From the Chair

Peter Schofield, Permanent Secretary
Department for Work and Pensions
Caxton House
Tothill Street
London
SW1H 9NA

23 May 2018

Dear Peter,

DWP Main Estimate 2018-19

Thank you for providing to the Committee the Department’s 2018-19 main estimate memorandum. The Committee has considered the estimate and would be grateful if you could provide responses to the following queries we have:

Disability and carer benefits

1. Spending on disability and carer benefits is forecast to rise by 8.5% in 2018-19, compared to 2017-18 forecasts (DWP Estimates memorandum para 40). The memorandum suggests this is partly the result of improved modelling of forecast Personal Independent Payments expenditure. Does this mean that the 2017-18 estimates of PIPs spending have proved to be underestimates? Is the actual increase in spending on disability and carer benefits between years likely to be significantly lower than 8.5%? What factors are now being taken into account in cost modelling that were not previously?

2. The DWP Estimate memorandum (para 41) also mentions that carer’s allowance spending is rising because of higher numbers of child DLA cases in 2018-19 than in the past. Can you explain what is causing this rise?

Employment and support allowance

3. Spending on ESA is forecast to fall by £325 million in 2018-19 (Table 5). The National Audit Office found that the Department owes claimants £340 million in arrears payments.¹ Has this been factored into the forecast?

Arm’s Length Bodies

¹ National Audit Office, Investigation into errors in Employment and Support Allowance
4. The Supplementary Estimate Memorandum (Note E) shows TPR’s resource budget is due to fall by 15% (£86 million down to £73 million) in 2018-19 at a time when the Regulator is attempting to become more proactive in its regulatory approach. What is the rationale for this, given that half of TPR’s budget is recoverable through levies?

5. The Pension Advisory Service overall budget is up from £4.1 million to £4.6 million (Supplementary Estimate Memorandum, Note E). Given that this body will cease to exist as a corporate entity once the new single financial guidance body is established in autumn 2018, what is the reason for this increase?

State Pension Equalisation

6. DWP’s Estimates memorandum (para 45) says that state pension equalisation has a significant effect on spending on housing benefit in 2018-19, which will fall by 7%. Has the department done any analysis of the likely impact of this significant spending reduction on the groups affected?

Support for mortgage interest

7. From April 2018, help with mortgage interest payments changed from a benefit to a loan. DWP’s Estimates memorandum (para 51) says the net cost of the loans has been estimated at £148 million in 2018-19, and loans will be secured as a charge on the property. Does this mean that there could be circumstances in which DWP would seek to recover costs of a loan through repossession? Conversely, is DWP making a provision for loan repayments never likely to be received, and if so on what will the provision figure be based?

Universal Credit

8. The DWP Estimates memorandum (Table 7) and HMRC’s Main Estimate (Subhead M) suggest that total forecast spending in 2018-19 on Universal Credit (£8,028 million) will still be dwarfed by predecessor DWP benefits (£27,745 million) and tax credits paid by HMRC (£23,545 million). At what point does DWP estimate payments under Universal Credit are likely to exceed those under predecessor schemes? Is the complete migration of claims by 2022 still considered feasible?

Spending Review

9. How does the Department plan to meet its reduction in DEL expenditure from £6.7bn in 2017-18 to £5.7bn by 2019-20, as agreed in the last spending review, given your predecessor’s concerns that various money-saving reforms,
such as UC, the reassessment of disability cases and winding up of old child maintenance cases, have been delayed?²

10. The 2015 Spending Review (para 2.50) committed DWP to occupying 20% less estate. How far progressed is DWP in meeting this objective and what analysis has it conducted on the impact this will have on claimants’ access to their nearest jobcentre plus?

We would be grateful if you could provide responses to these questions by Wednesday 6 June 2018.

Best wishes

Rt Hon Frank Field MP
Chair

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² Oral evidence taken before the Public Accounts Committee on 27 November 2017, HC 462 (2017–19), Qq28-29