This Short Guide summarises what the Department for Work & Pensions (DWP) does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.

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Key facts

About the Department for Work & Pensions

£175 billion
Spending in 2014-15
(£173 billion in 2013-14)

1.7 million
Number of people joining the Work Programme up to December 2014

Key trends

Department spending

84,293
Full-time equivalent staff in September 2014
(89,074 in March 2014)

692,000
Personal Independence Payment claims in payment in January 2015

Spending reductions

31%
Planned reduction in DWP Resource Departmental Expenditure Limit (DEL) spending in 2015-16 compared with 2010-11

5.2 million
Number of people automatically enrolled into a workplace pension up to March 2015

Staff and pay

1.9% and 0.9%
Overpayments (£3.2 billion) and underpayments (£1.4 billion) in DWP benefits as a percentage of spending in 2014-15

Staff attitudes and engagement

84,293
Full-time equivalent staff in September 2014
(89,074 in March 2014)

692,000
Personal Independence Payment claims in payment in January 2015

Major programmes and reforms

31%
Planned reduction in DWP Resource Departmental Expenditure Limit (DEL) spending in 2015-16 compared with 2010-11

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Key themes from NAO reports

1.7 million
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Appendix

£175 billion
Spending in 2014-15
(£173 billion in 2013-14)

692,000
Personal Independence Payment claims in payment in January 2015

5.2 million
Number of people automatically enrolled into a workplace pension up to March 2015
The Department for Work & Pensions is responsible for setting and administering government policy on welfare, pensions and child maintenance.

Its 2013-15 business plan priorities were:

<table>
<thead>
<tr>
<th></th>
<th>Priority</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Working age</td>
<td>Encouraging work and making work pay</td>
</tr>
<tr>
<td>2</td>
<td>Social justice</td>
<td>Tackling the causes of poverty and making social justice a reality</td>
</tr>
<tr>
<td>3</td>
<td>Disability</td>
<td>Enabling disabled people to fulfil their potential</td>
</tr>
<tr>
<td>4</td>
<td>For retirement</td>
<td>Providing a firm foundation, promoting saving for retirement and ensuring that saving for retirement pays</td>
</tr>
<tr>
<td>5</td>
<td>Families and children</td>
<td>Recognising the importance of family in providing the foundation of every child’s life</td>
</tr>
<tr>
<td>6</td>
<td>Controlling costs</td>
<td>Improving services to the public by delivering value for money and reducing fraud and error</td>
</tr>
</tbody>
</table>

Source: http://transparency.number10.gov.uk/business-plan/16
Key facts

About the Department for Work & Pensions

Key trends

Department spending

Spending reductions

Staff and pay

Staff attitudes and engagement

Major programmes and reforms

Key themes from NAO reports

Appendix

Fraud and error in the benefit system as a percentage of benefit expenditure

Estimated over and underpayments due to fraud and error (%)

DWP set a target of a maximum of 1.7% by March 2015

Number of referrals to the Work Programme

Number of people enrolled into a workplace pension

By January 2015 DWP had assessed 692,000 new claims and 102,000 existing claims for PIP

DWP set a target of a maximum of 1.7% by March 2015

1.7 million referrals to the Work Programme by December 2014

Cumulative number of people automatically enrolled in a pension scheme
DWP Expenditure 2015-16 (Estimates)

State Pension £89.7bn
Housing Benefit £24.5bn
Jobseekers Allowance £2.4bn
Income Support £2.8bn
Attendance Allowance £5.8bn
Pension Credit £6.2bn
Departmental Expenditure Limits £6.3bn
Disability Living Allowance £13.0bn
Department for Work & Pension £176.6bn

Source: Estimates from DWP Annual Report and Accounts 2013-14 and February 2015 Supplementary Estimates
**Benefit expenditure**¹

The Institute for Fiscal Studies (IFS) estimates spending in 2015-16 will be £16.7 billion lower than it otherwise would have been without reforms to benefits introduced since 2010 (includes Child Benefit and Tax Credits). Real-terms spending between 2010-11 and 2015-16 is largely unchanged.

**Administration expenditure**²

DWP has faced tight restrictions on administration. Between 2010-11 and 2013-14 DWP reduced its spending by 18% in current terms. The main reductions in DEL have been on programmes.

Based on plans for 2015-16, it needs to go further and reduce spending by 31% compared with 2010-11.

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**Notes**

2. Resource Departmental Expenditure Limits (includes programme expenditure).
In September 2014, DWP and its arm’s-length bodies employed **84,293** full-time equivalent (FTE) staff.

The ratio of highest to median pay in DWP was **8.99:1** in 2013-14.

DWP’s workforce is similar to the wider civil service except for gender. Of its workforce, **69%** are women compared with the civil service average of **53%**.

**Key facts**

About the Department for Work & Pensions

Key trends

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Major programmes and reforms

Key themes from NAO reports

Appendix

**Workforce in DWP**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Civil service average</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td></td>
<td>16–29 yrs</td>
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<td></td>
<td>30–39 yrs</td>
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<tr>
<td></td>
<td>40–49 yrs</td>
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<tr>
<td></td>
<td>50–59 yrs</td>
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<tr>
<td></td>
<td>60+ yrs</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Civil service average</td>
<td>5%</td>
</tr>
<tr>
<td>16–29 yrs</td>
<td>18%</td>
</tr>
<tr>
<td>30–39 yrs</td>
<td>35%</td>
</tr>
<tr>
<td>40–49 yrs</td>
<td>33%</td>
</tr>
<tr>
<td>50–59 yrs</td>
<td>8%</td>
</tr>
<tr>
<td>60+ yrs</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Pay median of directors**

<table>
<thead>
<tr>
<th>Highest remuneration</th>
<th>£200,000</th>
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<tbody>
<tr>
<td>Median</td>
<td>£22,576</td>
</tr>
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</table>

**Disability**

<table>
<thead>
<tr>
<th>Highest remuneration</th>
<th>£200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median</td>
<td>£21,974</td>
</tr>
</tbody>
</table>

The government has conducted its Civil Service People Survey annually for the past 5 years. The most recent survey was carried out during October 2014.

The Department for Work & Pensions has recorded better results when compared to civil service benchmarks for 2013 and 2014. This is with the exception of ‘my work’ and ‘leadership and managing change’.

The main measure from the people survey is the employee engagement index, which measures an employee's emotional response to working for their organisation.

The engagement index for DWP is around 4 percentage points lower than the civil service benchmark, although it has improved recently.

For the Health and Safety Executive, this gap is around 9 percentage points lower.
## Key facts

### About the Department for Work & Pensions

### Key trends

### Department spending

### Spending reductions

### Staff and pay

### Staff attitudes and engagement

### Major programmes and reforms

### Key themes from NAO reports

### Appendix

## Area of business | Key themes
--- | ---
1 Management of spending | Planned reduction in Departmental Expenditure Limit spending of 31% by 2015-16 compared with 2010-11.  
Target to reduce fraud and error to a maximum of 1.7% in 2014-15.  
Introduction of the Welfare Cap, starting in 2015-16.

2 Working age | Shift to uprate benefits in line with the Consumer Price Index (CPI) with a 1% ceiling on some benefit increases for April 2013, April 2014 and April 2015.  
Implementation of the Work Programme, a government-funded, private sector-delivered welfare-to-work programme.  
Roll-out of Universal Credit – replacing 6 benefits with a single monthly payment.  
Reforms to benefit funding and eligibility including Housing Benefit for private and social sector tenants.

3 Disability benefits and child maintenance | Introduction of Personal Independence Payment (PIP), a benefit for 16- to 64-year-olds which can help with some of the extra costs caused by long-term ill health or disability.  
Introduction of the Child Maintenance Service, which replaces the Child Support Agency and introduces charges for its use.

4 Pensions | Implementation of automatic enrolment, a duty on employers to automatically enrol employees into a workplace pension scheme.  
Shift to uprate the Basic State Pension using the ‘Triple Lock’, which increases every year by the highest of earnings, prices or 2.5%.  
Introduction of the New State Pension for people who reach the State Pension Age by 6 April 2016 – alongside reforms to the State Pension Age.
The DWP should have increased its focus on Housing Benefit fraud and error sooner, and is now facing an escalating problem
Housing Benefit fraud and error (October 2014). In 2013-14, the Department’s central estimate of Housing Benefit overpayments was £1.4 billion. The Department has now recognised the need to do more and has developed a strategy with HM Revenue & Customs (HMRC) to tackle fraud and error.

The Department has struggled to improve outcomes for harder-to-help groups
The Work Programme (July 2014). Performance for harder-to-help groups is still below expectations and about the same as previous programmes, but the Department expects further improvements.

The DWP has had to delay the Personal Independence Payment programme’s roll-out and reduce expected savings during this Spending Review period
Personal Independence Payment: early progress (February 2014). To achieve value for money the Department will need to show that it can reduce delays for claimants and deliver planned savings while maintaining the quality of its decisions.

Measures to encourage people to save for retirement are not being managed by departments with enough coherence or accountability
Government interventions to support future retirement incomes (July 2013). To maximise effectiveness and mitigate perverse effects, government could benefit from taking a more holistic view of its interventions, how they interact and their relative costs and benefits to ensure they are being managed coherently.
## Management of spending

### Reforms and changes

<table>
<thead>
<tr>
<th>Overview</th>
<th>Reforms and changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Departmental Expenditure Limit (DEL) reductions</strong></td>
<td>DWP has reduced its costs by reducing the size of its estate and staff numbers.</td>
</tr>
<tr>
<td>DWP has reduced resource DEL spending from <strong>£9.1 billion</strong> in 2010-11 to <strong>£7.4 billion</strong> in 2013-14. It plans to reduce spending further in 2015-16 to <strong>£6.3 billion</strong>. This would represent a reduction of <strong>31%</strong> compared to 2010-11.</td>
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</table>

| Fraud and error | DWP aimed to reduce the level of benefit overpayments to **1.7%** by 2014-15. To do this it has worked with HMRC (which administers tax credits and child benefit) to improve internal processes to identify, prevent and eradicate fraud and error, introduce tougher penalties to deter claimants from committing fraud and a greater cross-government focus on identifying and recovering debt. |
| DWP’s preliminary estimate of the level of overpayments and underpayments due to fraud and error in 2014-15 was **1.9%** and **0.9%** of total benefit expenditure. The value of these overpayments and underpayments is estimated at **£3.2 billion** and **£1.4 billion** respectively. | |
| For 2013-14, the C&AG qualified his opinion on regularity due to the material level of fraud and error in benefit expenditure, other than State Pension where the level of fraud and error is lower. The Department’s accounts, and those of predecessor departments administering this expenditure, have received similar qualified audit opinions since 1988-89. | |

| Welfare cap | On 3 December 2014, the Office for Budget Responsibility noted in the Autumn Statement, the Government was meeting the Welfare Cap. |
| The welfare cap is a limit on the amount that government can plan to spend on benefits (excluding the State Pension, Jobseeker’s Allowance and some Housing Benefit). | |
Management of spending
Recent and future developments

Oct 2010
Spending Review
Plan to reduce DEL spending

Apr 2015
Welfare Cap
First year welfare cap in force

Oct 2010
Fraud and error
Joint HMRC/DWP strategy launched

Apr 2013
Real-Time Information (RTI)
HMRC introduced RTI payroll requirements for some employers using PAYE
Management of spending

What are the things to look out for?

Can DWP deliver programme priorities in the context of further reductions to its administration budget?
DWP paid more than 22 million customers around £164 billion in benefits and pensions in 2013-14. In addition, it is also reforming significant areas of its business including the introduction and implementation of Universal Credit and Personal Independence Payments. At the same time, it is planning to reduce administration expenditure from £9.1 billion in 2010-11 to £6.3 billion in 2015-16. This represents a reduction in administration expenditure of 31%.

Can DWP achieve a significant downward trend in benefit overpayments and underpayments?
Benefit overpayment and underpayment rates have been broadly flat since 2005-06. Overpayments have ranged from 1.9% to 2.2% over this 9-year period and underpayments have ranged from 0.8% to 0.9%. DWP has an ambition to reduce benefit overpayments from 2.1% in 2013-14 to 1.7% in 2014-15. Final estimates of fraud and error will be available in November 2015.

What will be the impact of the Welfare Cap?
The welfare cap is a limit on the amount that government can spend on certain benefits. The level of the cap and the benefits which fall within its scope are set by HM Treasury, with the Office for Budget Responsibility reporting on whether the cap is forecast to be exceeded for each year to which the cap applies as part of each Autumn Statement. If the forecasts are higher than the cap for any of the years to which the cap applies, then the cap will be judged to have been exceeded. If the cap is judged to have been exceeded, the government must propose policy measures to reduce welfare spending, seek approval for the cap to be increased or explain why a breach of the cap is justified. A motion must be introduced to the House of Commons within 28 sitting days seeking approval for these actions.
## Working age

### Overview

#### 2013–2015 Business Plan priorities – Encourage work and making work pay

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Benefit of which: working age</td>
<td>23.7</td>
<td>24.1</td>
<td>Benefit for people on low incomes with housing costs. In England, Scotland and Wales housing benefit provides help with rent and some service charges.</td>
</tr>
<tr>
<td></td>
<td>17.6</td>
<td>17.8</td>
<td></td>
</tr>
<tr>
<td>Jobseeker’s Allowance (JSA)</td>
<td>4.3</td>
<td>3.7</td>
<td>Benefit for people who are not in full-time employment, are capable of working and are looking for a job.</td>
</tr>
<tr>
<td>Income Support</td>
<td>3.6</td>
<td>2.8</td>
<td>Benefit for people who do not qualify for JSA or Employment and Support Allowance and do not have enough to live on.</td>
</tr>
<tr>
<td>Statutory Sick Pay and Maternity Pay</td>
<td>2.3</td>
<td>2.4</td>
<td>Benefit for people who are sick and unable to work/benefit for women who are on maternity leave from work.</td>
</tr>
</tbody>
</table>
## Working age

### Reforms and changes

<table>
<thead>
<tr>
<th>Reforms and changes</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Benefit</td>
<td>Eligibility and funding formula changes in the private rented sector. In the social rented sector, tenants who are classified as having a spare bedroom can have their Housing Benefit reduced. For one spare bedroom the reduction is <strong>14%</strong>, for two spare bedrooms the reduction is <strong>25%</strong>.</td>
</tr>
<tr>
<td>Jobseeker’s Allowance (JSA)</td>
<td>Introduction of the Work Programme, a programme focused at getting the long-term unemployed into work.</td>
</tr>
<tr>
<td>Income Support</td>
<td>Reform of the Lone Parent Obligation, ensuring no lone parent with a youngest child aged 5 or over is entitled to claim Income Support on the grounds of being a lone parent.</td>
</tr>
<tr>
<td>Statutory Sick Pay and Maternity Pay</td>
<td>Abolition of the Percentage Threshold Scheme and the creation of Fit for Work, a service providing occupational health assessment and general health and work advice to employees, employers and GPs to help individuals stay in or return to work.</td>
</tr>
<tr>
<td>CPI indexation (and the temporary 1% cap)</td>
<td>In 2011, the government changed the way! uprated benefits each year. It decided to switch from the Retail Price Index (RPI) measure to the Consumer Price Index (CPI) measure. In 2013 it went further and placed a temporary 1% cap on the uprating of some benefits for 3 years ending in 2015-16. The main benefits affected included JSA, ESA and Housing Benefit as well as Tax Credits and Child Benefits.</td>
</tr>
<tr>
<td>Household benefit cap</td>
<td>In 2013, the government introduced a household benefit cap on some families to ensure that they would not receive more on benefits than £26,000 per year. The value of the cap is currently £500 per week for families with children and £350 per week for single people.</td>
</tr>
<tr>
<td>Universal Credit</td>
<td>Universal Credit is a new benefit which will replace 6 existing benefits (Income Support, income-related JSA and ESA, Housing Benefit, Working Tax Credit and Child Tax Credit) with a single monthly payment.</td>
</tr>
<tr>
<td>Benefit sanctions</td>
<td>The Welfare Reform Act 2012 has introduced new benefit sanctions for JSA, ESA and Universal Credit.</td>
</tr>
</tbody>
</table>
Recent and future developments

- **Apr 2011**: CPI indexation. Benefits rise in line with CPI rather than RPI.
- **May 2012**: Income Support. Changes to the Lone Parent Obligation are complete.
- **Apr 2013**: Household benefit cap. No family to receive more on benefits than the average family in work.
- **Apr 2014**: Statutory Sick Pay. Percentage Threshold Scheme abolished.
- **Dec 2014**: Statutory Sick Pay. Fit for Work advice service goes live.
- **Feb 2015**: Universal Credit. Start of national expansion – tranche 1.
- **Mar 2016**: Work Programme. Last participants referred to the Work Programme under current contracts.
In 2013, Universal Credit started a pilot project in Ashton-under-Lyne for newly unemployed, single people.

By the end of 2014, Universal Credit had expanded its coverage covering much of north-west England and some parts of Scotland, London and the South-West. It had also expanded its scope, accepting new claims from couples and working families (see red pins).

In 2015, Universal Credit will be rolled out to all remaining Jobcentres and local authorities in Great Britain for newly employed single claimants (see green pins). The roll out is planned to be complete by April 2016, with the digitalisation of the Universal Credit service for all claimant types. This will commence from May 2016, where all new benefit claimants will claim UC instead of the benefits its replacing.

What are the things to look out for?

How will devolving powers to Scotland for some benefit payments be implemented?
The Smith Commission for further devolution of powers to the Scottish Parliament proposes that Scotland should be able to create new benefits as well as have direct responsibility for benefits for carers, disabled people and those who are ill, for example Attendance Allowance, Carer’s Allowance, Disability Living Allowance, Personal Independence Payment, Industrial Injuries Disablement Allowance and Severe Disablement Allowance. It also provides powers over benefits which currently comprise the Regulated Social Fund: Cold Weather Payment, Funeral Payment, Sure Start Maternity Grant and Winter Fuel Payment.

What is the future of the Work Programme?
The Work Programme is the government’s main scheme to help long-term unemployed people find and keep jobs. The existing contract for the Work Programme runs from June 2011 to March 2017. Plans for future welfare-to-work schemes from April 2016 onwards are currently unclear.

How will the expansion of Universal Credit be handled?
The Department is proceeding with the development of digital solutions and the expansion of Universal Credit with an objective for it to cover Great Britain by 2016.

What is the impact of benefit sanctions?
Implementation of recommendations from the independent review (Oakley, 2014) on sanctions for claimants of Jobseeker’s Allowance. The review made a series of recommendations to improve the process and claimants’ understanding of the system.
## Disability benefits and child maintenance

### Overview

**2013–2015 Business Plan priorities** – Enabling disabled people to fulfil their potential, recognising the importance of family in providing the foundation of every child’s life

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Employment and Support Allowance (ESA) Incapacity Benefit (IB) and Severe Disablement Allowance (SDA)</td>
<td>12.2</td>
<td>13.7</td>
<td>Benefit for people who have limited capability for work because of sickness or disability. All new ESA claimants must undergo a Work Capability Assessment. Incapacity Benefit and Severe Disablement Allowance are being replaced by Employment and Support Allowance.</td>
</tr>
<tr>
<td>Disability Living Allowance (DLA)</td>
<td>13.9</td>
<td>15.4</td>
<td>Benefit for people with a disability or health condition who need help to look after themselves or have walking difficulties.</td>
</tr>
<tr>
<td>Personal Independence Payment (PIP)</td>
<td></td>
<td></td>
<td>Benefit for working age people who have care and/or mobility needs. All new PIP claimants must undergo a PIP Assessment.</td>
</tr>
<tr>
<td>Attendance Allowance</td>
<td>5.4</td>
<td>5.4</td>
<td>Benefit for people aged 65 or over who have care needs.</td>
</tr>
<tr>
<td>Carer’s Allowance</td>
<td>2.1</td>
<td>2.3</td>
<td>Benefit for people who care for someone who has a disability.</td>
</tr>
<tr>
<td>Child Maintenance Service</td>
<td>0.46</td>
<td>0.45</td>
<td>A service which can arrange child maintenance payments from one parent to another.</td>
</tr>
</tbody>
</table>
### Disability benefits and child maintenance

#### Reforms and changes

<table>
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<tr>
<th>Reforms and changes</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Disability Living Allowance (DLA)</td>
<td>PIP is replacing the DLA for working age people in England, Scotland and Wales. Delays to the migration of legacy DLA claimants via PIP assessments mean some people who qualify for PIP are still receiving the DLA. PIP has not been introduced in Northern Ireland.</td>
</tr>
<tr>
<td>Personal Independence Payment (PIP)</td>
<td></td>
</tr>
<tr>
<td>Child Maintenance Service</td>
<td>The Child Maintenance Service is a new service managed directly by DWP to arrange child care payments from one parent to another. In 2014, it introduced parental charges to incentivise parents to reach family-based arrangements. The Child Support Agency (which has now been replaced by the Child Maintenance Service) still has a large number of existing cases on its books. These cases will be ending between now and 2017.</td>
</tr>
</tbody>
</table>
### Disability benefits and child maintenance

#### Recent and future developments

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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</thead>
</table>
| Dec 2010 | Personal Independence Payment (PIP)  
Announced changes to DLA and started initial consultation on introduction of PIP |
| Apr 2013 | Personal Independence Payment (PIP)  
Controlled start for accepting new claims for PIP |
| Oct 2015 | Personal Independence Payment (PIP)  
Migration of remaining DLA claims |
| Late 2017 | Personal Independence Payment (PIP)  
Migration complete and steady state begins |
| Jul 2012 | Child Maintenance Service  
New service becomes operational |
| Jun 2014 | Child Maintenance Service  
Service charges introduced |
| Mar 2015 | Work Capability Assessments (WCA)  
Maximus assumed responsibility from Atos for carrying out WCA assessments |
| Late 2017 | Child Support Agency  
All existing child maintenance arrangements to end |
In October 2013, the first Disability Living Allowance (DLA) claimants undertook Personal Independence Payment (PIP) assessments in Wales, the East Midlands, West Midlands and East Anglia (see green areas).

In 2014 and early 2015, implementation of PIP reassessments started in parts of Scotland, the north of England and parts of south-west England (see aqua, mauve, orange, blue, pink and yellow areas).

PIP reassessments for southern England, London and the remaining parts of Scotland are scheduled to start later in 2015 (see purple, light green and brown areas).

It is DWP’s ambition to have existing DLA claimants (aged 16 to 64 on 8 April 2013) invited to claim PIP by 2017.
Disability benefits and child maintenance

What are the things to look out for?

**How will the implementation of Personal Independence Payments (PIP) be handled?**
In February 2014, the NAO published a report focusing on early progress made on Personal Independence Payment implementation. It found a poor early operational performance had led to claimants facing long and uncertain delays. DWP had to delay the wider roll-out of the programme with the migration of remaining Disability Living Allowance claimants scheduled to start from October 2015.

**Will Maximus deliver effective and efficient Work Capability Assessments?**
In March 2015, Maximus took over from Atos Healthcare as the new provider of Work Capability Assessments. The contract is scheduled for an initial period of 3 years.

**What will be the impact of introducing charges for the Child Maintenance Service?**
In June 2014, the Child Maintenance Service introduced charges for parents wishing to use the statutory service. This provides parents with an incentive to choose a family-based arrangement. Parents who currently use the Child Support Agency (and are currently exempt from fees) will have their cases closed by 2017.

**Will the UK be able to achieve its 2020 target of reducing child poverty to less than 10%?**
The Child Poverty Act sets out an ambition to reduce child poverty. Child poverty in this context is measured by relative poverty, the proportion of children living in households where income is less than 60% of median household income. Between 2009-10 and 2011-12, 18% of children in the UK were living in households with an income of less than 60% of the contemporary median household income. The 2020-21 target is for less than 10%.
### Overview

**2013–2015 Business Plan priorities** – providing a firm foundation promoting saving for retirement and ensuring that saving for retirement pays, improving services to the public by delivering value for money and reducing fraud and error

<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td><strong>State Pension</strong></td>
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<tr>
<td><strong>Pension Credit</strong></td>
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<tr>
<td><strong>New State Pension</strong></td>
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<tr>
<td><strong>Automatic enrolment</strong></td>
</tr>
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</table>
Pensions

Costs and reforms

In 2015-16, the Department for Work & Pensions (DWP) expects 57% of all resource Annually Managed Expenditure (AME) to be on the State Pension and Pension Credit.

As a proportion of AME, pensions have risen year-on-year. The reason why costs have increased include:

- an ageing population – more people are entitled to claim the State Pension;
- ‘triple lock’ – a system to uprate the basic State Pension every year by whichever is the highest: earnings, prices or 2.5%; and
- lower uprating and eligibility changes to working age benefits means the share of spending on pensions has increased.

The New State Pension will change the process, value and eligibility for those people who reach State Pension age on or after 6 April 2016.

Source: DWP Annual Report and Accounts 2013-14
**Pensions**

**Recent and future developments**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun 2010</td>
<td>State Pension 'Triple lock' announced</td>
</tr>
<tr>
<td>Nov 2011</td>
<td>Pensions Act 2011 State Pension Age, equalisation at 65 in 2018 with it rising to age 66 by Oct 2020</td>
</tr>
<tr>
<td>Jan 2013</td>
<td>New State Pension White Paper introduces the single-tier pension</td>
</tr>
<tr>
<td>Apr 2016</td>
<td>New State Pension The New State Pension goes live</td>
</tr>
<tr>
<td>Oct 2012</td>
<td>Automatic enrolment Start of programme with the largest employers</td>
</tr>
<tr>
<td>June 2015</td>
<td>Automatic enrolment Scheme extended to small employers (with less than 49 workers) for the first time</td>
</tr>
</tbody>
</table>
Pensions

What are the things to look out for?

Will the New State Pension be implemented successfully?
The New State Pension is replacing the existing Basic and Additional State Pension for people who reach the State Pension Age by 6 April 2016.

What will happen to opt-out and savings as automatic enrolment is extended?
Automatic enrolment has been rolled out to large and medium-sized businesses between 2012 and 2014. In August 2015 it will be extended to small businesses (with less than 49 employees). Then in October 2017 and October 2018 contribution rates will increase from 2% (currently) to 5% and then 8%. So far, opt-out rates for auto-enrolment have been lower than expected.
Appendix One

DWP sponsored bodies

- National Employment Savings Trust (NEST) Corporation (public corporation)
- The Pensions Regulator (NDPB)
- Pension Protection Fund (public corporation)
- The Pensions Advisory Service (NDPB)
- Health and Safety Executive (NDPB)
- Independent Living Fund (NDPB)
- Remploy Limited (public corporation)
- Pensions Ombudsman (NDPB)
- Pension Protection Fund Ombudsman (NDPB)
- Office for Disability Issues (NDPB)
- Industrial Injuries Advisory Council (NDPB)
- Social Security Advisory Committee (NDPB)