807.9	1,097.9	(290.0)	(26.4)
		Jobseeker's Allowance (Non-Contributory)	318.6	423.4	(104.8)	(24.8)
	sub total		51,091.7	52,366.9	(1,275.1)	(2.4)
P, Q, AB (part), AF, AJ, AL, Z	Pensioner benefits	Pension Credit	4,999.2	5,183.9	(184.7)	(3.6)
		Financial Assistance Scheme	111.7	45.6	66.1	145.0
		Winter Fuel Payments	1,979.9	2,001.4	(21.5)	(1.1)
		Christmas Bonus (Contributory)	127.5	127.0	0.5	0.4
		State Pension	105,327.2	105,098.2	229.0	0.2
		TV licences	0.0	2.9	(2.9)	(100.0)
	sub total		112,545.5	112,459.3	86.5	0.1
V	Housing Benefit	Housing Benefit	16,442.8	17,589.5	(1,146.7)	(6.5)
	sub total		16,442.8	17,589.5	(1,146.7)	(6.5)
L, W, X, AG, AH, AI, AK, AA	Other benefits	Industrial injuries benefits scheme	689.9	724.6	(34.7)	(4.8)
		Statutory Maternity Pay	2,642.9	2,695.3	(52.4)	(1.9)
		Christmas Bonus (non-contributory)	37.0	36.0	1.0	2.8
		Cold Weather Payments	100.0	500.0	(400.0)	(80.0)
		Maternity Allowance	385.6	392.7	(7.1)	(1.8)
		Bereavement benefits	392.8	623.5	(230.7)	(37.0)
		Jobseeker's Allowance (contributory)	282.1	634.0	(351.9)	(55.5)
		Support for Mortgage Interest loans	0.4	0.7	(0.3)	(42.9)
sub total		4,530.7	5,606.8	(1,076.1)	(19.2)	
AB, AC	Other items	<i>Other Items</i>	(0.3)	84.0	(84.3)	(100.4)
	Total voted and non voted⁸		218,314.5	221,264.0	(2,949.5)	(1.3)
Capital						
N, AB, AF, AJ	AME Capital	Universal Credit Advances	316.3	500.0	(183.7)	(36.7)
		Support for Mortgage Interest Loans	139.8	174.1	(34.3)	(19.7)
		Social Fund Net Lending	0.0	20.0	(20.0)	(100.0)
	sub total		456.1	694.1	(238.0)	(34.3)

⁸ Total does not sum due to non-contributory Employment and Support Allowance being included in incapacity benefits and in Universal Credit and equivalent benefits.

Annex B Summary of Changes to DEL Funding since Spending Review 2020

Description	Administration	Programme	Total Resource	Capital
	£m	£m	£m	£m
Baseline funding for 2021-22	893.5	4,906.1	5,799.6	337.9
COVID-19 funding for 2021-22	16.4	3,561.3	3,577.7	125.4
Spending Review 2020 funding for 2021-22	909.9	8,467.4	9,377.3	463.3
Budget 2021				
Fraud & Error	0.0	33.0	33.0	11.0
Job Matching Pilot (R&D)	0.0	1.1	1.1	0.0
Money & Pensions Service: Pensions Dashboard funding surrender				(13.8)
Transfers to/from Other Government Departments				
From BEIS for the Social Security Advisory Committee		7.6	7.6	0.2
From MHCLG for Building Safety Regulator funding		19.3	19.3	1.3
From Foreign Office refund for overheads for FO employees abroad working for DWP		0.2	0.2	
To Cabinet Office for Special Advisers	(0.3)		(0.3)	
To Cabinet Office for Civil Service Live	(0.1)		(0.1)	
To DHSC for the IAPT programme and IPS Alcohol and Drug Trial project		(10.8)	(10.8)	
To HMRC for Universal Credit		(15.6)	(15.6)	(0.6)
To Cabinet Office for the Public Sector Geospatial Agreement				(0.1)
Main Estimate 2021-22	909.5	8,502.2	9,411.7	461.3

Annex C Caseloads by benefit⁹

Caseloads by benefit (thousands) Spring Budget 2021				
	2021-22 forecast	Latest forecast	Change from latest forecast	
	thousands			%
Armed Forces Independence Payment	1	1	0	0.0
Attendance Allowance	1,292	1,298	(6)	(0.5)
Bereavement related benefits	96	99	(3)	(3.0)
Carer's Allowance	890	840	50	6.0
Christmas Bonus	16,448	16,189	259	1.6
of which contributory	12,745	12,589	156	1.2
of which non-contributory	3,703	3,599	104	2.9
Disability Living Allowance	1,125	1,180	(55)	(4.7)
Employment and Support Allowance	1,852	1,886	(34)	(1.8)
of which contributory only	439	390	49	12.6
of which contributory and income-based	401	423	(22)	(5.2)
of which income-based only	902	964	(62)	(6.4)
Housing benefits	2,832	2,987	(155)	(5.2)
Incapacity Benefit	21	23	(2)	(8.7)
Income Support	201	271	(70)	(25.8)
Industrial Injuries benefits	224	237	(13)	(5.5)
Jobseeker's Allowance	170	280	(110)	(39.3)
of which contributory only	73	157	(84)	(53.5)
of which income-based only	72	97	(25)	(25.8)
Maternity Allowance	53	53	0	0.0
Pension Credit	1,658	1,668	(10)	(0.6)
Personal Independence Payment	2,390	2,187	203	9.3
Severe Disablement Allowance	13	15	(2)	(13.3)
State Pension (includes contributory and non-contributory)	12,503	12,388	115	0.9
Statutory Maternity Pay	262	262	0	0.0
Universal Credit	4,339	4,004	335	8.4
Winter Fuel Payments	11,230	11,205	25	0.2

⁹ Caseload numbers above only include claims that result in a payment or a credit towards National Insurance Contributions