Department for Work & Pensions

ANNUAL REPORT & ACCOUNTS 2023-24

HC 62

Department for Work & Pensions

Department for Work and Pensions

Annual Report and Accounts 2023-24 for the year ended 31 March 2024

Accounts presented to the House of Commons pursuant to section 6 (4) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of His Majesty

Ordered by the House of Commons to be printed on 22 July 2024

HC 62

This is part of a series of departmental publications which, along with the Main Estimates 2024-25 and the document Public Expenditure: Statistical Analyses 2024, present the government's outturn for 2023-24 and planned expenditure for 2024-25.

This publication is available at: www.gov.uk/official-documents

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Correction 1:

- Page 80: Due to the omission of a chart which would have shown the number of accepted IPRs by Primary Service Line 2023-2024. The narrative to be amended to reflect that the additional information is published separately.

Text currently reads:

Cases received for IPRs can cover more than one DWP service line as customers may have more than one benefit in payment, meaning the customer can have more than one primary service line recorded for the IPR. The chart below shows the primary service lines relating to the customers' cases accepted to IPRs across 2023-24.

Text should read:

Cases received for IPRs can cover more than one DWP service line as customers may have more than one benefit in payment, meaning the customer can have more than one primary service line recorded for the IPR. Additional information is published separately.

Correction 2:

- Page 242: The Statement of Outturn against Parliamentary Supply Analysis of Resource Outturn by Estimate contains an administrative error within the 2022-23 outturn column relating to four benefit lines within the Total AME non-voted section. The prior year totals were correctly reported in the 2022-23 ARA (page 230) as well as correctly reported in the Core tables of this ARA (page 253). This error also had no effect on the 2022-23 control total as it was a transposition error across the four lines.
- The four benefit lines are documented below

	ERROR 2022-23	CORRECTION 2022-23
	Outturn	**Outturn**
	Total	Total
	£000	**£000**
Non-voted:		
AE Social Fund: Winter Fuel	11,759	4,565,822
AF Incapacity Benefit	4,527,025	11,759
AG Social Fund: Other	4,565,822	191,742
AH Employment and Support Allowance (Contributory)	191,742	4,527,025

Date of correction: 11 November 2024

Contents

PERFORMANCE REPORT

Permanent Secretary's Overview

This Annual Report and Account sets out the activities of the Department for Work and Pensions (DWP) over the 2023-24 financial year.

DWP's role is to provide services to over 20 million people, paying benefits, pensions and helping people to move into and progress in work. Over the course of the last year, the Department has continued to deliver a number of labour market programmes, such as Restart, Sector-based Work Academy Programmes, the Youth Offer and 50+ Choices. These programmes have improved employment outcomes for jobseekers across the country.

DWP spent £265.9 billion in Resource AME, which covers benefits paid through the welfare system in 2023-24, including support for people with a disability or health condition, Universal Credit, the State Pension and Cost of Living Payments.

The Department implemented Additional jobcentre Support across 90 Jobcentres, delivered over 90,000 starts through the Sector-based Work Academy Programme and over 160,000 customers participated in the Restart scheme.

On fraud and error in 2023-24, £1.3 billion in AME savings were delivered and, overall, fraud and error stayed broadly constant. The State Pension Legal Entitlement and Administrative Practice (LEAP) exercise has now completed two of the three customer groups: the Cat BL and Cat D cases. DWP has also worked closely with HM Revenue and Customs on the Home Responsibilities Protection correction exercise and have jointly established processes to take customers through the exercise. DWP has started making payments to people whose updated National Insurance records entitle them to an increased State Pension and arrears payments.

On Universal Credit, over 540,000 Migration Notices were delivered to relevant households to notify them to make the move from legacy benefits to Universal Credit. On the Health Transformation Programme, new Functional Health Assessments contracts were signed in September, ready for implementation in 2024-25.

Our Values, We Deliver, We Adapt, We Care, We Value Everybody and We Work Together guide how colleagues work with each other, customers, and others. I would like to thank all DWP's 85,000 colleagues for their continued hard work for the benefit of those we serve.

Peter Schofield
Permanent Secretary and Accounting Officer

Performance Overview

This section provides a summary of the purpose, plans and performance of the Department for Work and Pensions. This includes an overview of the organisation, services and structure during the period 1st April 2023 to 31st March 2024. Any reference to Government refers to the Government in place at that time.

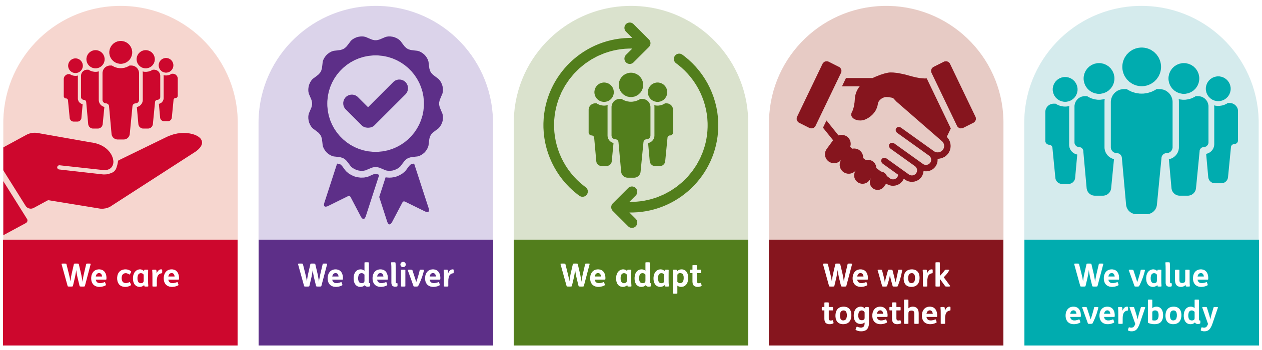
Our Vision, Our Role, Our Values

In 2023-24 the aims of DWP were to improve people's day to day lives and help them build financial resilience and a more secure and prosperous future. The Department aimed to do this by helping people to move into work and supporting those already in work to progress, with the aim of increasing overall workforce participation. DWP helps people to plan and save for later life, while providing a safety net for those who need it now.

To achieve this aim during 2023-24 DWP focused on delivering against the following Strategic Outcomes and cross cutting Delivery Objectives.

DWP's people are it's biggest asset, and ensuring they have the right skills and capability to deliver is essential to realising the Department's vision. To deliver the vision DWP continues to focus on it's five values. Everyone in DWP has a role to play in achieving them.

DWP values guide how colleagues work with each other, customers, and others. Understanding how colleagues live up to them helps the Department learn for the future.



Public Sector Equality Duty

DWP is committed to embedding and meeting the public sector equality duty (which covers the nine protected characteristics of; age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, gender, marriage and civil partnerships and sexual orientation) in everything the Department does.

DWP Services

Services for maximising employment, reducing economic inactivity, and supporting the progression of those in work.
Jobcentre Plus provides employment advice combined with detailed knowledge of local labour markets the aim being to match people to suitable job vacancies and to help those in low-paid work to progress and increase their earnings, through DWP's network of jobcentres.
Restart supported people who have been unemployed for at least nine months.
DWP's Sector-based Work Academy Programme (SWAP) placements offer training, work experience and a guaranteed job interview to those ready to start a job. Its aim is to enable people to learn the skills and behaviours that employers in particular industries look for.
Train and Progress supported Universal Credit customers to participate in full-time work-related training for up to 16 weeks, allowing jobseekers to access vocational courses, such as the Department for Education's Skills Bootcamps, which offer targeted higher-level learning in sectors.
DWP Youth Offer provided individually tailored Work Coach support to 16–24 year olds in the Universal Credit Intensive Work Search group, offering access to vital skills, training and employment opportunities through the Youth Employment Programme, Youth Employability Coaches and Youth Hubs. From September 2023, the Youth Offer was expanded so additional 16-24 year old UC claimants can take advantage of the Work Coach support offered, including young parents and carers.
Universal Credit is available to people living in the UK aged 18 or over who are on a low income or need help with living costs. Claimants may be out of work, working (including self-employed or part-time) or unable to work (for example, due to a health condition). Support is withdrawn at a steady rate as claimants move into and progress in work.

Services for maximising employment, reducing economic inactivity, and supporting the progression of those in work.

50PLUS employment support is provided through jobcentres, with Additional Work Coach Time for eligible 50PLUS jobseekers on Universal Credit delivering more intensive, tailored support during the first nine months of their claim. Work coaches and employers are supported by over 70 dedicated 50PLUS champions working out of every jobcentre across the UK. The Midlife MOT enables workers in their 40s, 50s and 60s take stock of their work, health and money, to give them access to career, health and financial guidance to help them plan for the future. All citizens can access the online Midlife MOT, which signposts to later life planning information and resources.

In Work Progression offers access to work coach support to people who are working and earning over the Administrative Earnings Threshold, the aim being to increase their earnings and progress in work. Support is offered across all jobcentres on a voluntary basis.

Services to deliver financial support to people who are entitled to it.

The Child Maintenance Service can arrange child maintenance on behalf of separated parents who may be unable to agree a child maintenance arrangement between themselves.

The Reducing Parental Conflict programme aims to decrease the number of children who have to live with damaging levels of parental conflict, by giving parents access to evidence-based support to increase collaboration, whether they are together or separated.

Services to enable disabled people and people with health conditions to start, stay and succeed in work, and get financial support.

The Work and Health Programme provides support on a voluntary basis to disabled people, disadvantaged groups and people with health conditions, taking a holistic approach to tackling barriers to employment by linking up with health and social care providers and other local services.

Services to enable disabled people and people with health conditions to start, stay and succeed in work, and get financial support.

Universal Support aims to expand the availability of support to disabled people, people with health conditions and people with additional barriers to employment into sustained work. **Work and Health Programme (WHP) Pioneer and Individual Placement and Support in Primary Care (IPSPC)** form the first phase of delivering Universal Support, to those who are eligible for WHP and not in the Universal Credit Intensive Work Search regime or claiming Jobseeker's Allowance at the point of referral. WHP Pioneer is delivered by WHP providers across England and Wales.

Intensive Personalised Employment Support provides personalised, intensive support for people who are disabled, have complex barriers to work and who the work coach considers to be more than 12 months from the labour market. The final participants for this programme started December 2023.

Access to Work aims to provide help to get or stay in work for those who have a physical or mental health condition or disability. The support provided depends on needs and can be:

- a grant to help for practical support with work
- support with managing mental health at work
- money to pay for communication support at job interviews

The Disability Confident employer scheme is a business-led scheme aiming to increase employment opportunities for disabled people by encouraging employers to think differently about disability and take action to improve how they attract, recruit and retain disabled employees.

Personal Independence Payment aims to help people between age 16 and pension age with the additional costs associated with a disability or long-term health condition.

Disability Living Allowance for children under 16 helps with extra costs associated with mobility or long-term health condition. In Scotland **Child Disability Payments** are available for extra costs a disabled child might have.

Services to support financial resilience in later life.
State Pension is available for people who have reached State Pension age and have obtained the qualifying years on their National Insurance record by working, receiving credits or paying voluntary contributions. The amount of State Pension received depends on the number of qualifying years they have.
Pension Credit protects pensioners on a low income by topping up any income already received to a standard minimum amount, with higher amounts for pensioners with caring responsibilities, a severe disability or certain housing costs.

For full details of DWP services, see Department for Work and Pensions – GOV.UK (www.gov.uk)

DWP Structure

The Department is led by the Secretary of State for Work and Pensions and the Permanent Secretary, who is the most senior civil servant. The Permanent Secretary and Directors General form the Executive Team, the senior decision-making body, providing corporate leadership for the Department.

As of 31 March 2024, Director General-led groups were:

<table>
<tr><th>Director General led groups</th><th>Areas of responsibility</th></tr>
<tr><td>Service Excellence Group</td><td>• Child Maintenance services
• Retirement services
• Dispute resolution services
• Customer Experience
• Service Modernisation
• Deployment
• Service Delivery Optimisation</td></tr>
<tr><td>Work and Health Services</td><td>• Operational delivery of Universal Credit, Disability Services, Working Age Operations, and Counter Fraud, Compliance and Debt with jobcentres and service centres across Great Britain and Northern Ireland.
• Provision of all working-age face-to-face services through jobcentres, including the relationship with employers and other external partners</td></tr>
<tr><td>Change and Resilience Group</td><td>• Major change projects and programmes
• Senior Responsible Owner for the Universal Credit Programme
• Business continuity, resilience and crisis management for the whole of the DWP
• Fraud and error</td></tr>
</table>

<table>
<tr><th colspan="2">Director General led groups</th><th>Areas of responsibility</th></tr>
<tr><td rowspan="2">Policy Group</td><td>Labour Market Policy and Implementation</td><td rowspan="2">Advising ministers on policy and strategic decisions
Leading the departmental Outcome Boards to support collaboration and deliver outcomes
Looking ahead and developing proposals for change, including leading cross-government strategic challenges
Managing the Department's welfare spending</td></tr>
<tr><td>Disability, Health and Pensions</td></tr>
<tr><td colspan="2">Finance Group</td><td>Strategic Finance
Payments and financial controls
Financial management and partnering
Business strategy
Commercial
Contract Management and Partner Delivery
Analysis
Risk management
Security and data protection</td></tr>
<tr><td colspan="2">Digital Group</td><td>Providing information management and expert digital, data and business transformation services
The running of the digital estate including telephony, on-site systems, and web solutions and applications
Sharing of DWP data across government and representing DWP at cross-government Digital and Data forums
The Department's Digital Innovation capability and the delivery of the Artificial Intelligence strategy
Senior Information Risk Owner</td></tr>
</table>

Director General led groups	Areas of responsibility
People and Capability	• Providing expert HR services and business partnering • Pay strategy and policy – SCS and Delegated • Resourcing and capacity • Strategic workforce planning • HR Case Management • Capability, Learning and Talent • Performance systems • People Strategy • HR Policy • Maintaining positive Trade Union and Employee Relations • People Safety • Embedding DWP values and creating an inclusive culture
Corporate Transformation	• Internal major transformation programmes and projects such as Synergy, Workplace Transformation, and DWP Critical Estates Projects • The departmental Environmental Sustainability Strategy and Sustainability Governance. • Transitioning to a smaller, more affordable, and adaptable estate whilst investing in improving DWP's core critical assets • Leading DWP on Government Reform, including Places for Growth and smarter working

Performance report

Strategic Outcomes during 2023-24

This high-level overview is expanded upon in the Performance Analysis section of this report on page 27 which includes further details of DWP activities and analysis of progress against performance indicators.

	Strategic Outcome	Summary	Performance Metrics	Lead Director General	UN Sustainable Development Goals	Performance Analysis
1	**Maximise employment, reduce economic inactivity and support the progression of those in work**	DWP continued to focus on supporting people back towards the labour market, into work, and to progress in work. The Department has tackled barriers to work by enhancing existing services and through the Back to Work Plan. DWP worked collaboratively with other departments to support people furthest from the labour market and those from under-represented groups to improve their future ambitions.	• Employment rate of 16-24 year olds • Employment rate of 16-64 year olds • Employment rate of 50-64 year olds • Unemployment rate of 16+ year olds • Unemployment rate of 16-64 year olds • Unemployment rate of 50-64 year olds • Employment rate gap between 35-49 and 50-64 year olds • Economic Inactivity Rate 16-64 year olds • Number of children in workless households • UC households in receipt of childcare element • Starts on Restart • Outcomes from Restart • Starts on SWAPS	Labour Market Policy and Implementation.	SDG1 SDG4 SDG8 SDG10	**see page 27**
2	**Deliver financial support to people who are entitled to it**	Throughout 2023-2024 DWP delivered 40.8 million Cost of Living Payments, recognising the challenges faced by those on low incomes and the most vulnerable in society. From April 2023, benefit rates and State Pension were uprated by 10.1%. DWP has arranged and collected £1.3 billion in child maintenance payments in the 12 months to December 2023, by making it easier for customers to access the Online Application process, self-serve calculator and automated payment line. The Department continued to provide housing support, with a spend of £31.8 billion of support in the 2023-24 financial year through Housing Benefit and the housing element of Universal Credit.	• Absolute low-income rate, after housing costs, for working-age adults. • Absolute low-income rate, after housing costs, for children. • Rate of unfulfilled eligibility, total, and for PIP, UC, DLA • Value of unfulfilled eligibility, total, and for PIP, UC, DLA	Labour Market Policy and Implementation.	SDG1 SDG5 SDG10	**see page 40**

Strategic Outcomes during 2023-24

	Strategic Outcome	Summary	Performance Metrics	Lead Director General	UN Sustainable Development Goals	Performance Analysis
3	**Enable disabled people and people with health conditions to start, stay, and succeed in work, and get financial support**	DWP has achieved the goal to see a million more disabled people in employment between 2017 and 2027, and aimed to build on that success in 2023-2024. To do this the Department has Universal Support, a new supported employment programme, and broadened access to Additional Work Coach Support for disabled people. DWP has published a Health and Disability White Paper which sets out changes to the benefits system to support disabled people and those with health conditions start, stay, and succeed in work and to live independently.	• Disability Employment Rate Gap. • Absolute low income rate, after housing costs, for individuals in families where someone is disabled. • Rate of economic inactivity with long term sickness as the main reason.	Disability, Health and Pensions.	SDG1 SDG4 SDG8 SDG10	**see page 47**
4	**Support financial resilience in later life**	DWP remains committed to supporting people to build financial resilience at all stages of their life. The State Pension continues to provide a foundation to support people's financial wellbeing in retirement and for people on a low income and at risk of poverty, DWP provides additional support through Pension Credit. Working through DWP's arm's length bodies, the Department encourages people to save towards their retirement through a private pension, supported by their employer. The Department has continued to improve systems, for example by enabling some changes of circumstances to be reported online via the Get your State Pension service. This has simplified the process, reduced processing time and enabled more pensioners to access services digitally.	• Percentage of pensioners in absolute low income, after housing costs. • Number of people automatically enrolled in workplace pensions. • Proportion of automatic enrolment-eligible employees participating in a workplace pension.	Disability, Health and Pensions.	SDG1 SDG5 SDG10	**see page 58**

Performance report

Delivery Objectives

Strategic Outcome	Summary	Performance Metrics	Lead Director General	UN Sustainable Development Goals	Performance Analysis
Deliver high quality services, modernising services and improving customers' experience	DWP has continued to modernise the delivery of services to improve customer experience. DWP has simplified processes and made it easier for customers to self-serve, so that its people can provide additional support to customers with more complex needs. The Department has strengthened its complaints and appeals process, learning lessons to help improve customer satisfaction. DWP continued to make progress in clearing backlogs, despite increases in demand for many of its services. DWP is delivering the Scottish Devolution Programme with the Scottish Government, to ensure the effective devolution of welfare support following the Scotland Act 2016.	• Percentage of claimants satisfied with DWP services overall. • Percentage of claims processed within planned timescales. • Percentage of UC claims processed within planned timescales.	Service Excellence & Director General, Work and Health Services Group.		**see page 61**
Improve services, tackle Fraud, Error and Debt and drive efficiencies	The Department is committed to tackling fraud and error in the benefits system and recovering debts owed. The Fraud, Error and Debt Report outlines what has been done to reduce overpayments and prevent loss, how underpayments are being corrected and sets out how the Department has been managing debt recovery.	• Annually Managed Expenditure (AME) savings made against DWP £1.3bn AME savings target. • Fraud and error levels in the benefit system including both the rate and monetary value across the benefits measured in 2023-24.	Change and Resilience Group & Director General, Service Excellence Group.		**See Fraud Error and Debt report on page 93**
Enabling the delivery of services	Enabling functions remain an important driver for the Department's ability to deliver on it's Strategic Outcomes. These are key activities or operations that build capacity and capability, including: • Workforce, Skills and Location • Innovation Technology and Data • Delivery, Evaluation, Collaboration • Sustainability		Corporate Transformation, Director General, People Capability, Director General, Chief Digital and Information Officer Digital Group & Director General, Finance Group.	SDG16	**see page 84**

Risks affecting the delivery of DWP's objectives

Introduction

DWP continued to operate in a challenging external environment during 2023-24, responding to global instability, cost of living pressures and uncertainty in the economy.

DWP's risk management approach

Last year's accounts, set out the top three risk themes for 2023-24:

1. Tackling fraud, error and debt
2. Building capacity in the labour market (tackling economic inactivity and improving workforce participation)
3. Resource capacity, delivering high quality services and driving efficiencies

The Executive Team has been focused on developing and delivering mitigations to the Department's principal, top level risks, recognising the many links and complexities in the risk set.

The Department's risk management plans need to focus on what can be influenced and ensure that decision making choices fully consider the impacts across linked risks to manage the total risk position across the Department. Key areas of focus include:

- Managing increased demand for DWP services, which showed no signs of slowing in 2023-24. The Department has flexed resources to move people to work on areas of highest priority and recruited significant numbers of new colleagues.
- Delivering the Department's programme of change and transformation, which has been affected by capacity and capability challenges. Deliverability and affordability are being continuously reviewed and assessed.
- Cyber-threats and the security of data have the Department's full attention. Progress has been made on making DWP's IT infrastructure more resilient and secure, increasing protection against cyber-attacks and other external threats, and improving data management controls.
- Tackling levels of fraud and error by designing in fraud and error controls. Improving detection capability through targeted reviews, exploration of data analytics and machine learning.

- Maintaining the focus on delivering a package of new measures to reduce economic inactivity which has risen from before the pandemic, expanding existing support measures while maintaining performance.

During 2023-24, the Risk Management Assessment (RMA) programme has continued to provide assurance on the effectiveness of risk management practices and internal control across the Department. The programme is being reviewed and enhanced to continue to ensure that DWP has a clear understanding of the risks that need to be managed and carefully tested mitigation plans.

Chief Finance Officer Review

Introduction

In 2023-24 DWP provided £266.1 billion in financial support to around 20 million people. To deliver this, £9.6 billion was spent, against a departmental Expenditure Limit of £9.8 billion, administering pension and benefit payments. This was in addition to delivering services supporting people to move into and progress in work, supporting disabled people and those with long-term health conditions.

The economic environment has continued to be challenging throughout 2023-24 with cost of living continuing to rise, although at a slower rate due to falling inflation. The Department has continued to prioritise delivery of essential services and financial support to customers.

Although recruitment continued throughout the year, there has been sustained high levels of demand for DWP services. In order to balance the running of existing core services with new measures introduced at Autumn Statement and Spring Budget, the Department focused resources on delivery of the Strategic Outcomes and Delivery Objectives.

The departmental budget and how it is set

The departmental budget is split into the following spend categories:

Annually Managed Expenditure (AME) for costs that may be unpredictable. Most welfare spending is classified as AME.

Departmental Expenditure Limit (DEL) for costs relating to running the Department. DEL costs are split between Programme and Administration.

Both DEL and AME are split into two further categories**. Resource** spending is money that is spent on day-to-day resources and administration costs. **Capital** spending is money that is spent on investment and things that will create growth in the future.

For further explanation on spend categories, go to How to understand public sector spending – GOV.UK

Annually Managed Expenditure forecasts

The Office for Budget Responsibility (OBR) forecasts welfare expenditure twice a year, at the Autumn Statement and the Spring Budget. The forecasts take account of any changes to OBR's underlying assumptions about the economy, modelling changes, and tax and spending measures announced by the Chancellor. The OBR publishes the details of the forecasts in the Economic and fiscal outlook (EFO).

Welfare Cap

The welfare cap is a limit on the amount that government can spend on certain social security benefits and Tax Credits. 50% of welfare spending is subject to the welfare cap, which excludes the State Pension and payments to jobseekers.

At the Spring Budget 2024, the OBR estimated the breach of the welfare cap plus margin to be £7.4 billion in 2024-25, down by £1.1 billion since Autumn Statement. This reduction is primarily driven by higher assumed earnings growth within the Universal Credit caseload which reduces UC expenditure, and an increase in the proportion of Tax Credit claims that are assumed to close rather than migrating to Universal Credit.

The next formal assessment of the welfare cap by OBR will be at the first fiscal event of the new Parliament, in 2024-25. If the welfare forecast is above the welfare cap plus margin, the Department will breach the cap and the Secretary of State will need to either:

- Lay a paper before the House of Commons proposing government policy measures which will reduce welfare spending to within the level of the cap
- Explain to the House of Commons why a breach of the welfare cap is considered justified

Departmental Expenditure Limit budget

DWP's 2023-24 budget was initially set at Spending Review 21 (SR21) at £7.8 billion (excluding depreciation). As the economic environment evolved, HM Treasury made additional funding available, including to support those most in need via the Household Support Fund (£842 million). In 2022-23, DWP secured agreement with HM Treasury to budget transfer (£212 million) from that year in return for a corresponding increase in 2023-24 to enable delivery across the Spending Review settlement period. The Department also received additional funding to support the Workforce Participation and Target Case Review activity within Universal Credit (£407 million). Once depreciation is taken into account, DWP received total DEL funding in its Mains Estimate 2023-24 of £9.8 billion.

The Spring Budget 2023 also introduced a number of employment measures to support back-to-work schemes, with additional funding being provided at Supplementary Estimate. DWP returned funding against ring-fenced items of spend which could not be utilised elsewhere, meaning that the Department's overall funding remained virtually unchanged at £9.8 billion.

Departmental budget vs actual spend in 2023-24

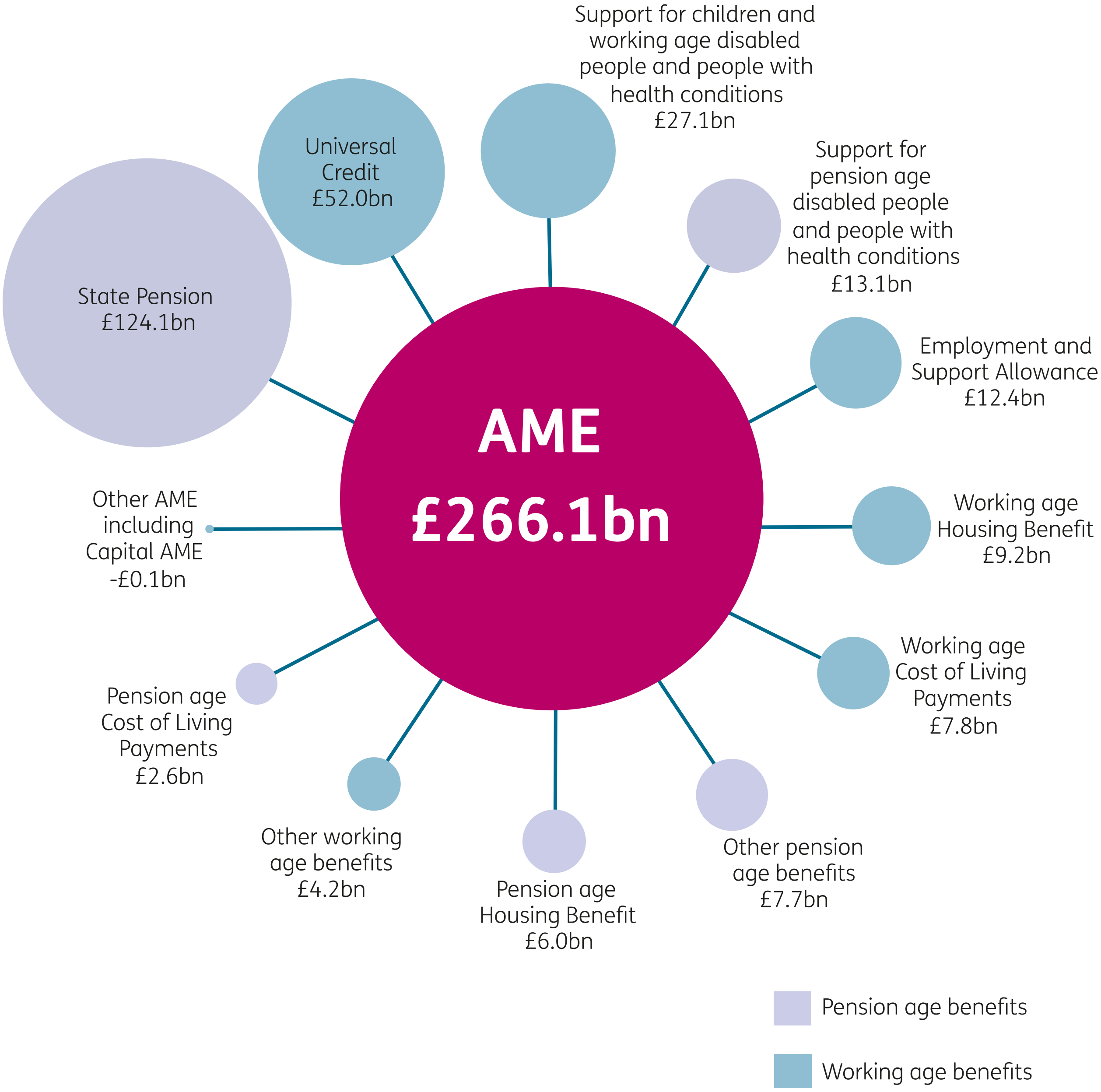
The table below sets out the Department's actual spend in 2023-24 against budget

Spend category	Budget	Actual	Variance
	£bn	£bn	
Resource AME	273.3	265.9	-7.4
Capital AME	0.4	0.2	-0.2
Total AME	273.7	266.1	-7.6
DEL Administration	1.0	1.0	0.0
DEL Programme	8.1	8.0	-0.1
Total Resource DEL	**9.1**	**9.0**	**-0.1**
Total Capital DEL	**0.7**	**0.6**	**-0.1**
Total Managed Budget vs Actual Spend	**283.5**	**275.7**	**-7.8**

For further details, including trends over the past five years, see the core tables on page 252.

Departmental spend in 2023-24

Welfare spend in 2023-24



Resource Annually Managed Expenditure

In 2023-24, Resource AME was £265.9 billion, including Cost of Living Payments. This was around £36 billion (15%) more than in 2022-23, largely due to the annual uprating of pensions and benefits of 10.1%, as well as the continued roll-out of Universal Credit, which includes payments formerly made through personal Tax Credits paid by HM Revenue and Customs.

58% of Resource AME expenditure was paid to pensioners, with the State Pension accounting for £124.1 billion and Pension Credit for £5.5 billion. The cost of the State Pension increased by £14.0 billion (13%) compared to 2022-23.

£78 billion[1] of Resource AME (29%) supported people with a disability or health condition (including pensioners).

Around £58.4 billion of Resource AME (22%) was spent on a range of other benefits, with the majority going to working age people (73%). This includes £32.5 billion on Universal Credit (excluding payments to support those with either incapacity or caring responsibilities).

The Department provided £10.4 billion of additional support to customers who needed it the most through the Cost of Living Payments, an increase of £2.1 billion (25%) from 2022-23. More than 7 million households on means-tested benefits and Tax Credits received up to £900, at a total cost of £6.8 billion. A further 6 million people who receive a qualifying disability benefit received a one-off £150, totalling £1 billion. Over 8 million pensioner households received £300 alongside their Winter Fuel Payment in November/December 2023, valued at £2.6 billion.

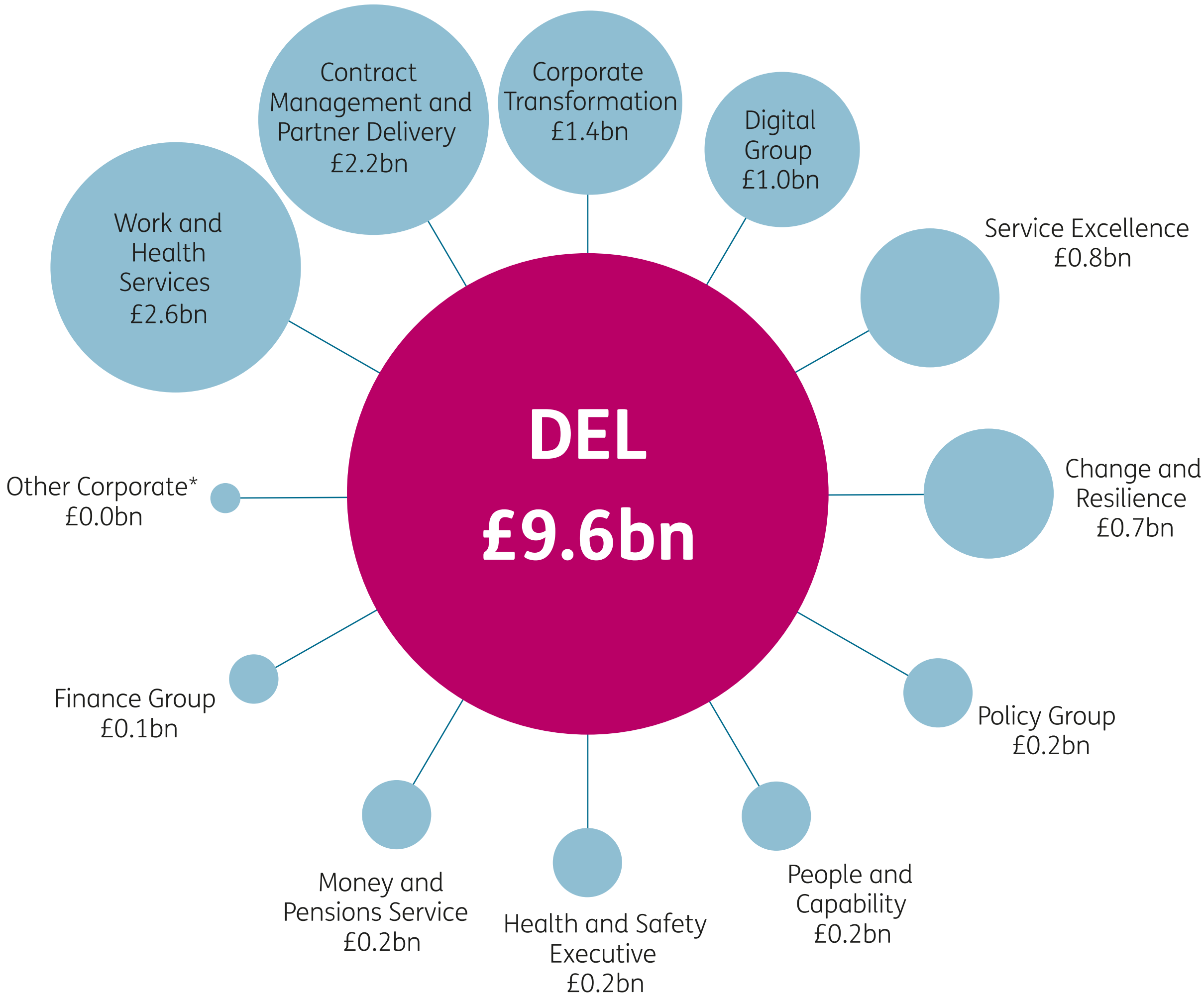
Capital Annually Managed Expenditure

The Department spent £157.1 million on Capital AME in 2023-24, including £30.3 million on Support for Mortgage Interest payments, £129.2 million on Universal Credit Advances and £46.3 million on Estates Dilapidations, the costs incurred at the end of a lease to return a building to its original state. This was offset by £48.7 million of Social Fund loan net repayments.

See more detailed information on benefit expenditure outturn and forecasts in the DWP benefit expenditure tables on GOV.UK

1 This figure cannot be directly compared to the spending to support people with a disability or health condition disclosed in the 2022-23 Annual Report of £65.2 billion. This is due to the use of a broader Housing Benefit (HB) disability definition in 2023-24 which includes disabled and carers HB expenditure in addition to incapacity expenditure. This change has been made to be consistent with the definition used in DWP's Expenditure and Caseload tables and associated briefing.

Departmental spend in 2023-24



*includes spend for Central Analysis and Science, Communications and Private Office totalling £42.7m

Departmental Expenditure Limit

While the Department started the year in a relatively balanced financial position, a number of challenges emerged. Through strong monthly financial management and collaborative working, the Department has been able to meet all of these challenges and more, remaining within the funding allocation for the year. The main challenges across 2023-24 were as follows:

- An uplift in colleague pay was 2.5% higher than the original HM Treasury Spending Review assumption. DWP defined a strong, sustainable set of efficiencies (see detail below) which were higher than original HM Treasury targets and sufficient to cover the pay pressure.
- There was a large increase in volumes of Personal Independent Payment assessments (£29 million) across the year, and in the second half of the year, significant rises in the number of Access to Work claims, added an additional pressure of £60 million. Those pressures were absorbed by the Department.
- Increased costs in some Change Programmes caused additional funding pressure, which DWP was able to accomodate by reallocating funding across the portfolio.
- While recruitment plans for the year started strongly, higher than expected levels of internal appointments created further vacancies, in addition to people leaving the Department in the first half of the year. The overall impact meant that the Department did not make material increases in the headcount until the later part of the year.

Increasing efficiency

DWP carried out a cross departmental review of a number of activities to consider options for doing them differently or for less, meeting the Spending Review efficiency challenge and keeping in line with the Government Efficiency Framework's efficiency drivers[2].

DWP delivered £343 million in cashable savings through procurement activity and a further £128 million in non-cashable savings.[3] During 2023-24, the Department saw the introduction of the Government Commercial Organisation Corporate Scorecard. This is a mechanism for defining and measuring the key metrics that will best represent the commercial function's performance priorities for the year, and is agreed between the Chief Commercial Officer, Finance Director General, and the Head of the Government Commercial Function. Throughout the year the Department provides monthly updates on savings to the Head of the Government Commercial Function.

Further information on efficiencies from the Workplace Transformation and Service Modernisation programmes, and investment in digital services, is set out in the Delivery Objectives sections on page 61.

2 For further information see The Government Efficiency Framework – GOV.UK (www.gov.uk)

3 DWP commercial teams work to detailed guidance covering the identification, measurement and reporting of savings. This guidance reflects the guidance issued by the Government Commercial Function, last updated in July 2023.

Performance Analysis

This section expands on the Performance Overview and includes details of DWP activities and further analysis of progress against performance indicators covering the period 1st April 2023 to 31st March 2024. Any references to Government refers to the Government in place at the time.

Strategic Outcomes

Strategic Outcome 1: Maximise employment, reduce economic inactivity, and support the progression of those in work

Maximising employment

Introduction

DWP jobcentres offered advice and support to those seeking employment, including face-to-face time with work coaches and interview assistance. The Department continued to deliver on major interventions and core regimes, such as Restart, Sector-based Work Academy Programmes, Youth Offer and 50+ Choices. Autumn Statement 2023 announced the Back to Work Plan.

Restart

The **Restart scheme** was established in response to the COVID-19 pandemic and forecast increases in unemployment, as part of the Plan for Jobs. First referrals to Restart were in July 2021. Restart was set up as a 3 year scheme originally due to close to new referrals in June 2024. To the end of April 2024, 610,000 people have started the scheme, with 230,000 of these having moved back into work whilst participating in the scheme.[4]

The Department also published an evaluation of the scheme on 9 May 2024.[5] Survey data from Wave 2 of the evaluation suggested that participants were more likely to report being in work, approximately 12 months after referral, than non-participants (35% compared to 26%). This is based on self-reported data and a more robust assessment of the impact of Restart will be produced at the end of the Scheme.

Additional Jobcentre Support pilot

Additional Jobcentre Support is testing the impact that daily intensive support has on claimants' movement into work and overall earnings. Additional Jobcentre Support Phase 1 rolled out from February 2023 in 60 jobcentres and tested two two-week interventions at weeks 13 and 26, with one week of employability support and one week of work search support each time.

Phase 2 expanded the Additional Jobcentre Support pilot to more jobcentres in October 2023 to test additional mandatory interventions with claimants as early as week 7 of their claim. Additional Jobcentre Support now intervenes at week 7 with a week of daily employability support, and then again at weeks 13 and 26 for two-week periods of daily work search support.

Sector-based Work Academy Programmes

Sector-based Work Academy Programmes (SWAPs) offer eligible jobseekers training, work experience and a guaranteed interview for a job or apprenticeship the aim being to help businesses with recruitment and enable customers to learn the skills and behaviours employers need. SWAPs are targeted at filling jobs in sectors such as construction, health and social care, logistics, hospitality, public sector and security. In 2023-24, jobcentres delivered 98,710 SWAP starts, exceeding the ambition of 80,000.

DWP Train and Progress

Train and Progress was introduced in April 2021 to reinforce work coach engagement with jobseekers in identifying and addressing skills needs, so that customers are better equipped to take up job vacancies and achieve their career goals. The core element of DWP Train and Progress is to enable Universal Credit customers to participate in full-time work-related training for up to 16 weeks. This allows jobseekers to access vocational courses such as the Department for Education's Skills Bootcamps, which offer targeted higher-level learning in sectors such as construction, engineering and logistics.

4 Restart Scheme statistics to April 2024 – GOV.UK (www.gov.uk)
5 The Evaluation of the Restart Scheme – GOV.UK (www.gov.uk)

Youth Offer

The **Youth Offer** provides individually tailored work coach support to eligible young people aged 16 to 24 in the Universal Credit Intensive Work Search Regime. This includes the Youth Employment Programme, Youth Employability Coaches for young people with additional barriers to finding work, and Youth Hubs across Great Britain. From September 2023, the offer was expanded to young people in other regimes including young parents and carers.

The Youth Offer is a demand-led programme. As of 1 March 2024, over 1 million young people have accessed support through the Youth Offer.

Care leavers

DWP supports care leavers, who often face a difficult transition to adulthood, through a series of safeguards and easements to simplify and improve their interaction with the benefit system. The Department has continued to contribute to cross-government activity to support care leavers into sustainable independent living to help them thrive and fulfil their potential. DWP pledges under the Care Leaver Covenant list the Department's offer to care leavers and is published on GOV.UK. [Department for Work and Pensions: Care Leaver Covenant offer – GOV.UK (www.gov.uk)](www.gov.uk)

Individual Placement and Support and Peer Mentoring

As part of the government's 2021 drugs strategy, DWP committed to expanding **Individual Placement and Support (IPS)** for drug and alcohol dependency programmes across England by March 2025, and provide employment support for individuals with an addiction, including a peer mentoring programme.

As of March 2024, the programme is live in 90 local authority areas, providing up to 9 months of employment support and 4 months of in-work support, to those in clinical treatment.

The Department also launched a peer mentoring test in 2023-24 across selected areas in London, Hampshire, Merseyside, Hull and North Wales. This supports individuals to disclose their dependency, access treatment and move closer to work.

Support for refugees and humanitarian visa groups

DWP provides a range of support to help those granted refugee or humanitarian protection status, as well as those on the Afghan Resettlement and Ukraine Schemes, to integrate in the community and find work. This includes access to DWP employment programmes such as Restart, Sector-based Work Academies and early access to the Work and Health Programme. Work coaches promote DLUHC's STEP- Ukraine Programme and Home Office's Refugee Employability Programme.

Prison work coaches

A network of 200 **prison work coaches** deliver employment and benefit support to prisoners and prison leavers. DWP has continued to test different approaches to helping customers prepare their Universal Credit claim and claimant commitment.

Supporting Families Employment Advisors

Through its network of around 300 **Supporting Families Employment Advisors**, who worked as part of the cross-government Supporting Families Programme, DWP has developed relationships with disadvantaged families, with the aim of supporting them on the path to work, financial stability, and continuous employment outcomes. The Department for Education-led Supporting Families Programme has funded local authorities to help almost 637,000 families make sustained improvements with the issues that led to them joining the programme. The most recent data suggests that Supporting Families Employment Advisors are assisting nearly 10,000 families, resulting in around 200 job starts every month.

Supporting ethnic minority claimants

DWP supports ethnic minority claimants to move into employment by providing access to mainstream services and bespoke programmes that are designed to be flexible to individual and local needs. The Department is also taking targeted action in 20 places with a high ethnic minority employment gap. At the end of March 2024, there were 5.4 million individuals from an ethnic minority background in employment, an increase of 378,000 on the year.

Sanctions

Under the **Back to Work plan**, claimants are expected to either take up a job, mandatory work placement or engage in a programme of intensive activity.

To ensure that claimants comply with specific work-related requirements, DWP toughened up the approach to conditionality and sanctions, including expectations around attending jobs fairs and job interviews. Compliance is monitored by work coaches, who have been given additional tools to help track attendance, leading to sanctions where necessary.

Where sanctions are applied, DWP is ensuring claimants re-engage and re-comply by applying claim examinations through Targeted Case Reviews.

Continuing the Move to Universal Credit

As of August 2023, there were around 2.1 million households on legacy benefits remaining in scope for moving to Universal Credit. The Government's commitment was to move all legacy benefit customers to **Universal Credit** by the end of the financial year 2024-25 with the exception of customers on Employment and Support Allowance only, and customers claiming Employment and Support Allowance and Housing Benefit (ESA only and ESA and HB).

From 3 April 2023, DWP began increasing the numbers of Migration Notices issued and by the end of March 2024 had issued over 540,000 Migration Notices to households.

Between July 2022 and March 2024, 824,050 individuals in 540,070 households were sent Migration Notices. A total of 400,940 individuals living in 275,980 households have made a claim to Universal Credit so far.

DWP now has ‘Move to Universal Credit’ operating across all jobcentre districts within Great Britain.

Both the NAO and PAC recently examined whether DWP was making progress in implementing Universal Credit.[6] The NAO concluded DWP is on track with its plan to move claimants of legacy benefits over to Universal Credit. Both the NAO and PAC highlighted concerns with the proportion of Tax Credit claimants not transferring when invited to do so and made recommendations relating to continuing the support DWP provides to help claimants move to Universal Credit. PAC also recommended the Department continues to capture the learning from its current programme in order to migrate vulnerable claimants effectively.

DWP has carried out a range of research and monitoring to better understand why some Tax Credit customers are not claiming Universal Credit and have made enhancements to the Migration Notice and reminders, to improve engagement with Tax Credit customers.

There is a range of support available to individuals to help them make the move to Universal Credit, including a dedicated DWP telephone line, face-to-face support in the local jobcentre and independent support through Help to Claim, delivered by Citizens Advice and Citizens Advice Scotland. The Department also developed and tested a new ‘enhanced support’ journey for ESA and Income Support customers who require more support to claim. This process is now in place for these customer groups and involves outbound telephony, system checks and home visits, dependent on individual support needs.

Reduce economic inactivity

Introduction

The workforce participation package of measures announced at the Spring Budget 2023 support people to enter work, increase their working hours, and extend their working lives. These measures focus on key groups who face additional barriers to work, including disabled people and those with health conditions, the over 50s, parents and carers.

6 Progress in implementing Universal Credit – NAO report
Progress in implementing Universal Credit (parliament.uk)

Support for older workers

DWP continues to deliver the **50PLUS employment support** offer to customers across the jobcentre network and doubled the number of 50PLUS champions in November 2023 to continue to raise awareness of the needs and value of older workers.

The **Midlife MOT** helps workers in their 40s, 50s and 60s take stock of their work, health and money, to give them access to the best possible career, health and financial guidance to be better prepared for the future. This year DWP launched a £5 million expansion of the Midlife MOT. All citizens can access the online Midlife MOT which signposts to later life planning information and resources. Work continued work with the government-appointed Business Champion for Older Workers to engage employers and support businesses to better recruit and retain older workers. DWP is also piloting a private sector Midlife MOT, which went live in May 2023.

Lead carer conditionality

DWP introduced changes to conditionality for lead carers of children aged 1 to 12 on Universal Credit. These changes were designed to reduce inactivity and increase labour market participation. From July 2023 the Department increased the frequency of jobcentre appointments for lead carers of children aged 1 and 2. From October 2023, the maximum hours of work-related activity for lead carers of children aged 3 to 12 increased to 30 hours.

Support the progression of those in work

Introduction

DWP has extended the support jobcentres provide to people in work and on low incomes to help them increase their earnings and move into better paid quality jobs.

In Work Progression

Over 2023-24 the Department continued to support those who were in work to progress and increase their earnings. Voluntary support remains available to all claimants in the light touch and working enough groups. Claimants earning above the Administrative Earnings Threshold (AET) but below the Conditionality Earnings Threshold (CET) are in the light touch group. Claimants working and earning the equivalent of CET at National Living Wage (or National Minimum Wage if under 23) are in the working enough group.

This support focuses on removing barriers to progression, such as considering skills gaps and identifying training opportunities which help people looking for progression opportunities in their current role or through a new one. Jobcentre colleagues are supported by a network of 37 District Progression Leads across Great Britain who work with partners to spearhead the scheme.

From spring 2024, the Administrative Earnings Threshold (AET) was increased to £892 per month (£1,437 per month for couples), bringing an additional 180,000 low earning claimants into regular contact with a work coach. For further information on the AET, see Administrative Earnings Threshold to rise for Universal Credit Jobseekers – GOV.UK (www.gov.uk)

New rules require 180,000 on Universal Credit to increase working hours – GOV.UK (www.gov.uk)

UC childcare costs

To support working parents to take on additional hours, in June 2023 DWP increased the monthly UC childcare costs ‘caps’ (or maximum amounts) by 47%, allowing parents to claim back more for the childcare they need. In the same month, measures were introduced to pay claimants’ initial childcare costs directly to the childcare provider and then pay 85% of those same costs to the parent, as if they had paid it themselves. This allows parents to pay the advance payment that childcare providers require and have additional funds to pay their next month’s costs.

These measures ensure that parents looking to move into work or increase their hours are not prevented from doing so because of high childcare costs. In April 2024, the maximum UC childcare amounts increased further to £1,014.63 per month for a single child, and £1,739.37 per month for larger families.

DWP’s performance

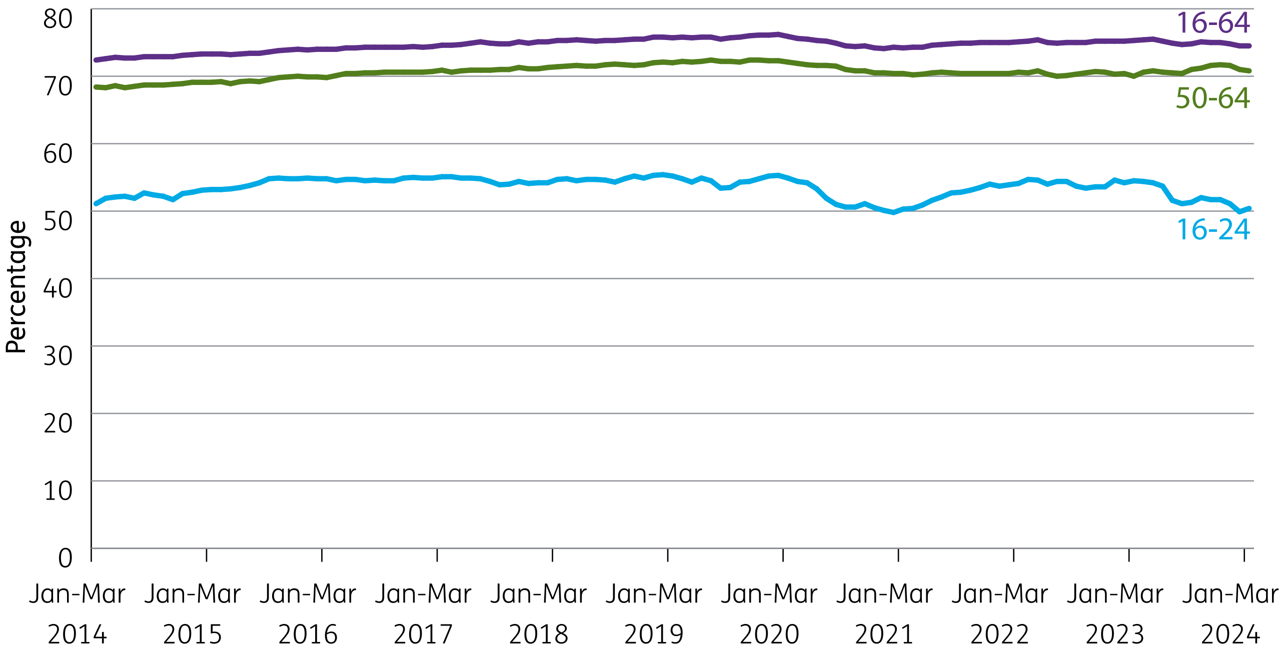
The following section provides the latest position on key metrics used to assess performance against this outcome.

The labour market measures are drawn from the Labour Force Survey, which has experienced data quality problems as a result of low sample sizes. The Office of National Statistics (ONS) notes that: “Due to increased volatility of LFS estimates, resulting from smaller achieved sample sizes, estimates of quarterly change should be treated with additional caution.”

Employment rate by age

The latest available data, covering January to March 2024, shows the UK employment rate at 74.5% for people aged 16-64. The 16-64 employment rate is down 0.8 percentage points on the year, and down 1.7 percentage points on December to February 2020 (prior to the impact of COVID-19). The UK employment rate for young people (16-24) is 50.4% in January to March 2024. This is 24.0 percentage points lower than the UK employment rate for people aged 16-64. The 16-24 employment rate is down 4.1 percentage points on the year and down 4.9 percentage points on December to February 2020. The UK 50-64 employment rate is 70.8% in January to March 2024. This is 3.7 percentage points lower than the UK employment rate for people aged 16-64. The 50-64 employment rate is up 0.7 percentage points on the year and down 1.5 percentage points on December to February 2020.

UK employment rate of 16-64, 16-24 and 50-64 year olds (Jan-Mar 2014 – Jan-Mar 2024)



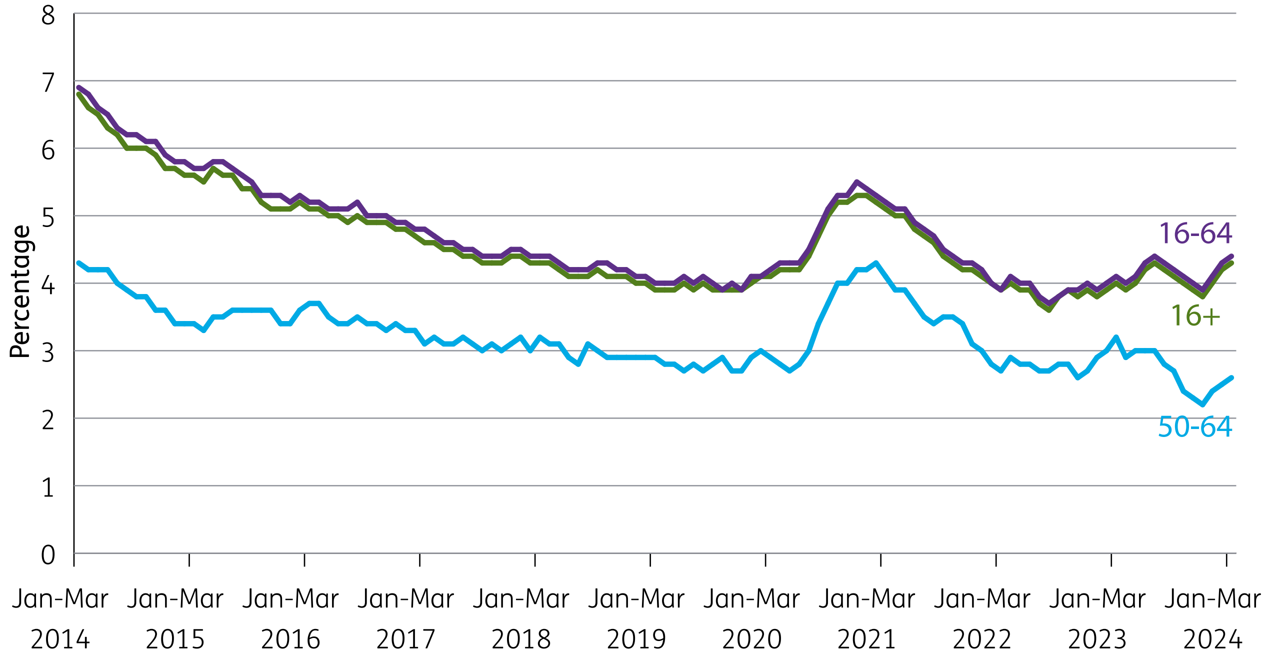
UK figures are seasonally adjusted. Source: A01 Summary of labour market statistics: Labour market status by age group – Office for National Statistics (ons.gov.uk)

Unemployment rate by age

The latest available data covering January to March 2024, shows the UK unemployment rate at 4.3% for people aged 16+ (this is the headline measure of unemployment). The 16+ unemployment rate is up 0.3 percentage points on the year and up 0.2 percentage points on December to February 2020 (prior to the impact of COVID-19). The UK unemployment rate for people aged 50-64 is 2.6% in January to March 2024. The UK unemployment rate for people aged 50-64 in January to March 2024 is 1.7 percentage points lower than the UK unemployment rate for people aged 16+. The unemployment rate for people aged 50-64 is down 0.6 percentage points on the year and down 0.4 percentage points on December to February 2020.

The UK unemployment rate is at 4.4% for people aged 16-64 in January to March 2024. The 16-64 unemployment rate is up 0.3 percentage points on the year and up 0.2 percentage points on December to February 2020 (prior to the impact of COVID-19). The UK unemployment rate for people aged 50-64 in January to March 2024 is 1.7 percentage points lower than the UK unemployment rate for people aged 16-64.

UK unemployment rate of 16+, 16-64 and 50-64 year olds (Jan-Mar 2014 - Jan-Mar 2024)



UK figures are seasonally adjusted. Source: A01 Summary of labour market statistics: Labour market status by age group – Office for National Statistics (ons.gov.uk)

Employment rate gap between 35-49 and 50-64 year olds

The latest available data, covering January to March 2024, shows that the UK employment rate gap between 35-49 and 50-64 year olds is at 14.3 percentage points. The employment rate gap between 35-49 and 50-64 year olds is down 0.8 percentage points on the year, and is up 1.2 percentage points on December to February 2020.

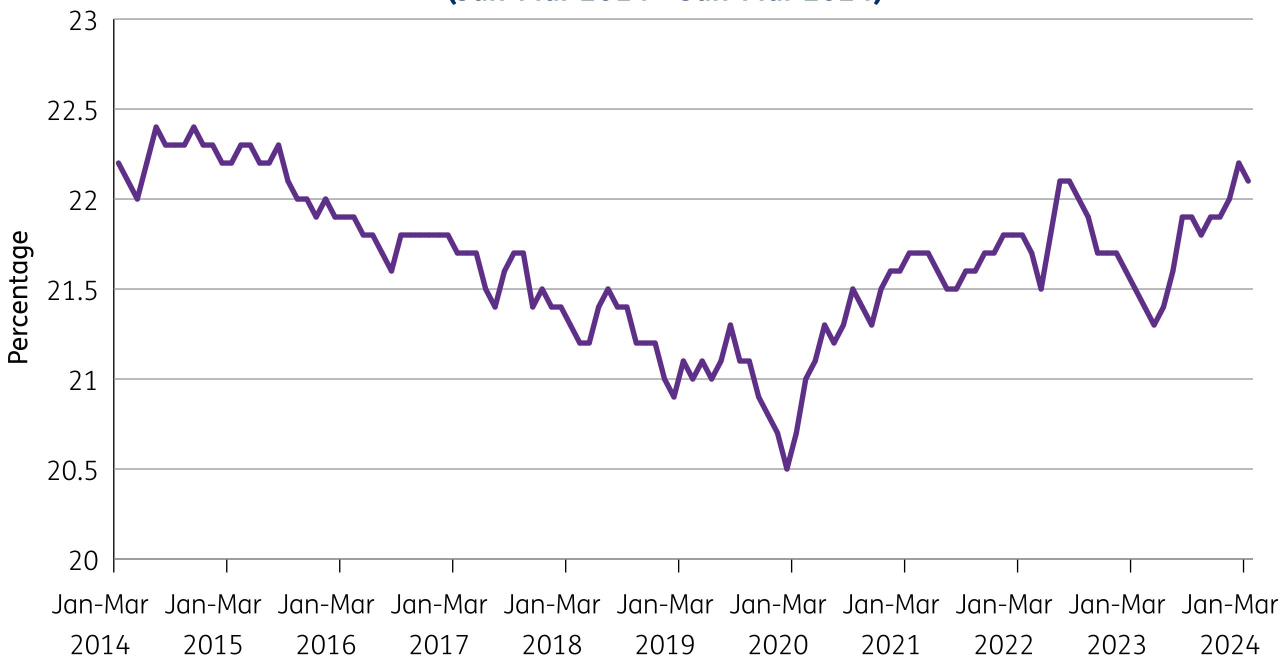
UK employment rate gap between 35-49 and 50-64 year olds (Jan-Mar 2014 – Jan-Mar 2024)

UK figures are seasonally adjusted. Source: A01 Summary of labour market statistics: Labour market status by age group – Office for National Statistics (ons.gov.uk)

Economic inactivity rate

The latest available data, covering January to March 2024, shows that the UK economic inactivity rate for 16-64 year-olds is 22.1%. This is up 0.6 percentage points on the year, and up 1.6 percentage points on December to February 2020. See Strategic Outcome 3 for the rate of economic inactivity with long-term sickness as the main reason.

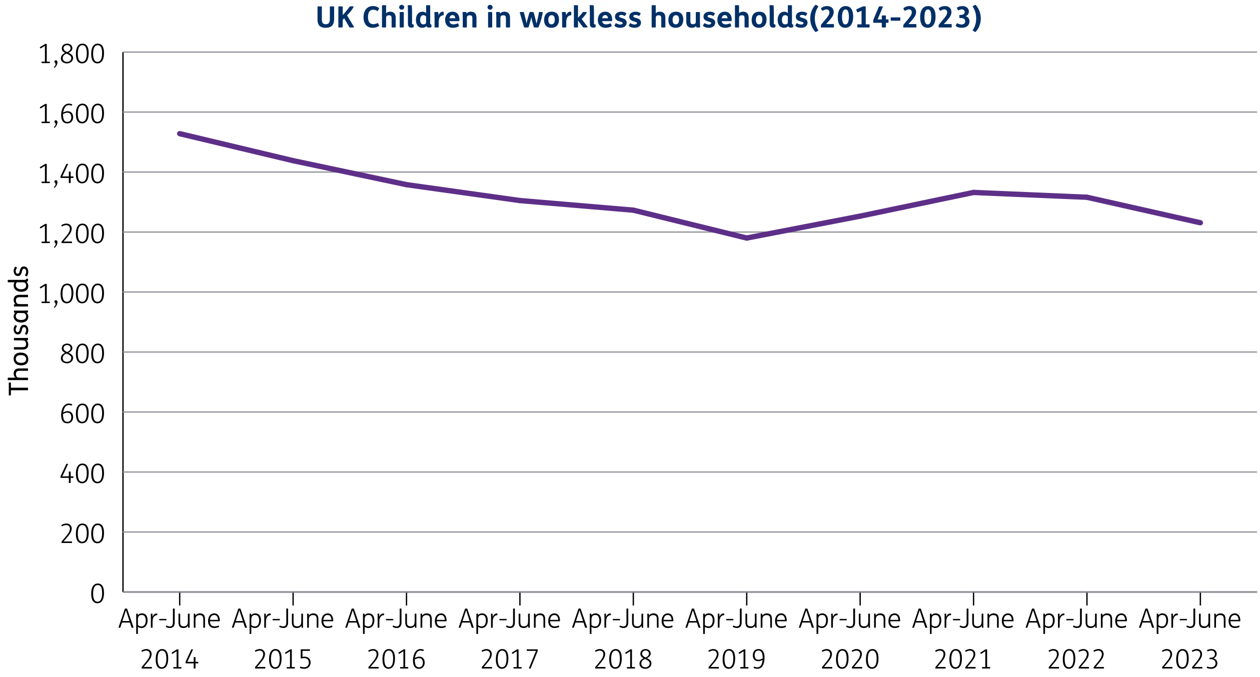
UK economic inactivity rate – 16-64 year olds (Jan-Mar 2014 – Jan-Mar 2024)



UK figures are seasonally adjusted. Source: A01 Summary of labour market statistics: Labour market status by age group – Office for National Statistics (ons.gov.uk)

Number of children in workless households

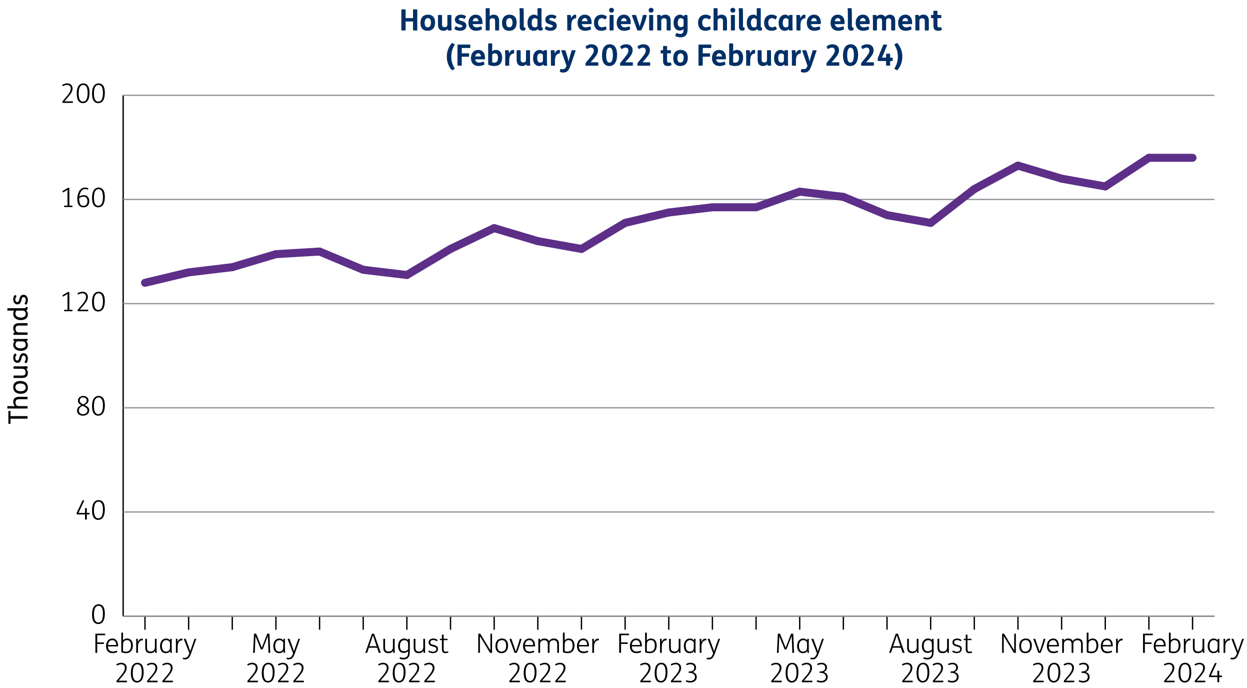
The latest available data, for April to June 2023, shows that the number of children in workless households fell by 85,000 in the preceding year, to a total of 1.23 million.



Source: Table K Children in households by combined economic activity status of household members – Office for National Statistics (ons.gov.uk)
ONS has suspended production of the household Labour Force Survey datasets used in these estimates. It is currently reviewing next steps for the release of children in workless households statistics. At present it is unknown when the next update will be available.

Households in receipt of Universal Credit childcare element

In February 2024, 176,000 households received the UC childcare element. This has increased by 21,000 (14%) since February 2023, reflecting the overall increase in the number of households on UC. In June, July and August 2023, and again in November and December 2023, the number of households receiving the UC childcare element fell slightly. This is in line with similar falls in previous years and is likely to be because households use childcare less during holiday periods.



Households counted by month of assessment period start date.
Source: Universal Credit administrative data, [Universal Credit statistics, 29 April 2013 to 11 April 2024 – GOV.UK (www.gov.uk)]

Strategic Outcome 2: Deliver financial support to people who are entitled to it

Introduction

The Department administers working-age, retirement, disability, and ill health benefits to around 20 million claimants across the United Kingdom.

In 2023-24 DWP continued to provide additional cost of living support, both through its own Cost of Living Payments and by discretionary welfare assistance provided by local authorities. The Department also continued to support children and families through the child maintenance system and through the Reducing Parental Conflict and Supporting Families Programmes.

This section details how the Department supported people with the cost of living and with meeting housing costs, and protected long-term outcomes from children in 2023-24.

Delivering welfare and benefits to support people with the cost of living

Cost of Living Payments

While the rate of inflation reduced during 2023-24, DWP recognised and sought to address the challenges and cost of living pressures faced by vulnerable customers and those on low incomes. On 17 November 2022, further Cost of Living Payments were announced worth a total of £10.4 billion. Legislation was laid so that the first payments were paid from April 2023, with a total of 40.8 million payments being paid:

- Over 7 million households on eligible means-tested benefits received up to £900 in Cost of Living Payments, with a total value of £6.8 billion
- Over 6 million people who qualified for an ‘extra costs’ disability benefit received a one-off £150 disability Cost of Living Payment, totalling £1 billion
- Over 8 million pensioner households received a pensioner Cost of Living Payment of £300 as a top up to their Winter Fuel Payment from November 2023, at a total cost of £2.6 billion

The Work and Pensions Select Committee carried out an inquiry into the Cost of Living Payments and published a report on 14 November 2023. Full details of responses can be found here Cost of living support payments: Government Response to the Committee's First Report – Work and Pensions Committee (parliament.uk).

Household Support Fund

In 2023-24 DWP provided £1 billion, including Barnett[7] impact, to enable the extension of the Household Support Fund. This meant that £842 million was available to local authorities in England to support those most in need, with the scheme running from 1 April 2023 to 31 March 2024. The Household Support Fund operates in England only. The Devolved Administrations receive Barnett Formula funding as a result of this, as usual, and it is for them to decide how to allocate their additional funding.

Supporting people to meet the costs of housing

Ensuring people have a safe, stable, and affordable place to live is vital to improving people's financial and personal resilience, enabling them to access work and improving their quality of life. DWP continued to provide housing support, with a spend of £31.8 billion of support in the 2023-24 financial year through **Housing Benefit** and the housing element of Universal Credit. The Department increased access to **Support for Mortgage Interest** from April 2023, by reducing the qualifying period and extending eligibility to Universal Credit claimants with earnings, meaning an additional 200,000 people could benefit.

Protecting long-term outcomes for children

Child Maintenance Service

DWP continued to deliver a **Child Maintenance Service (CMS)**. In the 12 months up to December 2023 the CMS arranged around £1.3 billion in child maintenance payments, up £152 million on the previous 12 months.

Applications to CMS, increased by 7% in the year to December 2023. The CMS compliance has increased by 3 percentage points over the same 12 months, reaching 68%.

Vital child maintenance payments are reaching parents more quickly through improved enforcement processes, in the quarter ending December 2023 money per civil enforcement action was up 6% on the same period in 2022. DWP has introduced an online application process and automated payment line, and has expanded the changes that customers can make online. For more on Service Modernisation Programme, see page 61.

7 For an explanation of the Barnett formula see Devolved administration funding and the Barnett formula (gov.uk)

Reducing Parental Conflict Programme

DWP protects longer-term outcomes of children through the **Reducing Parental Conflict Programme**. In August 2023 DWP published an evaluation[8] into the effectiveness of 7 different parental relationship interventions. This showed that the interventions, which typically included a number of face-to-face or online sessions with a trained practitioner, have positive outcomes for children and their parents. Benefits included child mental health and wellbeing, and reduced parental conflict. The families involved sustained those positive outcomes throughout the 12 months that they were measured.

Supporting Families Programme

Employment Advisers played a key role in the **Supporting Families Programme**, helping families experiencing multiple disadvantages with the aim of achieving financial stability and long-term unemployment outcomes. Families supported included those who are workless, require support with their finances, and where a young person in the household is not in education, employment or training (NEET).

Unfulfilled eligibility

Unfulfilled eligibility refers to cases where claimants are eligible for a higher award but have not provided the correct information needed to calculate that award. The claimant might have provided the wrong information or failed to inform and report changes to their circumstances which would have resulted in a higher award.

In May 2024 DWP published estimates on unfulfilled eligibility, with further detail on the purpose of this statistical series outlined on page 122 of the Fraud, Error and Debt report.

For information on how DWP continues to deliver key services to customers, simplifying processes and provided additional support to customers with complex needs to support individuals to claim what they are entitled to see the Delivery Objectives on page 61. For information on how DWP has supported disabled people and those with health conditions see Strategic Objective 3 on page 47. In the 2023-24 Unfulfilled Eligibility estimates, Disability Living Allowance, Personal Independence Payment, and Universal Credit account for around three quarters of the total value of unfulfilled eligibility. In particular Disability Living Allowance and Personal Independence Payment account for the highest levels of unfulfilled eligibility in the benefits system and therefore these areas are focused on in further detail below.

Supporting people to claim what they are eligible for

DWP ensure people can access financial support when they need it and understands the importance of paying people their correct entitlement. Personal Independence Payment (PIP), Disability Living Allowance (DLA) and Attendance Allowance (AA) are all tax-free, non-contributory and non-means tested.

8 Reducing Parental Conflict programme 2018 to 2022: an evaluation of the effects of interventions – GOV.UK (www.gov.uk)

Accessing financial support

DWP has seen increasing numbers of Personal Independence Payment (PIP) claims. The Department has introduced a blend of phone, video and face-to-face assessments with the aim of delivering more efficient and user-centred service. DWP has also increased the availability of health professionals who carry out the PIP assessments, and case managers who are responsible for making decisions on PIP awards.

PIP new claims almost doubled between 2020 and 2023 (470,000 to 850,000), and therefore careful management of all PIP assessments was required to ensure that new claimants received their decision as quickly as possible. For claimants already in receipt of PIP but awaiting a review of their award, case managers were able to make decisions on award reviews where there is sufficient and robust evidence, without referral to an assessment provider. DWP has also introduced processes to make sure that no claim goes out of payment while waiting for a review, using short term award extensions where appropriate.

Right from the outset for individuals making new claims to PIP, DWP provides information to customers via gov.uk to support their understanding of the PIP eligibility criteria and evidence requirements for claiming that benefit. Instructions on reporting a change of circumstance are also available including how to contact the Disability Service Centre who manage PIP. DWP encourages all PIP claimants to inform it straightaway if their needs have changed for better or worse. Priority is given to claims where claimants report a change in their needs to ensure DWP is paying individuals the right amount. For more information on how the Department continues to deliver key services to customers, simplifying processes and provided additional support to customers with complex needs, see the Delivery Objectives on page 61.

For more information on Health Transformation Programme and other work that DWP does to support disabled people and people with health conditions – see Strategic Objective 3 on page 47. DWP will continue to improve services across the Department, engaging with key stakeholder groups to ensure the right outcome for customers.

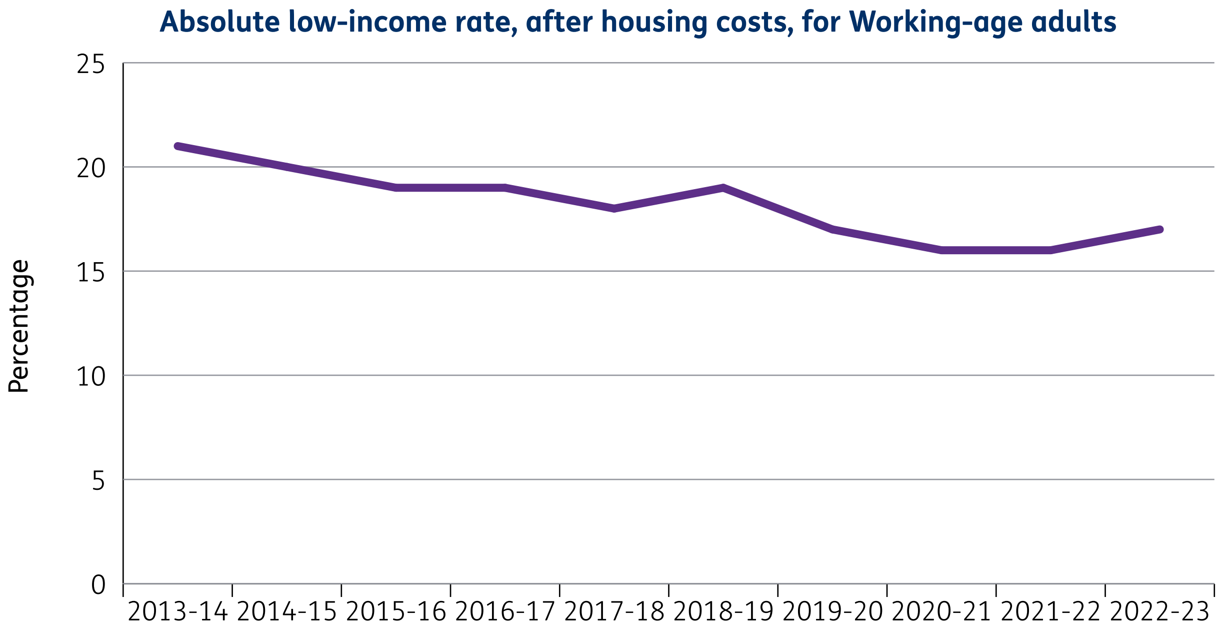
DWP’s performance

The following section provides the latest position on key metrics used to assess performance against this outcome.

Absolute low-income rate, after housing costs, for working-age adults

Absolute low income refers to people living in households with income below a level set at 60% of median income in 2010-11, adjusted for inflation.

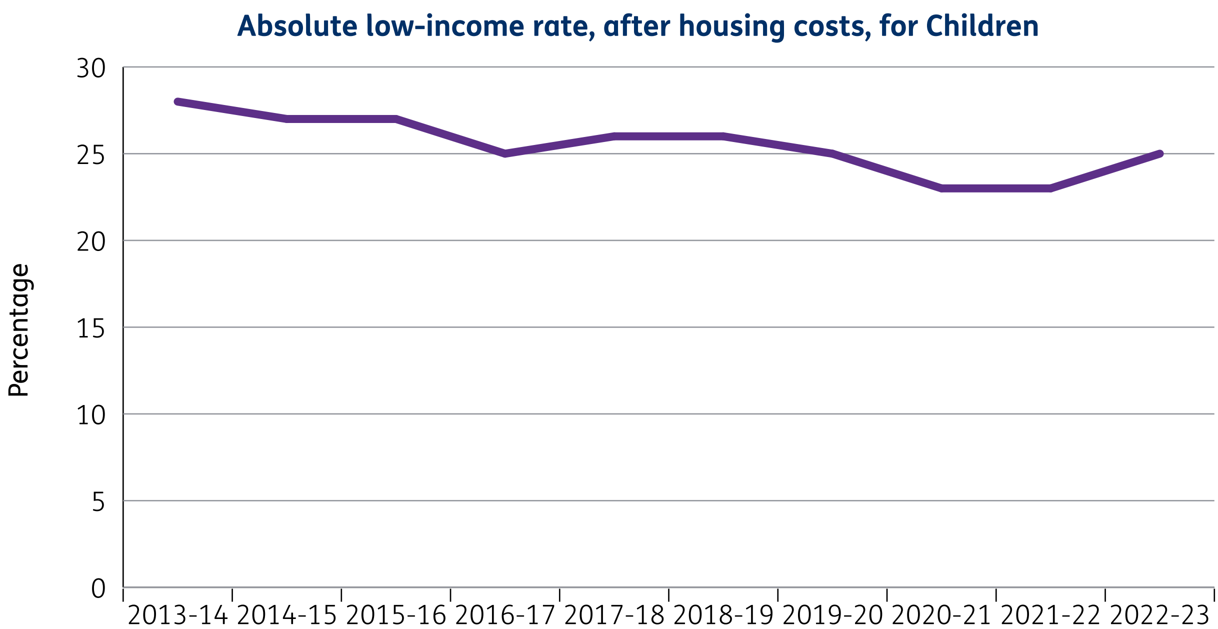
In 2022-23, 17% of all working-age adults, 6.9 million, in the UK, were living in absolute low-income households after housing costs compared with 21%, or 8.0 million in 2013-14.



Source: Households below average income (HBAI) statistics – GOV.UK (www.gov.uk)

Absolute low-income rate, after housing costs, for children

In 2022-23, 25% of all children, 3.6 million children in the UK, were living in absolute low-income households after housing costs compared with 28%, or 3.8 million in 2013-14.



Source: Households below average income (HBAI) statistics – GOV.UK (www.gov.uk)

Unfulfilled Eligibility Estimates

DWP measures unfulfilled eligibility to understand the levels, trends, and reasons behind it – helping to identify what the Department can do to reduce the level of unfulfilled eligibility in the benefit system.

The total unfulfilled eligibility rate for 2023-24 was 1.2% (£3.1 billion) compared to 1.0% (£2.3 billion) in 2022-23.

The analysis showed for 2023-24, Disability Living Allowance (DLA), Personal Independence Payment (PIP), and Universal Credit (UC) accounted for around three quarters of the total value of unfulfilled eligibility. The table below sets out the rate and financial value of unfulfilled eligibility for these benefits.

Unfulfilled eligibility in PIP, UC and DLA 2023-24

Benefit	2023-24 UE value £m	2023-24 UE rate %	2022-23 UE value £m	2022-23 UE rate %
Total	3100	1.2	2300	1.0
PIP	870	4.0	850	4.8
DLA	750	11.1	–	–
UC	730	1.4	610	1.4

Universal Credit

The rate of unfulfilled eligibility remained at 1.4% in 2023-24, the same as 2022-23, with a financial value of £730 million, compared to £610 million the previous year. The largest source of unfulfilled eligibility in UC for 2023-24 was for housing costs, due to claimants failing to report increases in their rent and accounting for around 0.5%.

Personal Independence Payments

The rate of unfulfilled eligibility in PIP was 4.0% in 2023-24, compared to 4.8% in 2022-23. The financial value was £870 million – accounting for around a quarter of unfulfilled eligibility – compared to £850 million last year. All unfulfilled eligibility in PIP was due to claimants not informing the Department that they needed more help or that their conditions had deteriorated.

Disability Living Allowance

The rate of unfulfilled eligibility in DLA was 11.1% in 2023-24. The financial value was £750 million, and all unfulfilled eligibility in DLA was due to claimants not informing the Department that they needed more help or that their conditions had deteriorated. The make-up of the DLA caseload has changed substantially since this benefit was last measured in 2004-05 and therefore DWP is unable to draw a comparison between the estimates. The reason for this change is because in 2004-05 DLA was primarily made up of working-age customers, but now, with the introduction of PIP, there are fewer working-age customers on DLA. The DLA sample for the 2023-24 estimate was therefore made up purely of children and of adults over the age of 65.

Other

Other benefits account for much smaller amounts of total unfulfilled eligibility compared to PIP, DLA, and UC in 2023-24. The drivers of this unfulfilled eligibility were largely housing costs (failing to report increases in rent) and capital.

Strategic Outcome 3: Enable disabled people and people with health conditions to start, stay and succeed in work, and get financial support

Introduction

Having met the goal to see a million more disabled people in employment between 2017 and 2027, the Department remained committed to helping as many disabled people and people with health conditions as possible to start, stay and succeed in work.

The working-age economic inactivity rate increased from 20.5% (8.55 million people) in December 2019 to February 2020, to 22.1% (9.38 million people) in January to March 2024: an increase of 832,000 people. During the same period, long-term sickness has also been rising and is now the most common reason given for being economically inactive.

This section describes DWP's activity to enable disabled people and people with health conditions to start, stay and succeed in work, and get financial support. It includes initiatives introduced following the announcements in the 2023 Spring Budget and Autumn statements, as well as information on the Health Transformation Programme (HTP).

Supporting claimants with timely and personalised support finding work

To support disabled people and people with long-term health conditions who are looking to return to work, DWP provides a range of support through the Jobcentre Plus network and through contracted employment provision. In this reporting period the Department has continued to expand support available within Jobcentre Plus, and designed new programmes specifically aimed at addressing the barriers to work experienced by disabled people and those with health conditions.

Disability Employment Advisor

Every jobcentre has access to one or more **Disability Employment Advisors (DEA)**. DEAs offer advice and expertise on how best to help disabled people back into work and also directly support customers with a health condition or disability.

The **Additional Work Coach Support (AWCS)** pilot that was launched in summer 2022, continued throughout 2023-24. AWCS provides disabled people and people with health conditions increased one-to-one personalised support from their work coach to help them move towards, and into, work. Over the last financial year, the number of jobcentres providing this support increased from one-third to two-thirds.

Work and Health Programme

The **Work and Health Programme (WHP)** provides personalised support to disabled people and disadvantaged groups who are motivated to work and expect to find it within 12 months. Participants receive up to 15 months of pre-employment support, with up to 6 months of light touch in-work support. All support is personalised to the needs of each participant, using expertise from private, public, voluntary and community sector providers.

WHP helps participants facing a wide range of barriers to work receive coordinated and holistic support. This includes support from agencies with expertise in working with ex-offenders, care leavers, refugees, drug and alcohol users, and veterans, among others.

Between November 2017 (when WHP began its roll-out across England and Wales) and February 2024, 320,000 people had started the programme, 130,000 people had started work and 85,000 people had achieved a sustained job outcome or 6 months of being in self-employment.

Universal Support

Universal Support has been developed using the five stage Supported Employment model, which is based on the concept of 'place, train and maintain'.

Work and Health Programme (WHP) Pioneer and **Individual Placement and Support in Primary Care (IPSPC)** form the first phase of Universal Support delivery and have already launched in England and Wales. WHP Pioneer opened for referrals in September 2023, offering support to an additional up to 25,000 'economically inactive' people (defined as those who are eligible for WHP and not in the Universal Credit Intensive Work Search regime or Jobseeker's Allowance at the point of referral). WHP Pioneer is delivered by WHP providers across England and Wales.

Since the launch of the first phase of Universal Support, latest data to the end of February 2024 shows there have been 5,600 starts on WHP Pioneer. Further details are available. through the following link Work and Health Programme statistics – GOV.UK (www.gov.uk) **Individual Placement and Support in Primary Care (IPSPC)** provides support to disabled people out of work and those at risk of falling out of work due to health issues, and follows on from Health-led Trials in two locations. The Health-led Trials impact evaluation reports – GOV.UK (www.gov.uk) data was updated in April 2024.

DWP provided funding to 12 lead local authorities to deliver IPSPC services across 42 upper tier local authorities in England from April 2023.

IPSPC delivers through co-locating employment specialists across primary health care teams. These specialists work in partnership with clinicians, carers, and employers, encouraging the recognition of employment as an important driver of people's holistic good health.

Intensive Personalised Employment Support

The voluntary **Intensive Personalised Employment Support (IPES)** programme supports unemployed and inactive disabled people with complex barriers to employment, who are motivated to work but are more than twelve months from the labour market. Its aim is to empower them to find suitable employment or self-employment, or to develop the skills to do so.

IPES was launched in December 2019 in England and Wales to provide support for up to 10,000 people over a 4 year period. The Department then increased capacity to meet extra demand, supporting a total number of disabled people on the programme of over 11,000 by the time referrals ended in December 2023.

NHS Talking Therapies

The **Employment Advisers (EAs) in NHS Talking Therapies** programme offers a unique combination of psychological treatment and employment support for clients receiving therapy for common mental health conditions, such as stress, anxiety and depression, to help them find, remain in or return to work.

Access to Work

Access to Work (ATW) is a discretionary grant to support the recruitment and retention of disabled people for employers. The grant contributes to disability-related extra costs of working faced by disabled people that are beyond reasonable adjustment, and can provide up to £66,000 worth of flexible, personalised support per person per year.

In June 2023, Access to Work introduced a new hybrid Holistic Assessment to respond to stakeholder feedback, offering customers more choice over how their assessments are carried out.

To support transitions into employment, a series of **Adjustments Passports** have been launched, including an Adjustments Planner for students in November 2023. The Adjustments Passports/Planner detail users' adjustments, reduce the need to repeat personal information, remove the need to undergo assessments and support structured conversations with employers.

In 2023 a new digital payment portal and online application portal went live, enabling customers to claim for funding and choose to make their applications online.

The new digital services have been developed and tested with disabled people, organisations and charities to ensure they are as accessible as possible. For people unable to use online services, DWP retains retain the paper-based and telephony methods of applying for services.

Employers provide inclusive work environments

DWP delivered a range of evidence-based programmes, trials and tests, working with employers, to remove the additional barriers disabled people and people with health conditions face to start, stay and succeed in work. These focus on the **Disability Confident** employer scheme, launch of an **Information and Guidance** service for employers, the **Mental Health Productivity Pilot**, and a range of **Occupational Health** reforms.

The Disability Confident employer scheme

The Disability Confident employer scheme provides advice, support, and free resources to help employers attract, recruit, retain and develop disabled people in the workplace. As of 31 March 2024, there were approximately 19,000 members on the scheme, employing an estimated 11.5 million people.

In September 2023 the Department published the findings from a survey of participating employers. Notable findings were that:

- 67% Reported the scheme had a positive impact on their organisation
- 63% Reported recruiting a disabled employee or employee with a long-term health condition since joining the scheme, comprising 81% at large employers, 66% at small employers and 46% at micro employers
- 85% Reported they were currently offering workplace adjustments
- 85% Reported encouraging open discussions about disabilities and health conditions.

Digital Information and Guidance service

The digital Information and Guidance service for employers was launched into live testing in 2022, and the Department has continued to work with businesses to expand content in 2023-24.

The Support with Employee Health and Disability service has received approximately 13,000 hits since moving into public live testing in late 2022. Development this year included new content on managing difficult situations at work, and redesigning the site so that it is easier and quicker to navigate and produces simpler, bite-sized summaries.

The service is aimed at small and medium sized employers and is available across Great Britain. It forms part of government's response to the Health is Everyone's Business consultation.

The Mental Health and Productivity Pilot

The Mental Health and Productivity Pilot (MHPP) ran in the Midlands Engine region from 2019 with the aim of helping employers support the mental health and wellbeing of employees – including interventions to assess and develop organisations' strategies in this area. It also tested early interventions for individual employees with sub-clinical mental health conditions to help them to stay and succeed in work. The MHPP delivered promotion and prevention interventions to over 1,000 businesses, approximately reaching over 650,000 employees across the Midlands Engine region (over 13% of the working population), before completing in December 2023.

Occupational Health consultations

Two occupational health (OH) consultations were announced at Spring Budget 2023 seeking views on ways of increasing employer uptake of this support.

- HM Treasury/HM Revenue and Customs: Tax Incentives for Occupational Health
- DWP/Department of Health and Social Care: Occupational Health, Working Better

Announced at Autumn Statement 2023, the Occupational Health: Working Better response outlined plans to establish an expert group to support development of a new occupational health Voluntary Minimum Framework. The group was chaired by Dame Carol Black, with the first meeting taking place during quarter 1 of 2024.

In January 2023, the Department launched a £1 million fund to stimulate innovation in the OH market, focused on increasing access to and capacity in OH. The fund encourages the development of new models of OH tailored to small and medium enterprises (SME) and the self-employed, through better use of technology. Phase 1 ended in January 2024.

To start addressing shortages within the clinical OH workforce, in July 2023 the OH Workforce Expansion scheme was launched, which is providing funding for doctors and nurses to undertake OH training, and an option to take exams to gain formal qualifications in OH. The first exams took place in May 2024.

Review into autism and employment

On World Autism Acceptance Day in April 2023, DWP announced a new review into autism and employment. The review focused on identifying barriers preventing autistic people from starting employment, staying in employment, and growing their careers. Between April and September, the review received evidence from hundreds of employers, autistic people and others, then compiled 19 recommendations and actions to boost autism employment rates over the next five years.

Systems to support individuals through better incentives and gateways

At Autumn Statement 2023, DWP announced it would trial new ways of providing people receiving a **fit note** with timely access to work and health support. This will include referrals to a range of support tailored to their needs, such as integrated employment and health support through WorkWell, care coordination to help individuals manage their treatment journey, and signposting to wider social and psychological support. The outcome of this work is to help people stay in or return to work by accessing work and health support at the right time.

- The fit note guidance products on GOV.UK were relaunched in October 2023 to make them easier to navigate, remove outdated information and provide a new, streamlined one-page guide for healthcare professionals.
- A project to embed the fit note in secondary care – such as hospital IT systems in England – is currently being implemented. This aims to encourage healthcare professionals in secondary care to issue fit notes where that is most appropriate.

The Health and Disability White Paper

Transforming Support: The Health and Disability White Paper – GOV.UK (www.gov.uk) was published alongside the Spring Budget in March 2023 and sets out future support for disabled people and people with health conditions.

Work Capability Assessment reform

Ahead of these changes, at Autumn Statement 2023 changes to the **Work Capability Assessment (WCA)** criteria was announced, to reflect changes in work since the criteria were last comprehensively reviewed in 2011.

White paper tests and trials

In 2023-24, the Department expanded the **Employment and Health Discussion (EHD)** test and made progress on **Condition-Focused Assessors** work. The Department also began testing a **Health Impact Record**, introduced a new initiative for the **Severe Disability Group**, and concluded the **Enhanced Support Service (ESS)** proof of concept.

The Department expanded the EHD test to 13 sites across England and Wales in October 2023. The EHD is led by a healthcare professional and focuses on how DWP can help people to overcome their barriers to moving towards work.

Work on Condition-Focused Assessors also progressed. In Autumn 2023, in Health Transformation Area sites in London and Birmingham, small-scale testing started, matching certain PIP, UC and ESA claimants' primary health condition to an existing assessor with professional experience of supporting people with that condition. The aim is to understand whether claimants view this different approach positively and if it improves their trust in the assessment process. This test was expanded in January 2024 to include claimants with multiple conditions.

The Department is testing a new initiative, the Severe Disability Group, for people with the most severe health conditions, so they do not need to complete a detailed application form or go through an assessment. This policy is being tested on a small scale across a range of health conditions. Insight will then be gathered from service users, DWP colleagues and organisations to make sure it works as intended.

Testing of the Enhanced Support Service proof of concept concluded in March 2024. The Enhanced Support Service provided bespoke personalised support for vulnerable people who find it hardest to use the benefits system, such as those who do not have friends or family to support them. It was not a universal service. This test has provided insights into how the Department can provide support and assistance to vulnerable citizens.

White paper engagement with stakeholders

DWP continued to work with disabled people, people with health conditions and expert stakeholders to develop policy reform and reach the important goals set out in the white paper.

Since publication the Department has created a **White Paper Engagement Board**, bringing together representatives from:

- Disabled People's Organisations forum
- Disability Charities Consortium policy leads group
- Disability Health Policy forum
- Ethnic Minority Forum
- Disability Confident Business Leaders Group
- Other organisations and charities

Detailed engagement has been carried out with stakeholders on specific policy areas and tests and trials. This provides stakeholders with the opportunity to share their expertise, knowledge and lived experience.

Health Transformation Programme

The **Health Transformation Programme (HTP)** aims to modernise health and disability benefit services and enable the delivery of changes set out in the Health and Disability White Paper. HTP is developing a new single **Health Assessment Service (HAS)** to provide a streamlined, tailored, claimant-focused service for functional health assessments. It will also transform the end-to-end journey for people applying for Personal Independence Payment (PIP).

In-house Health Transformation Area

In the small-scale in-house **Health Transformation Area (HTA)**, colleagues continue to develop, test, and iterate systems and processes for the new HAS and PIP service. Latest quarterly information published on 19 March 2024 shows that, in the HTA, 10,120 PIP, UC and ESA cases have been referred for health assessment. From January 2024, the Department has started to pilot processes and ideas developed in the HTA in a Disability Services operational site for the first time. The aim is to grow the service gradually and carefully from here.

In July 2023 a new service testing began, to enable claims for PIP to be made online on GOV.UK in selected areas across England, subject to certain eligibility criteria. In December 2023 this 'Apply for PIP' service was made available in postcode districts across England covered by the HTA.

Functional Assessment Service

New **Functional Assessment Service (FAS)** contracts that prepare the foundation for future transformation were signed in September 2023. Under these new contracts a single supplier will be responsible for delivering all assessment services in a geographic area, meaning claimants will interact with only one provider to assess their disability or health condition. Current contracts were extended to provide an 11-month transition period, and the current focus is to carefully manage this complex transition to mitigate the risk of instability and support as smooth a transition as possible. The new contracts will provide the flexibility to gradually introduce the new Health Assessment Service once developed.

Health Transformation Programme evaluation strategy

In May 2023 the Health Transformation Programme evaluation strategy was published. As per the commitment set out in the strategy, the first of a quarterly series of Management Information was published in December 2023 on the volume of assessment referrals in the HTA, and volume of Apply for PIP submissions. Latest data was published in March 2024 and can be found at Health Transformation Programme Management Information to January 2024 – GOV.UK (www.gov.uk)

Following its HTP Value for Money study, the National Audit Office published its report 'Transforming health assessments for disability benefits' in June 2023, which concluded that there are risks to Value for Money which need to be carefully managed to ensure the full benefits intended. The Public Accounts Committee took evidence on the NAO report in July 2023 and published a report. DWP's response to the Public Accounts Committee recommendations was published in February 2024.

DWP's performance

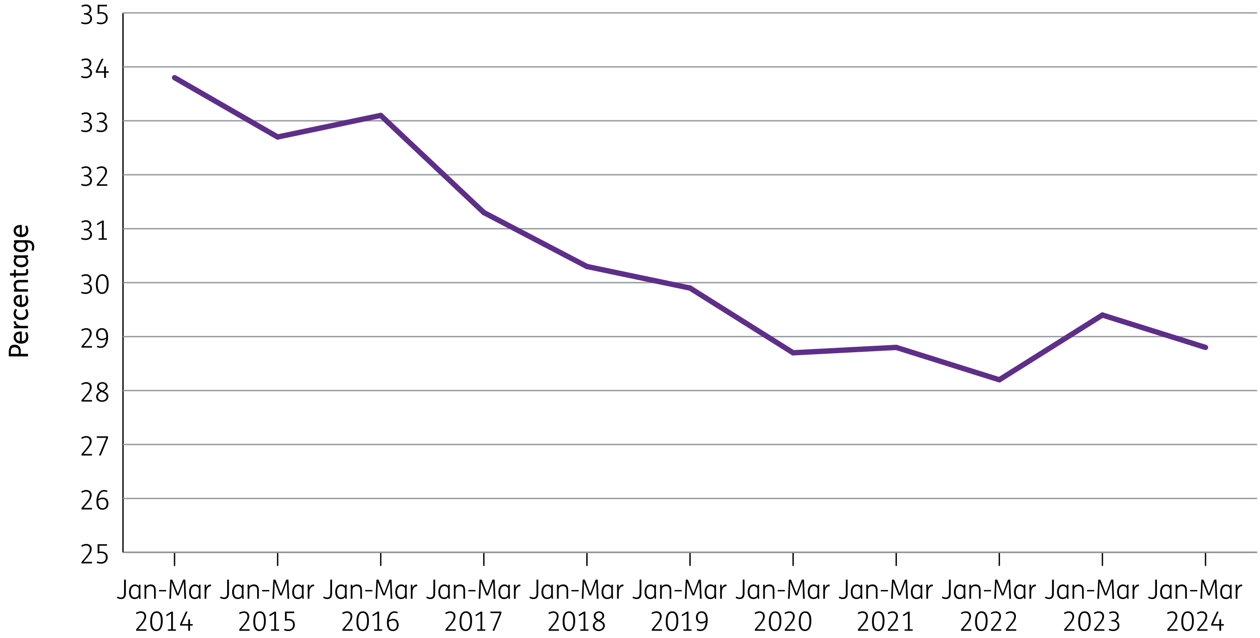
The following section provides the latest position on key metrics used to assess performance against this outcome.

Disability employment rate gap

There were 5.5 million disabled people in employment in January to March 2024, an increase of 200,000 since January to March 2023. In addition to the number of disabled people in employment, DWP continues to monitor the disability employment gap, the difference between the disabled and non-disabled employment rates. The gap has decreased by 0.6 percentage points over the last year, from 29.4 percentage points in January to March 2023 to 28.8 percentage points in January to March 2024.

These measures are 'outcome measures' reflecting the real-world improvements the government wants to see, rather than direct measures of DWP performance. They are affected by external factors such as the size of the underlying disabled population and overall labour market performance, as well as DWP activity.

Disability employment gap (2014–2024)

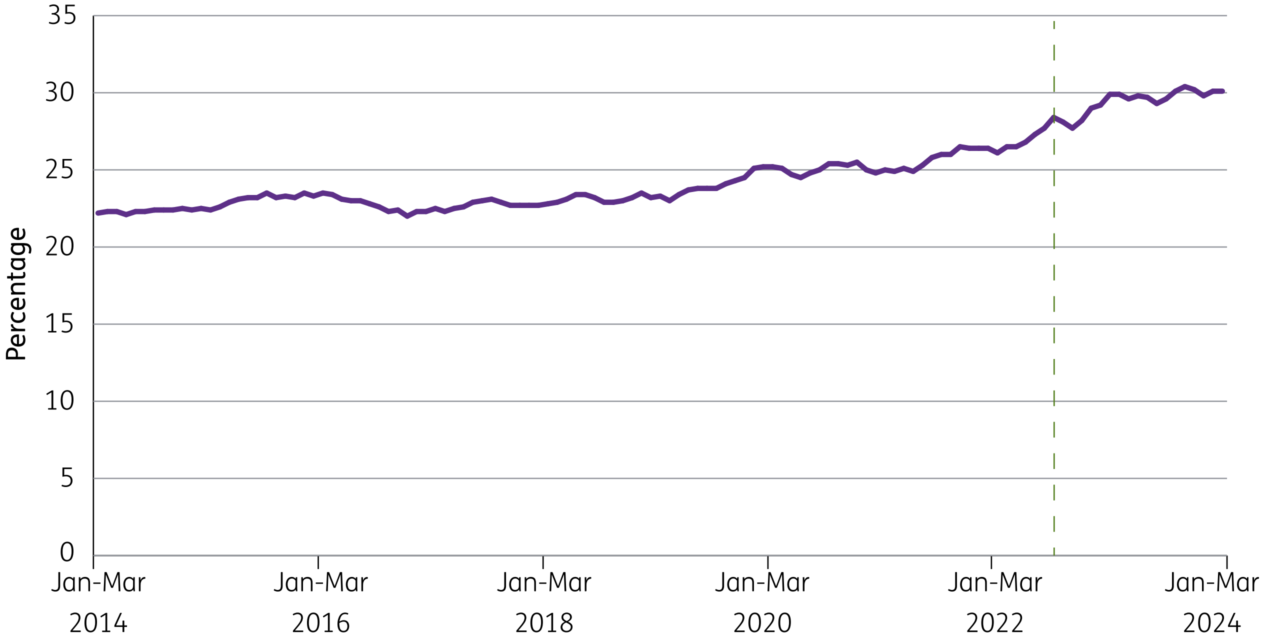


Source: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/labourmarketstatusofdisabledpeoplea08

Rate of economic inactivity with long-term sickness as the main reason

The percentage of people whose main reason for being economically inactive is long-term sickness has generally been increasing since before the pandemic. The latest figures for January to March 2024 show there are now 2.82 million people who are economically inactive with the main reason as long-term sickness, an increase of 0.2 percentage points (109,000) on the year. Long-term sickness is the most common reason (for the working-age population as a whole) for being economically inactive. See Strategic Outcome 1 on page 27 for the UK Inactivity Rate for 16-64 year olds.

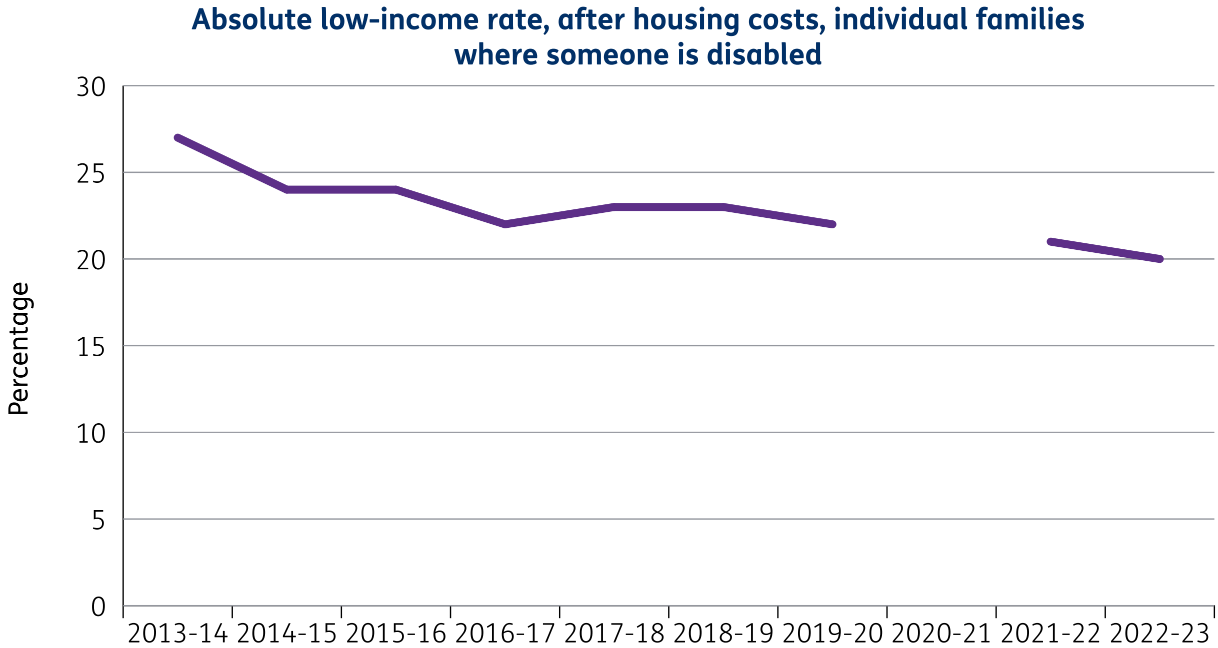
Rate of economic inactivity with long-term sickness as the main reason (2014-2024)



Data from July to September 2022 onwards has been reweighted to incorporate the latest estimates of the size and composition of the UK population. Therefore, data prior to and from July to September 2022 are not directly comparable. Reweighting does not address the volatility seen in recent periods and caution should be used when interpreting short-term changes.
Source: https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/datasets/economicinactivitybyreasonseasonallyadjustedinac01sa

Absolute low-income rate, after housing costs, for individuals in families where someone is disabled

In 2022-23, 20% of all individuals in a family where someone is disabled in the UK, or 5 million people, were in households with absolute low-income after housing costs. This represents a decrease of 7 percentage points, or 100,000 people, since 2013-14.



Source: Households below average income (HBAI) statistics – GOV.UK

Data is not available for 2020-21 due to data quality concerns affecting many of the HBAI estimates calculated below UK (headline) level for that year.

Strategic Outcome 4: Support financial resilience in later life

Introduction

DWP remains committed to supporting people to build their financial resilience at all stages of their life. As part of this commitment, the Department has ensured that State Pensions continue to provide a sustainable foundation to support people's financial wellbeing in retirement, as well as providing additional support for those on low incomes through Pension Credit. DWP continues to ensure that people are encouraged to save for their retirement through automatic enrolment and to build confidence in a well-run private pension market. Working with DWP public bodies, the Department wants to ensure people's workplace pensions work effectively and efficiently for them.

This section details how the Department has ensured pensioners receive the financial support they need to enable a secure retirement throughout 2023-24.

Ensuring State Pensions provide a foundation for financial resilience

From April 2024, the new and basic State Pensions increased by 8.5%, with the full rate of the new State Pension now exceeding £11,000 a year.

During 2023-24 DWP has continued to transform services through system improvements, such as enabling some changes of circumstances to be reported online to **Get Your State Pension.**

Ensuring pensioners receive the financial support they need

In 2023-24, DWP continued to promote **Pension Credit** through a comprehensive awareness campaign, which included TV, radio and newspaper advertising and online marketing on various platforms. The sustained high volumes of applications for Pension Credit, over 250,000 in 2023-24, helped to ensure that pensioners who needed it most not only received Pension Credit but received additional support from Cost of Living Payments.

Enabling a secure retirement

The Department has worked to ensure that people in the UK are able to save for retirement through the private pensions market. Automatic enrolment has normalised workplace pension saving for many workers in the UK. This section outlines some of the other ways DWP has been working to make sure people's pensions work effectively and efficiently for them.

Automatic enrolment

By April 2024, over 11 million people had been automatically enrolled. Pension participation continues to hold up following the roll-out of automatic enrolment, despite the challenges of COVID-19 and cost of living pressures. The latest statistics show that 88% of eligible employees are participating in a pension and that the proportion of savers stopping saving remains at around 1%.[9]

The Pensions (Extension of Automatic Enrolment) Act 2023 provides the powers to automatically enrol workers into a pension from age 18 (reduced from age 22) and expand saving levels. These measures which were proposed in the 2017 Review of Automatic Enrolment are estimated to have an impact on 3 million private sector employees. The 2017 Review report committed to implementing these changes in the mid-2020s, consistent with the 2017 Review of Automatic Enrolment, alongside exploring ways to make it easier for self-employed people to save for retirement.

Pensions dashboards

DWP continued to support the delivery of pensions dashboards. These allow savers to find and view their pensions information in one place online. The reset of the Pensions Dashboards Programme, announced in March 2023, has allowed more time to ensure dashboards can be delivered safely and securely. Ahead of testing connections from August 2024, the Programme has also been implementing a revised delivery plan. To support with industry's preparations for pensions dashboards, in March 2024 DWP published guidance which sets out a connection timetable for all pension schemes and providers in scope in advance of the legislative connection deadline of 31 October 2026.

Master Trust sector

DWP published detailed findings and recommendations from a review into the **Master Trust** market and the rules that govern it. The report makes a series of proposals for the Pensions Regulator to take forward. [Evolving the regulatory approach to master trusts – GOV.UK (www.gov.uk)]

The Department also published key trends in the Trust-based private pensions market and what this means the market may look like in 2030, alongside this report.

9 Workplace pension participation and savings trends of eligible employees: 2009 to 2022 – GOV.UK (www.gov.uk)

Defined benefit schemes

DWP is looking at ways in which assets held by defined benefit schemes can be used to deliver for savers, and support investment in the UK economy. The Department has already committed to introducing a regulatory regime for commercial defined benefit consolidators (Superfunds). DWP's response to the defined benefit call for evidence, published at Autumn Statement, included the commitment to bring forward changes to make surplus extraction easier and to introduce a public sector consolidator, operated by the Pension Protection Fund.

On 23 February 2024, DWP launched a public consultation to seek views on these proposals as well as appropriate protections for member benefits.

In March 2024, The Department introduced requirements to support trustees and sponsoring employers of defined benefit pension schemes to plan and manage their scheme funding over the long-term, to manage risks with the aim of protecting member benefits. The Occupational Pension Schemes (Funding and Investment Strategy and Amendment) Regulations 2024 (legislation.gov.uk)

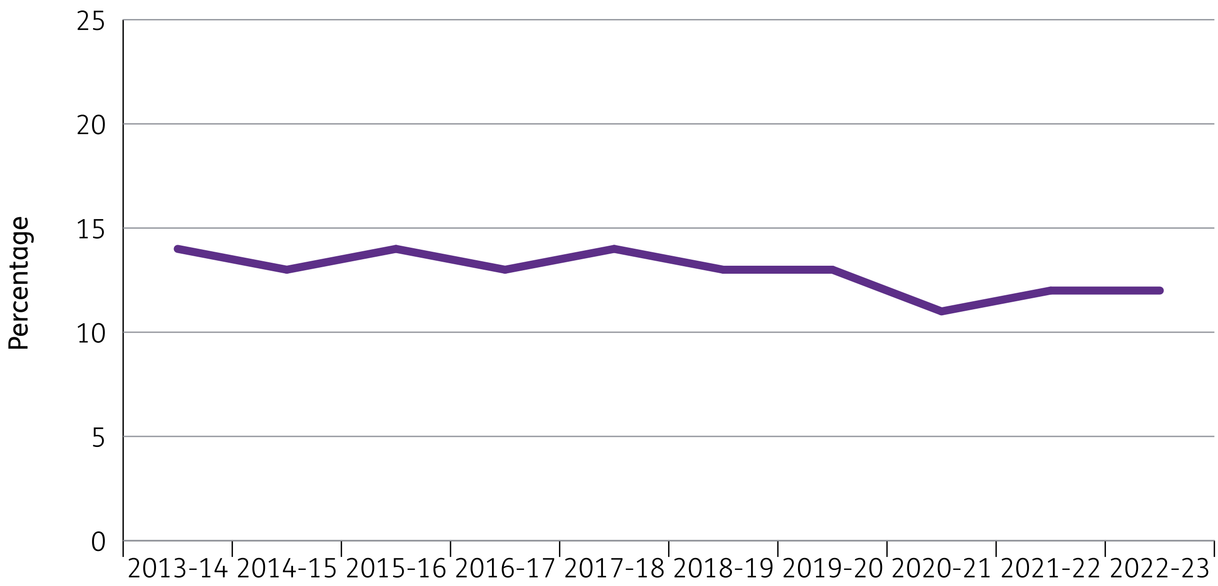
DWP's performance

The following section provides the latest position on key metrics used to assess performance against this outcome.

Absolute low-income rate, after housing costs, for pensioners

In 2022-23, 12% of all pensioners in the UK, or 1.4 million, were in households with absolute low-income after housing costs. This represents a decrease of 2 percentage points, or 300,000 people, since 2013-14.

Absolute low-income rate, after housing costs, for pensioners



Source: Households below average income (HBAI) statistics – GOV.UK

Delivery Objectives

Delivery Objective: Deliver high quality services, modernising DWP services and improving customers' experience

Deliver high quality services

Introduction

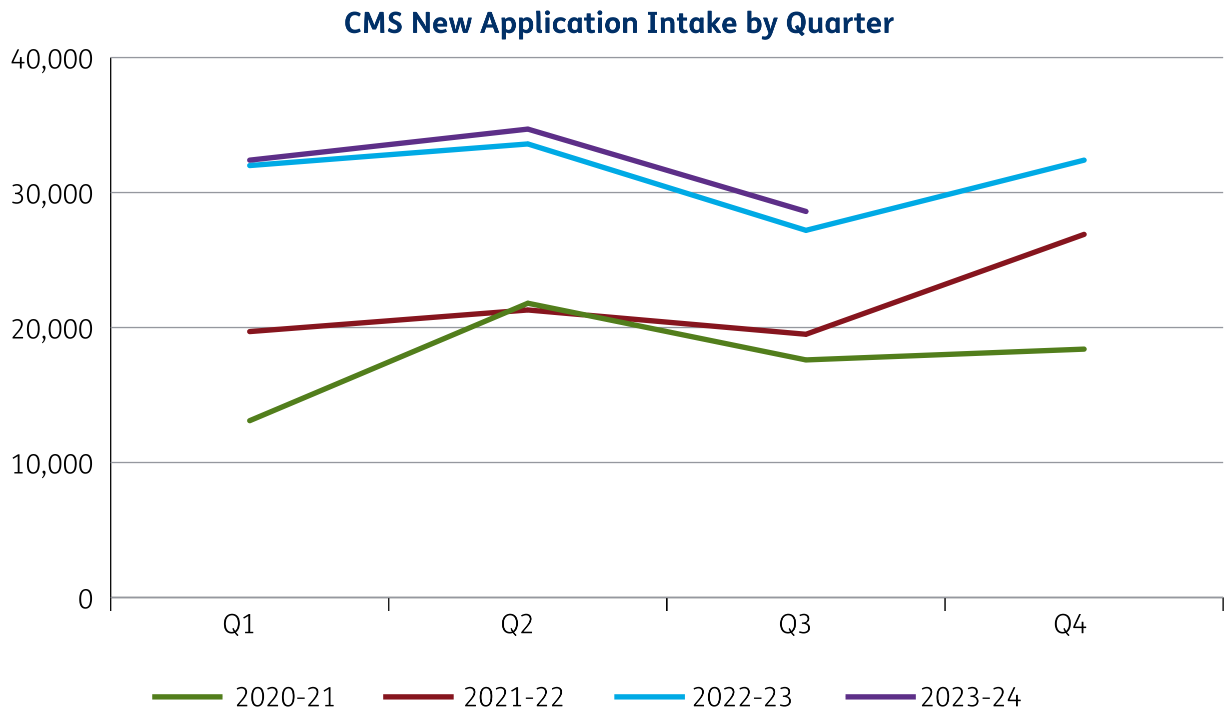
The increased volumes the Department experienced during 2022-23 have remained a feature throughout this financial year. Cost of living pressures, increased media attention and publicity campaigns such as Help for Households and Pension Credit take up activity, continued to drive high demand for DWP's services. The majority of the Department's service lines saw higher intakes of claims and changes compared to two years ago, alongside increased telephony demand, with calls to State Pension and Pension Credit in particular increasing as a result of the publicity campaigns mentioned above.

As the Department forecasted a significant gap between the demand for its services and its ability to meet that demand in 2023-24, the focus for this year has been on maintaining performance against these pressures. The Department has strived to do this by delivering improvements in productivity, streamlining its recruitment processes and using existing contracts to increase the capacity from its external partners. DWP continued its service modernisation activity to make it easier for customers (who are able to) to self-serve, reducing demand on the Department's operational teams and enabling colleagues to provide additional support to customers with more complex needs.

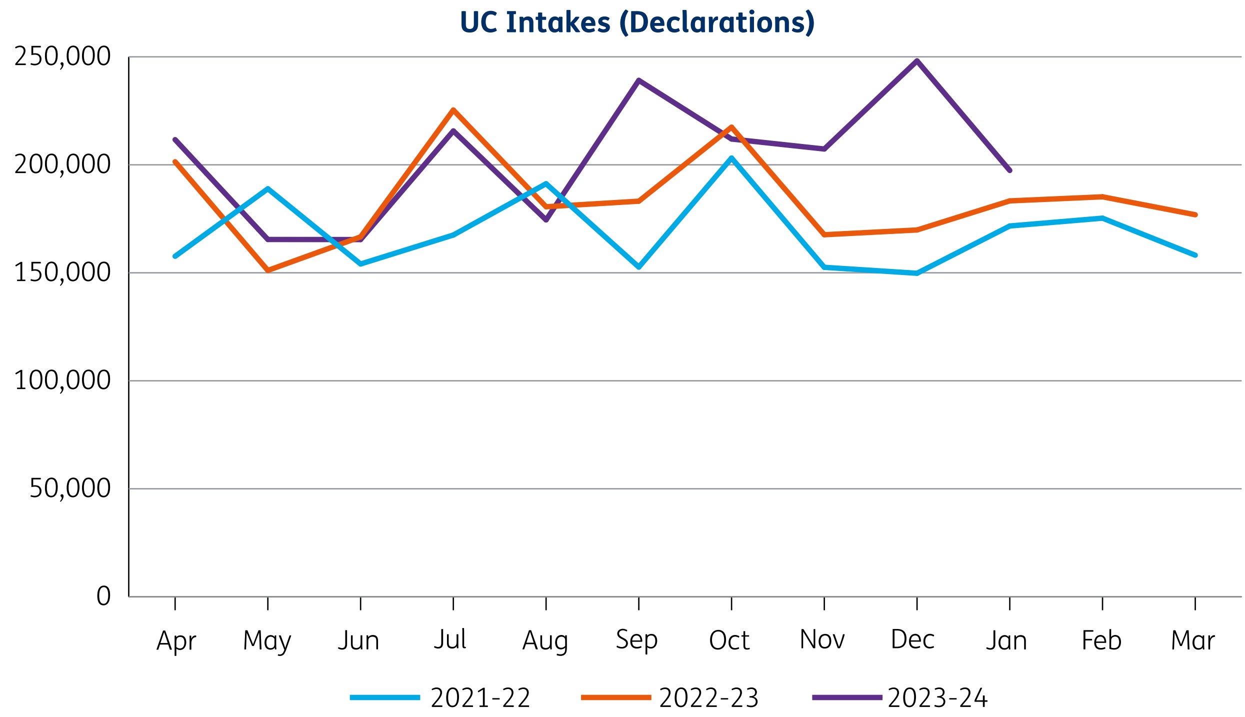
Balancing increased demand for DWP services

The increased demand is reflected in the charts below which show the impact on Child Maintenance Service (CMS) and Universal Credit (UC) compared to previous years. UC intakes in 2023-24 were 31% higher than in 2021-22. CMS average quarterly intake in 2023-24 so far is 80% higher than the quarterly average seen in 2021-22.

- CMS new application intake in Quarter 3 of 2023-2024 increased to 28,600, compared to 27,200 for the same period in 2022-2023. UC intakes increased to 328,344 in March 2024 from 176,875 in March 2023.



Source: [Child Maintenance Service statistics – GOV.UK (www.gov.uk)]



Source: [Universal Credit statistics – GOV.UK (www.gov.uk)]

To address the workforce supply and service demand gap, DWP has adopted a mix of approaches. Primarily, the Department has sought to increase its workforce throughout 2023-24 through extensive recruitment activity, both internally and externally. DWP has also maximised the capacity of its existing agreement with the Department for Communities in Northern Ireland where it has increased resources by almost 60%, as well as expanding the capacity of the Department's external delivery partners by up to 50%.

Modernising services

The Department has continued its work to replace outdated legacy systems with new, digitally-enabled ways of working, supporting productivity improvements and helping to deal with increased demand for DWP services. For example, in State Pension, where the Department sees a large proportion of its new claims, the vast majority of claims are made and processed online by the Get your State Pension (GySP) service. DWP has made progress over the year with achievements including:

Conversational Platform

An improvement to the Department's telephony service, Conversational Platform (CP) went live in November 2023 for a small percentage of calls in Universal Credit. Instead of customers pressing a number on their phone keypad to indicate which option they need, the new voice led solution responds to the words the customer speaks and acts as a virtual agent. CP either provides the information the customer wants or directs them to the right place.

Access to Work

The new online Claim portal went live in June 2023, enabling customers to submit and manage claims, view previous claims and track the balance of their grant(s).

This was followed with a new online Apply journey in October 2023, shortening the customer journey, making better use of data and reducing the need for customers to chase progress.

Maternity Allowance

The Maternity Allowance Modernisation Team developed and introduced a calculator that uses Real Time Information (RTI) earnings data from HMRC. This was introduced in two phases in July and November 2023 following ministerial approval.

The calculator will remove the need for all employed customers to submit copies of wage slips and simplifies a complex entitlement process for circa 60% of Maternity Allowance claims.

Child Maintenance Service

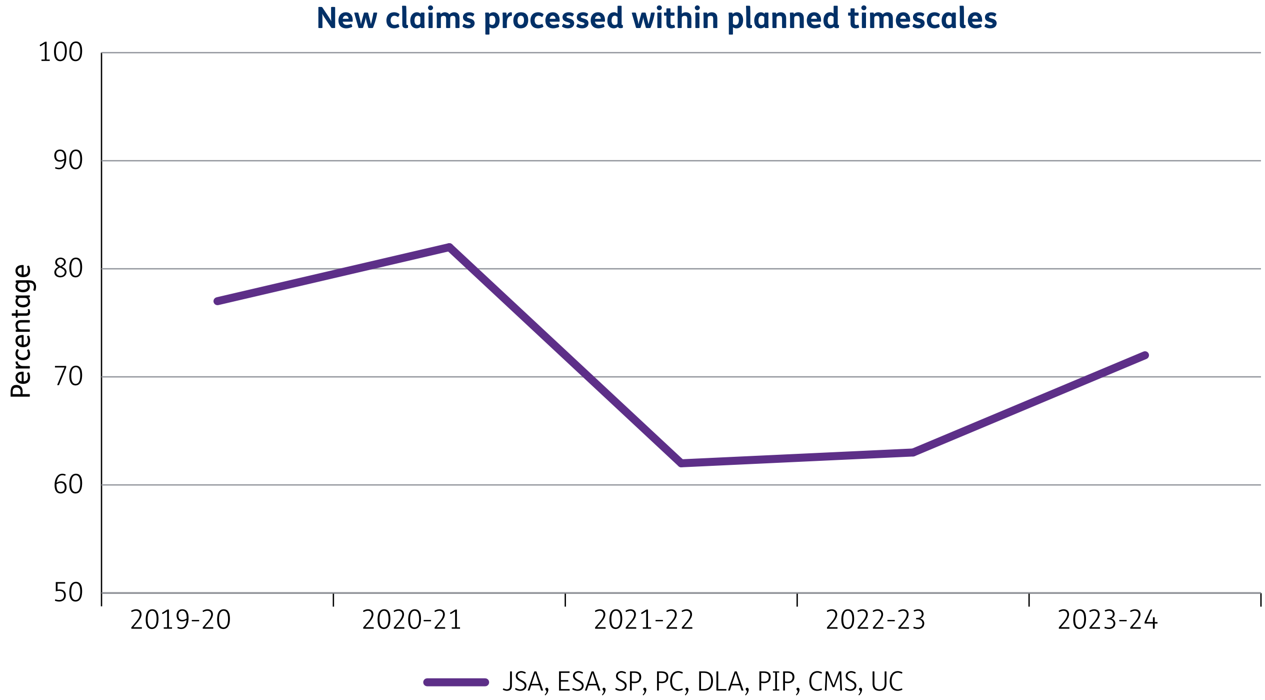
The Child Maintenance Service have developed their online services, so that customers can now start their journey online through Get Help Arranging Child Maintenance and Apply for Child Maintenance which includes the Respond to a Child Maintenance Application service. A large proportion of interactions can be done online once the case is up and running through my Child Maintenance Case. In addition, CMS has also improved the use of email and SMS to keep customers informed as well as use of WebChat to support customers using online services.

DWP's performance

This section covers the Department's 2023-24 performance including the processing of new claims, telephony performance, progress in clearing backlogs and improving quality.

New claims processed within planned timescales

In 2023-24, 72.2% of new claims for Universal Credit (UC), Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), State Pension (SP), Pension Credit (PC), Disability Living Allowance (DLA), Personal Independence Payment (PIP) and Child Maintenance (CMG) were processed within planned timescales.



Data changed from 2019-20 to remove Income Support (IS) and add Universal Credit (UC) alongside new claims for Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), State Pension (SP), Pension Credit (PC), Personal Independence Payment (PIP), Disability Living Allowance for Children (DLAc), and Child Maintenance (CMG) and reflects the current view of expected timescales for all products.

Source: internal DWP MI data

A breakdown of performance by service line is provided below.

	2019-20	2020-21	2021-22	2022-23	2023-24
Jobseeker's Allowance	53.1%	82.5%	87.1%	67.8%	58.7%
Employment and Support Allowance	96.1%	70.9%	42.5%	47.4%	39.5%
State Pension	86.7%	76.2%	45.6%	72.0%	96.2%
Pension Credit	44.8%	88.2%	74.3%	45.7%	77.7%
Disability Living Allowance for children	91.3%	92.1%	35.6%	4.6%	3.5%
Personal Independence Payment	40.4%	23.0%	6.8%	38.4%	51.7%
Child Maintenance Service	91.6%	84.3%	84.3%	79.4%	79.6%
Universal Credit	85.2%	90.9%	85.7%	84.4%	83.6%
Overall	76.7%	82.3%	61.8%	62.7%	72.2%

The ongoing overall improvement in claims processed within planned timescales has been driven by improvement activities across Operational Delivery, as well as the ongoing impact from the introduction of digital services. This includes service lines such as State Pension, where the majority of new claims are now made online and processed automatically, leading to a significant improvement in new claims processing times. Across UC, timeliness performance has remained broadly stable despite a rising caseload.

Although DWP has seen improvements in processing times across many service lines during 2023-24, continued high demand has meant that the Department's ability to process claims consistently in a timely manner across all its services has come under considerable pressure, with performance remaining below standard in some areas including in Child DLA where demand has increased in recent years and is significantly higher than pre-pandemic volumes. During 2020-21 DWP deferred reviewing existing cases to focus on processing new claims. Since then, the high volumes of both new claims and the deferred renewal work has resulted in longer processing times. Additional resources have been deployed and cases are being cleared in date order to ensure fair customer service.

ESA processing times are also below standard. New Style ESA was launched in April 2020 and introduced a new way of processing claims which impacted the reporting of performance. As a result, performance was lower in 2020-21 than in 2019-20 and was also affected by decisions made to support customers during the COVID-19 pandemic. Performance in 2023-24 was impacted as resources were pivoted to meet high demand and to support the movement of cases to UC.

As demand is forecast to remain high during 2024-25, the Department's focus remains on increasing productivity, maximising resources, and continuing its modernisation activity to increase automation and reduce failure demand.

Telephony

Timeliness performance has varied across DWP's telephony services where the number of calls answered within standards by some areas, such as CMS, has been consistently good throughout the year. Employment and Support Allowance (ESA) has experienced significant resourcing pressures, making it harder to answer all customers' calls in a time that met their expectations. As the year progressed, actions to recover the position in ESA – including bringing in new recruits, building telephony capability with existing colleagues and rebalancing service lines – began to deliver improvements in performance.

Backlogs in service delivery

Backlogs initially arising as a result of the pandemic followed by cost of living pressures, have been a regular feature over the last few years, leading to longer processing times to deal with customer claims and changes. The Department entered this financial year with a number of existing backlogs. While the Department has worked hard to clear 41% of its backlogs – including many ahead of schedule, such as Attendance Allowance (AA) claims and changes, and CMS and Personal Independence Payment (PIP) Appeals – the continuing high demand the Department has experienced during 2023-24 has seen backlogs re-emerge, primarily in CMS and the Dispute Resolution Service (DRS). New backlogs have also been created, such as in Child Maintenance Enforcement.

Quality

The Department has maintained its focus on continuous improvements as part of its back-to-basics plan. The latest 'Fraud and Error in the Benefit System' publication highlights a number of improvements over 2023-24 including:

- The total rate of benefit expenditure underpaid reduced from 0.5% in 2023 to 0.4% in 2024
- The overpayment rate in UC reduced from 12.7% in 2023 to 12.4% in 2024
- The underpayment rate in UC reduced from 0.6% in 2023 to 0.3% in 2024
- The overpayment rate in PIP reduced from 1.1% in 2023 to the lowest level ever recorded, at 0.4% in 2024

As these improvements are not statistically significant, they do not yet confirm that the Department's plans are making a difference. The Department is aware that further work is required in order to provide a consistent quality service across all service lines. DWP continues to apply organisational learning to build the skills of the Department's people, challenge policy and develop automated processes, where appropriate. DWP has improvement plans in place across all benefit delivery areas. Examples of improvement activities include:

- Bite-sized learning products to build colleagues' capability and understanding when determining entitlement to additional premiums
- Introduction of check lists in Pension Credit to ensure that entitlement to premiums is considered and paid, reducing risk of underpayments

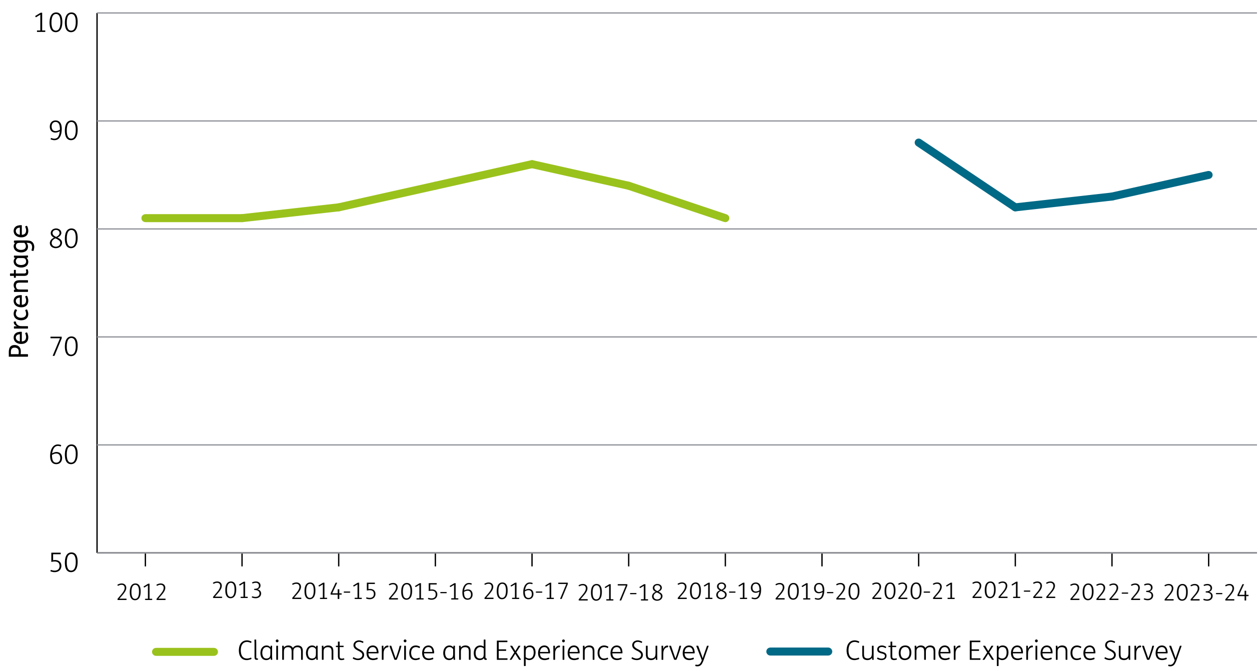
- A multi-disciplinary team to build understanding of the criticality of good quality claimant commitments, ensuring that work and health customers receive the right support to move into work
- Operational business areas have their own improvement plans to ensure there is a clear focus and commitment on improving performance. These are closely tracked by the Quality Senior Steering Group and the Quality Governance Board. This will help to consolidate plans and progress, share best practice and highlight emerging blockers to support ongoing improvements.

Customer satisfaction and feedback

Customer satisfaction has remained relatively stable. However, customer complaints have risen. This section sets out the Department's performance in handling complaints, and complaints escalated to the Independent Case Examiner and the Parliamentary and Health Service Ombudsman.

The latest Customer Experience Survey measures the percentage of customers who were either fairly or very satisfied with the overall service they received across UC, PIP, ESA, Disability Living Allowance for children, Attendance Allowance, Carer's Allowance, State Pension and Pension Credit. It showed an increase of two percentage points in 2023-24, with a score of 85% for the first three quarters of the year (April to December 2023). Although this is not a statistically significant change, it means that overall satisfaction has reached DWP's "Good" customer satisfaction performance benchmark of 85%.

Customer satisfaction with DWP services



Source: internal DWP MI.
This graph shows annual data for all years except 2023-24, where data for the full year is not yet available. The 2023-24 score is based on the first three quarters of the year only (April to December 2023).

Satisfaction between benefit lines varies, with higher scores among Retirement Service (RS) benefits and lower scores from PIP and ESA customers. This reflects specific challenges where these areas continue to deal with increased demand and clearance of existing backlogs.

Customer complaints

DWP has seen a 7% rise in complaints during 2023-24 compared to 2022-23, although this increase remains low against a backdrop of rising demand for the Department's frontline services.

In DWP's commitment to increased transparency, it has updated its complaints publication to include a breakdown of complaints by product on service, available on GOV.UK. https://www.gov.uk/government/publications/dwp-complaints-management-information-data-from-april-2021-to-december-2023

Below, is the number of complaints every quarter to the end of 2023-24, for each of DWP's business areas, including CMS which is included in the CMS quarterly Official Statistics.

https://www.gov.uk/government/statistics/child-maintenance-service-statistics-data-to-december-2023

	Retirement Services	Universal Credit (UC)	Working Age (excluding UC)	Disability Services	Child Mainten-ance Service	Counter Fraud, Compliance and Debt
Apr to Jun 2021	405	1165	395	510	1710	265
Jul to Sep 2021	945	1395	430	710	1545	305
Oct to Dec 2021	960	1505	425	760	1505	335
Jan to Mar 2022	760	1560	295	710	1570	450
Apr to Jun 2022	950	1575	175	585	1455	270
Jul to Sep 2022	1190	1735	220	525	1450	280
Oct to Dec 2022	1115	1955	235	570	1380	230
Jan to Mar 2023	1330	2050	390	650	1420	320
Apr to Jun 2023	1340	2000	340	830	1285	320
Jul to Sep 2023	1055	1845	385	780	1385	325
Oct to Dec 2023	925	2085	260	695	1260	340
Jan to Mar 2024	1045	2250	270	845	1435	380

DWP introduced a single tier complaints service on 9 July 2020. Any complaints received or closed prior to this date were handled under its previous two-tier complaints process. Historical complaints data has been revised back to 2021-22 to account for retrospection, where additional or updated information has been incorporated. Figures prior to 2021-22 are not comparable as in 2020 the Department moved to recording complaints under the single tier complaints service.

During 2023-24, DWP has focused on improving customer experience, using insight from complaints to improve its services.

The Department implemented a quality framework to improve the handling of complaints into its service delivery areas and wider complaint teams throughout 2023. The framework aligns closely to Cross Government Complaints Standards published by the Parliamentary and Health Service Ombudsman (PHSO) in October 2022, and has provided DWP with the opportunity to create a consistent quality focus across its entire complaints service.

Learning from complaints is an integral part of what the Department does every day. In 2023 DWP strengthened its processes by sharing detailed insight with senior leaders and service delivery teams across the Department, enabling it to make improvements to processes, guidance and services, and improving customer experience.

Independent Case Examiner

Customers who have completed DWP's complaint process and remain dissatisfied can ask the Independent Case Examiner (ICE) to investigate their complaint. In 2023-24, ICE received 5,634 complaints and cleared 2,533. ICE continued to experience high intake volumes, and cleared 51% more DWP complaints in 2023-24 than the previous year.

Complaints about DWP[10]	2021-2022	2022-2023	2023-2024
Received by ICE	4,740	4,732	5,634
Accepted for examination by ICE	1,642	1,630	1,756
Cleared by ICE	1,195[11]	1,683	2,533
ICE partially/fully upheld	578	578	754
PHSO partially/fully upheld DWP complaints	0	0	0

In 2023-24, ICE cleared 2,533 DWP complaints. Of these:

- 62 were withdrawn by the complainant
- 1,031 were resolved or settled with the complainant's agreement
- 754 were upheld, fully or partially, by the ICE
- 685 were not upheld by the ICE
- 1 case where the ICE was unable to reach a finding

ICE also investigates complaints relating to DWP contracted providers, the Department for Communities, and the Child Maintenance Service – Northern Ireland.

10 The table includes complaints about the Pension Protection Fund (PPF) but excludes complaints about providers as they are responsible for managing complaints about their service. DWP and its associate bodies play no role in considering or responding to such complaints (which escalate directly to the ICE Office).

11 This figure differs from the 2021-22 "Cleared By ICE" figure previously reported which included provider, NISSA and NI CMS cases (212 cases)

All complaints including DWP, contracted providers, NISSA and NI CMS	2021-2022	2022-2023	2023-2024
Received by ICE	4,916	4,911	5,824
Accepted for examination by ICE	1,709	1,711	1,861
Cleared by ICE	1,407	1,783	2,658
ICE partially/fully upheld	602	584	765
PHSO partially/fully upheld all complaints	0	0	0

In addition to investigating case-specific complaints of maladministration, ICE also identifies wider Service Improvement Observations (SIOs) which, if addressed, will limit the scope for future service failures and improve the service provided to customers. In 2023-24 ICE highlighted 12 SIOs to DWP.

For example, ICE recently highlighted a gap in DWP's Debt Management processes, where an inability to prevent system-generated letters from being automatically sent meant that customers who requested contact by phone (because of an accessibility need or additional support need) were receiving letters in error. When alerted to the issue, the Department quickly updated its digital systems and guidance to stop this happening again. DWP's fast action and a collaborative approach ensured that customers with vulnerabilities or accessibility needs received contact from the Department in the format they required.

Complaints investigated by the Parliamentary and Health Service Ombudsman (PHSO)

If customers remain dissatisfied with the outcome of ICE's intervention, they may pursue their case with the PHSO. The PHSO publishes its figures a year behind other data, but in recent years the number of upheld complaints has been very low in comparison with ICE investigation findings.

Complaints Investigated by the PHSO	2021-2022	2022-2023
Number of complaints investigated	14	21
Number not upheld	3	10
Number partly upheld	7	7
Number upheld	2	4
Number other outcomes	2	0
% not upheld	22%	48%
% partly upheld	50%	33%
% upheld	14%	19%
% other outcomes	14%	0%

Due to PHSO publication dates the 2023-24 data is not available for inclusion.

Complaints to the Parliamentary Ombudsman in 2022-23					
Organisation	Complaints Received	Complaints Resolved by mediation	Decided following primary investigation. (This figure does not include complaints resolved by mediation)	Resolved with agreement of the complainant at Initial checks or Primary Investigation (This figure does not include complaints resolved by mediation)	Complaints accepted for Detailed Investigation
Total DWP[12]	**1235**	**0**	**189**	**6**	**21**

Complaints about State Pension age changes

The PHSO investigated six sample complaints around maladministration in the Department's communication of State Pension changes affecting 1950s-born women. The Ombudsman's investigation concluded in March 2024, and details of the investigation can be found on the Ombudsman's website https://www.ombudsman.org.uk/

12 Figures include DWP and other relevant organisations. For a breakdown of complaints by organisation see UK Government Departments and Agencies tables 2022-23 published on the PHSO website

The PHSO found that maladministration in communication of State Pension age resulted in the sample complainants losing some opportunities to make informed decisions or do certain things differently and that diminished their sense of personal autonomy and financial control. The PHSO did not find it resulted in them suffering direct financial loss but suggested redress between £1,000 and £2,950 for the impacts identified.

The PHSO has laid its report before Parliament, bringing the matter of redress to the attention of the House. The Department is giving the report full and proper consideration and will update DWP's 'Complaints Procedures' website on GOV.UK when there is further information to share.

Customer redress

In 2023-24, DWP made 10,567 ex-gratia payments totalling £1.3 million[13] (£1.2 million in 2022-23) for maladministration[14].

Ministerial Correspondence

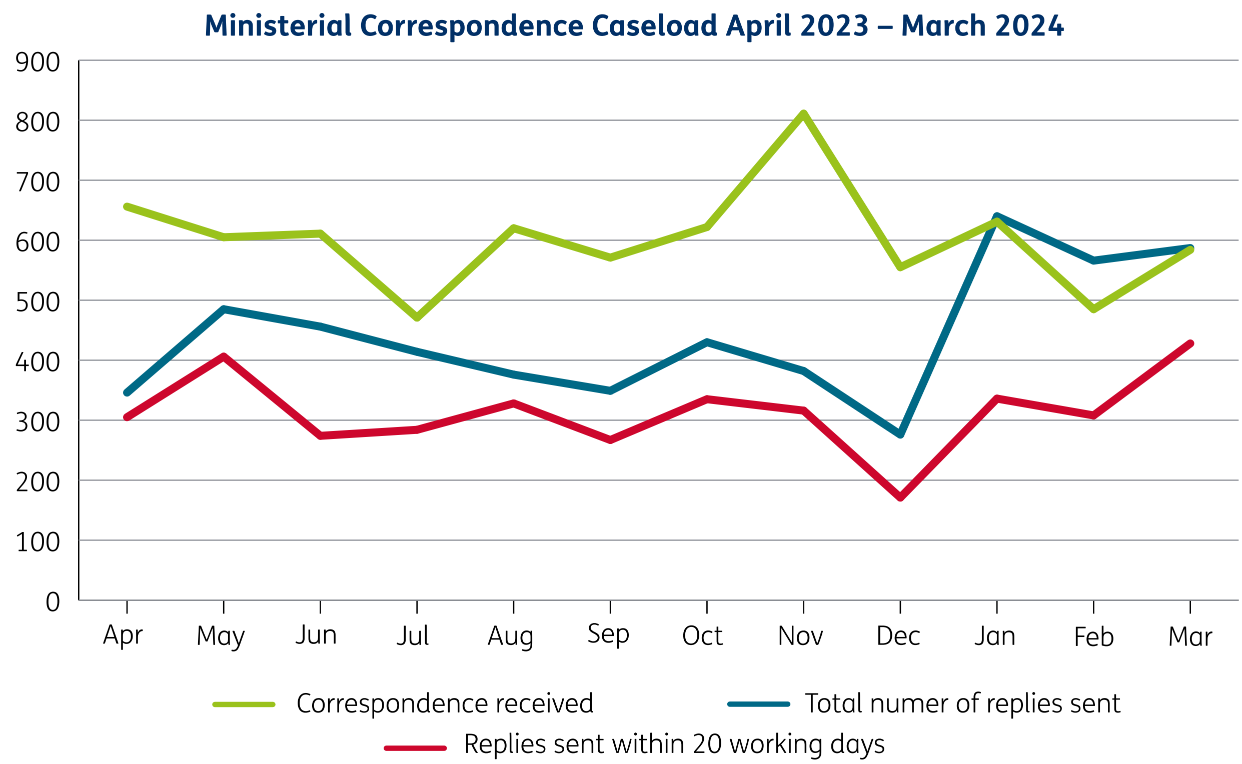
The Ministerial Correspondence Team (MCT) is responsible for drafting responses from ministers to policy-related correspondence from elected officials and members of the public. Not all correspondence received by MCT will require a response.

As last year, the majority of correspondence related to cost of living and the timeline and value of Cost of Living Payments. The Department has also received correspondence on benefits and pensions uprating, child maintenance calculations, debt recovery, pensions, the Triple Lock and fraud.

Over the course of the year, DWP received correspondence related to campaigns on the Work Capability Assessment consultation, increasing the rate of Local Housing Allowance, as well as campaigns from Organise, Trussell Trust, the MS Society and Royal British Legion.

13 The figure excludes financial redress paid for loss of statutory entitlement because it is not an extra cost arising from maladministration, but payment of benefit that should have been made anyway.

14 The term "maladministration" is not defined but is sometimes used to describe when the Department's actions or inactions result in a customer experiencing a service which does not match the Department's aims or the commitments it has given. It applies to situations in which DWP has not acted properly or provided a poor service. For example: wrong advice, discourtesy, mistakes and delays.



Source: internal DWP MI.

December 2023 saw a dip in replies sent within 20 working days. This was in response to ministerial changes in the Department and its response rate has since increased again.

Real Time Information Disputes

Real Time Information (RTI) is the HM Revenue and Customs database that holds Pay As You Earn information. RTI information for UC claimants who are in employment is sent to DWP and held in the Real Time Earnings database.

RTI is supplied by employers. The calculation of a claimant's earned income for an assessment period is therefore based on the actual dates and amounts reported by the employer. RTI is an efficient and accurate method of calculating UC payments. The table below shows the RTI disputes data for 2023-24.

Financial Year 2023-2024 (1st April 2023 – 31st March 2024)	
Earnings retrieved from RTI[15]	**78,200,000**
RTI disputes raised[16]	371,000
RTI disputes raised as a proportion of RTI earnings retrieved	0.5%
RTI disputes processed[17]	**329,000**
RTI disputes processed and dispute upheld by agent	65,600
RTI disputes processed and dispute not upheld by agent	190,200
RTI disputes processed and dispute outcome unknown[18]	73,400
RTI disputes processed and known to be upheld as a proportion of Total RTI earnings retrieved	0.08%
RTI disputes processed with dispute outcome unknown as a proportion of Total RTI earnings retrieved[18]	0.09%

Human rights

DWP strives to ensure that decisions it makes regarding individuals who use its services are compliant with the UK's obligations under the European Convention on Human Rights. DWP supports the implementation across its remit of the UN Convention on the Rights of Persons with Disabilities and works across government to implement and deliver it.

The Department's policies on welfare reform and pensions impact a significant percentage of the UK population. DWP works hard to understand the impact of proposed changes to existing policies and new policies that it intends to introduce, to ensure that final policies are proportionate and have minimised the risk of unintended consequences. One way that the Department does this is by consulting members of the public, trade bodies and other interested parties through its public consultation process prior to introducing or amending existing policies. Feedback received through DWP's public consultation process is taken into consideration ahead of making final policy decisions.

During 2023-24 DWP ran public consultations providing members of the public and other interested parties a chance to share their views on the likely impact of proposed changes, including impacts on protected groups and vulnerable individuals. In addition, departmental lawyers give close consideration to questions of whether any potential

15 Number of earnings details successfully retrieved from HM Revenue and Customs' Real Time Information system.
16 RTI disputes can be raised manually, or automatically where a claimant's earnings from RTI are higher than expected.
17 RTI disputes processed and logged as completed within the Financial Year.
18 More complex RTI disputes are processed by the specialised RTI disputes team, the outcomes of these disputes are not logged in structured data and cannot be reported on at this time.

infringements of Human Rights are legally justified. An example is the consideration given to the compatibility of the Data Protection and Digital Information Bill with Convention rights such as the right to private and family life. The lawyers also regularly consider the merits of human rights challenges to DWP policies and decisions in litigation cases.

Prior to introducing policy changes the Department conducts equality impact assessments to test whether its proposed approach is proportionate. Equality impact assessments aim to understand the effect that policies, services and procedures have on people from protected groups.

Through the UK judicial review system individuals and affected organisations can examine the legality of departmental decisions.

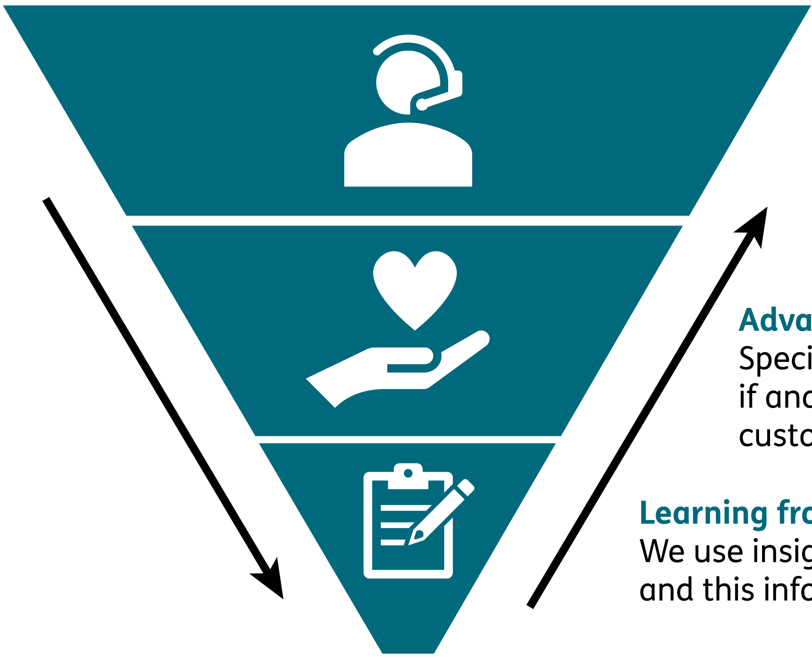
On the 22nd May 2024, the Equality and Human Rights Commission (EHRC) launched an investigation into whether the department has failed to make reasonable adjustments in the health assessment journey for certain benefits, in particular, for disabled customers with mental impairments. They will also consider if, in developing and implementing related policy guidance, the department complied with the Public Sector Equality Duty. The Department is cooperating with the investigation and will fully consider the EHRC's report when it is published. The investigation remains confidential.

Improving customers' experiences

This section sets out what the Department has done to improve the experience of its customers when accessing DWP services. It includes how DWP is improving accessibility and the support it provides to vulnerable customers, as well as how it continues to apply learning from Internal Process Reviews and Serious Case Panel to make further improvements to the customer experience.

Introduction

DWP's ambition is to ensure it is supporting all of its customers; the Department's operational colleagues are trained to support vulnerable customers with advanced customer support and specialist help for the most complex cases. DWP aims to learn from experience, becoming a learning organisation by utilising insight from its customers' experience as shown in the diagram below.



In 2023-2024 the Department has:

- Created a new team to lead on accessibility across DWP to provide assurance, share good practice and identify where it can make improvements
- Published the Additional Support for DWP Customers document that pulls into one place the important work of the Department in responding to customers' additional needs
- Aligned the central Quality Assurance team into Customer Experience Directorate, to improve the understanding of how errors made impact customers
- Started to build a Customer Journey Mapping function to help colleagues understand how customers experience DWP's current services and identify opportunities for improvements
- Started testing the use of Artificial Intelligence to identify customers requiring additional help through their written correspondence to the Department, cutting down the time to identify these customers from weeks to a day.

Customer accessibility

The Department is committed to providing inclusive and accessible services. Learning lessons from a Judicial Review in 2023, DWP is developing an Accessibility Assurance Framework which will place equality and accessibility at the heart of customer journeys by setting clear accessibility standards and mechanisms for monitoring and identifying improvements. In addition, the Department has implemented several improvements across its services: it relaunched an internal Customer Accessibility Hub in September 2023. This brings together training, toolkits, and information on disabilities and how to support DWP's customers in one place.

Since January 2024, Personal Independence Payment (PIP) customers who require email as a reasonable adjustment can access some letters via the GOV.UK Notify online portal. 398 letters have been downloaded through this route in the first 2 months.

The Department also has in place a wide range of reasonable adjustments for customers, including alternative formats to ensure the information is presented in an accessible way. Over the last year several refinements have been made to internal guidance and processes to improve delivery of alternative format provision particularly for PIP and Employment and Support Allowance. These include:

- Increased end to end handling within dedicated teams to improve timeliness and reduce handoffs
- Improved guidance on Optical Character Recognition (OCR) conversion and enhanced quality checks for accuracy

Supporting DWP's most vulnerable customers

Through the national DWP Visiting Service the Department provides additional face-to-face support across all service lines to customers who cannot access DWP services in any other way. A visit can be arranged for a customer if they need extra help to claim benefits, for example because they have complex needs, are disabled, are a vulnerable young person making a claim for the first time, have nobody else to support them or cannot claim benefits in any other way.

Across 2023-24, DWP Visiting Service received 189,054 referrals. The table below shows the number of referrals made in each month across 2023-24.

	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023
Visiting Referrals Received – Internal	10,576	11,912	12,407	12,578	15,892	13,379
Visiting Referrals Received – External	1,806	2,269	2,239	2,171	2,398	2,317
Total	**12,382**	**14,181**	**14,646**	**14,749**	**18,290**	**15,696**

	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024
Visiting Referrals Received – Internal	14,559	15,436	10,912	15,559	15,253	15,416
Visiting Referrals Received – External	2,230	2,247	1,514	1,994	2,091	1,899
Total	**16,789**	**17,683**	**12,426**	**17,553**	**17,344**	**17,315**

Note: External sources include, charitable organisations, NHS and Local Authorities registered as DWP trusted Partners

The Department provides another layer of additional support through national network of **Advanced Customer Support Senior Leaders (ACSSLs)**, who, with their teams coach and engage colleagues across DWP services to help support the most vulnerable customers.

The network of ACSSLs is assisted by a dedicated delivery team who provide direct support to the ACSSL Community. ACSSLs also line manage the Visiting Officers within their geographic area, enabling the Department to deliver effective support at a local level.

Across 2023-24, ACSSLs and their support teams assisted 10,830 customer cases. The table below shows the number of referrals made to ACSSLs in each month across 2023-24 and whether these referrals were made internally (by DWP colleagues) or externally (from agencies and organisations such as Local Authorities, Social Services, etc).

	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023
ACSSL Referrals Received	788	862	961	994	865	765
Of which from External Sources such as, local authority, Social Services, etc.	318	322	407	388	379	362

	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024
ACSSL Referrals Received	889	981	789	1,051	967	918
Of which from External Sources such as, local authority, Social Services, etc.	392	452	346	439	333	341

Internal Process Reviews

Internal Process Reviews (IPRs) are an opportunity for the Department to understand customers' experiences and to ensure DWP's people have followed the correct processes. Where this is not the case, they seek to understand why, to inform future learning activity to improve services.

IPRs do not look to investigate a customer's death, the responsibility for investigating and concluding the cause of death of citizens sits with doctors or sometimes coroners, and DWP has an established channel for coroners to liaise with the Department if required.

An IPR will be conducted in all cases where:

- There is a suggestion or allegation that the Department's actions or omissions may have negatively contributed to the customer's circumstances, AND a customer has suffered serious harm, has died (including by suicide), or where it has reason to believe there has been an attempted suicide.

OR

- The Department is asked to participate in a Safeguarding Adults Review (SAR), a Significant Case Review (SCR, Scotland only), a Domestic Homicide Review (DHR), or is named as an Interested Party at an Inquest. An IPR will be conducted regardless of whether there is an allegation against the Department.

IPRs can only be referred internally, but colleagues with external interactions (such as ACSSLs and complaints teams) act on information received from outside the Department, for example from MPs, Local Authorities, and customers' families.

Any colleague within DWP can refer a case to be considered for an IPR, and these will be conducted in all cases where the criteria is met.

Across 2023-24, 75 IPR referrals were received, of which 53 met the criteria and were accepted for an IPR. The table below shows the number of IPR referrals made in each month across 2023-24 and whether these referrals met the criteria.

	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024
IPRs received in month	6	12	7	5	4	6	11	4	5	2	5	8
IPRs meeting criteria in month	2	9	6	4	3	2	8	3	4	1	3	8

Where a case referred for an IPR does not meet the criteria, there is a process in place to encourage learning, to raise awareness, improve clarity and the effectiveness of existing and new processes and guidance. Where the criteria are not met, DWP offers support to the referrer to learn from the case, including signposting to other available routes to share the learning they may have identified, for example via an ACSSL.

IPRs may be carried out where either a customer has died or where there has been customer harm. The table below shows the number of IPRs referrals accepted in each of the last 12 months and whether these have been recorded as customer death or customer harm.

IPR Accepted	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024
Customer Death	2	7	3	4	3	1	5	2	4	0	3	6
Customer Harm	0	2	3	0	0	1	3	1	0	1	0	2

Cases received for IPRs can cover more than one DWP service line as customers may have more than one benefit in payment, meaning the customer can have more than one primary service line recorded for the IPR. Additional information is published separately.

Accepted IPRs by Primary Service Line 2023-2024

Alongside reporting on the number of cases referred and accepted for an IPR in 2023-24, DWP also report the number of IPRs where the review has been completed.

Across 2023-24 there were 87 IPRs completed. This differs from the number of IPRs accepted (53) due to the time required to review the case. There were 162 key findings identified from the IPRs completed, with each of these key findings being discussed with the relevant service line(s). These discussions started the process of improvement activity through collaboration across DWP. These improvements included strengthening processes, tools and guidance within individual service lines or cross-cutting changes across DWP services.

Key findings from IPRs are routinely shared to support the development of large programmes of work such as the Health Transformation Programme. In addition to learning from the individual IPR cases, these key findings also provide insight and evidence to develop themes that are taken forward through appropriate governance channels, including DWP's Serious Case Panel.

Serious Case Panel

The **Serious Case Panel** (The Panel), set up in 2019, meets quarterly to consider themes and issues that have arisen across the Department's service lines, to agree changes and improvements. In line with the Terms of Reference (reviewed in January 2024) it does not investigate individual cases but considers themes arising from a range of sources, including IPRs, frontline feedback and Independent Case Examiner reports.

The Panel is made up of the Department's most senior leaders, including the Permanent Secretary and all Directors-General. It is chaired by a non-executive Director, includes the Independent Case Examiner, and the Department's Chief Medical Advisor who joined the panel in 2023.

Action currently being taken on themes that have been discussed at Serious Case Panel include:

- The roll-out of Mental Health Awareness training with 63,478 colleagues trained by 31 March 2024 and with all colleagues receiving the training by March 2025. The training includes modules on appropriate actions to take to support customers with vulnerabilities including mental health issues and covers support for colleagues when they are interacting with a customer who is at risk of harm.
- Improving the experience of customers who use the Payment Exception Service. Guidance for colleagues has been strengthened and improved across the Department. This campaign to raise colleague awareness enables them to better support customers and move them into banking where this is appropriate.
- Improving how DWP communicates with customers who have been overpaid, ensuring the Department takes vulnerability into consideration at every opportunity.

- Enhancing the Department's quality assurances for vulnerable customers with complex needs through a clear set of DWP Advanced Customer Support Standards. This data helps the Department understand the quality of support it is providing for its most vulnerable customers. This insight will help to inform organisational learning and build the capability of DWP colleagues.

Devolved Administrations

DWP continues to work closely with all three devolved administrations. At ministerial level, bilateral Interministerial Groups (IMGs) have been established with the Welsh Government (the inaugural meeting was held in November 2023) and agreed with the Scottish Government. The Department is in discussion with the Department for Communities in Northern Ireland in light of the re-establishment of a functioning Assembly and Executive. These IMGs provide a forum for ministers to discuss matters of mutual interest in relation to the Department's portfolio, as part of the three-tier structure of intergovernmental relations introduced in January 2022.

Scotland

The Scotland Act 2016 devolved significant social security powers and additional employment support powers to the Scottish Parliament. DWP continues to provide extensive support to the Scottish Government in implementing these devolved powers, notably through a dedicated Scottish Devolution Programme for changes in social security, and through interactions between Jobcentre Plus and devolved employment support provision.

DWP continued to deliver Attendance Allowance, Carer's Allowance, Disability Living Allowance, Industrial Injuries Disablement Benefit and Personal Independence Payment on behalf of Scottish ministers under Agency Agreements while the Scottish Government builds its capacity to deliver replacements for them. It has also maintained Severe Disablement Allowance cases under an Agency Agreement.

In summer 2023, DWP completed the case transfer for existing recipients of Disability Living Allowance for children (DLAc) in Scotland to Social Security Scotland.

In July 2023, regulations and operational processes were put in place to support cross-border moves for those in receipt of DLAc, to minimise potential disruption to payments where a claimant changes permanent address and moves from England or Wales to Scotland.

In November 2023, the Scottish Government launched Carer Support Payment to replace Carer's Allowance, starting with new claims in three local authority areas. The case transfer for 120,000 existing Carer's Allowance recipients in Scotland to Social Security Scotland began in February 2024.

The case transfer for existing Personal Independence Payment recipients in Scotland is also well underway, with 164,000 (of 325,000) cases transferred to Social Security Scotland by spring 2024.

Northern Ireland

All matters covered by the Department are transferred in Northern Ireland. DWP continues to work closely with the Department for Communities (DfC) there in view of the parity principle between the pensions, social security and child maintenance systems. DWP legislated for and paid Cost of Living Payments to people in receipt of means-tested and additional-needs disability benefits in Northern Ireland, at the request of the DfC Permanent Secretary, given the lack of a functioning Northern Ireland Assembly at the time. This ensured that people in Northern Ireland received these payments at the same time as those in the rest of the United Kingdom.

Wales

Most matters covered by the Department are reserved in Wales, but related areas such as skills, training, health, education, childcare, and social care are devolved. DWP works closely with the Welsh Government to ensure devolved and reserved provision work effectively together. For example, the Department and the Welsh Government have worked extensively together on youth employment and skills, ensuring that both governments' strategies align on supporting young people with workplace skills.

Delivery Objective: Enabling the delivery of DWP services

Introduction

Enabling functions support delivery of the Strategic Outcomes by building DWP's capacity and capability, including its workforce, estate, and digital. The strategic enablers also supported DWP in contributing to the Declaration on Government Reform, which sets out how the Civil Service and ministers will reform government to deliver better outcomes for citizens.

Workforce and skills

DWP has filled approximately 20,000 vacancies across operations and corporate functions in the Department, generating growth of around 6,000 full-time equivalent (FTE) to deliver Labour Market plans and bolster resources in Universal Credit Case Review and Counter Fraud Compliance and Debt. The Department's permanent turnover rates have continued to reduce, and were 7.3% for 2023-24.

Launch of 675 recruitment campaigns for 1,668 roles across Corporate Functions with a further 19,600 offers in Service Delivery.

Digital recruitment hires increased by 26%, success rates increased to 64%, candidate withdrawals down to 1.3% and external hires increased to 47%.

The Department has focused on the design and delivery of a DWP employer brand in 2023-24, including guidance to support candidate attraction across DWP, and shared new content on DWP's locations, sustainability, and professions. DWP has created alternative recruitment entry routes into the Department, such as internships and the care leaver's scheme. The Department also tailored support in onboarding to support a flexible and diverse workforce and to give people with otherwise more limited life chances the opportunity to secure work.

DWP's Disability Confident Leader status has been re-validated, along with renewed Visibly Confident employer status with RNIB which demonstrates to colleagues and future potential colleagues DWP's commitment to being an inclusive employer.

DWP has used existing employees to showcase available careers, and the Department's recruitment is geared towards a wide candidate pool to increase knowledge and talent. The Department has worked to employ the most vulnerable in society via Direct Temporary Recruitment (DTR), a scheme offering opportunities to people on the Universal Credit Jobseeker's register. This enables DWP to tap into a new talent pool of people that would not ordinarily have applied for roles in the Civil Service.

Following the launch of DWP's **Apprenticeship strategy** in April 2023, the Department has consistently achieved against the Civil Service-wide measures for 'Levelling Up' and

'Diversity and Inclusion'. At least 39% of the Department's apprentices come from a lower socio-economic background and study across the UK. Additionally, the Department has a **Social Mobility Apprenticeship** programme, which has contributed to DWP as a whole achieving a Top 10 ranking on the Social Mobility Index for 2023.

DWP continues to be recognised within the top 1% of apprenticeship employers achieving 9th in the Top 100 Apprenticeship Employers ranking for 2023.

In September 2023, the Department welcomed its first school leavers onto its Social Mobility Apprenticeships programme.

The Life Chances Team has brought together Going Forward into Employment schemes (prison leavers, veterans, veteran spouses, care leavers, carers and homelessness) and Youth Employability Programmes (Movement to Work and Diversity Internship Programmes, including Care Leavers, Summer Internships, Autism Exchange, Early Diversity and Supported Internships). The Department has used Movement to Work placements to support as many young people as possible on their journey to find employment.

From January to December 2023, 1921 young people started a Movement to Workplace placement within DWP, with 37 districts participating – this exceeded DWP's annual target by 75%.

In 2023 DWP supported 24 Autism Exchange Interns, an increase of 66% from the previous year.

Over the 2023 financial year, DWP recruited 22 candidates through Going Forward into Employment schemes; this consisted of 15 prison leavers, 4 care leavers and 3 carers.

Developing DWP's leadership and people

There has been an increase in DWP teams taking up **Leadership Essentials learning** as part of their leadership development activity. Over 8,000 colleagues have attended at least one leadership webinar from DWP's comprehensive offer, and the Department has made more than 480 face-to-face or virtual sessions available. DWP has delivered Leadership Foundations learning across 55 virtual sessions to over 2,200 colleagues.

This year DWP has further developed its learning offer to build colleagues' digital confidence and capability, embed sustainability and encourage social and self-directed learning. This was supported by a national network of 901 Digital Workplace Champions.

DWP's short bite-sized learning videos and recorded sessions have been accessed over 77,000 times

DWP took a leading role in the implementation of One Big Thing 2023, a Civil Service-wide learning initiative focused on data. DWP influenced the design and roll-out of the learning, and saw the highest engagement levels across government. As a result, 50,000 colleagues now better understand the importance of data, and how the Department uses it to make informed decisions, modernise and adapt its services, achieve efficiencies, and deliver excellent digital services.

DWP's technical learning, especially learning for work coaches and case review officers, has supported ministerial priorities set out in the Spring Budget and the Autumn Budget. To meet this activity, the Department onboarded and upskilled over 100 new learning professionals, ensuring that large numbers of new entrants to DWP, particularly work coaches and case managers, received effective learning to start them on their careers and provide vital welfare service to UK citizens.

For the year to 31 March 2024, DWP delivered 289,904 facilitated delegate days of technical learning.

Anti-bribery and corruption

DWP has a zero-tolerance approach to fraud, bribery, and corruption. The Department ensures there are structures in place, as well as readily accessible policies and commercial agreements with suppliers and providers to detect and respond to the threat of fraud.

The Department promotes a counter fraud culture via fraud, error and debt learning at induction and mandatory annual learning for all colleagues, ongoing fraud awareness activities and annual themed learning events. All colleagues must also complete the annual DWP Security and Data Protection learning.

Working with other agencies and learning from fraud, bribery, and corruption are key elements of DWP's counter fraud response. The Government Internal Audit Agency (GIAA) provides specialist counter fraud services to DWP, which include the investigation, and where appropriate, support with fraud, bribery, and corruption prosecutions. GIAA also assists DWP with continuously improving its counter fraud response, including regular senior leader engagement and collaboration with internal stakeholders to understand the Department's exposure to fraud, bribery, and corruption and ensure an effective response is implemented. For more information, see the Fraud, Error and Debt Report on page 93.

Location

DWP employs 16% of the Civil Service (as of December 2023) and makes up 20% of the government's civil estate. In 2023-24 DWP has continued to support the Government Property Strategy to deliver a smaller, better, greener estate. The Department has moved out of poorer quality buildings and invested in improving those it keeps, moving closer to DWP's ambition of making its offices a great place for people to work, and in the case of jobcentres, a better environment for customers to visit.

In 2023-24 the Department has:

- Exited a further seven of its back-office buildings (where DWP provided virtual services and did not need to see customers face-to-face). The Department used lease breaks to exit poorer quality buildings and remove underused space, delivering value for taxpayers by only paying for the space it needs. The Department has retained, retrained or redeployed the 2,850 people affected by these changes to the back-office estate.
- Exited a further four jobcentres, taking advantage of lease breaks to move to better premises
- Continued work to return the jobcentre network to its pre-pandemic size by decommissioning the temporary jobcentres. In 2023-24 104 sites have been closed to the public, with 58 having been handed back to the landlord.
- Continued to make improvements at sites that have been retained. In 2023-24 the Department has made improvements at 43 sites, creating better environments for DWP's customers and colleagues. DWP has also decommissioned underused space at 10 of its back-office buildings.

Workplace Transformation and essential works

Once the Department has exited a site, a process begins where it is handed back to thelandlords and lease arrangements and legal commitments to the site cease (with the exception of dilapidations, which may be resolved at a significantly later date). The timeframe for each site to go through this process will be based on the individual lease arrangements, meaning that in some circumstances DWP retains sites which are vacant for a period. The table below shows the number of sites where DWP has a live legal interest. There is not always an alignment between people and services exit numbers and lease numbers as DWP has a very mixed-use estate, whereby multiple business areas can be present in the same or combination of sites.

Status at end of Fiscal (March in each year)						
Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Type of building:						
Hub[19]	7	7	7	10	10	10
Back-office	83	78	76	73	52	48
Back-office site with Jobcentre colleagues also represented	43	43	43	45	43	29
Jobcentre	606	608	603	605	597	616
Temporary Jobcentre	-	-	29	178	176	106
Assessment Centre	50	52	49	51	54	55
Nino Hub	2	2	2	2	1	1
Other	13	13	12	15	14	14
Vacant	3	4	4	3	2	2
Total	**807**	**807**	**825**	**982**	**949**	**881**

Through the Workplace Transformation Programme (WPT), net cashflow savings of an estimated £37.9 million have been delivered in 2023-24, with further net cashflow savings of £38.8 million forecast in 2024-25. Net cashflow savings are based on the latest version of the Programme Business Case.

For more information on Workplace Transformation, see the Sustainability Report on page 140.

Alongside the Workplace Transformation Programme, there is also a structured programme of essential works to ensure that the Department's ageing buildings remain open, safe and fit for purpose for both customers and colleagues, delivered through DWP's Estates function. The following programmes have contributed to this in 2023-24:

The Department's ongoing preventative **Lifecycle Works** programme, mitigates the effects of DWP's aging estate within the constraints of the Department's limited budget. DWP continues to invest in replacing the core assets in its estate to ensure it meets its statutory requirements and enable its buildings to remain resilient and open, ensuring customers have access to the services they require. The focus of replacement this year has included fire safety-related issues, poorer quality boilers, roofs and lifts.

Estates' **Critical Security Infrastructure (CSI)** programme continues to deliver on its ambitions to provide best-in-class technology to keep colleagues and customers safe in

19 In 2022, DWP increased the number of hub sites from 7 to 10, through designating 3 existing back-office sites as hubs. The hub sites are used by a number of business functions; however, the majority are predominantly used by those in corporate function roles with a smaller number used predominantly by those in service delivery roles.

DWP buildings. In 2023-24 the Department upgraded security cameras, door entry systems, entrance monitors and intruder alarms in 200 sites.

DWP's **Workplace Services Programme** is supporting the Department's ambition for more cost-effective delivery of services provided by its supply chain. As part of this programme, the Estates function is currently re-procuring key facilities management (FM) and security services.

DWP's **Jobcentre Design Guide** provides the standards for future properties and major refurbishments of existing sites. With rising numbers of customers with a health condition or disability, the inclusive design of jobcentre environments becomes ever more important and needs to cater for a range of accessibility requirements, including neurodiversity and mental health conditions.

Places for Growth

DWP has continued to make progress in the last 12 months against the Department's Places for Growth targets.

Target 1: DWP has continued to increase the percentage of Senior Civil Service (SCS) roles outside of London, supporting the Department's target of having over 50% of all SCS roles outside London and the South-East by 2025.

In March 2023, 57% of DWP SCS roles are based out of London and the South-East. In the last 12 months, 77% of new SCS appointments have been outside of London.

Target 2: DWP achieved its target to reduce SCS in functional areas based in London to 40% by December 2022. The Department continues to monitor its progress in this area and to build communities in all hub locations.

In March 2024, 37% of functional SCS are based in Caxton House, London.

Target 3: In 2021, the Department achieved its target to announce a headquarters location outside of London – by designating Leeds as DWP's second headquarters. The Department is continuing to embed this its working practices.

Target 4: DWP has committed to the movement of 400 roles out of London and the South-East by 31 March 2025. In March 2024, Money and Pensions Service (MaPS), one of the Department's arm's length bodies, had relocated 247 roles from its Holborn office to Bedford. In addition, up to March 2024, the Department relocated 668 roles out of London.

89%

of total DWP Workforce is based outside of London.

DWP has continued to tap into talent pools and enable career progression in the regions, through the use of DWP hubs in Glasgow, Treforest, Birmingham, Leeds, Sheffield, Newcastle, Manchester and Blackpool.

This further supports delivery of Places for Growth

Innovation and technology

The Department made progress in how it uses innovation and technology throughout the year. DWP continued to deliver the modern digital services which enhance productivity and efficiency, alongside running existing core services. The Department continued its migration to cloud hosting environment to reduce its reliance on outdated legacy technology, and ensured that security is considered from the outset of IT projects through the implementation of a new Digital Security Risk Management strategy. Coupled with routinely patching systems to the latest software versions to address security vulnerabilities, this ensures the end-to-end security of the customers and data the Department is entrusted with.

0.07%

320k User Hours Lost from 433m available

Digital improvements and Artificial Intelligence (AI)

The Department helped reduce fraud and error through design and delivery of modern digital services, creating further opportunities to increase automation and straight-through processing.

DWP continued to identify opportunities to use automation to solve problems across the Department (such as correspondence management), automating administrative tasks to free up colleagues to spend more time directly supporting customers.

The Department has rapidly and successfully tested multiple generative AI proofs of concept, through multi-disciplinary teams. DWP's proofs of concept (such as A[i]gent and a-cubed) have explored the potential for AI to support a wide range of business areas, such as supporting work coaches and frontline colleagues, updating legacy digital infrastructure, and supporting the productivity of policy colleagues. The Department has done this with a strong focus on the safe, ethical, and value-led adoption of AI.

Whitemail	A[i]gent	A-cubed
Scans documents and quickly identifies vulnerable customers, allowing DWP to fast track and intervene.	Uses AI to assist PIP agents e.g. by summarising evidence for inclusion in decision letters.	Provides work coaches with quick access to advice to help to support customers move closer to the labour market.

A new Digital Board has brought fresh transparency to how technology and DWP's digital teams support departmental outcomes.

DWP has introduced technology that quickly triages the high volumes of correspondence it receives. Every day, 22,000 documents are processed in real time in what previously used to take weeks.

To date, DWP has processed 2.2 million documents using generative Artificial Intelligence (AI) to read, understand and summarise correspondence. The full information is then shared with colleagues for decision making.

It also uses capability to flag potentially vulnerable citizens and expedite their correspondence to the relevant colleague who can help them.

The Department continued to modernise how data is stored, shared and accessed. In line with cross-government data standards, DWP self-assessed a single area of the Department's data maturity.

Over 900	45
data shares a year	System interfaces helping security connect data sharing across Government and Partner Organisation

Delivery, Evaluation and Collaboration

DWP has continued to work across the Department to enable delivery and performance against the Strategic Outcomes and have strengthened strategic performance and planning conversations across the business.

To support decision-making and provide assurance, DWP has provided quarterly progress reports to the Departmental Board on performance against the Strategic Outcomes and Delivery Objectives.

DWP has also regularly assessed the deliverability of the Departmental Plan to identify challenges to delivery and consider options to mitigate them.

DWP regularly evaluates programmes and pilots that the Department runs to learn lessons and apply best practice to future work. See Strategic Outcome 1, page 27, for more details on Restart, or visit The Evaluation of the Restart Scheme – GOV.UK (www.gov.uk)

DWP recognises the importance of working in partnership with other government departments and arm's length bodies. These partnerships enable the Department to share knowledge and best practice, supporting delivery of DWP's objectives and creation of solutions to shared issues.

DWP continued to collaborate with other government departments, including HM Treasury, Department for Education, Department for Levelling Up, Housing and Communities and Department for Health and Social Care. This partnership working supported the Department's cross-cutting strategic objective to maximise employment, tackle issues on workforce participation and support in-work progression.

Sustainability

DWP is committed to operating and delivering its services in a sustainable way. The Department continued to manage its estate and operations, purchase goods and services and make policy in accordance with its sustainability obligations. Across the Department, DWP has made further progress in understanding its emissions, developing its governance, engaging with colleagues and improving digital sustainability performance.

DWP has continued to work to improve the energy performance of buildings. In 2023-24 DWP increased the number of buildings which meet the top two Energy Performance Criteria from 3% to 8%.

Delivered a number of greener projects, including delivering a large recycling exercise with nearly 6,000, items of furniture being repurposed across the department saving over £580,000 in purchase costs.

For information on DWP's mandatory reporting requirements relating to sustainability, see the Sustainability Report on page 140.

Delivery Objective: tackle fraud and drive efficiencies

Fraud Error and Debt Report

Introduction

DWP is committed to tackling fraud and error in the benefits system and to the recovery of debts. Part 1 of the Fraud, Error and Debt Report (page 97 to 123) outlines **what DWP has done to tackle overpayments and prevent loss.** This section looks at performance against the fraud and error target. This includes the Department's counter fraud functions, and savings from these activities in addition to upfront controls, and reporting on the 2023-24 Fraud and Error National Statistics. This chapter also outlines where DWP is going further through investment in data analytics and system changes to drive down overpayment levels in key loss areas.

Part 2 of the Report (page 124 to 132) looks at **how DWP is correcting underpayments** to ensure people are paid their full entitlement.

Finally, when overpayments happen, DWP commits to recover the money for the exchequer at the earliest opportunity. DWP will work with anyone who is struggling with their repayment terms and will always look to negotiate sustainable and affordable repayment plans. Part 3 of the Report (page 133 to 139) **sets out the management of debt recovery.**

Measuring loss

Fraud and error is made up of overpayments and underpayments[20] of benefit that fall into one or more of the below three categories. The categories outlined are defined by how loss is measured in the Fraud and Error National Statistics.

Fraud relates to claims where all three of the following conditions apply:

- The conditions for receipt of benefit, or the rate of benefit in payment, are not met.
- The claimant can reasonably be expected to be aware of the effect on their entitlement.
- Benefit payment stops or reduces as a result of a review of the claim.

Claimant error overpayments are where claimants have provided inaccurate or incomplete information, or failed to report a change in their circumstances which has led to an overpayment, but there is no evidence of fraudulent intent on the claimant's part.

20 An overpayment happens when people are paid too much benefit, which happens in instances where fraud is being committed, where DWP has made an error or the customer has made an error. An underpayment happens when people are not paid enough benefit, which happens in instances where DWP has made an error, classified as official error.

Official error is where benefits have been paid incorrectly due to a failure to act, a delay or a mistaken assessment by the Department, a local authority or His Majesty's Revenue and Customs, to which no one outside of that department has materially contributed, regardless of whether the business unit has processed the information.

There has been a change to the classification of claimant error underpayments, which is now classified as unfulfilled eligibility. It is important that DWP is aware of how much extra money benefit claimants could be getting if they told the Department about their current circumstances correctly. This was previously classified as claimant error underpayments, but upon review of the legal definition of an underpayment, this is now being classified as **unfulfilled eligibility.** The estimates relating to unfulfilled eligibility in the benefit system are now reported earlier within Strategic Objective 2 of the Performance Report from page 40 onwards. Later on, within this section page 122 the reasons behind the reclassification are covered.

The Monetary Value of Fraud and Error (MVFE) is DWP's headline measure for overpayments and underpayments. It expresses loss in monetary terms (£s) and as a percentage of benefit expenditure. Measurement as a percentage is a better expression of loss, as total benefit expenditure is affected by uprating which is applied each year and varies with demand as the wider economic conditions change. This means monetary loss (£s) can increase even if the percentage of loss falls.

To calculate the level of loss, the following methodology is used:

- Benefits which have large expenditures, such as Universal Credit, are measured continuously. This year, the levels of fraud and error, and unfulfilled eligibility were measured in Universal Credit, State Pension, Pension Credit, Housing Benefit, Personal Independence Payment and Disability Living Allowance. DLA was last measured in 2004-05. For Housing Benefit, the passported client group was last measured in 2019-20 and the standard client group was last measured in 2018-19. [21]
- To measure the levels, a sample of cases is selected from each benefit (around 13,300 were sampled for 2023-24). A claimant is then contacted by telephone and asked to provide evidence to support their claim which is compared to the information held on DWP's computer systems. This process identifies where a claimant may have been overpaid or underpaid, and whether claimants have unfulfilled eligibility.
- Once all reviews are complete, an extract of the data is taken and there is a gross-up of the sample data to estimate the levels of fraud and error, and unfulfilled eligibility, in each benefit.
- There are several benefits not measured in this way. Some benefits will have been reviewed before and the previous rate of fraud and error is applied when calculating loss. Other benefits, usually those with a small expenditure, will have a proxy measure applied from a benefit that is administered in a similar way such that it can be reasonably assumed and apply the same rate of fraud and error.

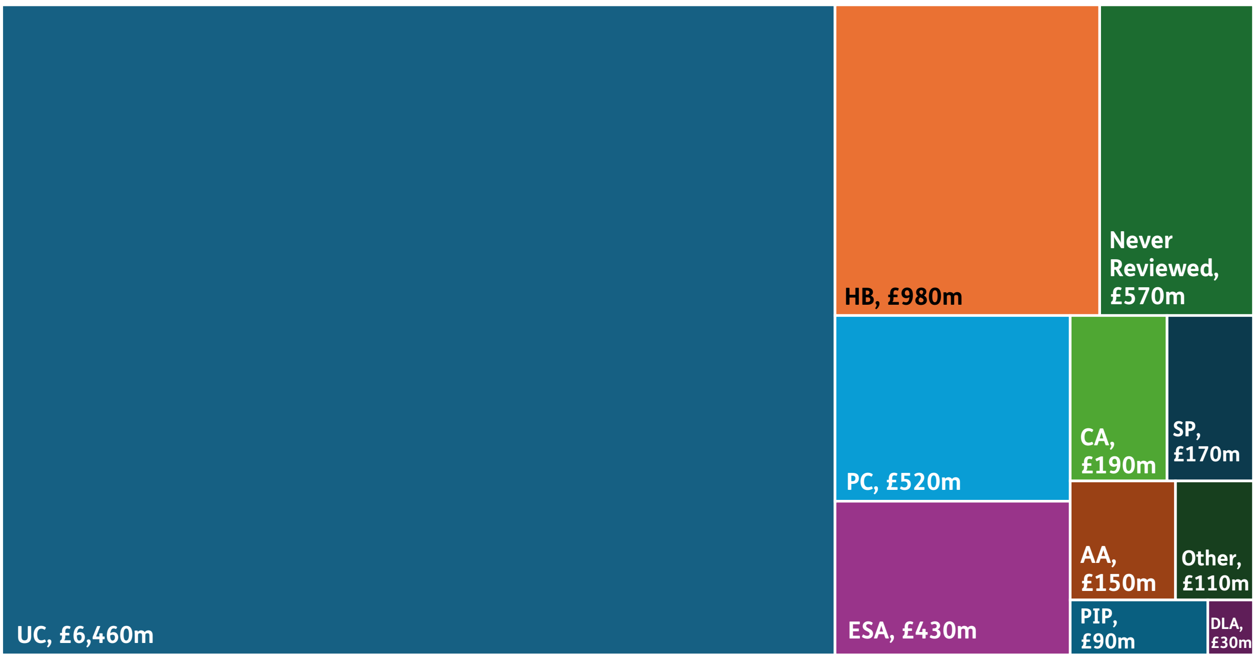
21 Most benefits are measured across Great Britain, but for devolved benefits Scotland is excluded. For PIP and DLA it is England and Wales only.

- The Fraud and Error National Statistics should calculate overpayments and underpayments in accordance with what is due under the law.
- All of the overpayment and underpayment amounts for every benefit are added up and divided by the total expenditure to give the percentage overpaid and underpaid.
- This year, the sampling period took place between November 2022 and October 2023 for most of the benefits sampled. The exceptions are for DLA, which took place between February and September 2023, and PIP which took place between October 2022 and August 2023. The review, evidence gathering, and measurement periods of the selected cases can span a wider time frame than the sample period itself, with some reviews and categorisations still being completed up until the end of February 2024. The sample year and the financial year don't align. This means a proportion of expenditure for benefits reviewed this year cannot be captured by the sampling process.

DWP sets out eligibility criteria to establish whether an individual is entitled to benefit support. Benefit rules target support at individuals that need it most. However, these rules also create the opportunity for fraud and error to enter the system. For example, the limit on the amount of money, savings and investments an individual can hold while claiming benefits introduces opportunity for error in how an individual reports the money they have access to. These errors are presented as a loss to the exchequer.

Levels of fraud and error in the benefit system for 2023-24 can be found on page 97. Fraud is the greatest cause of loss (2.8% of overall expenditure) and UC has the greatest rate of loss (12.4% of UC expenditure). UC accounts for 19% of benefit expenditure but 66% of overpaid expenditure, so UC fraud and error will have a disproportionate impact on overall levels of loss. Although DWP focuses a lot of attention on fraud and on UC, the Department is committed to driving down levels of overpayments across the whole of the benefits system.

Chart A: Fraud and Error losses by benefit



Measuring savings in monetary terms

DWP also measures the **impact of fraud and error controls and activities** in terms of **Annually Managed Expenditure (AME) savings** – i.e. how much the cost has reduced to the exchequer as a result of interventions. These savings are estimated by adding up both historic overpayments that have been identified (discounted to take account of debt recovery rates) and future overpayments estimated to have been prevented (based on assumptions about how long the overpayment would have continued to exist if it hadn't been found). For the purposes of this report, future overpayments prevented are only included that would have happened in the 2023-24 financial year. Interventions this year will also have a further impact in future years. In addition, savings estimated from DWP's up-front controls are completed by comparing with a counter-factual world where that control doesn't exist.

Devolution

Following the devolution of social security powers to the Scottish Parliament under the Scotland Act 2016, the Scottish Government is in the process of developing its own fraud solutions. DWP has been working with the Scottish Government to agree a process for tackling overpayments both jointly and individually, and to provide solutions for secure and legal two-way sharing of information between DWP and the Scottish Government, where appropriate. Social security benefits in Wales remain reserved to the Westminster government. Social security policy is 'transferred' in Northern Ireland and delivered by the Department for Communities.

1. Tackling Fraud and Error

Management summary – Fraud and Error Landscape

Fraud has been a growing problem across the economy and is now responsible for 37% of all crimes against households in 2023[22]. DWP's analysis indicates that the rising trend to commit fraud in the wider economy has also been seen in increased rates of fraud in the welfare system.

DWP's overpayment rate grew during the pandemic from 2.4% in 2019-20 to 4.0% in 2021-22. The cause of this growth was largely due to the necessary easements put on controls at the height of the pandemic to support the most vulnerable. For example, the removal of the Gainful Self-Employment test and the Minimum Income Floor. Steps were taken to minimise losses, and without this activity, it is estimated fraud and error across all benefit expenditure could have been as high as 5.4%[23]. With the benefit of hindsight, the evidence suggests that this increasing propensity for fraud in society was present during the pandemic but was likely concealed in the fraud and error statistics by the effects of the easements and was a trend that had begun before the pandemic and has continued after it.

There are various sources available to establish the trends and growth in fraud and wider economic crime. The best comparators for DWP's circumstances are fraud committed by individuals (or groups of individuals) against organisations, shoplifting, and societal attitudes and tendencies towards fraud. All of these measures indicate a long-term rising trend in fraudulent behaviour.

DWP is delivering against key counter fraud activity, including investing in counter fraud professionals, scaling up the Targeted Case Reviews programme and building data analytical capabilities. As a result of DWP performance and the removal of easements, overpayment rates reduced in 2022-23 from 4% to 3.6% of overall expenditure, and in Universal Credit from 14.7% to 12.8%. In addition, this year DWP has delivered against the £1.3 billion AME savings target as set out within the 2022-23 Annual Report and Accounts.

This chapter starts by setting out the evidence on the increased propensity to commit fraud, as requested by the Public Accounts Committee. The chapter then covers the performance of DWP counter fraud operational activities and preventative controls including:

a) The Controls Framework: the main preventions against fraud and error are through controls such as UC identity verification checks. The framework also includes savings made through dedicated counter fraud resource. In total last year's controls saved £18 billion. Further details are on page 107, building on the framework published in the 2022-23 ARA.

22 Crime in England and Wales, Appendix tables – year ending December 2023
23 Annual Report and Accounts 2019/20 (print-ready PDF) (publishing.service.gov.uk) page 112

b) Detect and correct counter fraud and compliance activity and performance against the 2023-24 £1.3 billion AME savings target. This section covers counter fraud and compliance, Targeted Case Reviews and the Verify Earnings and Pensions Service. Further detail on the target and details of key interventions are outlined on page 102.

c) How DWP is further preventing fraud and error through continuous improvement. This will cover updates relating to data and analytics, UC continuous improvement activity; and activity across other benefits to reduce overpayments.

The National Statistics shows that fraud levels in 2023-24 are at 2.8% compared with 2.7% in 2022-23. Within this section there is detail on the fraud and error Spring Budget 2023 forecast and the revised Spring Budget 2024 forecast.

Fraud in the Economy

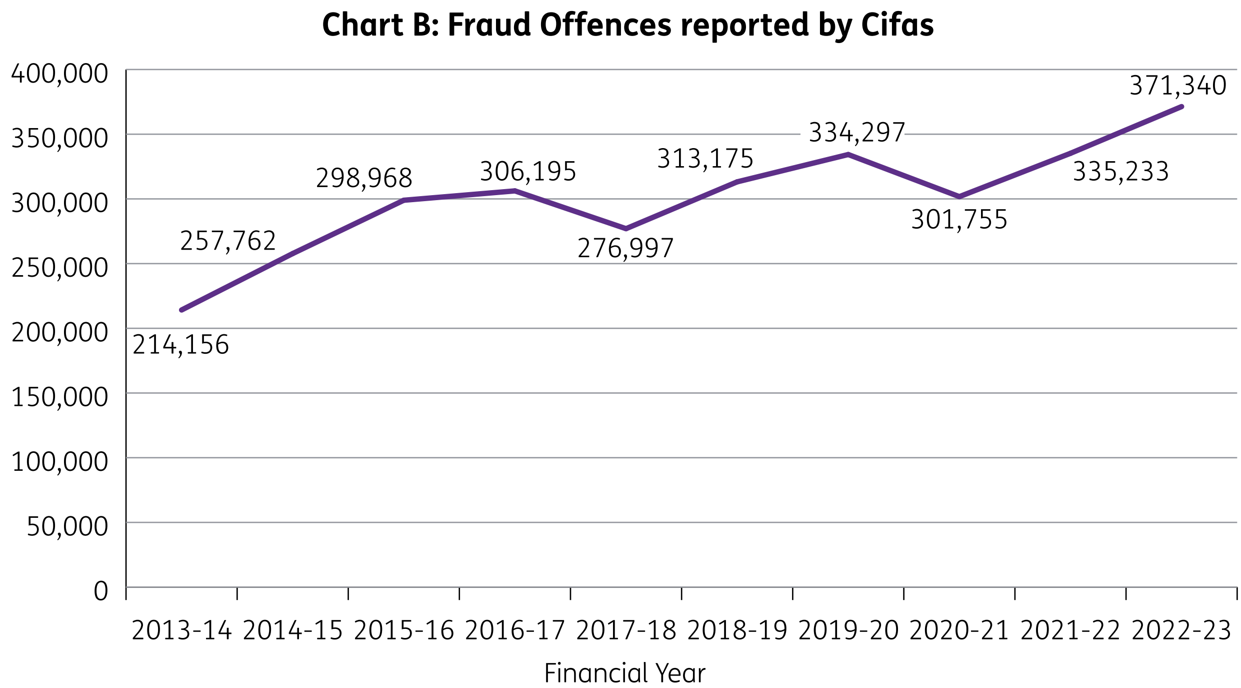
Evaluation of the Growing Propensity to Commit Fraud

With benefit spending at £266.1 billion in 2023-24, the welfare system is a deliberate target for both organised crime groups and opportunistic individuals. A range of evidence indicates that there is a long-term rising trend in fraudulent behaviour towards organisations and a softening of attitudes regarding fraud in wider society. While there may be fluctuations in data over time, the overall trends appear to continue upwards. Although direct comparisons to trends outside of the welfare system are difficult and need to be treated with caution, the evidence outlined here is sufficiently comparable to assume that these trends are likely to be mirrored in the benefit system. This increases the scale of the challenge faced in preventing and detecting fraud.

As requested by the Public Accounts Committee the evidence presented by DWP currently shows that:

1) There is a long-term increasing trend in levels of fraud against organisations. Data for fraud offences against businesses referred to the National Fraud Intelligence Bureau by Cifas (who facilitate fraud data-sharing for over 600 large public and private UK organisations) shows a rise in fraud cases against organisations over the past decade. In particular the two most recent available financial years (2021-22 and 2022-23) each show an 11% annual increase, compared to a 5% average increase pre-pandemic[24].

24 Data for each year held in separate tables. Crime in England and Wales: Appendix tables – Office for National Statistics (ons.gov.uk)



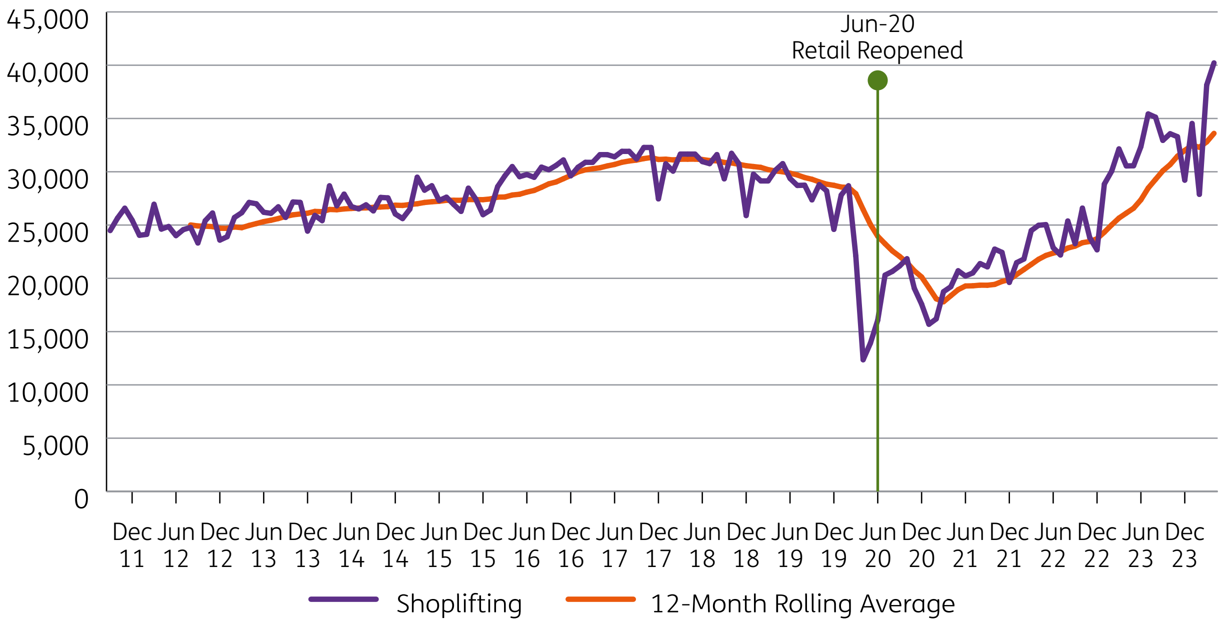
	Yearly Percentage Change									
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Cifas		20%	16%	2%	-10%	13%	7%	-10%	11%	11%

Source: Home Office Police Recorded Crime, excludes computer misuse

2) There is a notable uptick in shoplifting, which may suggest an increasing motivation to commit fraud/crime in order to ease financial pressure. According to police-recorded crime data for England and Wales, reported levels of shoplifting have steadily increased since retail reopened after the pandemic. Annual levels of shoplifting have increased by an average of 27% since 2021, and the 2023 level is 11% higher than the pre-pandemic level in 2019. Shoplifting reached a record high in April 2024[25].

25 UKCrimeStats.com - The Leading Independent Crime Data Platform

Chart C: Shoplifting – Police Recorded Data



Annual Percentage Change in Total Incidents of Shoplifting, UK Crime Stats, 2023									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
3%	2%	8%	5%	-2%	-6%	-30%	-1%	19%	35%

Source: UK Crime Stats – Police recorded crimes, England & Wales

3) Attitudes toward benefit fraud have softened. Results from the British Social Attitudes Survey show the proportion of respondents who said it was either 'Not Wrong' or only 'A Bit Wrong' for an unemployed claimant not to report £3k cash from a casual job increased 11 percentage points, from 16% to 27%, between 2016 and 2022[26].

Chart D: Extract from British Social Attitudes Survey

BSAS Question: "An unemployed person on benefits takes a casual paid job in cash; he does not report it to the benefit office and is £3,000 in pocket. Is this wrong?"

	2016	2017	2018	2019	2022
Not wrong/A Bit Wrong	16%	16%	19%	20%	27%
Wrong/Seriously Wrong	80%	81%	77%	74%	66%
Don't Know	2%	2%	3%	4%	7%
Refusal	2%	1%	1%	1%	0%
Unweighted bases	*782*	*2,446*	*2,269*	*2,636*	*1,664*

26 Fraud and Error in Welfare Benefits, 2016 to 2022: British Social Attitudes survey – GOV.UK (www.gov.uk)

Another survey conducted by YouGov for the Insurance Fraud Bureau in July 2023 found that 27% of 18-24 year olds would "likely" provide false or misleading information on an insurance claim to save money, if struggling financially. This has increased from 21% in the previous year[27].

Further evidence will shortly be published from a 2023 study conducted by the University of Portsmouth. This study demonstrated how attitudes towards certain 'deviant acts' had changed over time. In 2011, the original research found that 85% of respondents thought falsely claiming benefits was never justified. In 2023, the comparable figure was 67%. Falsely claiming benefits was the largest change out of all 15 'deviant acts' studied. The study also calculated 'Integrity Scores' for participants based on their responses. Results showed that in 2011, roughly 7% of respondents had a low integrity score, but this increased to over 20% in 2023[28].

Some surveys have also found more people admitting to having committed fraud. A survey by Cifas shows a growth over time in the number of people admitting to committing fraudulent conduct, rising from 8% of respondents in 2021 to 12% in 2023[29]. Research conducted for Aviva UK (Dec 2022) found that 33% of motorists said they have changed at least one material detail in their motor insurance application to save money[30].

The overall conclusion of this analysis is that there is an increasing trend in the underlying propensity towards fraudulent behaviour, which can be expected to place an upwards pressure on fraud in the welfare system. DWP has estimated through the Office for Budget Responsibility (OBR) expenditure forecasts that this long-term behavioural trend creates a headwind that would cause fraud levels to grow at around 5% per year without action to reduce it. Based on the variety of evidence highlighting a long-term sustained increase in fraudulent behaviour, this trend is expected to continue throughout the OBR forecasting period over the next 5 years. Whilst this is an inexact science, the most recent statistics also support the existence of a broad upward force of around 5% per year, which is partially counterbalancing DWP work in stopping and correcting overpayments (see further detail later in the section).

Tackling Fraud and Error

This section is split into two covering:

- The delivery of DWP's detect and correct counter fraud and compliance activity, focusing on the key interventions undertaken by frontline counter fraud professionals, including the Targeted Case Review teams.
- The delivery of DWP's core controls, for example, up-front checks on claimant entitlement including identity verification.

27 New YouGov findings show growing number of young adults tempted by insurance fraud (insurancefraudbureau.org)

28 Shepherd, D., Button, M., & Hawkins, C. (2024). *The dishonest disposition and everyday economic criminality of the British public* [manuscript in preparation]

29 Reports and Trends | Growing Threat of Fraud & Financial Crime | Cifas

30 Aviva reports 16% rise in application fraud over same period in 2021 – Aviva plc

Delivery of Counter Fraud and Compliance Activity including performance against the £1.3 billion AME Savings Target

The 2022-23 Annual Report and Accounts set a 2023-24 AME savings target of at least £1.3 billion. This target included activities delivered though DWP's Counter Fraud and Compliance function, the Targeted Case Reviews, and verifying earnings in Housing Benefit, Carer's Allowance and Employment and Support Allowance to detect fraud and error, and correct claims.

In 2023-24, DWP achieved AME savings of £1.35 billion delivering against the fraud and error savings target.

Chart E: AME Savings actuals – broken down by function[31]

	2023-24 AME Savings Actuals
Counter Fraud and Compliance	£1.21 billion
Targeted Case Reviews	£0.09 billion
Verify Earnings and Pensions	£0.06 billion
Totals	**£1.35 billion**

Dedicated Counter Fraud Activity

Counter Fraud and Compliance Function

Counter fraud and compliance resources are deployed to emerging and high risks areas, detecting and correcting where needed and pro-actively looking to prevent and disrupt fraud at the earliest opportunity. This approach has seen Counter Fraud and Compliance deliver over £1.2 billion savings for 2023-24.

Counter Fraud and Compliance has different approaches to tackling fraud, depending on the nature and severity. The team deploys a diverse range of expertise, technology, and intelligence to protect the integrity of the benefits system, correcting benefit where appropriate and bringing the most serious cases to justice. (See chart below).

31 Figures are rounded to the nearest £10 million so totals may not sum due to rounding. Data sourced from Department for Work & Pensions management information

Chart F: Counter Fraud and Compliance Teams

	Enhanced Review Team (ERT)	Interventions	Compliance	Investigations	Economic Serious Organised Crime (ESOC)
Purpose	Tackle incorrectness through pre-payment verification and post-payment disruption activity	Tackle incorrectness through scripted interviews; cases identified by data matching rules and pre-payment staff referrals	Tackle incorrectness through robust and challenging interviews; cases identified by data matching, staff, and public referrals	Tackling fraud by delivering criminal sanctions against the most serious cases, bringing criminals to account, and providing a deterrence impact	Tackling serious and organised crime and exploitation of individuals, creating jeopardy for organised crime gangs
Outputs 2023-24	ERT 166,062 claims and corrected payments on 39,602.	Interventions reviewed 208,666 claims and corrected payments on 89,487.	Compliance reviewed 269,944 claims and corrected payments on 55,218.	Fraud Investigations teams secured 567 administrative penalties and 655 prosecutions.	ESOC progressed 265 operations into serious and organised crime whilst continuing to feed into ERT to evoke the disrupt to benefit process.
Net AME Savings	£536m	£313m	£279m	£46m	£5m

In addition to the savings of £1.179bn shown in the table, Counter Fraud and Compliance (CFC) also saved:

1. £22m tackling incorrectness where undeclared capital assets have been identified in estates.
2. £4m tackling Living Together allegations through a nudge-based campaign approach.
3. £1m prevented by taking fraudulent documents out of circulation.
4. £1m savings generated within counter fraud testing.

Resource to Risk

Work is targeted towards the highest potential savings, using a mixture of early triage and data driven risk-based scoring, or by prioritising tackling criminality and ensuring there is a robust societal deterrent to fraud. In addition to tackling fraudsters, DWP plays an important role in safeguarding vulnerable customers, for example by tackling human trafficking and modern slavery. DWP continues to shift resources into prevention activities, proactively looking to close down fraud and error at the earliest point.

Enhanced Review Team (ERT)

ERT was created in April 2020 (previously known as the Enhanced Checking Service) to deal with suspicious new applications referred by UC teams to address immediate and serious risks as they arise.

The sources of data for ERT cases are a combination of referrals from across benefit lines and the Integrated Risk and Intelligence Service (IRIS).

ERT is constantly developing its approaches to effectively tackle fraud. It has taken on data-driven work from IRIS and disruption cases associated with ESOC investigations into Organised Criminal Gangs. For example, during 2023-24 DWP experienced a large influx of volumes into an ERT high-fraud risk workstream, which led to the decision to move resource at pace from other counter fraud and compliance functions into ERT, resulting in 40,000 cases being reviewed, and c.14,000 claims being corrected.

Counter fraud officers engage customers by telephone and in person to verify their claim requesting documentation where required. DWP can remove elements, suspend or close claims if they cannot be satisfactorily verified. Stopping payment to customers is a critical decision, so there is a strong focus on safeguarding vulnerable customers, developing constructive relationships with partner organisations to address how customers can be better supported, and offering better advice and signposting for those who need it.

For example, through scenarios provided by organisations such as Citizens Advice, training has been improved and by learning from the experiences of Advanced Customer Support leads has allowed teams to highlight the needs of all customers.

This year focus has been on expanding the range of benefits ERT looks at and how DWP resource to risk to prevent and disrupt fraud and error at the earliest opportunity. DWP has worked with stakeholders to provide training and impact process changes rapidly. Collaboration between teams was recognised when one of the trials won the Public Sector Counter Fraud Award – Innovation in Fraud Prevention 2024.

Targeted Case Review

Targeted Case Review (TCR) was established to identify and address incorrectness across UC claims, providing vital intelligence on new and emerging ways to identify fraud and error entering the welfare system. As a long-term initiative, the team is delivering against the OBR scored savings of £6.6 billion by March 2028.

The focus in 2023-24 has been on continuing to scale and stabilise a new operation that began testing in 2022-23. During 2023-24, TCR reviewed over 200,000 claims, finding and correcting almost 50,000 claims to save £89 million.

Following additional investment at Autumn Statement 2022, alternative models were examined to support scaling up to 5,930 full time equivalent reviewing agents by the end of March 2025. A decision was taken in May 2023 to move to a hybrid delivery which led to a reprioritisation of delivery plans: this was essential to ensuring the ability to scale the service safely beyond original expectations. From autumn 2024, TCR agents will be working alongside agents from an external provider.

Progress has been made towards the target of 5,930 reviewing agents by the end of March 2025. At the end of September 2023, the programme surpassed the target of securing 2,000 agents (10 months ahead of the original plan, which was aiming for July 2024) and maintained momentum to increase the scale by the end of March 2024, placing 3,100 agents across 25 sites.

The predicted AME savings for TCR are reliant on several factors, including the number of completed reviews, number of reviewed cases found to be incorrect, and the average value of the incorrectness on each claim.

Chart G: TCR Performance Drivers

Performance drivers	Outturn
Productivity: cases reviewed per day, per agent, in March 2024	1.05
Hit rate: claims reviewed found to be incorrect, annual average	24%
AME per hit: average savings per incorrect claim, annual average	£4,750
AME: savings achieved in 2023-24	£89m

Whilst overall AME savings were below the original OBR scored savings profile, the programme has achieved improvements in performance particularly in the last quarter of the year. For example, the average AME per hit was higher than expected whilst agent productivity was lower due to the reprioritisation of plans to account for moving to a hybrid delivery model. This is a new initiative and still growing, time has been invested in getting this right now to safeguard the future impact of TCR. DWP expects to meet the OBR savings across the scorecard period as the programme scales and the benefits are fully realised.

Supporting the claimant is at the foremost of claim reviews. The programme have not yet collected any management information specifically on the quality of customer service as the view is that collecting information before the system reaches maturity could present a misleading picture.

An agile approach is being taken to designing the service to ensure teams learn and processes are iterated as the programme continues to scale. TCR teams have adopted the existing customer service quality framework used across the UC service to support continuous improvement. Through this insight, a more tailored quality regime has been developed for TCR which will continue to be refined. This has helped improve service design, enhanced learning and development for TCR and increased correctness of reviews.

A diligent approach has been maintained to ensure the claimant is supported throughout the review process with the expectation that the service would be adapted to address any early signs of failings. The programme has been encouraged by the number of examples of agents able to assist claimants more broadly than checking claim correctness. For example, signposting to wider support, collaborating with other support organisations to provide vital help when needed and identifying claimants not receiving the right level of Universal Credit.

As part of contract management, the same approach would be adopted with an external partner from the autumn. Once the service is stable from April 2025, DWP will examine opportunities to collect information on customer service in line with other service improvement prioritisation.

Finally, as more Universal Credit claims are reviewed, there will be a continuation to apply learnings from these reviews to inform changes to policy, systems, and service design to prevent error from entering the welfare system in the first place. This will help provide a fair, high-quality system that ensures customers receive their full entitlement and avoid unnecessary debt.

Delivery of the Department's Core Controls

Despite the rising trend to commit fraud in the economy, DWP has saved around £18 billion through preventative activity through frontline controls and detection by counter fraud teams.

Last year this estimate was included for the first time and presented as a new, experimental metric which would continue to be developed and refined. This year, although the overarching approach remains the same and total savings at a similar level as reported last year, the methodology has improved and the assumptions have been updated and improved. Therefore it is not appropriate to make comparisons to previous years' data. This measure will be developed further in the coming year and so it remains experimental this year.

The table below presents an estimate for how much higher current benefit spend would be against a counterfactual scenario where benefits were paid out on demand. It therefore estimates the value of the work completed to verify eligibility or ensure that entitlement remains correct by processing claimants' circumstances. The activities and controls that protect the benefit system from overpayments include:

- Up-front checks which prevent incorrectness from getting into the system at the claim start, such as verification of claimant-provided information and of basic conditions of entitlement such as identity.
- Functional assessments which confirm entitlement to disability benefits.
- Processing of changes of circumstances reported by claimants, whether reported on-time or late, or identified through the automated use of Real Time Earnings information from HM Revenue and Customs.
- Pro-active counter fraud and error activities, including Targeted Case Reviews.

Chart H: Amount of potential expenditure loss from overpayments saved – broken down by function

Function		2023-24
Dedicated counter-fraud and error resource	Counter Fraud and Compliance Directorate	£1.21bn
	Investigations	£0.05bn
	Compliance	£0.28bn
	Interventions	£0.31bn
	Enhanced Review Team	£0.54bn
	Economic Serious Organised Crime team	£0.01bn
	Recovery From Estates	£0.02bn
	Other	£0.01bn
	Verify Earnings and Pensions (VEPs)	£0.06bn
	Targeted Case Reviews	£0.09bn
	Sub Total	**£1.35bn**
	Of which	
	Expected recoveries from debt referrals	£0.54bn
	Prevented future overpayments	£0.83bn
Other downward adjustments to current or past entitlement	Where an overpayment was identified	£2.21bn
	In advance of an overpayment occuring	£7.35bn
	Sub-total	**£9.56bn**
	Of which	
	Expected recoveries from debt referrals	£0.18bn
	Prevented future overpayments	£9.38bn
Specific upfront checks on claimant entitlement	**Functional health assessments**	**£5.16bn**
	Other disallowances	**£2.32bn**
	Of which	
	Universal Credit Identity Verification	£0.29bn
Total expenditure saved		**£18.38bn**

Table footnotes

Functional Health Assessments- these are checks done on conditions of entitlement at the start of a disability benefit claim.

Other disallowances- checks done on conditions of entitlement at the start of a non-disability benefit claim for other benefits, this year UC and Pension Credit have been incorporated.

UC IDV (Identity Verification)- savings associated specifically with the checking of a claimant's identity at the start of a UC claim.

Notes:
1. Measuring the savings associated with all these processes requires a variety of estimation methodologies and analysis of different data, meaning some elements of the overall estimate are more robust than others. The estimated savings from dedicated fraud and error resource (Counter Fraud Compliance and Debt Directorate; Targeted Case Reviews; Verify Earnings & Pensions programme) are based on established methodologies which are considered more robust than those used to evaluate savings from front-line controls.
2. The scope of the estimate (benefits with smaller, or declining caseloads have been excluded) and the nature of the assumptions used means that all the figures are more likely to be an underestimate than an overestimate.
3. DWP is not currently able to accurately measure savings achieved from the verification of claimant-provided information such as the amount of capital and household composition. However, this year an estimate of the savings achieved from activity that leads to disallowances of new claims has been incorporated into the measure. This estimate will be refined further in future years.
4. DWP has not attempted to estimate the additional savings that arise from deterring claimants from committing fraud and making mistakes in the first place, as a consequence of the things that DWP has done and the messages that have been promoted.
5. For all of these reasons, the estimate provided here is expected to be an underestimate of the true amount of expenditure that has been saved overall.
6. Totals may not sum due to rounding.

How this relates to the level of overpayments paid out

The published level of overpayments paid out this year was 3.7% of benefit expenditure (£9.7 billion). DWP estimates that a further 6.6% of expenditure has been prevented from being overpaid as a result of counter fraud activities and controls. Without DWP efforts, overpayments would have been at least 10.3% (£27.4billion).

Chart I: Percentage of expenditure overpaid and the additional percentage of expenditure that was saved through prevented overpayments

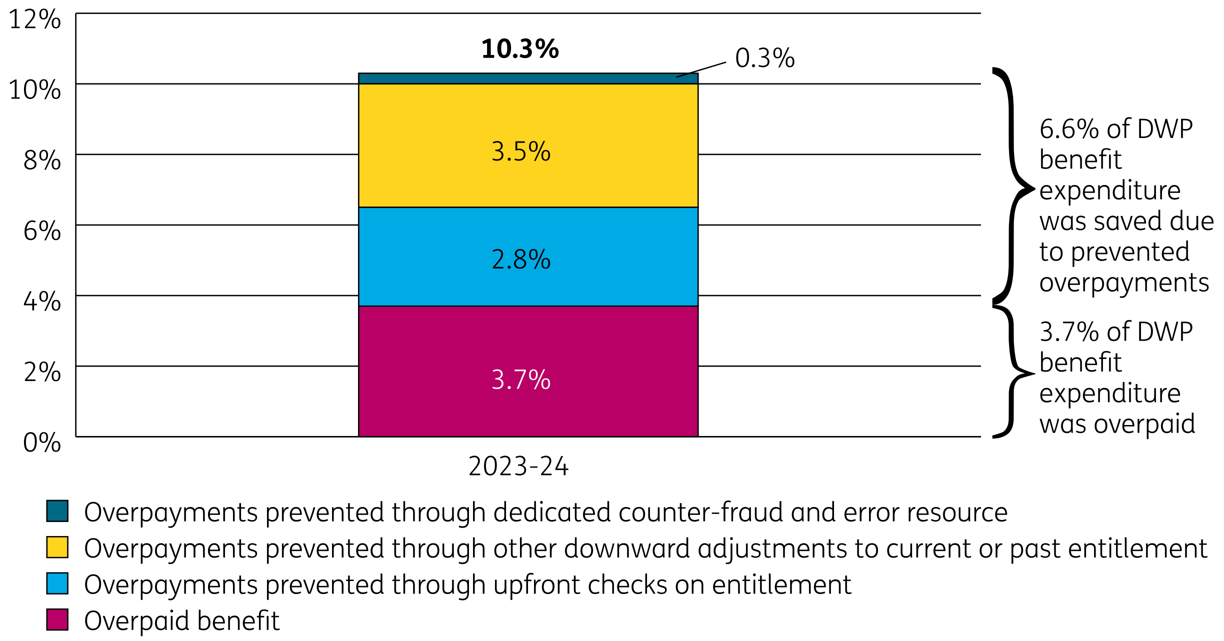
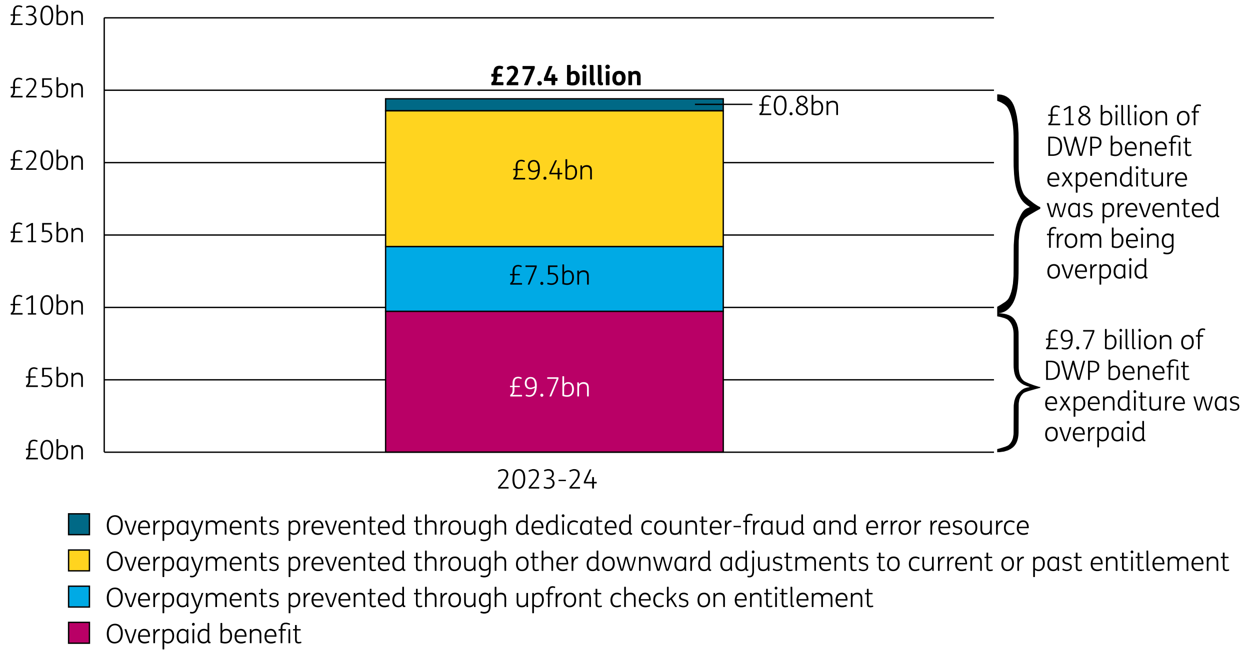


Chart J: Amount of expenditure overpaid and prevented from being overpaid



Driving continuous improvement to tackle fraud and error.

This section looks further into how DWP is preventing fraud and error from entering the system in the first place through continuous improvement of departmental defences. Over the last 12 months DWP has been focused on prevention activity. This has centered on data, innovation, and service improvement to reduce overpayments.

Data is Key

Better use of data and analytics to prevent, detect and correct fraud.

Effective use of data can help identify potential fraud and error, with effective data verification processes DWP can significantly reduce or even potentially eradicate over- and under-payments. For example, DWP has seen this through collection of real-time information earnings data shared by HM Revenue and Customs.

DWP continuously explores the additional data needed and working with external partners support to bring in data where possible within existing legislative frameworks.

DWP is also working with Accelerated Capability Environment (ACE), a partnership between government and the private sector that provides government Departments with access to a pool of external expertise to explore new practices and technologies to address front-line challenges.

Between 2022-23 and 2024-25, DWP has invested £70 million in advanced analytics to tackle fraud and error and expect this will help to generate savings of around £1.6 billion by 2030-31.

Using Advanced Analytics

IRIS uses advanced analytics to increase the identification of fraud and error, including developing the use of machine learning, a form of AI to assist in the prevention and detection of fraud activities, through the development of machine learning models. DWP continues to develop new capability, including through the Transaction Risking (TxR) programme, to improve the ability to assess levels of fraud and error in transactions on a risk basis. This assesses levels of fraud and error in transactions across the welfare system at the point of application, prepayment and throughout the lifecycle of a claim, to combat fraud and error risks. This use of data and analytics helps identify benefit claims that may need additional consideration.

This new capability is helping to prevent fraud and error entering the benefit system from the outset. By using this technology to identify claims that are at higher risk of incorrectness using predictive models, action can be taken to intervene before an incorrect payment is made.

Safeguards

DWP is always careful when developing, testing and deploying risk models. The use of this technology does not replace human judgement or deny a payment to a claimant. Caseworkers always look at all available information to make a decision.

DWP ensures the right assurances and governance are in place for data and analytics functions in relation to fraud and error. Comprehensive safeguards are deployed and aligned with government best practice, standards, codes and working principles, alongside internal digital and legal review and approval processes. Examples of safeguards include no automated decision making on benefit claims identified that could be at a high risk of fraud and error; completion and regular review of Data Protection Impact Assessments and Equality Impact Assessments; digital and process design to minimise impact on legitimate customers; testing and evaluating data analytics tools prior to deploying into live service; regular fairness analysis of machine learning models. The safeguards which have been implemented are aligned to the 6 principles DWP adheres to in its AI governance to ensure responsible use of AI.

DWP always handles personal data in line with the Personal Information Charter[32] and data protection law. DWP is careful to process data with the Public Sector Equality Duty in mind ensuring that there is meaningful human input and safeguards for the protection of individuals. This gives the public and supervisory bodies the confidence that DWP is operating in the most ethical, legal, proportionate and responsible way.

32 Personal information charter – Department for Work and Pensions – GOV.UK (www.gov.uk)

Fairness Impact Assessment of Machine Learning Models

Machine learning models are a key part of DWP's approach to prevent fraud and error and, in turn, prevent overpayments and customer debt. To maintain public confidence in this approach, DWP must ensure machine learning is used in a lawful, proportionate, and safe way. As requested by the Public Accounts Committee this section presents an assessment of machine learning models.

The UC Advances model is the first machine learning model deployed into live service. It is designed to risk assess Advances requests and refer those assessed as high-risk to a colleague for a fraud-prevention intervention.

Throughout all stages of design, build, test, and deployment of the model legal obligations have been adhered to. Robust safeguards have been implemented to ensure and monitor the proportionality, safety, and fairness of this model.

In early 2024, a fairness analysis of the Advances model was carried out using best practice analytical methodologies.

DWP's assessment of the results of the fairness analysis do not present any immediate concerns of discrimination, unfair treatment or detrimental impact on customers. Analysis confirms payment timeliness of legitimate Advances requests is not disproportionately affected by the model. The model does not impact payment of the associated UC claim.

DWP is committed to continue iterating the fairness analysis method and improving the data available for future analyses. Fairness analysis will be completed at regular intervals, the results of which will continue to inform regular decisions on the continued operation and improvement of the model as a reasonable and proportionate fraud prevention control.

DWP has considered the benefits and risks of publishing the results of fairness analyses. DWP has concluded it is not in the public interest to do so because it will undermine the effectiveness of the model as a fraud prevention control and therefore erode the ability to protect the public purse.

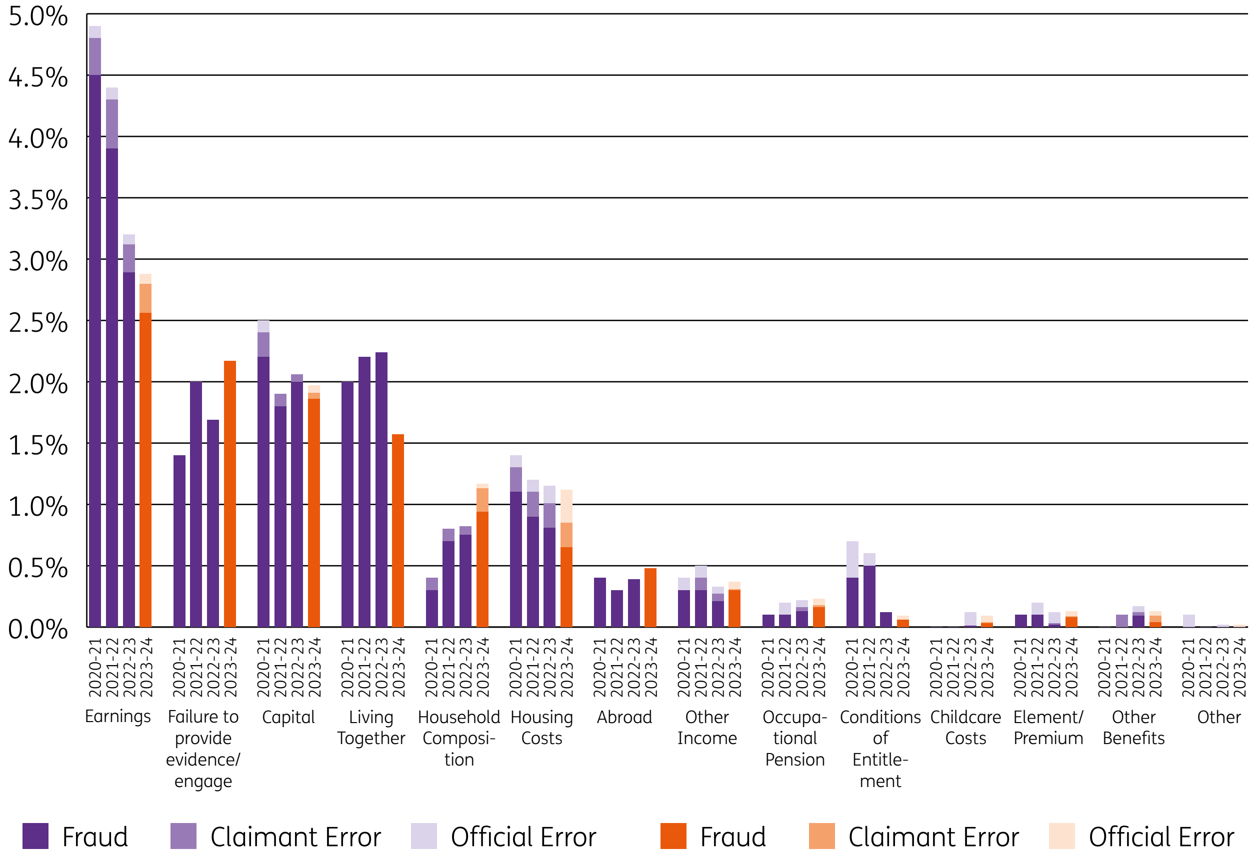
DWP will continue to report to Parliament annually through the Annual Report and Accounts.

Tackling Key Loss Areas

Universal Credit:

The key loss areas in Universal Credit are overpayments caused by undeclared earnings (particularly self-employed earnings), undeclared capital, undeclared partner ('living together'), household composition and incorrect housing costs. There were decreases in most of the key loss areas in 2023-24.

Chart K: Percentage of Universal Credit expenditure overpaid by the key loss area



DWP's approach to tackling fraud and error in UC brings together multi-disciplinary teams from across UC, Counter Fraud and Compliance, Work and Health, IRIS and Digital to focus on activity to reduce the levels of loss.

There is a team for each loss area responsible for understanding key insight and learning from key activities such as Targeted Case Reviews to identify the root causes of fraud and error that need resolving to prevent future losses.

Chart L: Continuous improvement initiatives in Universal Credit

Risk Area	UC Continuous Improvement activity underway[33]
Earnings causes overpayments of 2.9% of expenditure.	DWP has: • Improved the UC service to assist self-employed customers to accurately report expenses. • Introduced changes to better account for multiple sources of income to ensure more accurate payments. • Updated online guidance to support customers reporting income and expenses and what it means for their UC.
Capital causes overpayments of 2.0% of expenditure.	DWP has: • Introduced additional checks to verify an individual's money, savings and investments (capital) before a payment is made. • Improved communication to customers regarding their capital and encouraging them to inform DWP of any changes. This has been done by asking customers specific questions about the types of savings and investments they may hold.
Living Together causes overpayments of 1.6% of expenditure.	DWP: • Is reviewing high-risk claims where there could be an incorrect Living Together declaration. • Continues to test and improve on-screen advice for Living Together to help claimants provide their relationship status and prevent incorrect payments.
Housing Costs causes overpayments of 1.1% of expenditure.	DWP: • Is improving the way claims are identified where housing costs have changed, focusing on the private rental sector. • Has completed annual verification checks for housing costs in the Social Rented Sector for 100% of cases.

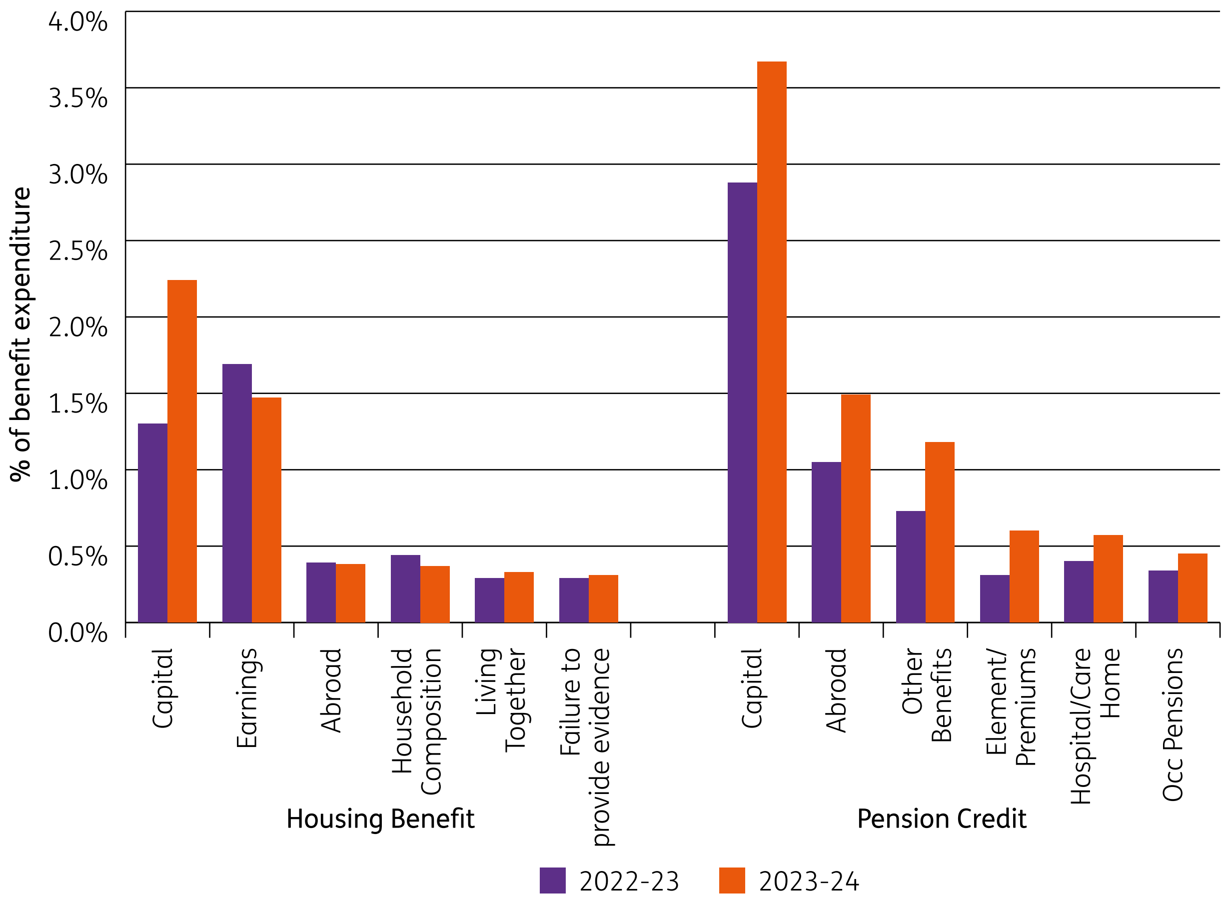
33 Claims where the claimant has participated in the benefit review but has then failed to provide the requested evidence, subsequently having their claim terminated, and there was no previous suspicion around the area the evidence was requested for, are categorised as fraud due to 'Failure to Provide Evidence'. There is already an adjustment made where DWP looks four months after a claim was terminated to see if there is any evidence that would allow a reclassification of the fraud to a known reason. This year this adjustment was expanded to see if any evidence could be found that would allow the fraud to be removed entirely (for example, evidence of earnings coming through in the month after the benefit was terminated, which would result in a nil award).

Risk Area	UC Continuous Improvement activity underway[33]
Household composition causes overpayments of 1.2% of expenditure.	DWP: • Is reviewing claims where data flags that there could be a change in household composition. For example, in August 2023, an action was raised for claimants to confirm for every child on a claim between 16 and 18 years of age, whether the child remained in education or training. Claims were impacted with clear guidance in place for the customer. Where the request was not completed the child element was removed from the claim. As a result, DWP has saved an estimate of around £300 million in overpayments. • Has improved the UC service to request information relating to children in the household when a customer makes an update to their relationship status. This includes a reminder to report any other changes in their circumstances such as information relating to housing costs.
Abroad overpayments were 0.5% of expenditure.	DWP: • Has updated online guidance to ensure customers understand that going abroad is a change of circumstances that must be reported. • Has improved the UC service to enable customers to report when they go abroad so it can accurately record their circumstances. • Is reviewing claims where data highlights a high risk of abroad fraud.

Other Benefits

For benefits other than Universal Credit, many of the key loss areas are specific to each benefit. However, some loss areas are common across multiple benefits, with incorrect capital an important example. As the chart below shows, in addition to being one of the key causes of overpayments in Universal Credit, incorrect capital is now the biggest source of overpayments in the other means-tested benefits, Housing Benefit and Pension Credit. Capital overpayments increased in both of those benefits in 2023-24.

Chart M: Percentage of Housing Benefit and Pension Credit expenditure overpaid by the key loss area



As in UC, across other benefits there are multi-disciplinary teams set up to work together to drive fraud and error reduction activity. Below are some of the key activities and initiatives being progressed.

DWP is:

- Developing the use of data, data-sharing agreements and service automation opportunities, working across benefits and with wider government, public sector and private partners to help drive out fraud and error. This includes using cross-government data to identify abroad fraud, improving the use of alerts and other data from HM Revenue and Customs to verify and check benefit eligibility, and working to obtain real time care home data from local authorities to prevent errors in residency.

- Driving continuous improvements in communications to ensure that customers know when and how to report changes of circumstance. In Carer's Allowance an enhanced notification strategy is being progressed as part of existing commitments to improve customer engagement, building on existing communications with customers. As part of this approach, DWP is reviewing all forms of targeted contact to find the most effective and efficient solution, such as exploring the use of targeted text messages or emails to alert claimants and encourage them to make contact when DWP is made aware of a potential overpayment. This approach will help claimants understand when they may have received an earnings-related overpayment or are at risk of doing so and will encourage claimants to make contact to meet their obligation to report in their income and other relevant circumstances. This will reduce the risk of those customers being overpaid.
- Continuing to utilise notifications received on changes to earnings and pensions across other benefits including Housing Benefit and Pension Credit exploring how to go further to tackle fraud and error challenges.
- Simplifying the service and guidance to help customers to get things right and make it clear what is required. Investing in the development of colleagues to ensure they are equipped to support customers.
- Continuing to deliver Housing Benefit Award Accuracy (HBAA) to help local authorities target full case reviews and change of circumstances and are providing local authorities with support around the largest area of loss to help keep claims right and tackle fraud and error.

Outcomes: 2023-24 National Fraud & Error Statistics and Forecast

Fraud and Error Statistics – All Measured Benefits

In May 2024, DWP published estimates of the levels of fraud and error in 2023-24. They showed that the overall level of overpayments across all DWP benefit expenditure was 3.7% (£9.7 billion) of benefit expenditure.

The continued focus on reducing fraud and error ensured that, despite evidence of a sustained increase in the underlying propensity to commit fraud (see section Fraud in the Economy above), the overpayment rate in Universal Credit for 2023-24 is 12.4% of Universal Credit expenditure, compared to the 12.7% seen in 2022-23[34].

34 Note that an improvement in the measurement methodology used to categorise cases where the claimant failed to fully engage with the measurement process has led to the 2022-23 level being restated as 12.7% rather than the originally published figure of 12.8%.

Chart N: Overpayments and Underpayments by benefit group

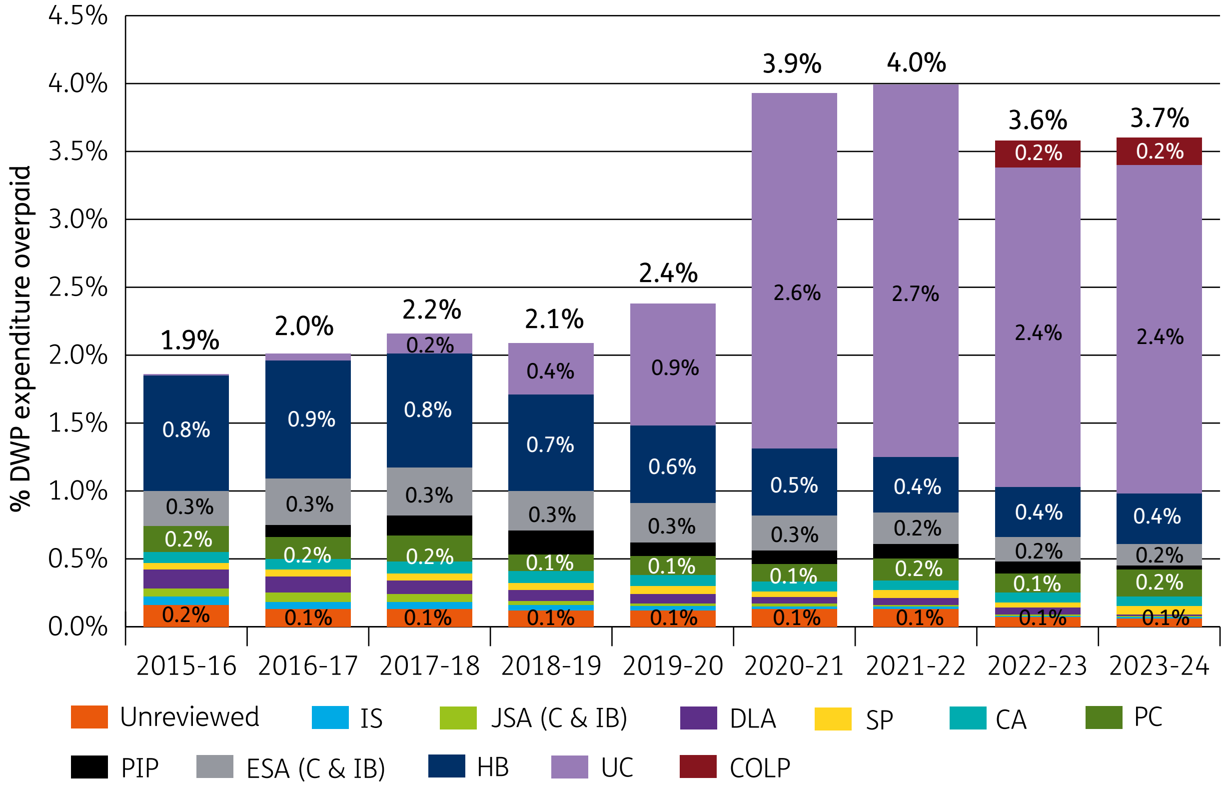
	Overpayments FYE 2024			Overpayments FYE 2023		Underpayments FYE 2024			Underpayments FYE 2023	
All Benefits	**3.7%**	**(£9,700m)**		**3.6%**	**(£8,300m)**	**0.4%**	**(£1,000m)**	▼	**0.5%**	**(£1,200m)**
Benefits measured in 2023-24										
Universal Credit	12.4%	(£6,460m)	▼	12.7%	(£5,500m)	0.3%	(£180m)	▼	0.6%	(£240m)
State Pension	0.1%	(£170m)		0.1%	(£100m)	0.4%	(£470m)	▼	0.5%	(£580m)
Personal Independence Payment	*0.4%	(£90m)	▼	1.1%	(£200m)	0.4%	(£80m)	▲	0.3%	(£60m)
Housing Benefit Total	6.3%	(£980m)	▲	5.7%	(£860m)	0.4%	(£50m)		0.4%	(£60m)
Disability Living Allowance	0.5%	(£30m)	▼	1.9%	(£110m)	1.0%	(£70m)	▲	0.1%	(£10m)
Pension Credit	*9.7%	(£520m)	▲	6.8%	(£330m)	1.0%	(£50m)		1.0%	(£50m)
Benefits Never Measured										
Total Unreviewed	3.4%	(£570m)	▲	3.0%	(£450m)	0.1%	(£20m)	▼	0.2%	(£30m)
Cost of Living Payments	5.4%	(£550m)	▲	4.8%	(£400m)	0.0%	(£0m)		0.0%	(£0m)

* Statistically significant difference

(Many of the changes are not statistically significant given the size of the confidence intervals around the central estimates.)

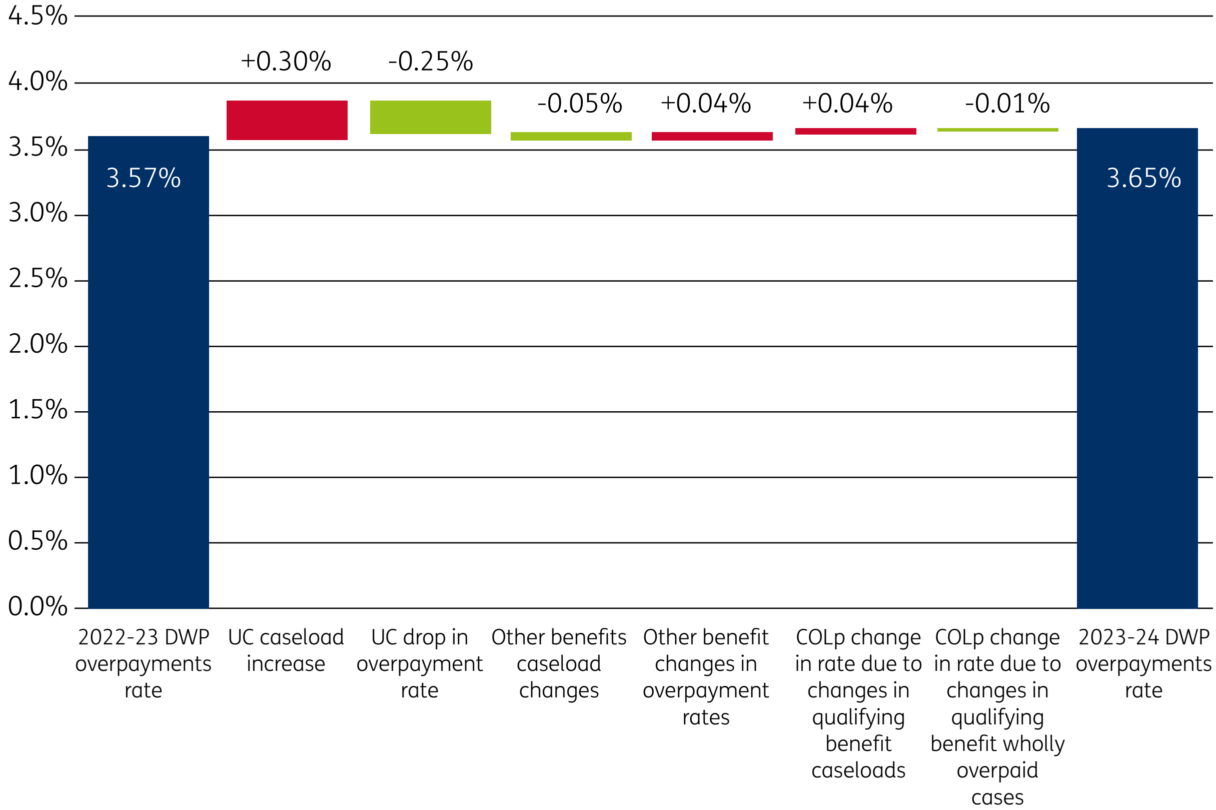
The overall level of overpayments across all of DWP expenditure changed from the 3.6% seen in 2022-23 to 3.7% in 2023-24 (this is not a statistically significant change).

Chart O: Percentage of departmental expenditure overpaid each year, broken down by benefit



The chart below shows that this was primarily due to rising Universal Credit expenditure, meaning that Universal Credit represents a larger proportion of overall expenditure than previously, which pushes up the overall rate of overpayments because Universal Credit has a higher than average rate of overpayments.

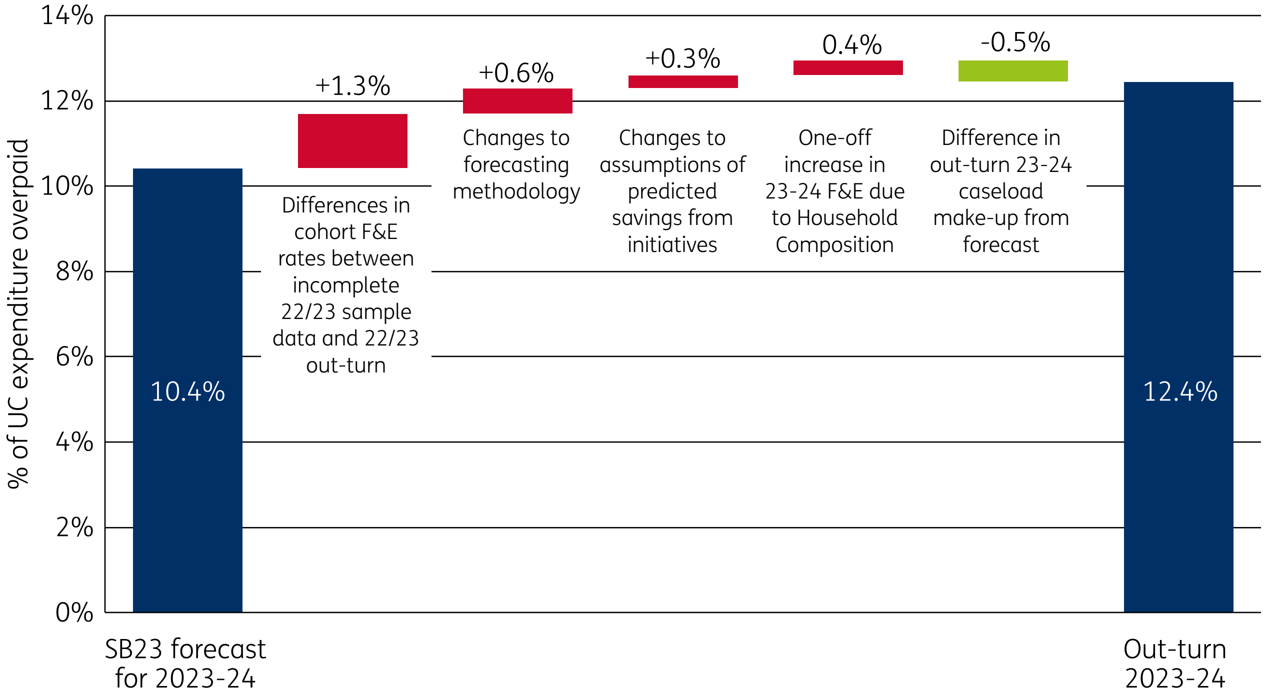
Chart P: Factors contributing to the change in the global overpayments level



COLp – Cost of Living Overpayment

The level of overpayments in Universal Credit in the 2023-24 statistics were higher than the level of 10.4% that had been forecasted in Spring Budget 2023, as published by the National Audit Office in last year's Report on Accounts. The chart below explains the reasons for that difference. Where increases have been seen DWP has clear plans in place to tackle the levels of fraud and error in Universal Credit. For example, the household composition increase links to the declaration of children in education between the ages of 16 and 18, and DWP has worked with customers to verify or declare a change based on the data held. On page 114 the table outlines the actions taken linked to the increases seen through Universal Credit continuous improvement activity.

Chart Q: Factors contributing to the change in the central estimate of the level of UC expenditure overpaid in 2023-24 between Spring Budget 2023 forecast and the published out-turn



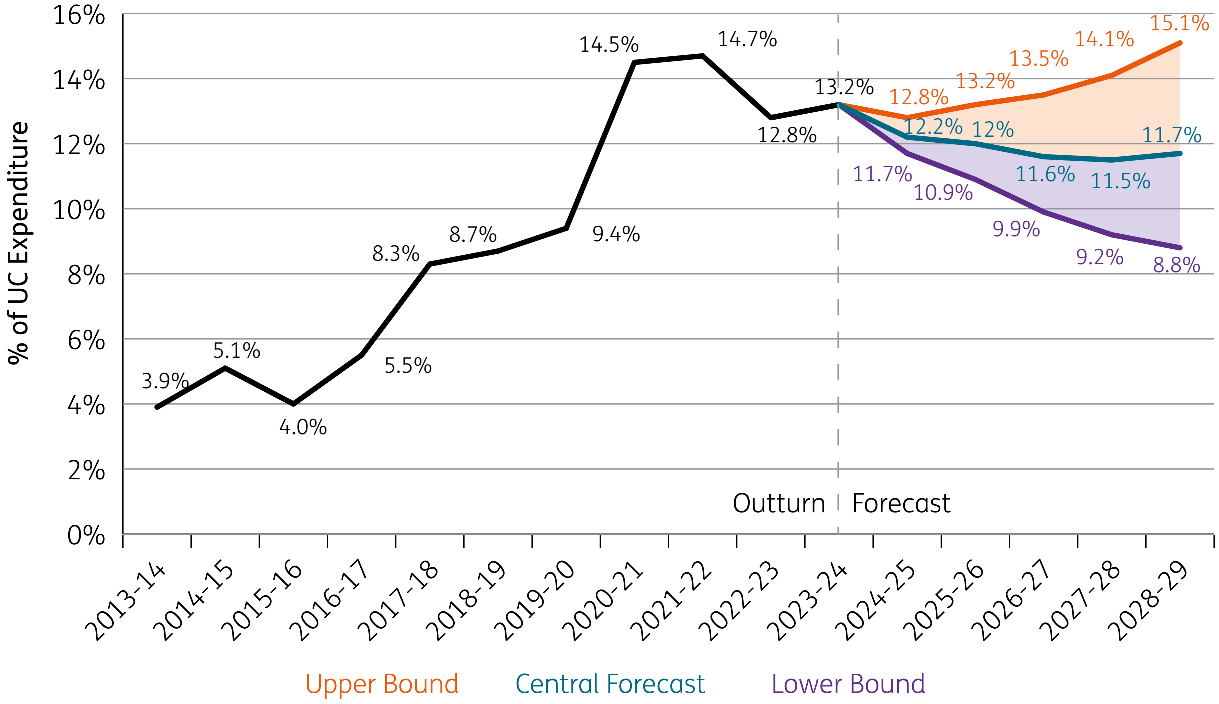
Comparison against Spring Budget 2024 forecast for Universal Credit overpayments

This section focuses on the comparison between the Spring Budget 2024 forecast and the final position for UC overpayments as published in the Fraud and Error National Statistics. In comparison to other metrics, fraud is uncertain because by nature DWP is aiming to forecast what is hidden and secret. Looking ahead, consideration needs to be given to external factors that affect the forecast, including the growing propensity to commit fraud, in addition to accounting for DWP's work to tackle fraud.

In Spring Budget 2024, the Office for Budget Responsibility agreed the forecast for the rate of overpayments in Universal Credit out to 2028-29. The central estimate of the forecast incorporates an assumption that the underlying propensity for fraud in Universal Credit is increasing by 5% each year. DWP produced confidence intervals around the multi-year forecast, with the lower bound assuming that there will be no increase in the underlying propensity for fraud; the upper bound assuming that it will increase by 10% each year[35].

35 Note that the 2023 Spring Budget forecast for the overpayment rate in Universal Credit, as published in the NAO's Report on Accounts last year, was significantly lower. The rise in the forecast level of overpayments in the 2024 Spring Budget is partly due to improvements in DWP's forecasting model; and partly due to the final out-turn for the 2022-23 financial year being higher than had been anticipated from early results observed three-quarters through the sampling exercise which informs the annual published National Fraud and Error Statistics.

Chart R: Spring Budget 2024 UC overpayments forecast showing the upper and lower bounds



The Spring Budget 2024 multi-year forecast is based on the assumption that the likelihood of overpayments occurring in Universal Credit is different for each work-related conditionality group: some groups tend to have fewer changes in their circumstances than others and hence face a lower risk of overpayments occurring. The baseline level of overpayments will therefore change as the make-up of the Universal Credit caseload is forecast to change over time. The forecast also takes into account the effects of expanding the Targeted Case Reviews team and planned continuous improvements to the design of Universal Credit.

Consequently, the forecast predicts that the long-term trend for overpayments in Universal Credit will likely be downwards, though it is heavily dependent on DWP assumptions around the trend in increasing underlying propensity for fraud.

At the time of the 2024 Spring Budget, the level of overpayments in Universal Credit for 2023-24 was forecast to be 13.2% of Universal Credit expenditure. The estimate for that first year of the multi-year forecast was based purely on early results observed three-quarters of the way through the sampling exercise which informs the annual published National Fraud and Error Statistics – and not based on the modelling that informed the subsequent years of the forecast period.

DWP now knows that those early results were not indicative of the final out-turn position of overpayments for 2023-24, which is 12.4% of Universal Credit expenditure. This is because the sampling at that early stage is not necessarily fully representative of the caseload as a whole and because not all of the cases that had been sampled at that point had yet to have their measurement review completed. DWP was aware of those limitations and tried to take them into account in the Spring Budget prediction of 13.2%, but as the effects are difficult to predict the level was over-estimated.

If DWP had instead taken the 2022-23 position as the starting point and predicted the 2023-24 position based on the forecasting model used to predict all the subsequent years of the multi-year forecast (rather than relying on the early results of the 2023-24 sampling exercise) a level of 11.8% for 2023-24 would have been predicted, were DWP to assume no annual increasing propensity for fraud. If instead it was assumed a 5% increasing in propensity to fraud, as seen in the central estimate of the multi-year forecast, DWP would have predicted a level of 12.3% for 2023-24. This is very close to the final out-turn position of 12.4% of Universal Credit expenditure and supports the assumption that the underlying level of propensity to fraud in Universal Credit is increasing by around 5% a year.

DWP undertook a similar exercise for the previous year too. Had the current forecasting methodology been applied but taken the 2021-22 position (14.7%) as the starting point of the forecast, DWP would have predicted the 2022-23 position to be 12.3% were the assumption to not include annual increasing propensity for fraud, and 12.8% if it was to assume a 5% increase in underlying propensity to fraud – consistent with the out-turn for 2022-23.

DWP is therefore confident that the latest forecasting methodology is reasonable and that there is justification in assuming a 5% annual increase in the underlying propensity to fraud in Universal Credit each year.

Methodological Change – Unfulfilled Eligibility

DWP carried out a review of the Fraud and Error in the Benefit System Statistics that was referred to in the publication strategy when the 2022-23 statistics were published in May 2023.

One of the changes resulting from this review was to remove claimant error underpayments from the Fraud and Error Statistics publication and reclassify and report this information in a new 'Unfulfilled eligibility in the benefit system' publication. This was published on 16 May 2024, alongside the Fraud and Error Statistics.

It is important that the statistics reflect benefits legislation and DWP has made this change to better align these statistics with what constitutes an underpayment and how legislation defines eligibility to benefit payments.

To access benefits, people need to meet certain eligibility criteria and the amount of money they receive depends on their circumstances. DWP requires specific information from claimants to verify and calculate their eligibility. The cases that are being reclassified occur where a claimant is receiving benefits but could have received more if they had provided DWP with accurate, up to date information. This had previously been classified as an underpayment resulting from a claimant error. However, in the benefits legislation it is clear that DWP cannot pay the claimant the higher amount until the correct information has been reported. Therefore, there is no underpayment in these cases. Instead, DWP is reclassifying these cases as cases where there has been unfulfilled eligibility – where the claimant could have received more benefit had they provided the correct information. Further information about this change and these statistics can be found on page 385.

Monitoring performance and understanding the effectiveness of DWP controls

Setting a New Fraud and Error Target

Consistent with the approach taken by the Department last year in the Annual Report and Accounts, DWP has set an operational target to achieve savings of at least £1.7 billion from dedicated counter fraud and error resource for the financial year 2024-25.

Reviewing the Strategic Controls Framework

Tackling fraud, error and debt is a system-wide challenge which ultimately requires a full-system response. The control measures currently in place are key defences designed to prevent fraud and error entering the benefit system. These controls ensure that DWP pays everyone their correct entitlement.

Earlier within this chapter, it was reported that DWP total controls and counter fraud resource saved the exchequer an estimated £18 billion of losses in 2023-24. In order to build on this impact and further reduce fraud and error, a programme of work is being taken forward to review and improve the DWP controls framework by assessing the adequacy and effectiveness of the control environment, ensuring that it is as robust as possible in light of increasing fraud propensity.

This review will look at the control measures currently in place and test whether they are performing to the highest standards expected and where applicable, to drive improvements. This information will be used to ensure that DWP is delivering existing controls as effectively and efficiently as possible. The review will also identify if DWP could further improve or increase the already high level of controls to respond to the higher risk of fraud.

2. Underpayments

Overview

DWP always looks to address any underpayments at the earliest opportunity. This section (Part 2) of the report describes how this is being done for a number of Legal Entitlements Administrative Practice (LEAP) exercises.

This section covers in more detail the work being done to correct State Pension awards where underpayments have occurred as well as those within disability benefits and means-tested benefits (means-tested benefits can be claimed where customers can demonstrate that their benefit unit's income and capital fall below a defined financial level.)

The overall rate of underpayments in 2023-24 is 0.4% (£1.1 billion), compared with 0.5% (£1.2 billion) in 2022-23. In UC, the underpayment rate in 2023-24 is 0.3% compared with 0.6% in 2022-23. Housing costs remained one of the largest sources of underpayments in UC. There was a statistically significant decrease seen in the proportion of UC claims underpaid, decreasing from 2 in 100 to 1 in 100.

The overall rate of underpayments for PIP was 0.4% in 2023-24 compared with 0.3% in 2022-23. For DLA the underpayment rate was 1% in 2023-24. Underpayments were predominantly caused by the Department's own errors when determining the appropriate award levels. The proportion of PIP claims underpaid remains at 1 in 100.

Underpayments are treated seriously and DWP will always look to ensure that individuals receive the correct level of payment.

Official error underpayments

Legal Entitlements and Administrative Practice (LEAP)

Background

A LEAP exercise is relevant when there is an error on the part of a government department, and the error could have deprived a number of individuals of legal rights.

From time to time DWP becomes aware of situations where customers have not received what they are entitled to or where DWP has not followed statutory processes. This situation may occur when:

- The **Upper Tribunal or a higher court makes a ruling** which widens access to benefits for groups of customers.
- Or there is an **error in the implementation of guidance** or procedures which has resulted in groups of customers being underpaid.

DWP is required to correct these issues, as soon as is reasonably possible, and the process for doing so is called LEAP.

When a LEAP exercise needs to be undertaken, it is managed by:

- Changing the approach so claimants receive the correct entitlement going forward.
- Agreeing procedures and instructions for carrying out the LEAP exercise.
- Conducting an exercise to ensure those who have been underpaid receive what they are entitled to.

Progress continues to be made against each of the LEAPs outlined below and there is **ongoing activity to find, review and correct cases** where there are errors that have resulted in a customer underpayment. Up to 31 March 2024, DWP paid arrears of £1.12 billion with administrative costs of £94.8 million since the commencement of the exercises below.

Corrective **action to address (i) State Pension underpayments and (ii) historic recording of Home Responsibilities Protection (HRP)** have progressed during 2023-24 and costs are outlined in the table below. Further details can be found on pages 128 of this report.

Details relating to the action to address the legacy **ESA SDP Premia exercise** and explanation relating to publicised figures can be found on pages 131 of this report.

Chart S: Live LEAP Exercises

Name of LEAP Exercise	Nature of the Error	Estimated No. Records to be Reviewed over course of LEAP Exercise	No. of Records Reviewed to 31/3/24	Total Arrears of Benefit Paid to 31/3/24
PIP Daily Living Activity 9 (MM)	Concerns the definition of 'social support' in activity 9 of the PIP regulations, and how far in advance that social support can be provided.	***632,286**	**219,080**	**£142m**
State Pension Underpayments	Some married individuals, widows/widowers and people who have reached age 80 are being underpaid State Pension because their current payment does not include additional entitlement	**860,271**	**731,717**	**£594m**

Name of LEAP Exercise	Nature of the Error	Estimated No. Records to be Reviewed over course of LEAP Exercise	No. of Records Reviewed to 31/3/24	Total Arrears of Benefit Paid to 31/3/24
Home Responsibilities Protection (HRP)	Issues identified with cases of State Pension awards which appear to have arisen from historic recording of Home Responsibilities Protection (HRP) (administered by HM Revenue and Customs) on claimants' National Insurance records. HRP was a scheme to help protect parents' and carers' State Pensions, reducing the number of qualifying years needed for the full basic State Pension.	**Estimate 194,000**	**419**	**£2.2m**
Disallowed export of non-contributory cash sickness benefits	Whether customers whose benefits were stopped solely because they were moving/had moved their residence to the EEA/Switzerland.	**900**	**408**	**£1.5m**
Legacy ESA SDP Premia	Errors identified through national statistics in both under and overpayment of Severe Disability Premia payments for ESA claimants.	**172,000**	**141,000**	**£379m**
Irregular Award of IS	After the introduction of ESA, new claims for IS on the ground of disability were to be treated as claims for ESA save for a number of exceptions. A misunderstanding of the exceptions resulted in some claimants being awarded IS on the ground of disability instead of ESA. As a result, some claimants may have been underpaid.	****35**	**35**	**£0.1m**

Name of LEAP Exercise	Nature of the Error	Estimated No. Records to be Reviewed over course of LEAP Exercise	No. of Records Reviewed to 31/3/24	Total Arrears of Benefit Paid to 31/3/24
Inherited Pensions	Inherited pensions were not disregarded when claimants made a claim for NSJSA during the Covid pandemic due to easements in processes.	**23,000**	**5,000**	**£0.01m**

To note: The naming convention for LEAP exercises is to use the benefit in question or where the issue has arisen through a legal decision the initials of the individual that brought about the judicial review are also included.

** DWP has identified that 325,867 reviews need to be conducted for claimants who may be affected by the definition of "social support". There is another group of claimants who might benefit on just the timing part of the judgement (support in advance of the activity). DWP has identified 26,516 terminally ill and deceased claims in this group that need to be reviewed and will contact 279,903 claimants in this group, inviting them to report if they think they are affected by this part of the MM judgement only and want their claim to be reviewed.*

*** This number excludes dormant and closed cases which the Department is unable to currently estimate.*

Chart T: Completed LEAP Exercises during 2023-24

Name of LEAP Exercise	Issue	Customer Records Reviewed	Total Arrears of Benefit Paid
PIP: Daily Living Activity 3 (LB)	Whether medication and monitoring could constitute 'therapy' and whether claimants who need additional help with a prescribed diet are eligible for the higher scoring 'therapy' descriptors	**203,723**	**£0.16m**

State Pension

Background

State Pension makes up 47% of benefit expenditure. The vast majority of payments are correct, but some people have received less than they should.

The State Pension underpayments most often identified fall into the following broad categories:

- Cases covered by the State Pensions Underpayments (LEAP) exercise, where State Pension underpayments may have occurred across certain customer groups.
- Home Responsibilities Protection (HRP) cases, where HRP has not been recorded accurately on National Insurance records – meaning some people have missed out on additional qualifying years of National Insurance towards their State Pension.

This section explains how historic State Pension underpayments are being addressed, before going on to talk more about HRP and National Insurance Credits.

State Pension Underpayment LEAP exercise.

The State Pension LEAP exercise has been established to identify where State Pension underpayments may have occurred in respect of the following customer groups:

- Category BL (Cat BL) – people who are married or in a civil partnership who reached State Pension age before 6 April 2016 and should be entitled to a Category BL uplift based on their partner's National Insurance contributions.
- Missed conversions – people who have been widowed and their State Pension was not increased to include any amounts they are entitled to inherit from their late husband, wife or civil partner.
- Category D (Cat D) – people who reach age 80 and who are getting some basic State Pension but less than £101.55 (in 2024-25) and may therefore, subject to satisfying the appropriate residency conditions, be entitled to Cat D State Pension of £101.55 a week.

The 2020-21, 2021-22 and 2022-23 Annual Report and Accounts contain details on the scope of the exercise, progress to date and plans to address outstanding work. DWP has regularly published management information on the exercise: State Pension underpayments: progress on cases – GOV.UK (www.gov.uk)

DWP has completed two of the three customer groups: the Cat BL and Cat D cases. Those remaining are cases where DWP is awaiting further information from a customer or a third party, and these will be cleared on receipt. The expectation is for the exercise to be completed for the third group, missed conversions, by the end of 2024.

Customers have up to two years to return information, so there may continue to be a small number of Cat BL and Cat D cases through to 2025 and missed conversions to 2026.

Between 11 January 2021 and the end of March 2024, the checking process has identified 99,558 underpayments, with a total of £594 million owed. The table below shows progress by category.

Chart U: State Pension Underpayment LEAP – progress to date

Category	Cases reviewed (note 1 and 2)	Underpayments identified (note 3)	Average arrears payment (note 4)	Total amount repaid
Married (Cat BL)	318,693	43,825	£5,693	£245,535,772
Widowed	323,075	22,964	£12,423	£281,796,561
Over 80	89,949	32,769	£2,196	£66,693,817

Notes to table

1. Cases may be checked for more than one potential cause of error; therefore, an individual State Pension claim may be counted in more than one category.
2. Cases reviewed includes cases which have been deemed out of scope of the LEAP exercise through an automated process.
3. These are cases for which a current or historical underpayment of State Pension has been identified. This may include cases for which a corresponding overpayment of another benefit (for example, Pension Credit) has occurred as a result, meaning that there was no net underpayment to the individual as well as some cases where the customer is deceased, and DWP has so far been unable to identify an estate to which to pay the arrears due.
4. This average includes cases where the arrears amount owed is £0 due to offset of another benefit already paid such as Pension Credit.

Current estimates of the total arrears due is £970 million to 133,000 pensioners and recognised a provision of £369 million, reflecting the outstanding amounts it still expects to repay. Last year it was estimated that DWP underpaid £1.17 billion to 170,000 pensioners. The final total value of the underpayments will only be confirmed by the completion of the exercise.

Home Responsibilities Protection LEAP exercise

Home Responsibilities Protection (HRP) was available between 1978 and 2010 for people in receipt of Child Benefit and those caring for sick and disabled people. For people reaching State Pension age before 6 April 2010, HRP reduced the number of qualifying years needed for a basic State Pension.

Since 2010, HRP has been replaced by National Insurance Credits for Parents and Carers. For people reaching State Pension age after 6 April 2010, all previous years of HRP have been converted into years of National Insurance Credits.

DWP identified some State Pension errors which arose from administrative discrepancies in the recording of some women's HRP on their National Insurance records. A previous correction exercise between 2009 and 2011 had rectified some errors in this area, however further errors were identified in 2021-22. Most people received HRP automatically where there was a claim for Child Benefit, however, in some cases this has not happened. State Pension eligibility is calculated based on National Insurance records, so this issue has led to underpayments of State Pension.

As it is not possible to identify individuals affected or to correct their records automatically, people who may be affected are identified by HM Revenue and Customs via a scan of their systems, and then invited to make an application to HM Revenue and Customs for any missing HRP years. There is a tool on GOV.UK under 'Home Responsibilities Protection' to help people check whether they need to claim. Alongside this, the government is running a communications campaign to increase public awareness to encourage those who receive a letter to take action, and to reach customers who it is not possible to identify through the HM Revenue and Customs scans. This includes messaging on GOV.UK and departmental products, working with third parties, raising the profile via external groups and organisations, and a publicity campaign which includes social media engagement.

Because customers need to apply for missing periods of HRP to be investigated, there is significant uncertainty in the forecasting of the outcomes from the LEAP exercise, including how long it will take. This is because customers may choose not to apply, for example, because they are satisfied with their current position or did not have Child Benefit for a period. As the exercise progresses and more information is gathered, DWP will be able to test assumptions and refine them accordingly. The final value of underpayments will only be confirmed once the exercise has been completed.

It is estimated that DWP underpaid between £520 million and £1,220 million of State Pension because of errors with the recording of HRP. The HRP LEAP exercise is still in its early stages and has not yet generated sufficient or representative data to guide DWP estimates. AME costs are therefore still uncertain and based on indicative data. The sensitivity range around the central estimate is now narrower due to the refinement of using Monte Carlo simulation, considered to be the most appropriate technique given the overall uncertainty inherent across the HRP exercise.

DWP estimates that the number of people impacted by missing HRP State Pension arrears is around 194,000, once adjusted for assumed take-up.

Correction

HM Revenue and Customs started correction activity in Autumn 2023. HM Revenue and Customs contact people who may potentially be affected and invite them to claim for the missing HRP periods. In addition, a communications strategy raises awareness with people who can apply directly to HM Revenue and Customs.

Following the resulting claims being assessed by HM Revenue and Customs, the National Insurance record is updated. DWP is then notified and recalculate State Pension entitlement arising from the updated National Insurance record. This may result in payments of arrears and increase ongoing State Pension payments.

The amount of time it will take to correct records is uncertain. HM Revenue and Customs is taking a proactive approach to correcting records, and DWP will pay any resulting arrears as quickly as possible, taking into account the vulnerability of the customers impacted. The DWP operational plan assumes that correction activity will continue until 2027-28.

Between 8 January 2024 and the end of March 2024, HM Revenue and Customs has corrected records which has led to the identification of 274 underpayments, with payments made totalling around £2.2 million.

Further joint working with HM Revenue and Customs on National Insurance records

DWP and HM Revenue and Customs are working together to review how National Insurance (NI) records and NI credits data is processed between the Departments, focusing on the integrity and transfer of data, plus the processing and accuracy of interactions.

The Joint Oversight Board was created in July 2023, co-chaired by the Department's Director of Retirement Services, and HM Revenue and Customs' Director of Operational Excellence. It supports internal assurance across the Departments, taking accountability for the delivery of several cross departmental activities affecting NI records and NI credits. Further details on the remit of the board are included within the Governance statement on page 194.

The initial focus has been on clerical and digital interactions between the Departments, reviewing processes, assessing quality, and identifying areas for improvement. Most clerical and digital system interactions between the Departments have been mapped and clerical processes are being reviewed including service level agreements, how DWP can better prioritise, and making data exchanges more streamlined. Digital and clerical interactions with the NI records are also being reviewed, including an end-to-end review of instructions, guidance, and training.

HM Revenue and Customs has provided the Department with a letter of assurance containing detail of its capacity to handle risk and highlighting any significant issues that may impact their control and management of the NI Fund and related activities.

Legacy ESA SDP Premia

Employment and Support Allowance was introduced in 2008 and has two strands, income-related and contributory. Income-related ESA is paid at different rates depending on an individual's household circumstances and stage of the claim process. Flat rate premiums may be paid for groups in receipt of income-related ESA who are recognised as having additional needs – for example, carers, severely disabled people and people over State Pension age. These premiums should be paid without being claimed once entitlement has been confirmed. But to enable this, customers are required to provide up-to-date information on their individual circumstances for example, the number of non-dependents living in their household.

In practice although in some cases the information required can be found on DWP systems, there is often a requirement for further information from customers on their current circumstances to confirm their entitlement. As a result, these customers have missed out on additional premiums alongside their benefit award.

DWP will be undertaking this activity alongside Move to UC planning to ensure that it is aligned and to ensure no inter-dependencies manifest themselves.

DWP is working to both correct existing errors and to prevent errors in new premia cases. Current estimates show that there are 31,000 referrals to be cleared. The total arrears paid to customers as part of this exercise is £379 million and DWP intends to finish work to correct these errors by 2025.

Universal Credit National Insurance Credits

Some people who received Universal Credit may not have had their National Insurance Credits correctly attributed to their National Insurance record held by HM Revenue and Customs, which could affect their State Pension.

Between 2017-18 and 2022-23 information about Universal Credit entitlements could not be processed by the National Insurance Recording System.

With the issues now resolved between DWP's and HM Revenue and Customs' systems, claims data relating to the affected years are being successfully processed by HM Revenue and Customs. When these records are updated, information will be sent to DWP, and then any State Pension awards that are affected will be corrected. DWP expects to complete this activity by the end of 2024. In future Universal Credit claim data will be transferred as part of a business as usual process.

Chart V: Universal Credit National Insurance Credits Cases

Number of UC Customer Records Reviewed (up to 31/3/24)	Total Arrears of Benefit Paid (up to 31/3/24)
13,788	£4.5 million

3. Debt Recovery

Overview

This section looks at how DWP's Debt Management Unit recovers money.

The Debt Management Unit continues to recover debt when it is identified, including benefit overpayments, Tax Credit debt and Social Fund loans. The Debt Management Unit also continues to recover money from insurance companies (where people have received compensation for an accident, injury or disease having already claimed benefits) and on behalf of the NHS (where ambulance or hospital costs have been incurred in connection with an accident).

Recovery totals

DWP recovers significant sums of money for the exchequer responsibly and sustainably.

Debt Management Unit's total recovery in 2023-24 amounted to £2.81 billion (excluding Housing Benefit recovered by local authorities but including £46 million Housing Benefit debt recovered by DWP).

This figure is up from £2.74 billion in 2021-22 and £2.68 billion in 2022-23.

DWP's overall approach to recovery continues to demonstrate a balance between the need to protect public funds by maintaining recovery levels, while providing a compassionate service to all customers regardless of their circumstances.

2023-24 recovery

The table below sets out total recoveries for 2023-24 and shows the breakdown between benefit overpayments and other debt types. 78% of recoveries are via deductions from benefit, where there are maximum deduction limits in place – for example, in Universal Credit deductions are limited to 25% of the Standard Allowance.

Chart W: Debt Management Recovery 2023-24

Debt Type	Definition	Value (£m)		
		2021-22	2022-23	2023-24
Advances	Recovery of Universal Credit Advances – including Budgeting Advances, New Claim Advances and Benefit Transfer Advances	882	851	934
Overpayments	Benefit overpayments including Universal Credit and non-Universal Credit	610	692	769
Tax Credit	Recovery of Tax Credit debt that has migrated from HM Revenue and Customs	520	428	390
Social Fund	Recovery of Crisis and Budgeting Loans, including Funeral Payments	367	342	310
Compensation Recovery	Recoveries from insurance companies for compensation claims made by benefit recipients	295	303	324
Housing Benefit	Housing Benefit Overpayments	48	44	46
Recoverable Hardship Payments	Repayment of loans associated with sanction activity	6	18	26
Other	Includes administrative and civil penalties. Also includes sums held in suspense awaiting allocation at the time the data was collected	7	6	15
Total		**2,736**	**2,683**	**2,814**

Note: Totals may not sum due to rounding.

Supporting customers with outstanding debts

DWP supports customers who may be in hardship and struggling with repayments.

DWP continues to directly support customers by working with them to agree lower and affordable repayment terms. DWP policy is that repayment plans should be affordable and sustainable. When a customer makes contact because they are experiencing financial hardship, the rate of repayment can be reduced or, depending on the customer's financial circumstances, a temporary suspension of repayment can be agreed. People are not pressured to pay more than they can afford.

DWP has updated notifications to make sure customers are aware that they can request a reduction in their terms. Calls into Debt Management's service to discuss terms can be lengthy: colleagues support customers to review their financial circumstances, often going through their income and expenditure in detail to find the right rate of repayment for them. Negotiations are based on the individual circumstances and not the amount owed. There is no minimum rate of repayment a customer is required to pay (although in fraud cases, repayments can only be reduced in exceptional circumstances, or where there are children in the household). In exceptional circumstances, and in line with legislation and policy, consideration can be given to waiving a debt – with each case considered on its individual merits.

DWP has maintained a review period of two years for customers with a negotiated affordable repayment rate (this was increased from six months in June 2022); however, customers may contact the Department at any time to re-negotiate affordable repayment terms.

DWP does not capture data on exactly why people seek a lower rate of repayment: it is a question of their individual circumstances. Typically, a person will simply say that they cannot afford the suggested rate.

DWP seeks to ensure that everyone is aware of their options and can make an informed decision on whether they ask for a reduction in their repayment terms; in some cases, the amount deducted to repay an overpayment may have reduced as a result of other, higher priority, deductions and a person may be comfortable with the lower rate of the overpayment deduction resulting from this.

Supporting the most vulnerable

Safeguards are in place to help protect vulnerable customers.

DWP has a network of Advanced Customer Support Senior Leaders who work with the Debt Management Advanced Customer Support team to provide additional support to the most vulnerable customers, together with a process by which colleagues can refer customers directly through the Severe Financial Hardship routeway.

In addition, Debt Management works in partnership with the Money Adviser Network (MAN), which offers free professional independent and impartial money and debt advice. Indebted customers are routinely offered a referral to this service.

Recent independent research has indicated that MAN continues to serve an important function, providing customers with access to invaluable advice and support that may otherwise be beyond their reach. DWP remains committed to HM Treasury's Breathing Space policy.

DWP involvement with Customer Service Excellence is a longstanding commitment. This is an assessment against the specified criteria of the standard by an independent certification body. DWP had been accredited for 13 continuous years in 2023, and continue to use the Standard as a continuous improvement tool. DWP continues to deal with the financial challenges that may be faced by customers. This year's feedback commended the Department's positivity, listening, caring, understanding, empathy and outstanding compassion, particularly in relation to vulnerable customers.

It was recognised that Debt Management have a number of key and supportive processes and structures in place that have contributed to providing customers with the best possible experience.

Means of recovery

Recovery from benefit is the most efficient means of recovery.

Last year, 78% of total recoveries were made through deductions from benefit, up from 75% in 2022-23. The overall amount DWP can recover by deduction from benefit is set by regulations, and priority is given to a number of other deductions above those for overpayment recovery. Deductions from benefit remains the main source of recovery.

Out of a total of 5.2 million accounts held by Debt Management, the number of customers currently in active recovery is 3.9 million (75.3%) compared to 3.7million (75.4%) last year.

Chart X: Recovery breakdown

Recoveries by Method	Value (£m)		
	2021-22	**2022-23**	**2023-24**
Deductions from Universal Credit	1,492	1,385	1,520
Deductions from Other Benefits	173	185	205
Direct Earnings Attachments (deduction from earnings)	116	137	112
Private Sector Suppliers	3	15	3
Voluntary Repayments	357	378	383
Social Fund Repayments (primarily deductions from legacy benefits)	301	279	267
Recovery from Awards of Compensation	295	303	324
Total	**2,736**	**2,683**	**2,814**

Note: Totals may not sum due to rounding.

Debt stock

The debt stock will increase as a result of continued focus on high-risk fraud and error, Targeted Case Reviews and an increase in Tax Credit debt transferred across as people claim Universal Credit.

During 2023-24 the total debt stock has increased by £0.5 billion (this is actual money recorded as outstanding for collection, as opposed to the estimated figures itemised in the fraud and error publication). The amount recorded by Debt Management differs significantly from the estimated overpayment figures published. This is because recovery can only be attempted where a specific overpayment is detected and referred to Debt Management, and not all overpayments are detected. There has been £3.0 billion of detected overpayments added to the debt stock in 2023-24.

The debt stock currently includes £2.4 billion of Tax Credit debt as at the end of 2023-24, a decrease from £2.5 billion at the end of 2022-23.

Under an agreement with HM Revenue and Customs, any outstanding debt held by an individual is transferred to DWP should that person claim Universal Credit. From April 2016 to March 2024, £3.9 billion of Universal Credit-related Tax Credit Debt has been transferred to DWP for recovery. In 2023-24 DWP recovered £390 million of Tax Credit debt, down from £428 million in 2022-23.

This was largely due to a return to normal levels of referrals from HM Revenue and Customs following the inflated number received during 2021-22 as a result of the pandemic. It is also due to the ending (in May 2022) of the formal agreement announced by the then Secretary of State in February 2017 to refer debtors who are not in receipt of Universal Credit to the Department for recovery through Direct Earnings Attachment.

Current forecasts indicate that by the time Universal Credit rollout ends approximately £4.4 billion of Tax Credit debt will have transferred to Debt Management for recovery.

At the end of 2023-24 there were 5.2 million accounts held by Debt Management with a balance totalling £9.4 billion (this includes outstanding Universal Credit Advances of £1.7 billion) and 0.3 million accounts on the Social Fund system with a balance of £0.1 billion.

Chart Y: Summary of debts referred to Debt Management

New Debts Referred						
Financial Year	**2021-22**		**2022-23**		**2023-24**	
	Debts	**Values**	**Debts**	**Values**	**Debts**	**Values**
Debt Mgt. Core Recovery	5.5m	£3.8bn	4.7m	£3.2bn	5.0m	£3.0bn
Social Fund	0.2m	£0.03bn	0.1m	£0.02bn	0.4m	£0.06bn
Total	**5.7m**	**£3.8bn**	**4.8m**	**£3.2bn**	**5.5m**	**£3.1bn**

Notes:
Totals may not sum due to rounding.
The figures have been derived from debts when they are referred to Debt Management and will not match with the debt figures shown in the Statement of Financial Position, which include data not captured in the table above, such as certain types of write offs, small overpayments and other non-recoverable debts which are written off at source.

Chart Z: Summary of debt stock

Debt Stock						
Date	**March 2022**		**March 2023**		**March 2024**	
	Debtors	**Values**	**Debtors**	**Values**	**Debtors**	**Values**
Debt Mgt. Core Recovery	4.9m	£8.1bn	4.9m	£8.9bn	5.2m	£9.4bn
Social Fund	0.4m	£0.1bn	0.3m	£0.1bn	0.3m	£0.1bn
Total	**5.3m**	**£8.2bn**	**5.2m**	**£9.0bn**	**5.4m**	**£9.4bn**

Notes:
The figures provided are a snapshot as at the end of March in each of the years shown.
Totals may not sum due to rounding.

Chart AA: Debt stock breakdown

Debt Stock Breakdown			
Date	**March 2022**	**March 2023**	**March 2024**
Debt Type	**Value (£bn)**		
Overpayments	£3.6bn	£4.4bn	£4.9bn
Advances and Hardship	£1.3bn	£1.5bn	£1.7bn
Tax Credit	£2.7bn	£2.5bn	£2.4bn
Housing Benefit	£0.3bn	£0.3bn	£0.3bn
Social Fund (DM)	£0.2bn	£0.1bn	£0.1bn
Social Fund (SFCS)	£0.1bn	£0.1bn	£0.1bn
Total	**£8.2bn**	**£9.0bn**	**£9.4bn**

Notes:
The figures provided are a snapshot as at the end of March in each of the years shown.
Totals may not sum due to rounding.
Data Source: AID BO Reports and SF Dashboard Excludes DfC/N Ireland Data is up to the end of March 2024. Individuals may be on both Debt Management and Social Fund systems, meaning that the total number of debtors is an over-estimate.

Efficiency

The Debt Programme continues to develop a self-service channel (Repay and Manage Benefit Money You Owe), which is a new customer-facing service allowing debtors to manage their debt online. The service is currently available to debtors at the point that they leave benefit and includes functionality that allows people to view their debt, set up repayment plans, and manage their repayments based on what they can afford without needing to make contact. Self-service support is also being offered to a growing number of people who are in receipt of DWP benefits. To date, over 2.1 million customers have been given the opportunity to access the service with recoveries totalling £148 million.

Developing a better understanding of the effectiveness of DWP debt recovery processes, policies and legislative powers led to the development of a Debt Enforcement Function. This targets debtors who are not in receipt of benefit, and not making repayments, who can repay but decline all requests to do so. The service was set up in February 2022: to date, 43,770 customers have been contacted and 8,479 plans have subsequently been set up, with recoveries worth £2.6 million.

Sustainability Report

The sustainability report provides a summary of DWP sustainability performance over 2023-24.

Embedding sustainability

The Department recruited a dedicated Sustainability Engagement Manager to encourage action from colleagues across the Department to reduce consumption and improve sustainability, increase discussion and events, and enhance communication between sites and sustainability teams.

The number of Sustainability Champions has almost doubled. Research has been carried out into colleague attitudes around sustainability which is used to help understand the culture of and to continue embedding sustainability at DWP. This will support the Department in meeting Greening Government Commitments targets.

Net Zero carbon

DWP Estates has continued its delivery of decarbonisation and energy efficiency projects over the year, including:

- LED lighting replacement at 40 sites.
- Upgrade and centralisation of building management systems at 65 sites and optimisation of building controls at a further 27 sites to ensure more efficient settings, improving comfort for building users and reducing energy use.
- Low carbon surveys at 20 sites to prepare for decarbonisation grant funding bids and to identify projects for incorporation into DWP's lifecycle works programme.
- Heat decarbonisation at 30 sites: 14 as part of the grant-funded Public Sector Decarbonisation Scheme delivered over 2 years, and 16 additional sites via lifecycle works.
- Continued collaboration with the Government Property Agency (GPA) on a range of energy efficiency measures across 11 DWP sites as part of its Net Zero Programme.

Additionally, an estates-specific Net Zero Roadmap has been developed to provide a detailed plan for decarbonisation of the estate up to 2050, which will guide future interventions and funding bids.

Ultra Low Emission Vehicles

The strategy for meeting the December 2027 target of 100% of central government cars and vans to be fully zero emission continues to be reviewed. Despite challenges with EV infrastructure, at the end of December 2023 67% of DWP fleet vehicles were ultra low emission, including those on order. This includes zero emission vehicles, which make up 18% of the Department's fleet.

Workplace Transformation

The Workplace Transformation strategy continues to help reshape how services are delivered as the Department transitions to an estate that is smaller, greener, and better. Initiatives delivered this year include:

- Investing to improve the environment at 17 office sites, including the installation of LED lighting
- Feasibility continued on 28 sites to determine improvements required
- Installation of 160 Electric Vehicle charging points at 82 sites
- Divestment and consolidation of a range of different sites

Reducing water use on DWP estates

Water efficiency surveys were undertaken at 30 of the highest consuming sites: combined, these represent approximately 30% of total estate water use. Subsequently, water saving devices were installed such as low flow taps, new shower heads and waterless urinals to reduce water use.

Waste management

Several initiatives minimised waste and promoted resource efficiency this year, including:

- Replacement of paper hand towels with energy efficient hand dryers in washrooms at 43 sites
- A food waste bin trial at 3 sites to assess the volume of food waste collected, and associated impacts of introducing additional bins before rolling out to further sites
- Updated internal and external bin provision in DWP's Welsh sites to align with changes to waste legislation effective from 6 April 2024

Consumer single use plastics

Low numbers of single use plastic items were maintained following a significant reduction last year and the Department continued a number of initiatives to reduce these:

- Roll-out of a reusable cup scheme at all catered sites following the successful trial in 2022-23, which is estimated to remove approximately 240,000 single use plastic cups annually – the second most used single use plastic item
- The internal 'DWP Swap Shop' scheme which continues to be used to share surplus equipment (primarily stationery) between colleagues to avoid waste and unnecessary cost

Sustainable procurement

In 2023, revisions began of the DWP Subject Matter Experts Action Plan for publication in 2024 with updates including reporting progress on previous commitments and setting out new activities. (2023-24 data will not be available until 2024-25.)

DWP commercial Policy Group works with counterparts across government and with Cabinet Office to develop and implement new commercial policies. Activities during 2023-24 include developing new environmental 'Carbon in Contracts' clauses which will offer modernised emissions targets and prepare for the introduction of Transforming Public Procurement (TPP, formerly known as Reform). This, expected to go live in autumn 2024, is aimed at simplifying commercial processes, embedding transparency, and opening up more procurements to new entrants, such as small businesses and social enterprises.

The Department's Commercial Directorate (CD) continues to exclude suppliers from bidding in a procurement over £5 million if they fail to provide standard carbon reduction plans supporting Carbon Net Zero by 2050.

The Department continued to include social value criteria in new procurements. This means delivering added value through its contracts which benefit citizens and communities. In 2023-24, DWP implemented a new approach which prioritises criteria which deliver 'Tackling Economic Inequality' and 'Equal Opportunity' outcomes. These secure extra supplier commitment to providing added social value under the contract, such as jobs or skills to deprived groups, opening opportunities to small businesses in the supply chain, or helping tackling employment barriers to disabled citizens.

In line with the DWP modern slavery statement, the Department conducts upfront risk assessments to determine whether extra evaluation criteria are required in a procurement and require suppliers to complete a self-assessment tool.

Nature recovery

DWP has a predominantly urban estate with limited leased land holdings. However, it has been implementing recommendations from the biodiversity review and nature recovery plan (based on a natural capital approach) that was completed in 2022-23. This has included:

- Working with the facilities management supplier to improve ground maintenance activities to better conserve and enhance biodiversity
- Design and installation of sensory gardens at 2 sites to provide benefit to both nature and colleague wellbeing
- The installation and maintenance of bat and bird boxes at sites and no mow May where appropriate.

Climate change adaptation

The Department has continued to implement the actions highlighted in its climate change action plan and flood risk review and to embed actions into the Riskonnect system which is available for all sites as part of their business continuity plans. DWP also feeds this information into national power outage reports and planning. Examples include:

- Completion of 41 flood plans at sites most at risk of flooding, delivered over 2 years
- Creation of an automated report for DWP sites based on Environment Agency alerts, which shows the impact of flood alerts on the number of sites, number of staff affected at each site, flood data and if there is a trigger for a power outage. This enables better planning for flood risk events.
- Ensuring that DWP is signed up to the relevant warning systems available for flooding, and hot and cold weather

DWP attends Defra's Climate Change Integrated Review Implementation Group (IRIG) – Adaptation Subgroup. This supports the response of government departments to the climate change risks identified within the UK's 3rd Climate Change Risk Assessment (CCRA3).

Digital

DWP worked with Defra and other government departments to:

- Baseline and report emissions from DWP's ICT infrastructure via Defra's Sustainable Technology Assurance and Reporting (STAR) group, covering hardware, hosting, networking, and hardware lifecycles
- Assist the Government Digital Sustainability Alliance (GDSA) on Planetary Impacts and Scope 3 reporting
- Develop methodology for emissions measurement and reporting at service level

The Department also:

- Worked closely with major suppliers to improve the quarterly review process of social value deliverables. The Department worked with many of its large suppliers to agree sustainability opportunities such as expert-led talks, training opportunities and reporting improvements.
- Introduced a Power BI dashboard for printing volume at local offices to support print reduction campaigns
- Began developing a sustainability technology radar and learning pathways for digital roles
- Continued working with its ALBs to gather data for STAR
- Supported sustainability aspects in the Contact Centre Modernisation Programme (CCMP) and Synergy programme through advisory and bid evaluation roles

Policy

At the end of 2023, the Department implemented a new environmental legal duty that requires ministers to have due regard to an environmental principles policy statement when making policy.

DWP is also undertaking a post-implementation review of the regulations, introduced in 2021-22, which ensured pension schemes both meet climate change governance requirements and report on how they have done so. Along with The Pensions Regulator, DWP continues to monitor schemes' compliance with the regulations, including the recent requirement to report a pension scheme's portfolio alignment with the Paris Agreement goal of limiting global warming to 1.5 degrees.

DWP has continued to play a key role as part of the cross-government and industry Green Jobs Delivery Group (GJDG), particularly in the development of the Green Jobs Plan and an industry charter due for publication in the first half of 2024.

The Department continually aims to identify where it can adapt and enhance support for jobseekers, workers and employers to remove barriers to a green jobs transition. Part of this includes:

- Work coach interventions to support identification of green job opportunities
- Targeted provision such as Sector-based Work Academy Programmes
- Referring people to Skills Bootcamps and Apprenticeships
- Ensuring the right skills and wider employment support are in place

DWP's Train and Progress (TaP) provides access to work-focused training and skills programmes. The core purpose of TaP is to enable Universal Credit claimants across Great Britain to take part in full-time work-related training opportunities available for up to 16 weeks, from an initial 8 weeks. Opportunities include Department of Education funded Bootcamps, and free courses for Level 3 jobs and equivalent delivered by the Scottish and Welsh governments.

The DWP National Employer and Partnership Team (NEPT) has used employer and partner expertise to create digital resources for work coaches and employer advisors, so they are aware of the green job opportunities available to claimants. NEPT is also refreshing the Department's knowledge pages, so its people have access to the most up to date information and links to provide a greater understanding of the sector.

DWP continues to be committed to exploring how it can better consider Net Zero and environmental goals when designing future labour market policies and interventions.

Rural proofing

The employer and partnership teams continue to work closely with customers, employers and partners to help fill vacancies from large scale employers to micro businesses in rural areas.

To combat poor transport links, DWP continues to work closely with local councils and teams to identify and provide local minibus services to customers living in rural areas, as well as launching outreach services to young individuals affected by poor transport links.

Local jobcentres have the flexibility to work alongside national or local organisations to help meet the needs of their communities, and have the opportunity to select the most appropriate channel through which to engage with customers. For example, the use of video appointments is an option for customers living in rural areas.

Sustainable construction

All construction and refurbishment works must comply with DWP Design Standards, which include a dedicated section on sustainability. All new build projects are required to achieve Building Research Establishment Environmental Assessment Methodology (BREEAM) Excellent, a score that indicates how sustainable the build is. All major refurbishments are required to achieve BREEAM Very Good.

This year the Department has implemented a new Design Standards Compliance Form to check that projects are meeting the required standards, and has undertaken training for project management teams and supplier partners to ensure greater understanding of the sustainability requirements in design and construction.

Taskforce on Climate-Related Financial Disclosures (TCFD) Compliance Statement

DWP has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector.

The Department has complied with the TCFD recommendations and recommended disclosures around:

- Governance (all recommended disclosures – see Taskforce on Climate-Related Financial Disclosures (TCFD) Disclosure of Governance Arrangements, page 145)
- Metrics and targets (disclosures (b) – see Greening Government Commitments, page 147)

This is in line with HM Treasury's TCFD-aligned disclosure implementation timetable. DWP plans to make disclosures for strategy, risk management, and metrics and targets disclosures (a) and (c) in future reporting periods in line with the HM Treasury implementation timetable.

Taskforce on Climate-Related Financial Disclosures (TCFD) Disclosure of Governance Arrangements

DWP governance arrangements on sustainability and climate are as follows:

- Chaired by the Sustainability Senior Responsible Officer and with the Sustainability Strategy Team as secretariat, DWP's Senior Civil Servant-level Sustainability Leadership Forum, and its working group, is convened on a quarterly basis. In these meetings, key focuses are sustainability and climate strategy, performance and risk.

- There are dedicated sustainability teams, who have active roles in managing sustainability and climate-related issues, within the Department's Corporate Transformation and Digital groups
- Since June 2023, sustainability and climate risk is reported on monthly by the Sustainability Strategy Team as a 'keep in view' risk to the DWP Risk Assurance Board
- The Sustainability Strategy Team reports to the Executive Team (ET) on sustainability and climate on an ad hoc basis, when for example a decision from ET is required. Two such meetings were held in 2023-24.
- At Departmental Board level, there is a Sustainability, Net Zero and Climate non-executive Director
- Information from various sources is used including the Cabinet Office National Security Risk Assessment and Cabinet Office Briefing Rooms Unit 6-monthly Forward Look, to assess the risks of relevant climate and environmental UK risks that could have direct or secondary impact on DWP's priorities. This intelligence is used to develop and review resilience and response planning for risks such as flooding, storms, snow and ice, heatwaves and droughts.
- DWP also works with lead government departments to collectively review risks and complete commissions, assessing impacts and mitigation planning, based on loss of people, premises, providers and processes.

Arm's length bodies

In 2022-23, the DWP Sustainability Strategy team established the DWP Arm's Length Body (ALB) Sustainability Working group, which is convened on a quarterly basis to ensure that the Department continues to engage with DWP ALBs on reporting processes and work collaboratively to share knowledge and ensure best practice.

The ALBs have shown increasing ambition on sustainability and contribute to carbon reductions reported by the Department via the Greening Government Commitments.

Procurement of food and catering

DWP has 10 catered sites. All food and catering services are provided through the facilities management contract and comply with the Government Buying Standards for Food and Catering. DWP's catering supplier is a signatory of the 'step up to the Plate' pledge, UK Food Waste Roadmap and WRAP Courtauld Commitment 2025.

UN Sustainable Development Goals

The Strategic Outcomes and Delivery Objectives summary tables in the Performance Overview provide more information, on page 12.

Greening Government Commitments (GGC): assessing DWP's progress

DWP continued to support the government's commitment to reduce its impact on the environment. The table below gives a summary of progress since 2017-18 and reports against the government targets published in 2021. Note that this data excludes ALBs and is for DWP only. The Department's full GGC return to Defra includes both DWP and ALBs.

Table 1 – DWP Performance against Greening Government Commitments[36]

	2017-18 Baseline	2021-22 Performance	2022-23 Performance	2023-24 Performance	Reduction against baseline year
Reduce Overall Greenhouse Gas Emissions by 45% and Direct Greenhouse Gas Emissions from Estate and Operations by 17% from a 2017-18 Baseline by 2024-25.					
Total Greenhouse Gas Emissions TCO_2e	108,167	78,543	74,852	63,203	-42%
Scope 1 Carbon Emissions – Direct Emissions from Owned or Controlled Source TCO_2e	41,345	44,631	40,072	31,926	-23%
Gas Consumption kWh	196,603,589	239,458,080	210,262,556	163,743,017	
Oil Consumption kWh	4,579,998	2,542,519	2,617,387	2,253,006	
Scope 2 Carbon Emissions – Indirect Emissions from the Generation of Purchased Electricity Consumed TCO_2e	50,839	29,757	28,154	23,950	

36 All figures supplied are still subject to DEFRA Greening Government Commitments quality assurance checks, which will follow later in 2024-25.

	2017-18 Baseline	2021-22 Performance	2022-23 Performance	2023-24 Performance	Reduction against baseline year
Electricity Consumption kWh	144,511,209	139,594,282	145,586,579	114,780,963	
Purchased Heat via District Heat Networks kWh	246,141	3,224,085	5,405,999	5,066,079	
Scope 3 Carbon Emissions – Other Indirect Emissions that Occur in DWP's Value Chain TCO_2e (GGCs cover Scope 3 business travel + electricity transmission and distribution only)	15,983	4,156	6,627	7,327	
Distance Travelled by Domestic Business Flights (km)	2,142,833	164,998	803,050	1,292,246	
Emissions from Domestic Flights (tonnes)	303	21	104	208	-31%
Total Number of Domestic Business Flights				1,982	
Distance Travelled by International Business Flights (km)	817,234	44,861	716,558	810,978	-1%
Distance Travelled by International Business Flights (short haul, km)	265,159	22,598	100,684	262,679	-1%

	2017-18 Baseline	2021-22 Performance	2022-23 Performance	2023-24 Performance	Reduction against baseline year
Distance Travelled by International Business flights (long haul, km)	552,075	22,263	615,874	548,298	-1%
Meet the Government Fleet Commitment for 25% of the Government Car Fleet to be Ultra-Low Emission Vehicles (ULEV) by 31 December 2022, and for 100% of the Government Car and Van Fleet to be Fully Zero Emissions at the Tailpipe by 31 December 2027.					
Fleet Percentage Categorised as Ultra-Low Emission Vehicles (includes vehicles on order)	0%	0%	33% This data is as at 31 December 2022	67%	
Fleet Percentage Categorised as Zero Emission Vehicle (includes vehicles on order)	0%	0%	9% This data is as at 31 December 2022	18%	
Reduce the amount of waste DWP generates by 15% from a 2017-18 Baseline by 2024-25.					
Total Waste Arising (tonnes)	10,121	5,872	6,995	7,595	-25%
Total Waste Recycled (tonnes)	6,774	3,300	4,310	5,090	
Total ICT Waste Recycled, Reused and Recovered Externally (tonnes)[37]	No data	No data	49	52	

37 Figures include End User Computing laptop and desktop devices only. 2022-23 data restated due to a change in methodology.

	2017-18 Baseline	2021-22 Performance	2022-23 Performance	2023-24 Performance	Reduction against baseline year
Total Waste Composted/ Food Waste (tonnes)	No data	12	10	14	
Total Waste Incinerated for Energy Recovery (tonnes)	No data	2,505	2,417	2,317	
Total Waste Incinerated without Energy Recovery (tonnes)	No data	0	0	0	
Total Waste to Landfill (tonnes)	3,347	67	268	189	
Percentage of Total Waste Recycled	67%	56%	62%	67%	
Reduce the amount of paper used by 50% from a 2017-18 Baseline by 2024-25.					
A4 (Reams)[38]	600,101	147,360	167,864	167,667	-72%
A3 (Reams)[38]	2,165	555	1,245	892	-59%
Reduce Water Consumption by at least 8% from a 2017-18 Baseline by 2024-25.					
Total Water Consumption (m^3)	676,727	562,911	550,323	410,926	-39%

38 2021-22 and 2022-23 data restated due to a change in methodology.

Table 2 – DWP Sustainability related Financial Disclosures

	2021-22 Performance	2022-23 Performance	2023-24 Performance
Financial information			
Gross expenditure on the purchase of energy	£28,804,079	£40,800,265	£36,585,285
Reported Areas of Energy Gas	£6,869,380	£13,243,435	£7,584,354
Reported Areas of Energy Oil	£195,982	£291,568	£200,438
Reported Areas of Energy Electricity	£21,464,200	£26,954,889	£28,414,786
Reported Areas of Energy Heat	£274,517	£310,373	£385,706
Expenditure on accredited offset purchases	£0	£0	£0
Total Expenditure on Official Business Travel	£6,233,777	£13,111,999	£21,246,432
Total Expenditure on Waste	£1,697,080	£1,885,630	£1,712,460
Total Expenditure on Waste Recycled	£1,000,751	£986,934	£922,929
Total Expenditure on Waste Sent to Landfill	£78,111	£69,628	£53,678
Total Expenditure on Composted/Food Waste	No data	£3,573	£3,367
Total Expenditure on Waste Incinerated	£614,561	£807,581	£727,649
Total Expenditure on ICT Waste Recycled, Reused and Recovered (externally)[39]	No data	£198,980	£208,954
Paper Costs (inc. VAT)	£362,429	£543,376	£666,141
Total Water Cost (inc. Water and Sewerage Costs)	£2,750,275	£2,375,458	£2,203,265

Sir Peter Schofield KCB
Permanent Secretary

15 July 2024

39 Waste expenditure figures include waste disposal contracts, specialist waste arising and the purchase of licenses for waste.

ACCOUNTABILITY REPORT

Accountability report 2023-24

The Accountability report sets out how DWP meets the key requirements to Parliament. It is broken down into three areas:

- The Corporate Governance Report which provides an overview of the Department's leadership and risk management approach
- Remuneration and staff report which details remuneration and staff expenses and policies
- Parliamentary accountability which contains the Statement of Outturn against Parliamentary Supply, associated notes, and audit certificate

Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of the Department's governance structures and show they support the achievement of the Department's objectives.

Lead non-executive member's report

In January 2024, I was officially appointed the Department's Lead non-executive Director, having held the position on an interim basis for the previous 16 months. I am delighted to continue helping the Secretary of State and the Permanent Secretary.

I would like to welcome Gina Radford, Charlie Steel and Arabel Bailey as new non-executives for the Department. Each of them brings valuable external expertise to provide supportive challenge and advice to ministers and the Executive Team. Their positive impact has been felt within the Department and they have already become trusted advisors amongst senior executives and ministers.

During the last year, the Departmental Board and non-executive directors have had a determined focus on guiding the Department to reach its strategic outcomes. We pivoted the focus of the board to better support and advise on strategic issues linked to the development and implementation of the government's objectives.

To support the board, we have aligned certain non-executives with the Department's four strategic outcomes, creating a collaborative and purposeful triangle of ministers, executives and non-executives. Valerie Hughes-D'Aeth, with her extensive human resource experience, is paired with the outcomes relating to Labour Market and Standards of Living. Gina Radford, with her long career in public health, is supporting Health and Disability outcome. David Bennett, with his vast practice in financial services, is paired with Later Life outcome. The wider work of the non-executives can be seen through the governance meetings they chair. You can read more about these later in the governance statement.

We will continue to evolve the functioning of the board to reflect the feedback from ministers and civil servants about how it best adds value, but I am pleased that the consistent message during this year was that the board and its members were progressively more helpful and impactful in supporting the Department's running. The Department conducted an internal board effectiveness review in early 2024 which particularly highlighted that the shift towards outcomes has been positive. Given the size and scale of the Department, I consider it to be healthy to review our senior governance model. I am committed to this as part of an external board effectiveness review over the next year.

I am grateful to have worked as part of a strong team to guide the Department through another challenging year.

Ashley Machin
Lead non-executive Director

Directors' report

DWP ministers

Ministers at 31 March 2024

Rt. Hon Mel Stride MP

Secretary of State for Work and Pensions
(from 25 October 2022)

Portfolio:

- Overall responsibility for the business of the Department, including the departmental Strategy, planning and performance, reporting and governance requirements
- Direct responsibility for departmental expenditure

Jo Churchill MP

Minister of State (Minister for Employment)
(from 13 November 2023)

Portfolio:

- Labour market, addressing inactivity to improve labour supply and economic growth
- In-work progression
- Skills
- Conditionality and sanctions
- Uprating and Benefit Cap
- Overall management and delivery of Universal Credit and legacy benefits
- Jobcentre Plus
- International
- National Insurance Numbers
- Occupational health and statutory pay
- Childcare
- Poverty and cost of living

Mims Davies MP

Parliamentary Under Secretary of State (Minister for Disabled People, Health and Work)
(from 14 December 2023)

Portfolio:

- Disability policy and cross-government responsibility for disabled people
- Oversight of the Disability Unit, and convenor of disability champions
- Work and Health strategy, including sponsorship of the joint DWP/Department for Health and Social Care Work and Health Unit
- Disability benefit reform
- Disability Employment, and disability employment programmes
- Financial support for those at risk of falling out of work, and disabled claimants including, Disability Living Allowance, Personal Independence Payment, Employment and Support Allowance and Carer's Allowance
- Support for disadvantaged groups
- Youth Offer
- Government Equalities Office lead, women and the menopause
- Military Covenant
- Housing Benefit strategy and delivery, including Support for Mortgage Interest and supported accommodation

Public body responsibility: Industrial Injuries Advisory Council

Paul Maynard MP

Parliamentary Under Secretary of State (Minister for Pensions)
(from 13 November 2023)

Portfolio:

- Pensioner benefits, including new State Pension, Winter Fuel Payments, Pension Credit and Attendance Allowance
- Private and occupational pensions, including regulatory powers and the National Employment Savings Trust
- Social Fund (Cold Weather Payments, Sure Start Maternity grants and Funeral Expenses Payment Scheme)
- Methods of payment, including Post Office Card Account
- Net Zero (supporting a greener and a more sustainable future)
- Fraud, error and debt
- Shadow Lords Minister

Public body responsibility: The Pensions Regulator, Pension Protection Fund, Financial Assistance Scheme, The Pensions Ombudsman, and Office for Nuclear Regulation

Viscount Younger of Leckie

Parliamentary Under Secretary of State (Minister for Work and Pensions in the Lords)
(from 01 January 2023)

Portfolio:

- Spokesperson for DWP business in the House of Lords
- Child maintenance and family test
- Parental conflict
- Bereavement Benefits
- Maternity Benefit
- Coordination of departmental legislation
- Artificial Intelligence
- Devolution framework
- Serious Case Panel
- Business, including oversight of:
  - Departmental capability in commercial and digital affairs
  - Commercial contracting policy
  - Resourcing and estates
  - Transparency and data-sharing issues
  - Research and trialing

Public body responsibility: Social Security Advisory Committee, Health and Safety Executive

DWP executives

Executives at 31 March 2024. Information on what each executive is responsible for can be found on page 176.

Sir Peter Schofield KCB

Permanent Secretary and Principal Accounting Officer

Appointment

January 2018

- Executive Team (chair)
- Departmental Board
- Nominations Committee
- Non-executive Directors and Executive Team Board

Debbie Alder CB

Director General, Corporate Transformation

Appointment

January 2014

- Executive Team
- Non-executive Directors and Executive Team Board

Neil Couling CB CBE

Director General, Change and Resilience Group

Appointment

October 2014

- Executive Team
- Non-executive Directors and Executive Team Board

Amanda Reynolds

Director General, Service Excellence Group

Appointment

February 2021

- Executive Team
- Transformation Advisory Committee
- Non-executive Directors and Executive Team Board

Katie Farrington

Director General, Disability, Health and Pensions

Appointment

March 2021

- Executive Team
- Non-executive Directors and Executive Team Board

Barbara Bradley

Director General, Work and Health Services Group

Appointment

June 2022

- Executive Team
- Non-executive Directors and Executive Team Board

Catherine Vaughan
Director General, Finance Group

Appointment

November 2022

- Executive Team
- Departmental Board
- Departmental Audit and Risk Assurance Committee
- Non-executive Directors and Executive Team Board

Sophie Dean and Katherine Green (job sharing)
Director General, Labour Market Policy and Implementation

Appointment

December 2022

- Executive Team
- Non-executive Directors and Executive Team Board

Richard Corbridge
Director General, Chief Digital and Information Officer Digital Group

Appointment

April 2023

- Executive Team
- Transformation Advisory Committee
- Non-executive Directors and Executive Team Board

Helen Pickles
Interim Director, People and Capability

Appointment

August 2023

- Executive Team
- Departmental Board
- Nominations Committee
- Non-executive Directors and Executive Team Board

DWP non-executive board members

Non-executives at 31 March 2024

Ashley Machin

Lead non-executive

Appointment

September 2022

- Departmental Board
- Nominations Committee
- Non-executive Directors and Executive Team Board (chair)

Valerie Hughes-D'Aeth

Reappointment

February 2024

- Departmental Board
- Nominations Committee (chair)
- Non-executive Directors and Executive Team Board

David Bennett

Appointment

February 2021

- Departmental Board
- Serious Case Panel (chair)
- Non-executive Directors and Executive Team Board

Charlie Steel

Appointment

March 2023

- Departmental Board
Departmental Audit and Risk Assurance Committee (chair)
- Non-executive Directors and Executive Team Board

Reverend Professor Gina Radford

Appointment

March 2023

- Departmental Board
- Health Transformation Board (chair)
- Non-executive Directors and Executive Team Board

Arabel Bailey

Appointment

February 2024

- Transformation Advisory Committee (chair)
- Non-executive Directors and Executive Team Board

Other non-executives at 31 March 2024

Sally Cheshire CBE	Departmental Audit and Risk Assurance Committee Reappointment August 2023
Ian Wilson	Departmental Audit and Risk Assurance Committee Reappointment August 2023
Simon Sear	Transformation Advisory Committee Appointment September 2021

Direct appointment at 31 March 2024

John McGlynn	Universal Credit Programme Board (chair) Reappointment February 2023

Changes to DWP board and executives in 2023-24

The following changes took place between 1 April 2023 and 31 March 2024:

Role	Name	Change
Ministerial changes		
Minister of State (Minister for Employment)	Guy Opperman MP	left the Department 12 November 2023
Parliamentary Under Secretary of State (Minister for Pensions)	Laura Trott MP	left the Department 12 November 2023
Minister of State (Minister for Employment)	Jo Churchill MP	appointed 13 November 2023
Parliamentary Under Secretary of State (Minister for Pensions)	Paul Maynard MP	appointed 13 November 2023
Minister of State (Minister for Disabled People, Health and Work)	Tom Pursglove MP	left the Department 6 December 2023
Parliamentary Under Secretary of State (Minister for Social Mobility, Youth and Progression)	Mims Davies MP	responsibilities ended 6 December 2023
Parliamentary Under Secretary of State (Minister for Disabled People, Health and Work)	Mims Davies MP	change of portfolio from 14 December 2023
Executive level changes		
Director General, Chief Digital and Information Officer Digital Group	Richard Corbridge	appointed 11 April 2023
Director General, Chief Digital and Information Officer Digital Group	Simon McKinnon	left the Department 30 June 2023
Director General, Corporate Transformation	Debbie Alder	appointed 14 August 2023 into this new role
Interim Director General, People and Capability	Helen Pickles	appointed 1 August 2023
Non-executive level changes		
Non-executive director	Arabel Bailey	appointed non-executive director from 19 February 2024. (Appointed non-executive member 3 September 2021)

Management of interests

All colleagues in DWP are bound by the Civil Service Code – the framework on which the Department's standards of behaviour are built. The consequences of failing to comply are serious and attract penalties up to and including dismissal. The Department's Standards of Behaviour Policy and Procedures apply to colleagues at all grades.

It is mandated in the Department's Standards of Behaviour Procedures that colleagues' interests and activities outside of work must not create conflict of interest or potential for perceived conflict of interest with their official role and they must not bring the Department into disrepute. DWP colleagues are specifically instructed in the Standards of Behaviour Procedures never to request special treatment from any client of the Department that would benefit their outside interests. DWP colleagues are also specifically required to consult their line manager and seek permission if they are proposing to take up a second occupation or any position with a non-political organisation (political activity is controlled under separate rules) if it could create a conflict of interests or appear to create a conflict of interests. Further, DWP colleagues must seek their manager's written permission to take up any non-executive directorship during their employment with the Department.

In addition to the Department's standing requirement for all staff to discuss potential conflicts with their manager before taking up an external appointment, DWP Senior Civil Servants and non-executive members are required to declare any interests which they hold to the Permanent Secretary on an annual basis. The information has been gathered during the year and has been reviewed by the Permanent Secretary. The returns were also scrutinised by DWP's Departmental Audit and Risk Assurance Committee.

At the beginning of every Departmental Board meeting, all members are asked to declare any new potential conflicts of interest. These are noted in the minutes along with the appropriate action taken to manage them. Where a board member declares a potential conflict at a meeting, it is recorded in the minutes and the board member takes no part in any discussions relating to that matter. There were no conflicts of interests registered during board meetings in 2023-24.

None of DWP's ministers held directorships that conflicted with their management responsibilities in 2023-24.

The Department has put in place legal agreements with Richard Corbridge and Charlie Steel that define the protocols and principles to be followed to identify, prevent, mitigate and remedy any conflict of interest or unfair advantage (whether actual, potential or perceived) that could arise as a result of Richard's position on the Executive Team and Charlie's position on the Department's non-executive board.

In addition, in line with the current Declaration of Interest policy for special advisers, all special advisers have declared any relevant interest or confirmed they do not consider they have any relevant interests. The Permanent Secretary has considered these returns and relevant interests are set out in public.

A comprehensive list of directors and non-executive board members' interests as of 31 March 2024 is available on www.gov.uk

Management of business appointments

Under the Government's Business Appointment Rules, published internally and on www.gov.uk permission is required if any employee wishes to leave the Department to accept a job offer made by a person, company or firm with whom the employee formed a relationship during the course of their official duties and this applies for up to two years after an employee has left DWP employment. Applications under these rules are considered by someone in a position to understand the potential issues arising from the applicant's proposed outside appointment and judge the possible public perceptions should the appointment be taken up as proposed. This would normally be someone in the applicant's line management chain.

The Department's People and Capability team scrutinise countersigned applications for assessment and action, and to ensure consistent application, ahead of approval either unconditionally or with conditions, or rejection. The Department's measures in each instance are proportionate to the grade and previous role(s) of the applicant.

In compliance with Government's Business Appointment Rules, the Department is transparent in the advice given to individual applications from senior staff, including special advisers. Advice given to Senior Civil Servants at SCS1 and SCS2 regarding specific business appointments is published on www.gov.uk

During 2023-24 the number of requests made is contained in the table below.

number of exits where Business Appointment Rules applications were required	7
number of exits where Business Appointment Rules conditions were set	4
number of enforcement actions taken for breaches of the Business Appointment Rules	0

The Advisory Committee on Business Appointments (ACOBA) considers applications from the most senior levels:

- Ministers
- Permanent secretaries (and their equivalents)
- Directors general (and their equivalents)

Advice given by ACOBA regarding specific business appointments is published on www.gov.uk

The departmental group

At 31 March 2024, the departmental group includes the core department (DWP), 10 public bodies[40] and one pension scheme (Remploy Pension Scheme Trustees Ltd). A public body is an organisation that delivers a public service but is not a ministerial government department. The Department's public bodies consist of non-departmental public bodies, tribunal or advisory bodies and public corporations. They operate independently but are accountable to the Department. Collectively DWP's public bodies have a net expenditure of around £469.0 million[41].

DWP manages its relationships with its public bodies in accordance with the Cabinet Office's Arm's Length Body Sponsorship Code of Good Practice[42] – which ensures a consistent approach.

The table below sets out DWP's public bodies:

Classification	Pension bodies	Other bodies
Public corporations	Pension Protection Fund National Employment Savings Trust Corporation	Office for Nuclear Regulation
Executive non-departmental public bodies	The Pensions Regulator	Health and Safety Executive Money and Pensions Service Disabled People's Employment Corporation (GB) Ltd
Tribunal or advisory non-departmental public bodies	The Pensions Ombudsman	Industrial Injuries Advisory Council Social Security Advisory Committee
Other		Remploy Pension Scheme Trustees Ltd

40 The Pensions Ombudsman is a single public body which supports the two legally separate roles of the Pensions Ombudsman and the Pensions Protection Fund Ombudsman. Both Ombudsman roles are held by the same person. A further body, the Disabled People's Employment Corporation (GB) Ltd, entered members' solvent liquidation in October 2017 was due to be dissolved in June 2024.
41 Excluding public corporations which fall outside the Department's accounting boundary.
42 https://www.gov.uk/government/publications/arms-length-body-sponsorship-code-of-good-practice

Data Incidents

During 2023-24, DWP notified 19 Personal Data related incidents to the Information Commissioner's Office (ICO). The table below sets out the detail:

	Number of breaches reported to the ICO		
Category	**2021-22**	**2022-23**	**2023-24**
Alteration of personal data	2	1	2
Failure to redact	1	0	0
Loss/theft of paperwork or data left in insecure location	1	1	2
Verbal/written disclosure (including Postal Security Incidents)	3	4	3
Processing of wrong citizen's personal data	1	2	2
Unauthorised access (staff member)	0	2	2
Other	6	3	8
Total	**14**	**13**	**19**

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed me, Peter Schofield, as Principal Accounting Officer, to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored public bodies designated by order made under the GRAA by Statutory Instrument 2023 No.1360, together known as the 'departmental group', consisting of the Department and sponsored bodies listed on page 167.

The accounts are prepared on an accruals basis and give a true and fair view of the state of affairs of the Department and the departmental group and of the income and expenditure, Statement of Financial Position and cash flows of the departmental group for the financial year. The accounts also include the departmental group's net resource outturn, application of resources and changes in taxpayers' equity for the financial year.

In preparing the accounts I have complied with the requirements of the Government Financial Reporting Manual (FReM). In particular, I have:

- Observed the Accounting Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and applied suitable accounting policies on a consistent basis
- Ensured that I have in place appropriate and reliable systems and procedures to carry out the consolidation process
- Made judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by DWP's public bodies
- Stated whether applicable accounts standards, as set out in the FReM, have been followed, and disclosed and explained any material departures in the accounts
- Prepared the accounts on a going-concern basis

HM Treasury appointed me as the Principal Accounting Officer of the Department for Work and Pensions. I have appointed the chief executive or equivalent as the Accounting Officer for each arm's length body. The chief executives of each DWP public corporation, whilst not accounting officers, have similar responsibilities. I remain responsible for ensuring that appropriate and reliable systems and controls are in place to ensure that monies paid to the Department's public bodies are used for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

I confirm that this Annual Report and Accounts 2023-24 as a whole is fair, balanced and easy to understand. I take personal responsibility for the annual report and accounts and the judgements required for the determining that it is fair, balanced and understandable.

As the Accounting Officer, I have taken all the appropriate steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, keeping proper records and safeguarding the assets of the Department for Work and Pensions, are set out in Managing Public Money published by HM Treasury.

Sir Peter Schofield KCB
Permanent Secretary

Governance statement

The Department's Accounting Officer System Statement (AOSS), available on www.gov.uk sets out how the Permanent Secretary, as the Principal Accounting Officer, fulfils his responsibilities. It describes the accountability system in place for all the expenditure of public money through the Department's Estimate. This includes money made available to certain locally governed organisations, all public money raised as income, major contracts and outsourced services. It also sets out how the Department gains assurance about the satisfactory use of the money.

This governance statement sets out the Department's governance structure, risk management framework and internal control procedures. It reflects current arrangements and outlines the significant changes made to increase the robustness and efficacy of governance throughout 2023-24. Additionally, it provides assurance which the Permanent Secretary has received from his directors general, risk management and internal audit colleagues on how the system of control described in the AOSS has operated during the period covered by this statement. It concludes with his assessment of the effectiveness of the system of control.

The system of control

The Department is governed by:

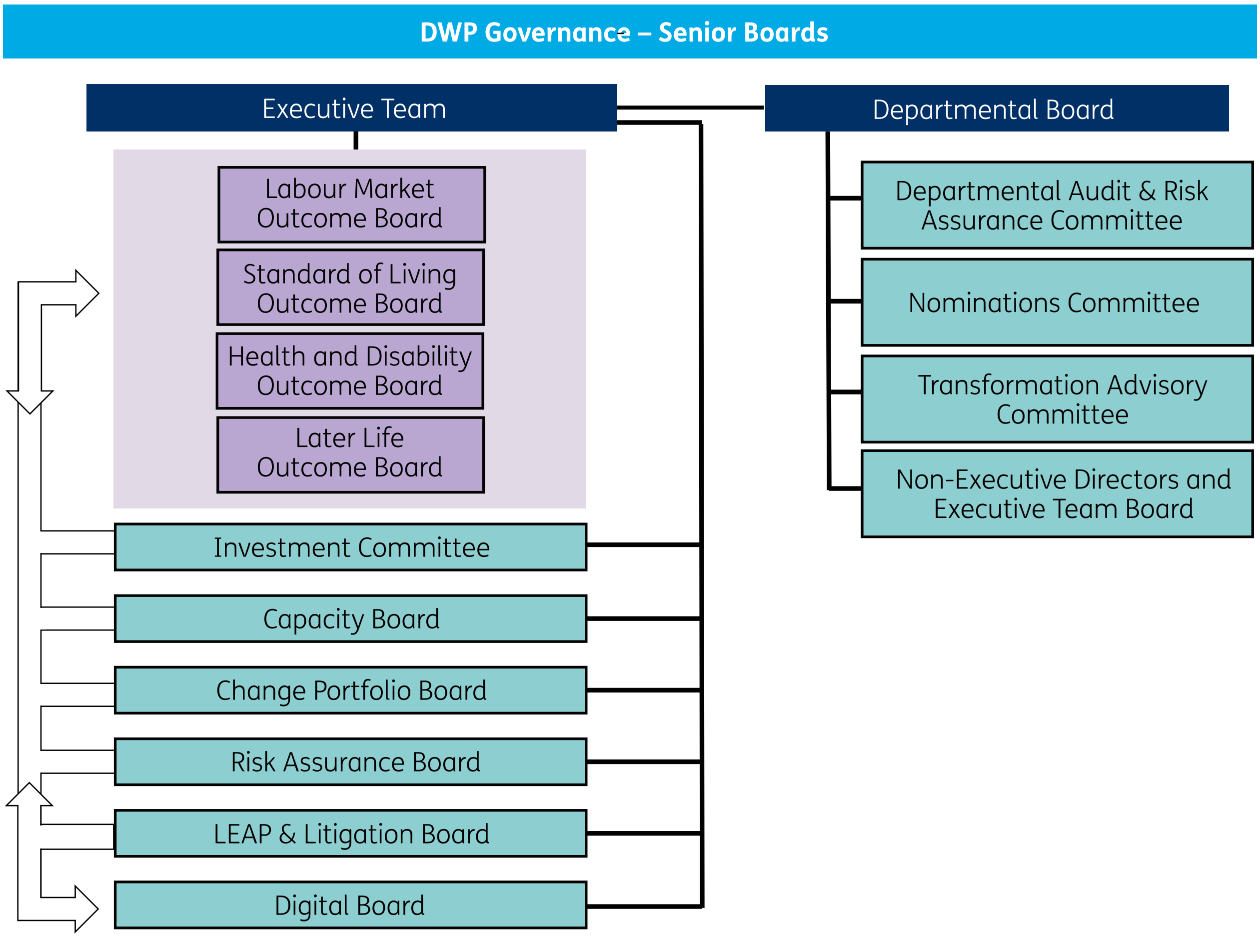
- The Secretary of State's overall responsibility for the Department and its public bodies,
- The Permanent Secretary's responsibility, both to the Secretary of State and directly to Parliament, as the Accounting Officer for the Department's expenditure and management, and
- The Departmental Board's collective responsibility in providing strategic advice to achieve the Department's goals effectively.

The system of control also includes the Departmental Board sub-committees, the Executive Team and its sub-committees, along with the control framework which is supported by internal and external assurance processes.

There were no Ministerial Directions during 2023-24.

Senior governance boards' structure

The chart below sets out the structure of DWP's senior boards as of 31 March 2024, including the lines of communication so that issues are escalated to the right audience. This structure and board/sub-committee terms of reference and membership are kept under regular review.



This chart does not include the additional boards that carry out management and assurance functions within the Department but report into the main boards above.

The Departmental Board

The Departmental Board, chaired by the Secretary of State, provides the collective strategic leadership of the Department. It brings together the Ministerial Team, senior members of the Department's executive leadership team and non-executives from outside government.

Its purpose is to provide advice on the Department's strategy, monitor performance and advise on significant risks. The board supports and advises on strategic issues linked to the development and implementation of the government's objectives including appropriate oversight of sponsored bodies. The Departmental Board acts in compliance with the main principles in 'Corporate governance in central government departments: code of good practice'.

Board membership has changed throughout the year with ministerial changes, the recruitment of a new non-executive board member and turnover of executives.

The board met four times during 2023-24 and monitored progress towards achieving departmental objectives by focusing on departmental performance, transformation, resourcing and the Department's financial position. This year the board took a new focus on strategic outcomes, using the four outcomes, as set out in the Department's Outcome Delivery Plan, to guide its review of performance and provide strategic outlook. The conversation driven by this new focus has been collaborative, purposeful, and productive.

A board effectiveness review was conducted in 2023-24, concluding that the Departmental Board operates effectively and supports delivering better outcomes for the public. The board receives data through good quality systems aligned to the monitoring of the Outcome Delivery Plan. It scrutinises performance via a dashboard containing clear, consistent, and comparable information. However, there is work to be done to clarify the role of the board in the performance management of the Department. The review also suggested further work to clarify the Department's governance with the support of an external board effectiveness evaluation in 2024-25.

The Departmental Board has four sub-committees, all chaired by a non-executive board member:

- The **Departmental Audit and Risk Assurance Committee**, chaired by Charlie Steel, provides independent assurance to the board and Accounting Officer on the processes and control environment that is in place in the Department and its arm's length bodies. During 2023-24, the committee has considered areas of corporate governance, risk management, internal and external audits, and accounting. In particular, the committee has reviewed arm's length bodies assurance, continued its focus on fraud and error (internal and external), as well as monitored the processes for whistleblowing. The committee has also received assurances on security, cyber and digital risks and attained updates on the Legal Entitlement Administrative Practices (LEAP) exercises, including State Pension underpayments and Home Responsibilities Protection.
- The **Nominations Committee**, chaired by Valerie Hughes-D'Aeth, provides advice on how to identify colleagues with high potential, develop leadership, grow the senior talent pipeline, and advises on the Department's reward and incentives offer. During 2023-24, the committee focused on: the Executive Team development, performance, accountabilities, refreshing the director general succession plans, understanding the impact of the 2024-25 budget allocations on headcount and the 2024-25 pay landscape.

- The **Transformation Advisory Committee**, chaired by Arabel Bailey, provides advice to the Department to support its transformation ambitions around customer and colleague experience and service delivery efficiency. During 2023-24, the committee has worked with colleagues in the Service Modernisation Programme, Service Excellence, Digital Group, Policy Group, Change and Business Strategy and has covered a wide range of topics, operating across organisational boundaries in the Department and bringing external experience to bear. Significant topics tackled this year include policy simplification, the evolving Digital Strategy, future culture development and the change management approach, stakeholder communication, Get your State Pension migration, and the next iteration of the business strategy.
- The **Non-Executive Directors and Executive Team Board** is chaired by the Department's Lead non-executive Director, Ashley Machin with the aim to support strategic, business, and financial planning and business strategy. The non-executives provide value through support and challenge to the Department's Executive Team. Along with the chair, the directors general and other non-executive directors review departmental performance, providing challenge and input to high priority work streams. During 2023-24, the board discussed a wide range of topics, including: how to manage unexpected demand or changing priorities, the use of Artificial Intelligence, deliverability and resourcing and managing risk. This board is under review for 2024-25.

In addition, the **Serious Case Panel** is chaired by a non-executive director, David Bennett. Its purpose is to consider serious widespread issues arising from cases and other insight, impacting on the DWP customer experience and make recommendations to address these issues, to reduce the incidence of such cases in future. The panel met quarterly throughout 2023-24. There is more about the work of the Serious Case Panel on page 81.

Department board and committee attendance 2023-24, by member, of meetings eligible to attend

Name of board	Depart-mental Board	Departmental Audit and Risk Assurance Committee	Nominations Committee	Transfor-mation Advisory Committee	Non-Executive Directors and Executive Team Board
Number of meetings held	4	5	2	8	3
Ministers					
Rt Hon Mel Stride (MP)	4/4	–	–	–	–
Tom Pursglove MP	3/3	–	–	–	–
Laura Trott MP	2/2	–	–	–	–
Mims Davies MP	3/4	–	–	–	–
Guy Opperman MP	2/2	–	–	–	–
Viscount Younger	4/4	–	–	–	–
Paul Maynard MP	1/2	–	–	–	–
Jo Churchill MP	1/2	–	–	–	–
Non-executive members					
Ashley Machin	4/4	2/3	2/2	4/4	3/3
Valerie Hughes-D'Aeth	3/4	–	2/2	–	3/3
David Bennett	3/4	–	–	–	2/3
Revd Prof Gina Radford	4/4	–	–	–	3/3
Charlie Steel	4/4	5/5	–	3/3	3/3
Arabel Bailey	1/1	–	–	8/8	–
Sally Cheshire	–	4/5	–	–	–
Ian Wilson	–	5/5	–	–	–
Simon Sear	–	–	–	7/8	–
John McGlynn	–	–	–	–	–

Name of board	Depart-mental Board	Departmental Audit and Risk Assurance Committee	Nominations Committee	Transfor-mation Advisory Committee	Non-Executive Directors and Executive Team Board
Executives					
Sir Peter Schofield KCB	4/4	1/1	–	–	3/3
Debbie Alder CB	1/1	–	1/1	–	2/3
Neil Couling CB CBE	–	–	–	–	3/3
Amanda Reynolds	–	–	–	8/8	2/3
Katie Farrington	–	–	–	–	2/3
Barbara Bradley	–	–	–	–	3/3
Catherine Vaughan	4/4	5/5	–	–	2/3
Sophie Dean and Katherine Green (jobshare)	–	–	–	–	3/3
Rich Corbridge	–	–	–	6/8	2/3
Helen Pickles CBE	3/3	–	1/1	–	2/2

The Executive Team

The Executive Team is the senior leadership team of the Department and is responsible for setting the strategic direction, overseeing the delivery of services and programmes, and managing the overarching performance and risks of the Department. The Executive Team meets weekly to discuss and decide on the most important issues facing the Department.

2023-24 brought more challenges for the Department, with the continuing cost of living pressures, a slowdown in economic growth and a further rise in the number of people out of the labour market due to long-term sickness all contributing to rising demand for DWP's services.

The Executive Team led DWP's response to these challenges, driving forward delivery of the Government's growth and fiscal objectives and monitoring departmental performance as laid out in the Department's Outcome Delivery Plan. A key focus was building additional capacity to meet the rising service demand. An ambitious recruitment target was set and a local flexibility framework to allow jobcentres to stop or limit activities to manage demand was introduced – all while protecting the space for transformation to drive productivity and making critical decisions to reduce the financial challenge for the year ahead.

The Executive Team provided steers on the Department's risks and mitigations against potentially disruptive events such as cyber-attacks and agreed a refreshed set of principal risks with clear ownership at director general level. It also considered a wide range of strategic issues around the Department's people and its estate. It provided direction for the Department's Diversity, Equity and Inclusion strategy, commissioned deep dives into aspects of the People Survey results to gain more insight into colleagues' lived experiences (such as those who have reported bullying or harassment and barriers facing those with workplace adjustments), and agreed the way forward on developing the Department's roadmap to Net Zero.

Outside formal governance, the Executive Team has the Shadow Board, consisting of colleagues from all grades below Senior Civil Servants currently working within the Department. It is a forum for colleagues to lend diverse voices and thinking to challenge and inform the Executive Team's decision making. Shadow Board members join the Executive Team meetings to offer insights and support decisions and play an important role in communicating the work of the Executive Team across the Department.

There are several **sub-committees** of the Executive Team:

- The **Investment Committee** provides a senior line of assurance on the Department's key projects and programmes, oversight of the Department's in-year financial position and multi-year plans. It is chaired by the Director General, Finance and supported by senior representatives from all areas of the business. The committee scrutinises business cases against the government's framework and guidance on options appraisal, the Green Book (available here).

  This year the committee considered business cases which support the transformation of the Department's organisation and services such as Workplace Transformation Programme, Contact Centre Modernisation and Health Transformation Programme. Universal Support and WorkWell, both of which are Workforce Participation measures announced in Spring Budget 2023, were also scrutinised by the committee alongside other labour market initiatives. The committee also scrutinised initiatives designed to help tackle fraud, error and debt, including the Counter Fraud and Error Management System programme, and the Transaction Risking and Targeted Case Review programmes. In addition, the committee provided scrutiny on the Department's estates portfolio projects which included jobcentre relocations for Marylebone, Bootle and Watford.

  In 2023-24, there was a continued focus on strengthening the Investment Committee's assurance model for programme/project business cases and commercial activity which saw the introduction of a three-level scrutiny process: full scrutiny, light touch, and the pipeline process, to ensure proportionate and value-adding scrutiny in response to the increases in the Department's spend limits.

- The **Capacity Board** is chaired by the Director General, People and Capability, and is held on a quarterly basis. The Capacity Board is responsible for agreeing both the Annual Workforce Plan and the DWP Strategic Workforce Plan, monitoring progress against agreed workforce targets in line with ministerial priorities and ensuring tactical decisions fit with future direction and affordability. It provides governance and strategic oversight on people resourcing decisions that impact capacity and capability to help improve the Department's forecasting.

  Throughout 2023-24, the board provided oversight on the recruitment process while monitoring redeployment, highlighting areas of concern and opportunity. The board also actively engages with the learning and development strategy to bridge skills gaps and improve staff wellbeing. Over the year, the board continued to review the workforce plans for service delivery and functions, monitoring any changes in staffing levels. Furthermore, the board provided oversight for work on diversity and inclusion.

- The **Change Portfolio Board** is chaired by the Director General, Change and Resilience Group and has oversight of change activity within the Department. The board provides assurance to the Executive Team about the deliverability of the overall departmental change portfolio, confirming that the planned changes are meeting investment conditions and are successfully progressing. The board has close links with the Investment Committee supporting the assessment of the value for money and deliverability of proposed new programmes prior to them being accepted on to the Change Portfolio. During 2023-24, the board continued to have a strong focus on delivery, deliverability, and stability of plans. A number of quarterly scrutiny sessions have been completed to monitor and respond to performance and risk across the portfolio. Areas of focus have included programme board effectiveness, dependencies, plans and benefits.

- The **LEAP and Litigation Board** is an expansion of the LEAP Oversight Board, after the Permanent Secretary agreed in autumn 2023 that the board would also oversee litigation risks. The board is chaired by the Director General, Finance and manages LEAP and litigation activity across the Department. The board sets and leads a clear escalation and reporting route for LEAP and litigation activity, informing financial planning and prioritisation across the Department.

  Throughout the year, the board has received regular updates on live LEAP exercises, including the start of the exercise on Home Responsibilities Protection and the closure of the CAT BL and CAT D strands of the State Pension exercises. Following recommendations from the Government Internal Audit Agency, the board also focused on lessons learned from administrative exercises to ensure issues and common themes are identified correctly and that customers' accessibility is considered.

  Since also encompassing litigation, the Legal Director and Litigation senior responsible owner has provided regular updates to the board on litigation risk profiles, which have overall been decreasing. The board has positively recognised the work carried out to develop virtual litigation groups (linking policy, legal, operational and decision-making teams) and to further build litigation capability across the Department so that cases are handled effectively.

- The **Risk Assurance Board** is chaired by the Chief Risk Officer. During 2023-24 board membership has comprised of senior leaders and subject matter experts who seek assurance on the management of strategic, delivery, operational, programme and functional risks. The process for reviewing significant risk themes is well defined with the board regularly assessing new and emerging risks to ensure that the impacts are fully understood. By offering robust challenge to the risks and the mitigating actions being implemented, the board provides assurance to the Executive Team and the Departmental Audit and Risk Assurance Committee that senior responsible risk owners are managing risks effectively.
- The **Outcome Boards**: In spring 2023, the Department introduced four new outcome boards to oversee the end-to-end view of its four strategic outcomes, from policy thinking to deliverability. They aim to create an even sharper focus on citizen outcomes, give greater confidence in decision-making and help shape advice to ministers on relative priorities. The outcome boards are chaired by policy directors general and bring together members from across policy, operations and enabling functions to give a whole-system view.
  - The **Labour Market Outcome Board** provides oversight and governance around the delivery and impact of labour market policy to support the Department's strategic objective to 'Maximise employment, reduce economic inactivity, and support the progression of those in work'. Key areas of focus for the board this year have included the delivery of workforce participation measures announced at Spring Budget 2023, agreeing the overall package of measures of the 'Back to Work Plan' as part of Autumn Statement 2023 preparations, and ensuring the deliverability of DWP's existing labour market interventions alongside new commitments.
  - The **Standard of Living Outcome Board** provides oversight of the Department's strategic objective to 'Deliver financial support to people who are entitled to it'. The board has supported joined up work across policy and delivery teams in preparation for the Autumn and Spring Statements, for example, the increase in the Local Housing Allowance, a further extension to the Household Support Fund and the extension of the repayment period for new Universal Credit Budgeting Advances.
  - The **Health and Disability Outcome Board** is responsible for delivering a department-wide strategy that supports the outcome of enabling disabled people and people with health conditions to start, stay and succeed in work, and get financial support. Over the past year, the board has been successful in steering and prioritising work on initiatives and activities that deliver these outcomes. This includes the implementation and delivery of the Health and Disability White Paper, measures at the Spring Budget and Autumn Statement to increase workforce participation and support for disabled people and people with health conditions, and the Work Capability Assessment consultation and reforms.

  - The **Later Life Outcome Board** sets the strategy and oversees work to support financial resilience in later life. Over the past year the board has been considering the challenges as the ageing population increases demand for DWP's services. The board is supporting ongoing prioritisation work by bringing policy, operational and analytical expertise together to identify further potential efficiencies and enhance join-up with pensions arm's length bodies.

- The **Digital Board**, chaired by the Chief Digital and Information Officer and established in July 2023, is an enabling, cross-cutting board, which forms part of the Department's decision-making framework. The board meets bi-monthly, with membership extending across all director general functions. Its purpose is to support the strategic outcomes by strengthening digital delivery and in becoming a data-led, digital-first, organisation. The board met four times in 2023-24 with the focus on development of the Digital Strategy and Digital Group operating model, digital budgets and themes to ensure achievement of business priorities and desired outcomes, including Artificial Intelligence.

Annually managed expenditure

The Department jointly manages its annually managed expenditure (AME) with HM Treasury. HM Treasury is involved in all decisions involving DWP AME spend as the Department, while being responsible for the spend, has no delegated authority. Meetings are held regularly throughout the year to monitor AME spend and its trajectory against the welfare cap. See the Chief Finance Officer report for further detail on the welfare cap.

Within the Department:

- The Director General, Finance holds executive level accountability for AME controls, including that the Department secures the necessary HM Treasury spending approvals outside of fiscal events.
- The Director General, Labour Market Policy and Implementation holds executive level accountability around the welfare cap, monitoring longer term risks to AME spend and overseeing fiscal event processes.

They are supported in this role by the internal AME Board, and by the Senior Welfare AME Group, which has membership from within the Department and HM Treasury. Both boards are chaired by the Director General, Labour Market Policy and Implementation. The boards oversee all departmental activity related to management of AME spend, including the monitoring of all risk to AME spend. They also review liabilities in relation to benefit expenditure for reasons such as judicial reviews, legal cases and appeals as provisions. Further details are shown on page 356.

Change governance

Prospective changes to join the Department's Change portfolio are routed through a single gateway. This helps to provide a pipeline view of change across the Department as well as ensure an appropriate level of scrutiny and approval is applied by the Investment Committee or the Change Portfolio Board.

A comprehensive assessment process for changes, involving colleagues from across functional areas within the Department, ensures initiatives are assessed for alignment with the Department's strategic plans and priorities, value for money and deliverability.

Significant projects or programmes accepted on the Department's Change portfolio have a formal senior responsible owner (SRO) and Programme Director appointed. The SRO is supported by a programme board where each programme board member has clear accountabilities with appropriate authority. Board members provide assurance to the Investment Committee, Change Portfolio Board, and their own director general on compliance with departmental guidance and deliverability of the programme.

The accountabilities of SROs are formally delegated through appointment letters issued by the Permanent Secretary. If the project or programme is part of the Government's Major Projects Portfolio (GMPP), the formal appointment letter is jointly issued by the Permanent Secretary and the Chief Executive of the Infrastructure and Projects Authority (published on GOV.UK). DWP currently has seven programmes on the GMPP:

- Universal Credit
- Health Transformation
- Service Modernisation
- Workplace Transformation
- Universal Support, which joined the GMPP in November 2023
- Pensions Dashboard (delivered by Money and Pensions Service)
- The Building Safety Regulator (delivered by Health and Safety Executive programmes)

In addition, the Permanent Secretary provides Accounting Officer oversight for Synergy – a GMPP programme which serves four government departments.

DWP continues to work closely with the Infrastructure and Projects Authority and HM Treasury who provide independent assurance of the Department's GMPP projects and programmes, including potential new programmes.

Functional Standards

Functional standards exist to create a coherent, effective and mutually understood way of doing business within government organisations. These standards are mandated for use across central government and provide a stable basis for assurance, risk management and capability improvement, supporting value for money for the taxpayer.

A function is a grouping aligned across government to manage functional work such as human resources, commercial or finance. The Department has 12 functions that operate in accordance with the functional standards. The head of each function is responsible for assessing the function against the standards and to have maturity action plans in place to ensure continuous improvement, providing assurance to the Department's Accounting Officer.

During 2023-24 DWP has undertaken a second annual coordinated delivery functional round table with its heads of function and their counterparts at the centre of government, resulting in shared actions on how the Department can improve delivery through strengthening functions. In addition, in collaboration with the Cabinet Office, DWP has reviewed the approach to managing GovS001, which is the standard that sets expectations for the direction and management of functions across government, including management of functional standards.

Risk management

The Department's Risk Management Strategy and Framework set out the process for identifying, managing, and mitigating key risks across the Department. It is aligned with and follows the overarching principles of HM Treasury's Orange Book, ISO 31000:2018 Risk Management Principles and Guidelines, and the UK Corporate Governance Code.

The Accounting Officer has overall responsibility for the Department's risk management strategy and framework, with executive team members designated as senior, accountable owners for the Department's principal risks that threaten successful delivery of its objectives. The risk management strategy and framework define the departmental risk appetite and tolerance levels which are determined and reviewed by the Department's Executive Team, informing all decision-making and investment choices. Regular risk-focused sessions are held throughout the year with the Executive Team to identify and agree the Department's principal risks and ownership of those risks at director general level.

DWP's Director of Risk and Resilience is the Department's Chief Risk Officer leading a corporate risk management function that supports the Accounting Officer and Executive Team to ensure senior sponsorship for effective risk management throughout the organisation and across departmental forums including the Risk Assurance Board and the Departmental Audit and Risk Assurance Committee (DARAC). DARAC reviews the departmental risk register adding further scrutiny and challenge.

The Risk Assurance Board supports the Director General, Finance in fulfilling their risk management responsibilities, ensuring there is an effective risk management process in operation across the Department. During 2023-24, the Department has enhanced its approach to testing and seeking risk management assurance in line with revised HM Treasury Orange Book principles.

DWP's risk management assessment programme reflects key lines of enquiry and assurance on risk control framework themes, as defined in those principles. Assurance mapping against the Department's principal risk set continues to support evaluation of the risk profile and the effectiveness of plans to reduce the level of risk exposure. Those same techniques have been applied to evaluate functional standard performance and are also being piloted to strengthen the assurance regime that informs the Department's governance statement.

DWP's public bodies are responsible for their own risk management, with internal board oversight. Governance arrangements were strengthened during 2023-24 with the instigation of joint meetings of the chief executive officers of the public bodies, chaired by the Department's Chief Risk Officer, this promotes a collaborative approach to governance, sharing of best practice, visibility of cross-cutting risks and a clear escalation route for risks. The Arm's Length Bodies Partnership Division manages assurance assessments for these organisations using a tailored, risk-based approach which is proportionate and flexible, testing how the arm's length bodies risks may impact the Department. In its commitment to continuous improvement DWP has again, reviewed the annual assurance process, building in improvements which have enhanced the robustness of assessments.

Significant Risks in 2023-24 and assessment

Throughout the year the Department delivered against a backdrop of a rapidly changing external environment with a risk landscape that was increasing in complexity with growing interdependencies. This year the Executive Team acknowledged that they are operating with a heightened level of risk, needing to tolerate more risks to delivery.

The principal risk themes in 2023-24 affecting the Department in delivering its objectives were as follows:

Key			
Risk Assessment (as of March 2024)	High	Medium	Low
Risk Trend	Increasing Risk	Decreasing Risk	No Movement

Principal Risk Theme	**Description**	**Assessment***
Fraud and error	There is a risk that plans DWP has in place to reduce fraud and error are not successful owing to a failure to execute the ambition of the plan successfully; and/or the increased propensity of fraud in wider society**.**	
Affordability and delivery of strategic outcomes	There is a risk that insufficient funding, alongside ambitious plans and constrained resources, may mean that the Department fails to deliver its strategic outcomes and delivery objectives.	
Stabilising performance and quality	There is a risk that the Department could fail to deliver an efficient, effective and high performing service to its customers if churn and attrition continue at its current rate and expected performance standards are not fulfilled due to increased demand.	

Principal Risk Theme	Description	Assessment*
Cyber and data threats and risks	There is a risk that internal or external cyber threats could result in breaches in data confidentiality, integrity and availability, disruption of payment services, loss of critical business services, loss of data and bulk data assets.	
Change	There is a risk that capacity and capability challenges mean that the Department fails to deliver its ambitious programme of transformation and modernisation. Deliverability and affordability are being continuously reviewed and assessed.	
Labour Market	There is a risk that with continued economic uncertainty and unemployment forecast to be at its peak level across 2024-25. The Department, employers and partners are not able to meet demand and deliver the package of support to reduce economic inactivity and improve workforce participation.	

*The risk assessment demonstrates a combined probability and impact, and this sum is typically low probability, higher impact.

The challenging internal and external environment means that the Department needs to continue to strengthen the assurance regime and test confidence in the effectiveness of risk management plans to bring risks within tolerance and appetite. The Department is taking proportionate mitigation action against these risks that threaten to undermine achievement of its business objectives and delivery of the Department's services. The Department has for some time been navigating through the uncertainties faced in the past few years and has demonstrated its resilience. That means remaining vigilant to emerging risk themes as DWP revises its delivery plan for 2024-25 and deliver efficiencies over the course of the current and future Spending Review periods. There is more to do to mature the Department's understanding of the risk landscape which includes scrutinising the controls in place to ensure that they are the right ones to effectively manage risks, ensure compliance with standards and deliver on the Department's commitments in the Outcome Delivery Plan.

Security and information management

Departmental security is managed and overseen by the Chief Security Officer (CSO), who reports to the Director General, Finance and is a standing member of the Departmental Audit and Risk Assurance Committee and the Risk Assurance Board.

The CSO also attends the Executive Team discussions on a quarterly basis, to provide progress updates across all aspects of security. The Department has continued to focus on five key areas, which have been endorsed by the Executive Team, to improve departmental security further:

- **Security operating model:** the Department is developing the security operating model to outline how the security outcomes support the Department's strategic objectives. It will reduce duplication of security activities and help focus security on the most impactful work.
- **Cyber visibility and control:** the Department is driving activity to automate, where appropriate, its cyber response to better utilise cyber security controls.
- **Malware protections:** the Department is improving security controls for threat protection, monitoring and tracking using relevant workshops and tailored exercises to support malware detection and protection activity.
- **Improved personnel control:** the Department is improving internal processes to initiate applications for national security vetting and make case decisions through new technologies and training. The Department is driving ongoing work to evaluate and strengthen security access controls through capabilities, guidance, upskilling and alignment of processes and policies.
- **Physical Security:** the Department is moving to a risk driven approach to protect its estate and people, recognising the convergence of physical and cyber security. A major programme of work is underway to enhance security controls to mitigate threats and reduce risk. Enhanced access control, CCTV and intrusion detection will complement existing controls in preventing both security and health and safety incidents.

These priorities are under constant review as the Department continues to analyse the threats and risks to the Department.

The CSO continues to support cross-government work in several areas, most notably in providing security education and awareness for civil servants across Departments – as well as providing the Department with a rolling education and awareness programme that includes updated and refreshed mandatory e-learning for all staff.

The Security Assurance function is now an established function that provides the Department with evidential understanding and insights that risks are effectively managed, systems are working as designed and security controls are meeting their target outcomes in support of departmental objectives.

During 2023-24, the Data Protection Officer reported 19 incidents to the Information Commissioner's Office (ICO), details of which are recorded in the table on page 168.

During 2023-24 the Department received 27,187 Subject Access Requests (SARs) with 26,673 completed. 21,231 (80%) were completed within the statutory UK General Data Protection Regulations deadline. There are plans to introduce a strategic technical solution in 2024-25 that means the Department can respond securely and electronically to SARs which should realise efficiency improvements.

The Department reviewed a record number of historical corporate records with over 21,000 records being reviewed helping to keep the Department compliant with its obligations under the Public Records Act. This was achieved through changes to ways of working, with DWP's records management supplier taking on administrative tasks, freeing up expert resource within the team.

Freedom of Information (FOI) performance within the Department remains strong, there has been a slight increase in the volume of requests received and 2023-24 was one of the highest performing years on record. DWP exceeded the ICO monthly 90% minimum target, for replying to responses within 20 working days, in every month and also achieved the Department's first 100% clearance rating in November 2023.

The formal FOI performance statistics are published by the Cabinet Office on GOV.UK and can be accessed here – Freedom of Information statistics – GOV.UK (www.gov.uk)

In June 2023, the Department responded to the ICO Practice Recommendation outlining steps that were being taken to address its concerns and provided a further update in January 2024. Colleagues met with ICO representatives to discuss the Department's response to the Practice Recommendation on FOI in March 2024. The ICO are going to monitor the Department's FOI responses since it introduced new guidance in the autumn but there were no further action points.

Departmental Security Health Check

The Departmental Security Health Check (DSHC) is an annual Cabinet Office requirement for government departments, and some arm's length bodies. There have been several changes implemented since the 2022 DSHC the most significant being the removal of all cyber questions, which will be covered in the new Cyber Assessment Framework. There have also been changes to the physical security questions and the introduction of new physical security standards. The Department has received an initial report from the Cabinet Office on its results. The Department has improved from last year and outperforms departmental averages in all areas.

The Department agreed to take part in an assurance pilot for the DSHC, where its results will be assessed and assured by an independent third-party. This will provide the Department with greater assurance on its results and help shape and understand the process for future years when third-party assurance becomes mandatory.

Cyber Assessment Framework (CAF)

Cyber security was removed from the DSHC and is being assessed for the first time this year as a separate discipline. Whilst the Department met all minimum security standards for cyber security within the DSHC, the CAF provides a more rigorous assessment.

To pilot CAF this year the Department assessed two critical national infrastructure systems: Universal Credit and the Customer Information System which were assessed against the more demanding ‘enhanced profile’, due to the importance of protecting these systems. The Department has met the enhanced profile across most of both systems but recognises that there is more to do to meet the full requirements of the target profile.

Artificial Intelligence (AI)

The Department uses digital design authority, technology, and data governance and has developed a new cross-departmental assurance framework for assurance and governance of AI.

With the establishment of the Department’s Generative AI Lighthouse Programme in July 2023, the Department extended its existing digital governance to include an AI Steering Board, an AI assurance and Advisory Group and an AI Delivery Board.

The focus has been on convening a whole-Department response to rapidly assure scaling and test effective cross-departmental governance and assurance. To address the 12 risk categories outlined by the UK Parliament Science, Innovation and Technology Committee, DWP adheres to six principles to ensure that the responsible use of AI is:

- Explainable
- Mitigated
- Controlled
- Understood
- Value-led
- Governed

The **AI Steering Board**, chaired by DWP’s Chief Digital and Information Officer, was established in July 2023. Its purpose was to bring together key representatives from across the Department to take accountability for the appropriate and responsible use of AI across the Department. The Board set the strategic direction for effective and safe AI development. Throughout 2023-24, the AI Steering Board was accountable for:

- Setting strategic direction for AI and providing necessary approvals of approaches, aimed at ensuring policy outcomes and delivery objectives were aligned and successfully achieved

- Setting thresholds for levels of appropriate risks, and determining appropriate escalation routes
- Ensuring blockers to delivery were removed and/or mitigated as needed
- Monitoring, reviewing and mitigating strategic risks
- Ensuring that policy and projects teams consulted with the AI Advisory and Assurance Group on the implications of the use of AI.

Throughout 2023-24 DWP's AI assurance framework continued to evolve and in April 2024 the **AI Delivery Board,** chaired by DWP's Chief Digital and Information Officer, was established to replace the Steering Board. It is responsible for:

- The implementation of the Department's AI Strategy
- Assuring the appropriate use and safe acceleration of AI in DWP
- Ensuring decision-making for Projects is in line with the agreed objectives
- Approving Go Live decisions
- Overseeing management of Project risks and issues and agreeing ownership of mitigation action(s) ensuring all mitigation is implemented and is effective
- Providing direction and steering the direction of AI projects
- Assuring progress against plans, directing action to achieve outcomes
- Owning the development and approval of business case(s) and benefits realisation plans, providing assurance that business benefits and project deliverables remain aligned with the respective business case(s)
- Ensuring lessons learned from Lighthouse projects are actively used to enable continuous improvement
- Taking ownership of internal and external reviews and their associated outcomes
- Operating at all times within the authority of the Department's overarching governance arrangements; and,
- Ensuring Data Protection by Design is built into the projects and Data Protection Impact Assessments are completed to meet legal requirements.

The **AI Advisory and Assurance Group**, chaired by the Department's Deputy Chief Data Officer, was established in September 2023. Its purpose is to bring together the necessary capabilities and expertise across the Department to provide advice and assurance regarding AI. Throughout 2023-24, the AI Advisory and Assurance Group provided scrutiny and advice to the AI Steering Board. The group is accountable for:

- Providing scrutiny and advice to the Board and to Lighthouse project teams
- Assessing risk associated with proposed AI projects and initiatives
- Ensuring proposals conform to both the Department and the Government Data and Digital Principles and underpinning standards, frameworks, and structures

- Ensuring appropriate application of the pan-Government Digital Standards
- Escalating concerns to the Board.

The AI Advisory and Assurance Group operates separately to the AI Delivery Board to assess risks from the perspective of a collection of subject matter experts. The group supports AI Delivery Board to recognise and assess risks they may not have considered, such as the impacts on DWP staff, potential legal risks, contractual and commercial issues, or ethical risks.

As part of ongoing assurance, the Department is developing a new AI risk framework which will be used to assure all new AI initiatives. The AI risk framework will cover a variety of different risk areas including bias, information security and privacy, and access to data.

The initiative is then taken to Digital Design Authority (DDA) advisory and approvals which is part of existing Digital governance. The DDA review allows for technical experts to assess and raise any concerns around technical risks such as security, data privacy, architectural design, and to ensure that suitable mitigations are in place.

Following this, the AI Delivery Board allows for a final holistic review of each proposed AI project before granting approval for development to begin or continue.

The Department records all AI developments in a newly established AI inventory that includes the project, a description of what is being built, its usage and its possible effects. This inventory has been aligned to the Cabinet Office Algorithmic Transparency Recording Standard.

DWP continues to review and iterate its AI governance and assurance framework so that it remains relevant, robust and includes expert representatives from across functions (data, legal, cyber, risk, etc.) for advice, oversight and assurance throughout the development lifecycle.

Commercial and contract management

The Commercial Strategy provides a roadmap for the delivery of its priority workstreams for the period up to 2025. It outlines how DWP's Commercial Directorate will operate as a commercial function, enabling the Department to meet its priorities as well as delivery against the Government Commercial Function (GCF) standards.

During 2023-24, the Department focused on developing stronger collaborative working relationships with senior stakeholders across the Department's operational areas. The operating model has been designed to help increase commercial influence earlier in departmental decision making and align commercial support to departmental priorities to deliver best value within the Department and across government.

Commercial controls

Commercial Directorate continues to operate within a strong control environment, utilising a commercial approval board made up of senior commercial, finance and business stakeholders to assure and approve commercial activity above £400,000, providing confidence to the Department's seniors that commercial activity is managed in an appropriate way. The Department has introduced an external resource approval board, providing holistic assurance and approval of all contingent labour and consultancy requests. This will significantly increase transparency of external resource use across the Department. The strength and maturity of DWP's control frameworks are acknowledged through significant levels of earned autonomy from external controls.

During 2023-24 the Department has recognised some areas of control weakness and acted on observations made by the Government Internal Audit Agency, taking action to strengthen practice. Notably, the Department re-designed its conflicts of interest policy and process by introducing a portal, alongside refreshed guidance. This has resulted in greater visibility of potential conflicts and what constitutes a perceived conflict, enabling commercial teams to check and mitigate any conflicts at the earliest stage.

The Department is currently piloting the use of external procurement assurance reviews for its high-risk complex sourcing activity. Following conclusion of the pilot and evaluation of the benefits recommendations will be made for future independent assurance. The Department has also strengthened its contract management with further targeted roll-out of the Cabinet Office's Contract Management Capability Programme across the Department's centralised operational contract management functions.

Assurance covering grants

The Director General, Finance has overall responsibility for providing assurance that financial controls are sufficient to mitigate financial risks in all areas, including grants. The Senior Functional Grants Lead provides assurance on all aspects of grants, including ensuring compliance with the Government Grants Functional Standard and the Global Design Principles.

The Department awards grants to a range of organisations across different sectors, to help achieve delivery of departmental objectives. Examples include Help to Claim, Household Support Fund and Flexible Support Fund schemes.

The Department has a comprehensive grants framework that provides guidance on the end-to-end process for grants. This content has been enhanced by incorporating links to the Cabinet Office's Government Grants Functional Standard. For schemes that are high-risk, novel, contentious or repercussive, the Department uses the Cabinet Office's Complex Grants Advice Panel.

The Department's Grants Approval Board, chaired by the Department's Senior Functional Grants Lead, the Deputy Director of European Social Fund, has responsibility for ensuring that new schemes and grant extensions, equal to or above £100,000, are compliant with the Government Grants Functional Standard, which is guidance that sets expectations for the management of grants across government. The board ensures that grant owners demonstrate how all aspects of the functional standard are met before a scheme is approved. In 2023-24 13 new grants and extensions were considered by the Grants Approval Board totalling £573.8 million.

To underpin the Grants Functional Standard, the Cabinet Office has produced a maturity matrix which includes 258 compliance indicators. The indicators are rated as "Good", "Better" and "Best" practice. Departments are required to self-assess their compliance with all indicators. Since the last self-assessment in February 2022, the Department has continued to progress actions in the Grants Continuous Improvement plan. The impact of this will be assessed as part of the next formal self-assessment exercise. This is now due to be reported to Cabinet Office in 2024-25, when a new assessment tool is rolled out to Departments.

Assurance about the operation of the system of control

Assurance from executives

The Accounting Officer issues a formal letter to each director general setting out their delegated accountabilities and authority. The Executive Team has responsibility for delivery of their shared team objectives, supporting the delivery of departmental strategic objectives and they review their collective delivery of these on a quarterly basis.

During 2023-24, each director general provided the Accounting Officer with a letter of assurance covering the full reporting year. Letters of assurance provide an assessment of the effectiveness of the internal controls that support delivery of business objectives and departmental policies. To support this process, the Department continues to apply a second line of defence risk and control assessment process to evidence the effectiveness of risk management and controls within each group.

The Accounting Officer is satisfied that, collectively, his directors general effectively manage the governance and internal control structures within the businesses they lead and that he can rely on them to manage risks within their business. The directors general have identified several challenges this year which they are managing effectively within their teams. These include but are not restricted to: capacity and capability, fraud, error and debt and funding pressures.

Assurances covering DWP's public bodies

For 2023-24 the Director General, Disability, Health and Pensions provided assurance on the governance and control arrangements for the public bodies which deliver outcomes on DWP's behalf. The Department's Arm's Length Bodies Partnership Division is responsible for holding its public bodies to account and ensuring that they work to the high standards expected of them. The Department has a range of oversight activity in place to provide assurance that each body is working effectively through robust governance arrangements. These include a range of standard financial control measures including a quarterly performance dashboard, which reports on delivery, finance, risks and change.

The annual assurance assessment of the Department's public bodies complements its ongoing engagement and assurance activity, including its quarterly accountability reviews with the bodies, its attendance at the bodies' audit and risk committees and ongoing senior day to day engagement with the bodies. This ensures that the Department has a proportionate oversight and understanding of the risks and opportunities that its bodies present to it.

The Department's risk management approach is written into the framework documents that govern its relationship with its bodies. Each of the public bodies is responsible for identifying their own risks and risk management is overseen by their audit and risk assurance committees. The Department's Arm's Length Bodies Partnership Division reviews risks as part of the quarterly accountability review process. The Department's oversight arrangements support the performance of each body, enhance the protection given to the Permanent Secretary as Principal Accounting Officer and assure the Departmental Board, the Executive Team and the Departmental Audit and Risk Assurance Committee that the Department has a good overview of its public bodies and meets HM Treasury and Cabinet Office expectations of assurance. Earlier this year the National Audit Office published its investigation into the Pensions Dashboards Programme (PDP). Ahead of publication, the Department had already conducted its own assurance review which found that it needed to better clarify its relationship and accountabilities with arm's-length bodies. In response, DWP plans to strengthen arm's-length bodies' links to its own governance arrangements. For example, arm's-length bodies delivering Government Major Projects Portfolio (GMPP) programmes where DWP is the policy sponsor will be required to regularly attend the Change Portfolio Board, as well as the Investment Committee.

The latest Cabinet Office guidance on conducting reviews of non-departmental public bodies stipulates that attention should be focused on the four quadrants of efficacy, efficiency, governance and accountability. A review of the Health and Safety Executive was published in May 2023, and the Pensions Regulator in September 2023. This followed reviews of all the Department's other public bodies bar the Pensions Ombudsman. That review is due to take place in the second and third quarters of 2024.

The Department's public appointments team, within the Arm's Length Bodies Partnership Division, conducts all its recruitment for its ALB public appointments exercises (chairs, non-executive directors and members). The team collates statistics and information from each recruitment campaign to enable the Permanent Secretary to provide formal annual assurance to the Commissioner for Public Appointments that all public appointments made by DWP ministers are fully compliant with the Cabinet Office governance code on public appointments. All public body appointments activity for 2023-24 is listed below.

Public body	New appointment (up to 5 years)	Reappointment (up to 5 years)	Extension (up to 12 months)
Health and Safety Executive	**Non-executive director** Ken Rivers	**Non-executive director** Ged Nicholls Claire Sullivan	
Money and Pensions Service			**Non-executive director** Ann Harris
Industrial Injuries Advisory Council		**Members** Prof. John Cherrie Chris Stenton Dr Max Henderson Lesley Francois Dr Jennifer Hoyle Dr Daniel Shears	
Social Security Advisory Committee	**Members** Les Allamby Rachel Chiu Daphne Hall Stephen Hardy Jacob Meagher Suzy Walton	**Member** Bruce Calderwood	
The Pensions Ombudsman	**Interim Chair** Anthony Arter	**Non-executive director** Emir Faisal	**Deputy Pensions Ombudsman** Anthony Arter
The Pensions Regulator		**Non-executive director** Katie Kapernaros Christopher Morson	
The Office for Nuclear Regulation	**Interim Chair** Dame Judith Hackitt **Non-executive director** Roger Hardy		
National Employment Savings Trust	**Non-executive director** Helen Copinger-Symes Nina Hingorani-Crain Nikki Marsh	**Non-executive director** Chris Hitchen Martin Turner Karen Cham	

Assurance from HM Revenue and Customs

HM Revenue and Customs has provided the Department a letter of assurance that has been approved by its Departmental Audit and Risk Assurance Committee. It contains detail about its capacity to handle risk and highlights any significant issues that may impact on their control and management of the National Insurance Fund and related activities. It also provides detail of the integrity of its real time information that is shared with the Department. The following issues were raised in the letter of assurance: integrity of National Insurance records, Missing HRP, voluntary National Insurance contributions and Universal Credit. Further detail on these areas is contained in the fraud and error section of the Annual Report and Accounts pages 93. Detail on the integrity of real time information is available in the performance report page 74.

A joint oversight board was created in July 2023 to support the internal assurance across Departments. The board is chaired jointly by the Director of Operational Excellence (HM Revenue and Customs) and the Director of Retirement Services (DWP). The board oversees and takes accountability for delivery of several cross departmental activities affecting National Insurance records and National Insurance credits.

Following the recommendations in the DWP 2022-23 Public Accounts Committee report, the board also oversees the response to recommendation 5a – "to provide assurance to the Committee within the next twelve months over the integrity of the National Insurance records and how they interact with the DWP's benefit system". The scope for the Joint Oversight Board includes Missing Home Responsibility Protection (HRP), Universal Credit and Voluntary National Insurance contributions. Additionally, it can bring into scope other work that impacts on the effective administration of the National Insurance Fund where activity spans between HM Revenue and Customs and the Department.

In March 2024, the Government Internal Audit Agency (GIAA) undertook a review National Insurance Records Involving DWP. The GIAA made 10 recommendations for improvement. Work is underway to address these areas and progress is being overseen by the Joint Oversight Board.

Assurance from other sources

The National Audit Office (NAO) undertook value for money (VFM) studies and cross-government investigations during the year. They completed two VFM studies specific to DWP: Transforming Health Assessments for Disability Benefits and Progress in Implementing Universal Credit. The NAO also undertook an investigation into the Pensions Dashboards Programme, the report was published on the 10 May 2024 and a VFM study on the Department's Approach to Customer Service, due for publication in July 2024. Examples of cross-government reports include Tackling Fraud and Corruption Against Government, Civil Service Workforce: Recruitment, Pay and Performance Management, Investigation into Whistleblowing in the Civil Service, Use of Artificial Intelligence in Government, Reducing the Harm from Illegal Drugs, and an Investigation into Supported Housing.

The NAO's reports are presented to Parliament. The Public Accounts Committee (PAC) may hold an inquiry on the NAO reports and invite the Department to answer questions on it. PAC will produce its own report with recommendations and the Department responds to these through a Treasury Minute.

During 2023-24, the Department attended four PAC oral evidence sessions covering Supported Housing, Revising Health Assessments for Disability Benefits, DWP Annual Report and Accounts 2022-23, and Progress in Implementing Universal Credit. The PAC also held an evidence session on tackling fraud and corruption against government, which considered the government's efforts to improve its counter-fraud capability. The Department was not a witness at this session, which was attended by officials from HM Treasury, the Cabinet Office, and the Public Sector Fraud Authority. NAO reports on the Department are available at www.nao.org.uk

During 2023-24, the Infrastructure and Projects Authority (IPA) undertook two independent reviews. These included a review on the Health Transformation programme, providing assurance and recommendations for improvements to support government objectives, and, in April 2023 a review to assess the Department's readiness to increase the volume of claimants moving to Universal Credit.

Programmes have ongoing engagement with the IPA, providing quarterly updates against their delivery confidence. Information on the IPA assessment of DWP's GMPP programmes can be found in the IPA transparency report at www.gov.uk

Assurance opinion of the DWP Group Chief Internal Auditor

DWP's Group Chief Internal Auditor (GCIA) provides independent assurance to DWP's Permanent Secretary and the Departmental Board (via the Departmental Audit and Risk Assurance Committee – DARAC). The assurance opinion is derived from a risk-based plan of work which has been approved by the Executive Team and endorsed by DARAC, together with the GCIA's wider knowledge of the business and other assurance provision. As with prior years, there were some changes to the planned programme of work during the year to ensure that it remained aligned to the changing risk landscape.

The GCIA has provided "moderate" assurance on the Department's governance, risk management and control framework in 2023-24. The opinion reflects the Department's consistent governance, risk management and controls, with concerns remaining over the governance of fraud and error (Benefits and State Pensions) and of specific programmes.

A significant piece of work was undertaken by GIAA jointly with HM Revenue and Custom's Internal Audit team on the National Insurance record, more information on this is included on page 194.

Findings from other specific internal audit reviews have been taken into account in the assurance process described on page 194 which has fed into the overall governance statement.

The overarching themes covered by the GCIA's report including the key feedback were:

- Delivering a quality service: there is a commitment to continuous improvement across the Department within that there is a need for improved processes and procedures, for example in relation to customer engagement utilising alternative formats which the department is mobilising to address
- Fraud and error: reviews undertaken in 2023-24 have provided assurance that the Integrated Risk and Intelligence Service, Strategy Implementation Assurance, and Debt Enforcement have put in place strong operational arrangements and governance structures. Reducing fraud and error, though, remains a significant challenge for the Department.
- Transformation: several programmes have undergone reprogramming and resets, a theme continued from previous years and the Department faces significant challenges in the scale, complexity, and volume of change operating in an environment of resource limitations. For Service Modernisation, strong controls over benefits management have been established.
- Governance and accountability: The need for clearly defined roles, responsibilities and accountabilities has been highlighted in a number of audits, with good practice in these areas identified in others.
- Capacity and capability: Internal Audit has suggested a skills gap assessment to better understand the workforce's current capabilities and the requirements to meet the demands of the business, which continue to be a challenge in 2024-25.
- Digital, data and technology: new digital processes should enhance the use of management information, however there remains a need to refine and embed arrangements to ensure that information is used to identify gaps, anomalies and demonstrate the effectiveness of processes. Strategic reference architecture needs to be implemented as a cross-department objective.
- Core controls (people, finance, operations): better use of technology has strengthened several processes in the people and capability space.

Internal Audit coverage of finance functional responsibilities identified areas of strength including financial management and forecasting. Further work is needed on project accounting processes and to improve the consistency and clarity of supporting guidance and advice for business cases.

Analytical Models Management

The Department continues to use a quality assurance framework that is embedded in its processes which covers its business-critical analytical models. The Department's lead analysts are accountable for the quality of the models and forecasts in their area, and continue to develop and provide best practice guidance and training to all staff developing models. The Department has a list of analytical business critical models (BCMs) which are owned by the analytical community and includes information on quality assurance, ownership and impact.

In 2023, the Department expanded the framework to include business critical models within Finance Group, this framework is similar to the one used for analytical models.

The Department's Policy Costings Scrutiny Committee and DEL Scrutiny Committee, scrutinise the different aspects of costings for each fiscal event. The Office for Budget Responsibility (OBR) examines DWP's forecasts and costings for all benefits. The Department works closely with the OBR, liaising with them throughout the year on the key changes and issues ahead of the next fiscal event. This ensures their views on the economy and/or best practice are accurately and fully reflected in these models. After each fiscal event DWP conducts lessons learned exercises to identify what works, and areas it can improve on in the future. The Department also continues to oversee a programme of development activity to the process of producing resource forecasts, including the development of new modelling capability to provide enhanced scenario functionality.

Shared Services Connected Ltd

Shared Services Connected Ltd (SSCL) is the largest provider of critical business support services for government, police and defence clients delivering a contracted out shared finance, human resources and procurement services.

To facilitate the delivery of the shared services, SSCL is also responsible for the management of the Single Operating Platform system including its data, hosting, infrastructure management support, application management support, service management and performance management.

In 2023, the Cabinet Office opted to sell its 25% share in SSCL to Sopra Steria, SSCL's parent company, who now fully own SSCL.

Cabinet Office Government People Group (GPG) is responsible for the Memorandum of Agreement for shared services between the Cabinet Office and the government departments. They provide an annual letter of assurance to all customers based upon the overall SSCL audit and assurance programme.

GPG have summarised the findings from various sources of assurance in the 2023-24 Letter of Assurance dated 30 May 2024 as follows:

- PwC provided reasonable/moderate assurance based on five government specific reviews. This is an improvement from 2022-23 when PwC provided *limited* assurance. Governance, risk management and control in relation to business-critical areas is generally satisfactory. Whilst there are some areas of weakness and non-compliance there are none related to DWP specifically. The findings are related to generic framework level provision.
- GIAA completed five audits and have provided a limited opinion. This remains the same opinion that was provided for 2022-23. The main concerns are:
  - The absence of an automated duplicate identification system for expenses. This is being addressed and planned to be in place by September 2024

- Service request management, particularly the absence of a qualitative service measure.

The findings provide the Department with sufficient assurance of the effectiveness of the controls employed by SSCL that were examined in the year.

There were no rectification plans required during the 2023-24 audit period and there are no specific concerns relating to the Department that are likely to materially impact the statements included in the Annual Report and Accounts.

Whistleblowing

The Department and the Government Internal Audit Agency (GIAA) continued to collaborate to ensure that through GIAA's arm's length management of the Department's whistleblowing hotline and its triaging of all whistleblowing cases, colleagues are guaranteed access to an independent and professional team with which they may raise concerns. This is in addition to colleagues being able to raise concerns externally, should they choose, with either the Civil Service Commission or the Comptroller and Auditor General at the National Audit Office (NAO).

This year, the collaboration extended to the Department and GIAA participating in a cross-government review of whistleblowing carried out by the NAO, which was reported to Parliament in December 2023 prior to being discussed at a hearing of the Public Accounts Committee in April 2024. The Department is already working with the Government People Group at the Cabinet Office to identify improvements to whistleblowing for 2024-25, identified by the NAO's report, including a survey of known whistleblowers to determine their experience of whistleblowing. In this context DWP will share with the Government People Group aspects of the Department's arrangements that NAO highlighted as good practice, notably the Department's use of disciplinary standards to protect whistleblowers from adverse treatment and the choice its colleagues have over where they might seek support in resolving their concerns.

In 2023-24, the Department's communications to colleagues and participation in the Civil Service's 'National Speak Up Week' maintained the previous year's high level of awareness of whistleblowing. Results from the DWP's People Survey 2023, involving over 58,000 respondents, showed 91% of its colleagues understand the standards set out in the Civil Service Code, 76% understand how to raise a concern and 72% are confident that if they raised a concern, it would be thoroughly investigated. This success in maintaining relatively high awareness resulted in 56 whistleblowing cases being registered up to 31 March 2024, consistent with the previous year's 51 cases. Once outstanding investigations have been completed to determine outcomes, anonymous details of all 56 cases will be reported internally to the Departmental Audit and Risk Assurance Committee and externally to the Cabinet Office.

Permanent Secretary's conclusion

As Permanent Secretary, I am satisfied that the Department's overall governance arrangements are adequate. The Department has continued to operate well in a challenging environment. Having noted the GIAA's Moderate audit opinion and considered all the evidence, I am content with the Department's system of internal controls and assured that continued improvements will be made to ensure it remains robust.

Information on how the Department works to prevent fraud and error in the benefits system and recover debts that are owed to it is provided in the Fraud, Error and Debt Report from page 93.

Remuneration and staff report

Remuneration policy

The pay of most Senior Civil Servants is set by the Prime Minister, following independent advice from the Senior Salaries Review Body. Details are available on www.gov.uk. This body also advises the Prime Minister on peers' allowances; the pay, pensions, and allowances of MPs; and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

Salaries are solely for the period in the year when an individual served as a member of DWP's Executive Team.

Appointment of directors

Civil Service appointments are made in accordance with the Civil Service Commissioner's Recruitment Principles. These principles require appointments to be made on merit and based on fair and open competition. However, there may be exceptions to this principle.

Unless stated otherwise, all appointments are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Salary

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowance, private office allowances and any other allowance to the extent that they are subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, Departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP £86,584 (from 1 April 2023)[43] and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department, and is therefore shown in full in the figures on page 202.

43 www.theipsa.org.uk

Bonuses

Bonuses are non-consolidated variable performance related payments awarded to DWP's civil servants below SCS grade at the end of the year. To be eligible, staff need to be in post on 31 March and 1 July and must not be undergoing formal poor performance action. Bonus payments are normally paid in July for performance in the preceding financial year, therefore payments made in 2023-24 relate to performance between 1 April 2022 and 31 March 2023.

In addition, SCS bonus payments are based on performance assessments against the framework for SCS Performance Management and Pay prescribed by Cabinet Office. Those that are assessed as top are eligible for a non-consolidated performance related payment.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument.

Conflict of interest

DWP keeps a register of its directors' interests. This contains details of company directorships and other significant interests held by those members. None of DWP's directors or ministers held directorships that conflicted with their management responsibilities in 2023-24.

A list of ministerial board members' interests can be viewed online at

DWP Register of board members interests

Remuneration and pension entitlements for ministers and executive directors

Ministers' pay

(This information is subject to audit)

	2023-24					2022-23				
Ministers	Salary £	Full year equivalent £	Severance payments £	Pension benefits to nearest £1,000[44]	Total to nearest £1,000[45]	Salary £	Full year equivalent £	Severance payments £	Pension benefits to nearest[46] £1,000[47]	Total to nearest £1,000
Rt Hon Mel Stride MP: from 25 October 2022	67,505	67,505	–	18,000	86,000	29,397	67,505	–	7,000	37,000
Mims Davies MP: from 27 October 2022	22,375	22,375	–	6,000	28,000	9,323	22,375	–	2,000	12,000
Mims Davies MP: from 26 July 2019 Left 6 July 2022	–	–	–	–	–	5,955	22,375	–	1,000	7,000
Viscount James Younger: from 1 January 2023	107,335	107,335	–	58,000	165,000	26,834	107,335	–	4,000	31,000
Jo Churchill MP: from 13 November 2023	11,248	31,680	–	3,000	14,000	–	–	–	–	–
Paul Maynard MP: from 13 November 2023	8,577	22,375	–	2,000	11,000	–	–	–	–	–

44 To calculate the pension benefits accrued during the year, DWP first takes the real increase in pension and multiplies it by 20 and adds the real increase in any lump-sum. Then it subtracts the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights

45 Totals may not sum due to rounding on pension and totals column

46 The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of **alpha** membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.

47 CETV at the end of 2022-23 has been re-calculated using updated rates effective at 31 March 2023 as provided by the Government Actuary's Department (GAD). This has led to an increase in the CETV at 31 March 2023 from the value disclosed in the prior year's accounts.

	2023-24					2022-23				
Ministers	**Salary £**	**Full year equivalent £**	**Severance payments £**	**Pension benefits to nearest £1,000[44]**	**Total to nearest £1,000[45]**	**Salary £**	**Full year equivalent £**	**Severance payments £**	**Pension benefits to nearest[46] £1,000[47]**	**Total to nearest £1,000**
Guy Opperman MP: from 27 October 2022 Left 12 November 2023	20,655	31,680	–	5,000	26,000	13,626	31,680	–	3,000	17,000
Guy Opperman MP: from 14 June 2017 Left 8 September 2022	–	–	–	–	–	9,820	22,375	–	2,000	12,000
Tom Pursglove MP: from 27 October 2022 Left 6 December 2023	23,760	31,680	–	5,000	29,000	13,200	31,680	–	3,000	17,000
Laura Trott MBE MP: from 27 October 2022 Left 12 November 2023	14,917	22,375	–	3,000	18,000	9,624	22,375	–	2,000	12,000
Rt Hon Thérèse Coffey MP: from 8 September 2019 Left 5 September 2022	–	–	–	–	–	33,753	67,505	–	3,000	37,000
Baroness Stedman-Scott OBE DL: from 30 July 2019 Resigned 31 December 2022	–	–	–	–	–	80,501	107,335	17,742[48]	–	98,000
Rt Hon Chloe Smith MP: from 16 September 2021 Left 24 October 2022	–	–	–	–	–	23,953	67,505	16,876	6,000	47,000

48 Re-stated amount. Disclosed as £17,442 in 2022-23

Ministers	2023-24 Salary £	2023-24 Full year equivalent £	2023-24 Severance payments £	2023-24 Pension benefits to nearest £1,000[44]	2023-24 Total to nearest £1,000[45]	2022-23 Salary £	2022-23 Full year equivalent £	2022-23 Severance payments £	2022-23 Pension benefits to nearest[46] £1,000[47]	2022-23 Total to nearest £1,000
David Rutley MP: from 17 September 2021 Left 19 September 2022	–	–	–	–	–	11,187	22,375	–	–	11,000
Julie Marson MP: from 8 July 2022 Left 19 September 2022	–	–	–	–	–	–	–	–	–	–
Victoria Prentis MP: from 7 September 2022 Left 24 October 2022	–	–	–	–	–	2,640	31,680	–	1,000	4,000
Alex Burghart MP: from 20 September 2022 Left 26 October 2022	–	–	–	–	–	2,548	22,375	–	–	3,000
Claire Coutinho MP: from 21 September 2022 Left 26 October 2022	–	–	–	–	–	2,486	22,375	–	–	3,000

Baroness Stedman-Scott opted out of the Parliamentary Contributory Pension Fund (PCPF) on 30 June 2021 the disclosed amount relates to the period while she was in the scheme. Her salary disclosed above includes Lord Office-holders Allowance of £27,275 for 2022-23 until her resignation on 31 December 2022. She is currently in the process of repaying the incorrectly awarded severance award disclosed in 2022-23 for her time with the Department, which will be repaid in installments. The final payment is due in March 2029.

David Rutley has been opted out of the PCPF throughout his appointment, he left the Department on 19 September 2022.

Julie Marson MP was an unpaid minister by the Department. A severance payment of £4,479 was paid by HM Treasury.

Mims Davies MP received a severance payment of £5,593 in July 2022 which was repaid in full in January 2023. Guy Opperman MP received a severance payment of £5,593 in September 2022 which was repaid in full in November 2022. David Rutley MP received a severance payment of £5,593 in October 2022 which was repaid in full in November 2022.

The Prime Minister has determined that government ministers in the Commons should receive salaries set at the same rate as that claimed by equivalent ministers under the government from 2015 to 2017. This rate is less than what the Ministerial and Other Salaries Act 1975 entitles ministers to. The table above shows salaries actually received and not salaries entitled to.

No minister received any benefit in kind.

Executive directors' pay

(This information is subject to audit)

			2023-24							2022-23
Executive directors	**Salary £000**	**Bonus payments £000**	**Pension benefits to nearest £1,000**[49]	**Benefit in kind to nearest £100**	**Total to nearest £1,000**[50]	**Salary £000**	**Bonus payments £000**	**Pension benefits to nearest £1,000**	**Benefit in kind to nearest £100**	**Total to nearest £1,000**
Sir Peter Schofield KCB from 18 July 2016	195–200	10–15	–	–	210-215	190–195	–	16	–	205–210
Debbie Alder CB from 1 January 2014	120–125	10–15	–	–	135-140	155–160	10–15	59	–	230–235
Neil Couling CB CBE from 1 October 2014	180–185	0–5	–	–	185-190	165–170	0–5	–52[51]	–	115–120
Amanda Reynolds from 1 February 2021	170–175	0–5	–	–	170-175	155–160	10–15	61	–	235–240
Katie Farrington from 15 March 2021	130–135	10–15	–	–	145-150	130–135	–	44	–	170–175
Barbara Bradley from 20 June 2022	165–170	–	–	–	165-170	130–135 (FYE 165–170)	–	51	–	180–185
Catherine Vaughan from 1 November 2022	160–165	10–15	–	–	175-180	60–65 (FYE 145–150)	–	24	–	85–90
Sophie Dean from 5 December 2022[52]	85–90	–	–	–	85-90	25–30 (FYE 80–85)	0–5	-1[51]	–	25–30

49 To calculate the pension benefits accrued during the year, DWP first takes the real increase in pension and multiplies it by 20 and adds the real increase in any lump-sum. Then it subtracts the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
50 Totals may not sum due to rounding on pension and totals columns
51 Taking account of inflation, the CETV funded by the employer has decreased in real terms
52 Sophie Dean and Katherine Green job share, working 0.6 FTE each

Executive directors	Salary £000	Bonus payments £000	Pension benefits to nearest £1,000[49]	Benefit in kind to nearest £100	Total to nearest £1,000[50]	Salary £000	Bonus payments £000	Pension benefits to nearest £1,000	Benefit in kind to nearest £100	Total to nearest £1,000
	2023-24					2022-23				
Katherine Green from 5 December 2022[52]	85–90	–	–	–	85-90	25–30 (FYE 80–85)	0–5	11	–	35–40
Helen Pickles from 01 August 2023	90–95 (FYE 130–135)	10–15	–	–	105-110	–	–	–	–	–
Richard Corbridge from 11 April 2023	190–195 (FYE 195–200)	0–5	–	–	195-200	–	–	–	–	–
Simon McKinnon CBE from 1 January 2019 Left 30 June 2023	40–45 (FYE 160–165)	–	–	–	40-45	160–165	10–15	62	–	235–240
Jonathan Mills from 29 August 2017 Left 5 June 2022	–	–	–	–	–	25–30 (FYE 135–140)	0–5	2	–	30–35
Nick Joicey CB from 30 July 2018 Left 31 August 2022	–	–	–	–	–	75–80 (FYE 155–160)	–	0	–	75–80
Karen Gosden from 4 January 2022 retired 30 June 2022	–	–	–	–	–	35–40 (FYE 110–115)	–	17	800	50–55
Kate Davies from 20 June 2022 Left 11 December 2022	–	–	–	–	–	70–75 (FYE 120–125)	5–10	43	–	120–125

Accrued pension benefits for directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy[53].

All pension benefits for 2022-23 are quoted gross and do not take account of any actual or potential reduction to amounts received resulting from taxation which may be due when pension benefits exceed the annual allowance or are taken in excess of the lifetime allowance.

Karen Gosden was the only director to receive benefit in kind during 2022-23. This related to use of a vehicle.

Caroline Croft (appointed May 2023) holds the role of Director General, Employment with Economic Recovery and UK Governance and is DWP's legal advisor. Prior to Caroline's appointment Mel Nebhrajani (appointed October 2021 to May 2023) held

53 How the public service pensions remedy affects your pension – GOV.UK (www.gov.uk)

the role. DWP's legal services are provided by the Government Legal Department (GLD) and as such, their remuneration is disclosed in GLD's Annual Report and Accounts 2023-24.

Fair pay disclosure

(This information is subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower, median and upper quartile remuneration of the organisation's workforce.

Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid director in the DWP in the financial year 2023-24 was £210,000 to £215,000 (2022-23: £190,000 to £195,000). This was 6.82 times (2022-23: 6.81) the median remuneration of the workforce, which was £31,150 (2022-23: £28,262).

The table below shows further analysis of the DWP remuneration pay ratios across the workforce.

Year	25th Percentile Pay Ratio	Median Pay Ratio	75th Percentile Pay Ratio
2023-24	7.36:1	6.82:1	5.96:1
2022-23	8.23:1	6.81:1	5.89:1

There has been a reduction in the 25th percentile pay ratio and an increase in the median and 75th percentile. The main reason for the reduction in the 25th percentile ratio is:

- A high majority of colleagues in delegated grades in DWP were exceptionally eligible for a non-consolidated, pro-rated, payment of £1,500. This was in addition to the usual end of year consolidated awards.
- Additionally, whilst the majority of colleagues received at least a 4.5% increase, eligible AO colleagues received a 6.25% and EO National colleagues received a 4.92% increase. Median percentiles reduced due to the volume of AO and EO colleagues as AO and EO colleagues make up over 80% of headcount.

A contributing factor to the increase in the 75th percentile ratio is:

- The highest paid director did not receive a bonus in the financial year 2022-23 but did receive a bonus in 2023-24.

Pay and benefits of employees

The table below shows the total remuneration and the salary element of total remuneration for each of the quartiles.

Year	25th Percentile total remuneration		Median total remuneration		75th Percentile total remuneration	
	Total pay and benefits	Salary component	Total pay and benefits	Salary component	Total pay and benefits	Salary component
2023-24	£28,866	£27,223	£31,150	£29,500	£35,629	£33,979
2022-23	£23,389	£23,244	£28,262	£28,117	£32,660	£32,515

In 2023-24 and 2022-23 no permanent employees received remuneration in excess of the highest-paid director. Banded remuneration ranged from £22,000 - £22,500 to £210,000 - £215,000 (2022-23: £18,000 - £18,500 to £190,000 - £195,000).

In 2023-24, 62 employees (2022-23, 176) who were engaged on temporary contracts were paid in excess of the highest paid director providing predominately Digital specialist support. Annualised remuneration ranged from £218,000 to £426,000 per annum (2022-23 £195,000 to £396,000).

Percentage change in remuneration from 2022-23

The table below shows the overall percentage change in total remuneration across DWP workforce.

Percentage change from prior year	Salary and allowances	Performance pay and bonuses payable[54]	Total remuneration
Highest paid director	3%	–	11%
Employees	6%	746%	10%

On average, employees, excluding the highest paid director, had a pay and benefits increase of 10% in accordance with Civil Service Pay Remit 2023-24, Senior Civil Service Pay Award 2023-24 and PSRC guidance. This increase includes a non-consolidated, one-off, pro-rated, payment of £1,500 for colleagues in delegated grades in DWP. This was in addition to the usual end of year consolidated awards. This one-off payment explains the significant increase in Performance pay and bonuses payable to employees.

The highest paid director had an increase in total remuneration due to an increase in salary and allowances and bonus awarded in the year.

The employees had an increase in total remuneration due to an increase in salary and allowances, and one off non-consolidated payment.

54 Value for highest paid director in 2022-23 was £0, therefore % change undefinable

Non-executive directors' fees

(This information is subject to audit)

Non-executive directors	Board	Fees 2023-24 to the nearest £1,000	Benefit in kind 2023-24 to the nearest £100	Fees 2022-23 to the nearest £1,000	Benefit in kind 2022-23 to the nearest £100
David Holt from 03 May 2019 to 13 March 2023	Departmental Board, DARAC chair, Health Transformation board chair and Delivery Board	–	–	19,000	–
Tim Nolan from 01 July 2019 to 30 June 2022	DARAC	–	–	4,000	–
Ashley Machin from 13 November 2020 to 12 November 2023 **Re-appointed 13 November 2023 to 12 January 2024** **Re-appointed from 13 January 2024 to 11 July 2025**	Departmental Board, DARAC, Non-executive Directors and Executive Team Board, Transformational Advisory Committee and NOMS	20,000	–	20,000	–
Eleanor Shawcross from 10 June 2020 to 31 May 2022	Departmental Board and Delivery Board	–	–	3,000	–
Nick Markham from 07 July 2020 to 25 September 2022	Lead non-executive, Departmental Board, Delivery Board and NOMS	–	–	10,000	–

Non-executive directors	Board	Fees 2023-24 to the nearest £1,000	Benefit in kind 2023-24 to the nearest £100	Fees 2022-23 to the nearest £1,000	Benefit in kind 2022-23 to the nearest £100
Sally Cheshire from 10 August 2020 to 09 August 2023, re-appointed from 10 August 2023 to 9 August 2026	DARAC	15,000	–	15,000	–
Ian Wilson from 10 August 2020 to 09 August 2023, re-appointed from 10 August 2023 to 9 August 2026	DARAC	15,000	–	15,000	–
Valerie Hughes-D'Aeth from 09 February 2021 to 08 February 2024 **Re-appointed 09 February 2024 to 08 February 2027**	Departmental Board, Non-executive Directors and Executive Team Board, NOMS (chair) and Portfolio Board	20,000	–	20,000	–
David Bennett from 24 February 2021 to 23 February 2024 **Re-appointed 24 February 2023 to 23 May 2024**	Departmental Board, Non-executive Directors and Executive Team Board and Serious Case Panel chair	20,000	–	20,000	–

Non-executive directors	Board	Fees 2023-24 to the nearest £1,000	Benefit in kind 2023-24 to the nearest £100	Fees 2022-23 to the nearest £1,000	Benefit in kind 2022-23 to the nearest £100
John McGlynn from 05 August 2021 to 04 February 2023 Re-appointed 05 February 2023 23 to 04 August 2024	UC Programme Board Chair	Fee waived	–	Fee waived	–
Charlie Steel from 03 September 2021 to 02 September 2024	DARAC (interim chair), Departmental Board Transformation Advisory Committee	20,000	–	15,000	–
Simon Sear from 03 September 2021 to 02 September 2024	Non-executive Board Member – Transformation Advisory Committee	15,000	–	15,000	–
Arabel Bailey from 03 September 2021 to 02 September 2024	Non-executive Board Member – Transformation Advisory Committee (interim chair)	20,000	–	18,000	–
Reverend Professor Gina Radford from 30 March 2023 to 29 March 2026	Departmental Board	19,000	–	–	–
Total		**163,000**		**174,000**	**–**

Totals may not sum due to rounding of individual figures.

Ministers' and executive directors' pensions

(This information is subject to audit)

Ministers	Total accrued pension at age 65 as at 31 March 2024 £000	Real increase in pension at age 65 £000	Cash equivalent transfer value at 31 March 2024 £000	Cash equivalent transfer value at 31 March 2023[55] £000	Real increase in cash equivalent transfer value £000
Rt Hon Thérèse Coffey MP	–	–	–	56	–
Guy Opperman MP 01 April 2022 to 08 September 2022	–	–	–	46	–
Guy Opperman MP 01 April 2023 to 12 November 2023	0–5	0–2.5	68	59	4
Mims Davies MP 01 April 2022 to 06 July 2022	–	–	–	22	–
Mims Davies MP	0–5	0–2.5	41	32	4
Baroness Stedman-Scott OBE DL	–	–	–	–	–
Rt Hon Chloe Smith MP	–	–	–	61	–
David Rutley MP	–	–	–	–	–
Victoria Prentis MP	–	–	–	18	–
Alex Burghart MP	–	–	–	4	–

55 CETV at the end of 2022-23 has been re-calculated using updated rates effective at 31 March 2023 as provided by the Government Actuary's Department (GAD). This has led to an increase in the CETV at 31 March 2023 from the value disclosed in the prior year's accounts.

Ministers	Total accrued pension at age 65 as at 31 March 2024 £000	Real increase in pension at age 65 £000	Cash equivalent transfer value at 31 March 2024 £000	Cash equivalent transfer value at 31 March 2023[55] £000	Real increase in cash equivalent transfer value £000
Claire Coutinho MP	–	–	–	–	–
Rt Hon Mel Stride MP	0–5	0–2.5	81	54	16
Tom Pursglove MP	0–5	0–2.5	24	18	2
Laura Trott MBE MP	0–5	0–2.5	5	2	1
Viscount James Younger	15–20	2.5–5	374	302	54
Jo Churchill MP	0–5	0–2.5	47	41	3
Paul Maynard MP	0–5	0–2.5	25	22	2

Where a minister joined or left the Department part way through the year, the 'cash equivalent transfer value' column refers to those dates and not 31 March.

Executive directors	Accrued pension at pension age as at 31 March 2024 £000	Real increase in pension and related lump-sum at pension age £000	Cash equivalent transfer value at 31 March 2024 £000	Cash equivalent transfer value at 31 March 2023[56] £000	Real increase in cash equivalent transfer value £000
Sir Peter Schofield KCB				1,441	
Debbie Alder CB				623	
Neil Couling CB CBE				1,784	
Jonathan Mills				701	
Nick Joicey CB				1,026	
Simon McKinnon CBE				931	
Amanda Reynolds				93	
Katie Farrington				640	
Karen Gosden				1,143	
Barbara Bradley				35	
Kate Davies				353	
Sophie Dean				365	
Katherine Green				520	
Catherine Vaughan				323	
Helen Pickles				–	
Richard Corbridge				–	

Accrued pension benefits for directors are not included in this table for 2023-24 due an exceptional delay in the calculation of these figures following the application of the public service pension remedy[57].

56 The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of **alpha** membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.

57 How the public service pensions remedy affects your pension – GOV.UK (www.gov.uk)

All pension benefits for 2022-23 are quoted gross and do not take account of any actual or potential reduction to amounts received resulting from taxation which may be due when pension benefits are taken in excess of the lifetime allowance.

Where an executive director leaves or joins the Department part way through the year, the 'cash equivalent transfer value' column refers to the value at the date of joining or leaving.

Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24.

Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the ministers' etc. Pension Scheme 2015, available at: www.mypcpfpension.co.uk

Ministers who are Members of Parliament (MP) may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were aged 55 or older on 1 April 2013 have transitional protection to remain in the previous final salary pension scheme.

Benefits for ministers are payable from State Pension age under the 2015 scheme. Pensions are revalued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre and post 2015 ministerial pension schemes.

Further details of the scheme are available at: www.mypcpfpension.co.uk

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy[58] is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the

58 How the public service pensions remedy affects your pension – GOV.UK (www.gov.uk)

employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the civil service pension arrangements can be found at the website: www.civilservicepensionscheme.org.uk

Cash equivalent transfer value (CETV) – ministers and executive directors

(This information is subject to audit)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits the individual has accrued from their total service. For ministers that is all their time as a minister, not just their current employment. For executive directors, that is all the time they've been a member of that pension scheme, not just the time they were in a senior role.

The figures include the value of any pension benefit in another scheme or arrangement, which the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008. They don't take account of any actual or potential reduction to benefits resulting from lifetime allowance tax that may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public pension contribution rates that was extant at 31 March 2024.

Real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer for ministers and by the employer for executive directors. It excludes increases in accrued pension due to inflation and contributions paid by the minister or employee. It is worked out using common market valuation factors for the start and end of the period.

Average staff numbers and composition[59]

(This information is subject to audit)

The average number of whole-time equivalent people employed during the year is shown in the table below.

					2023-24	2022-23
	Permanent staff	Others	Ministers	Special Advisers	Number Total	Number Total
Number of staff	81,334	2,253	6	3	83,596	83,537
Staff engaged on capital projects	233	17	0	0	250	236
Total	**81,567**	**2,270**	**6**	**3**	**83,846**	**83,773**
Of which:						
Core Department	77,320	2,033	6	3	79,362	79,437
Arm's Length Bodies	4,247	237	0	0	4,484	4,336
Total	**81,567**	**2,270**	**6**	**3**	**83,846**	**83,773**

Senior Civil Servants

DWP's executive directors are all Senior Civil Servants. In total there were 302 individual Senior Civil Servants, totalling 293.4 whole-time equivalents, as at 31 March 2024. This is an increase on last year.

Senior Civil Servant headcount by pay band		March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
Permanent Secretary	£150,000-£200,000	1	1	1	1	1	1
SCS3	£141,000-£200,000	5	5	7	7	9	9
SCS2	£97,000-£158,585	43	46	46	55	61	57
SCS1	£75,000-£125,726	168	165	186	205	215	235
Total		**217**	**217**	**240**	**268**	**286**	**302**

59 The figures in the table above show the average number of whole-time equivalent people employed during the year, in the Performance report and the Accountability report the Department discloses both the number of whole-time equivalent people employed at the end of the year (as at the 31 March) and the number of actual people (rather than whole-time equivalents).

Staff expenditure

(This information is subject to audit)

	Permanently employed staff	Others	Ministers	2023-24 Total	2022-23 Total
	£000	**£000**	**£000**	**£000**	**£000**
Wages and salaries	2,878,998	200,933	276	3,080,207	2,816,266
Employers' National Insurance	300,918	651	31	301,600	270,755
Superannuation and pension costs	720,959	–	–	720,959	673,352
Total	**3,900,875**	**201,584**	**307**	**4,102,766**	**3,760,373**
Less recoveries in respect of outward secondments	(581)	–	–	(581)	(494)
Total net costs	**3,900,294**	**201,584**	**307**	**4,102,185**	**3,759,879**

	Charged to staff budgets	Charged to Capital budgets	Total
	£000	**£000**	**£000**
Core Department	3,785,503	14,671	3,800,174
ALBs	317,263	3,076	320,339
Total	**4,102,766**	**17,747**	**4,120,513**

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha', are unfunded multi-employer defined benefit schemes. However, it is not possible to identify DWP's share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office (www.civilservicepensionscheme.org.uk).

For 2023-24, DWP paid employer contributions of £715 million to the PCSPS and the CSOPS (2022-23: £667 million). These were at one of four rates in the range 26.6% to 30.3% (2022-23: 26.6% to 30.3%) of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Outstanding contributions of £75 million (2022-23: £67 million) were payable to the Civil Superannuation Vote at 31 March 2024 and are included in trade payables and other liabilities (see note 15).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. In total DWP paid employers contributions of £3.3 million (2022-23: £3.1 million) to appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. The Department also matches employee contributions up to 3% of pensionable pay. In addition, employer contributions of £0.1 million were payable to the PCSPS to cover the cost of the future provision of lump-sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £0.3 million. There were no prepaid contributions at that date.

In 2023-24, 108 people (2022-23: 77 people) retired early on ill-health grounds. The total additional accrued pension liabilities in the year were £537,002 (2022-23: £373,052).

Reporting of Civil Service and other compensation schemes – exit packages

(This information is subject to audit)

Table 1: 2023-24

	Core Department			Departmental group		
Exit package cost band	**[60]Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
< £10,000	48	10	**58**	49	15	**64**
£10,001-£25,000	36	56	**92**	43	57	**100**
£25,001-£50,000	47	190	**237**	47	191	**238**
£50,001-£100,000	29	11	**40**	30	18	**48**
£100,001-£150,000	2	0	**2**	2	1	**3**

60 All of the compulsory redundancies relate to Inefficiency Dismissal With Compensation (IDWCs) cases.

Exit package cost band	Core Department: [60]Number of compulsory redundancies	Core Department: Number of other departures agreed	Core Department: Total number of exit packages by cost band	Departmental group: Number of compulsory redundancies	Departmental group: Number of other departures agreed	Departmental group: Total number of exit packages by cost band
£150,001-£200,000	0	0	**0**	0	1	**1**
Total number of exit packages	**162**	**267**	**429**	**171**	**283**	**454**
Total cost £000	**4,583**	**8,542**	**13,125**	**4,767**	**9,373**	**14,140**

Table 2: 2022-23

Exit package cost band	Core Department: Number of compulsory redundancies	Core Department: Number of other departures agreed	Core Department: Total number of exit packages by cost band	Departmental group: Number of compulsory redundancies	Departmental group: Number of other departures agreed	Departmental group: Total number of exit packages by cost band
< £10,000	42	40	**82**	43	41	**84**
£10,001-£25,000	30	123	**153**	30	126	**156**
£25,001-£50,000	35	543	**578**	38	545	**583**
£50,001-£100,000	17	22	**39**	18	26	**44**
£100,001-£150,000	–	–	**–**	–	–	**–**
£150,001-£200,000	–	–	**–**	–	–	**–**
Total number of exit packages	**124**	**728**	**852**	**129**	**738**	**867**
Total cost £000	**2,955**	**23,068**	**26,023**	**3,189**	**23,508**	**26,697**

DWP has paid redundancy and other departure costs in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2023-24 was £14.1 million (£26.7 million in 2022-23). The Department accounts for exit costs in full when the early retirement programme becomes binding but actual dates of departure may fall in the following reporting period. Where the Department has agreed early retirements, it, not the Civil Service Pension Scheme, meet the additional costs. Ill-health retirement costs are met by the pension scheme and are not included in the table.

From 22 December 2010, new civil service compensation terms were introduced for Early Release schemes. All voluntary exit costs payable by DWP are now made in the form of lump-sum payments. Payments made in respect of schemes prior to this date were made as both lump-sum payments and annual compensation payments. The liability in respect of these annual payments is included in other provisions in note 17.

Reporting the tax arrangements of public sector appointees

All government departments and their arm's length bodies (ALBs) which employ appointees off-payroll have to report to HM Treasury about the financial arrangement to make sure it is transparent and that the appointee in question is paying the right amount of tax and National Insurance. Off-payroll engagements include any appointee who is not on the Department's payroll.

DWP continuously reviews the way it employs appointees to ensure its processes are robust. The Department has the right to request assurances, and do so, from the appointees. The individual's contract be terminated if these assurances are not provided. The tables below outline the off-payroll arrangements for 2023-24.

Off-payroll

Table 1: Highly paid off-payroll worker engagements as at 31 March 2024, that were paid £245 per day or greater

	Core Department	ALBs	Departmental group
No. of existing engagements as of 31 March 2024	**1380**	**89**	**1469**
Of which:			
No. that existed < 1 year at time of reporting	**550**	**59**	**609**
No. that have existed for between 1 and 2 years at time of reporting	**323**	**28**	**351**
No. that have existed for between 2 and 3 years at time of reporting	**246**	**2**	**248**
No. that have existed for between 3 and 4 years at time of reporting	**95**	**0**	**95**
No. that have existed for 4 or more years at time of reporting	**166**	**0**	**166**

Table 2: All highly paid off-payroll workers engagements engaged at any point during the year ended 31 March 2024, earning £245 per day or greater

	Core Department	ALBs	Departmental group
No. of new engagements between 1 April 2023 and 31 March 2024	**2100**	**226**	**2326**
Of which:			
No. of appointments to which the off-payroll legislation does not apply	**2056**	**104**	**2160**
No. assessed as caught by IR35 (In scope)	**39**	**119**	**158**
No. assessed as not caught by IR35 (Out of scope)	**5**	**3**	**8**
No. of engagements reassessed for consistency/assurance purposes during the year	**–**	**70**	**70**
No. of engagements that saw a change to IR35 status following consistency review	**–**	**–**	**–**

- Off-Payroll Working Rules (IR35 legislation) requires public sector bodies, where they engage off-payroll workers, to ensure they correctly assess their “employment status” i.e. correct tax treatment
- To do this, DWP utilised HM Revenue and Customs’ CEST (Check Employment Status Tool)
- All engagements of highly paid workers, which are not on the Department’s payroll, are included in the off-payroll tables
- Highly paid engagements includes payments to individuals of at least £245 per day

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024

	Core Department	Arm’s Length Bodies	Departmental group
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	–	–	–
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements.	–	14	14

These are DWP’s most senior officials who hold the highest levels of delegated financial authority.

Consultancy and temporary staff

DWP occasionally uses professional service providers to help with specialist work – including consultancy and contingent labour where it is necessary and prudent to do so.

Consultancy (£ million)	2023-24	2022-23
Core Department	8.9	4.3
Arm's Length Bodies	10.5	6.2
Departmental group	**19.4**	**10.5**

Temporary (off-payroll) staff (£ million)	2023-24	2022-23
Core Department	154.9	144.1
Arm's Length Bodies	19.0	19.1
Departmental group	**173.9**	**163.2**

Increased and more complex programmes in 2023-24 have resulted in a shortage of internal project management, procurement, and legal services specialist skills leading to higher demand for external expertise and independent governance support.

Staff absence and sickness

DWP recognises the costs associated with high levels of employee absence. The Department's wellbeing approach to sick absence is focused on health promotion and absence prevention, while supporting employees who are absent to return to work.

DWP develops policies, standards, procedures and guidance covering Health and Safety issues to ensure its employees remain safe.

At end March 2024 there were 4,718 open absences in DWP (including all sickness and non-sickness categories). This represents 5.1% of the DWP workforce which is slightly lower than at end March 2023 at 5.5%

For sickness absence only, at end March 2024 there were 3,195 absences representing 3.5% of the workforce. This has reduced slightly from 3.7% in March 2023.

Staff Engagement

In 2023-24 the People Survey provided an important opportunity for the Department to hear about the things that matter to colleagues. 59,000 colleagues shared their views giving DWP its highest response rate since 2018 at 68% which is encouraging as this gives a stronger understanding of how colleagues are feeling and where DWP needs to act.

With challenges and pressures faced both internally and externally, combined with ensuring DWP provides the absolute best service to colleagues and customers its staff engagement score remains higher than pre-pandemic levels at 61% (pre-pandemic level 59%).

The 2023 People Survey core themes remained relatively stable for my work at 74%, my manager at 77%, my team at 83%, inclusion and fair treatment 80%, leadership and managing change at 50% along with resources and workload at 76%.

For organisational objectives and purpose, DWP achieved 86% which indicates many of its colleagues feel connected to the difference the Department can make to people's lives. The Department saw a continuing rise in learning and development to 62% and an increase in pay and benefits to 33%.

For 2024-25 DWP will build upon its work so far on Wellbeing, Pay, Line Management, Change Management and Disability. Ways of working, resources and workload are key areas of concern raised by colleagues, and (as with its customers) they continue to face cost of living changes. Bullying, Harassment and Discrimination scores have plateaued these past few years at 10% and 11% respectively and are being prioritised as part of the wider work across the Civil Service. The Department is conducting a deeper analysis into the sources and factors by gathering case studies, identifying, and sharing good practice. With its new Bullying, Harassment and Discrimination action plan, its network of Fair Treatment Advisors, strong visible leadership, the Department is committed to build on its work so far and put interventions in place to tackle inappropriate behaviour.

Amidst the increasing demand that its services are seeing – particularly with regards to its wellbeing offer – DWP scores for PROXY stress and PERMA indices (which measure factors associated with stressful or flourishing workplace environments) are unchanged from last year at 28% (Civil Service overall 27%) and 74% (Civil Service overall 74%) respectively. These results show that DWP is responding well, noting the Civil Service 2023 scores overall.

DWP continues to offer comprehensive wellbeing support and significant financial resources including its Employee Assistance Programme. 2023 was a year of consolidation, growth and reflection across the Wellbeing and Inclusion space with a refreshed Wellbeing Strategy which built on the lessons learned from across the Department over the pandemic and the excellent progress that it has achieved since its last strategy 'Working Well Together – 2020 and beyond' that focusses on 7 key priorities for the next 3 years. The Department launched 'My Wellbeing button, Wellbeing Hub and Wellbeing Calendar' and refreshed Mental Health First Aid training to strengthen resources for its colleagues and put into place a programme to support workplace adjustments. The Department will monitor the impact over the coming year.

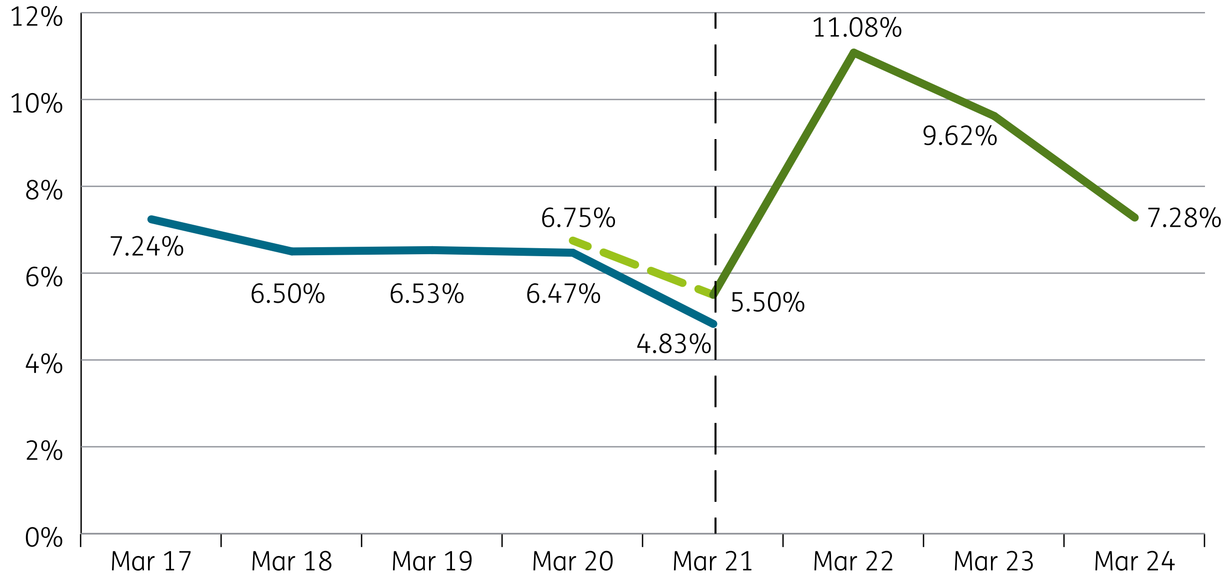
The survey gives DWP vital insight on what more it needs to do to make sure that everyone who works in DWP feels supported and valued. The Department has looked closely at all of its results to consider where it can make things better. Informed by the survey outcomes as part of its ongoing listening programme the Department will continue to undertake regular pulse and insight activities to check in on colleague experience. The Department will implement a new approach to action planning and ensure that it engages and updates its colleagues on progress.

Staff Turnover

The all-staff 12-month moving average turnover rate for DWP at March 2024 was 7.28%.

The turnover rate is now much more stable and at levels similar to those pre-pandemic. It had been historically high over the preceding two years because, during the COVID-19 pandemic, the proportion of DWP employees on fixed term/temporary contracts increased significantly and these members of staff tend to have much higher turnover rates than permanent staff. The proportion of the DWP workforce on fixed term/temporary contracts has now significantly reduced again from a peak of 22% of the workforce in September 2021 to 1% in March 2024.

All-staff Annual Turnover Rate



Trade union facility time

DWP Facility Time	
Number of trade union representatives	987
Number of representatives with trade union facility time 0%	0
Number of representatives with trade union facility time (between 1% and 50% of contracted hours)	987
Number of representatives with trade union facility time (between 51% and 99% of contracted hours)	0
Number of representatives with trade union facility time (100%)	0
Total time spent (hours)	87,123
Cost of facility time	£0.812 million
Total paybill	£3.8 billion
Facility time as a percentage of the Department's annual pay bill	0.02%

HSE Facility Time	
Number of trade union representatives	71
Number of representatives with trade union facility time 0%	–
Number of representatives with trade union facility time (between 1% and 50% of contracted hours)	71
Number of representatives with trade union facility time (between 51% and 99% of contracted hours)	–
Number of representatives with trade union facility time (100%)	–
Cost of facility time	£0.193 million
Total pay bill	£182 million
Facility time as a percentage of the Department's annual pay bill	0.11%

The number of trade union representatives (987) is the total headcount of representatives in DWP from the PCS, FDA and Prospect trade unions. This equates to 912 FTE.

In addition some representatives hold multiple roles, so included in the total figure of 987 are 414 Health and Safety Representatives and 61 Union Learning Representatives (ULR).

Staff seconded and loaned

The Department made a small number of secondments and loans of members of staff to other government departments during 2023-24.

										Grade
Outward Secondments (from DWP to outside the Civil Service)	**AO**	**EO**	**HEO**	**SEO**	**G7**	**G6**	**SCS1**	**SCS2**	**NK**	**Total**
1. Number who went on secondment since 1 April 23	0	2	0	1	1	0	2	0	0	6
2. Number who were already on secondment prior to 1 April 23 and are expected to be throughout this year (beyond 31 March 2024)	0	4	1	1	3	2	1	2	0	14
3. Number who were already on secondment prior to 1 April 23 and have or are expected to end this year (up to 31 March 2024)	0	1	2	0	5	3	4	0	0	15
Grand Total (All outward secondments)	**0**	**7**	**3**	**2**	**9**	**5**	**7**	**2**	**0**	**35**

										Grade
Inward Secondments (from outside the Civil Service to DWP)	**AO**	**EO**	**HEO**	**SEO**	**G7**	**G6**	**SCS1**	**SCS2**	**NK**	**Total**
1. Number who are seconded to DWP since 1 April 23	0	0	0	2	3	0	0	0	1	6
2. Number who were already on secondment to DWP prior to 1 April 23 and are expected to be throughout this year	0	0	0	3	0	0	0	0	0	3
3. Number who were already on secondment to DWP prior to 1 April 23 and have or are expected to end this year	0	0	1	3	2	1	0	0	0	7
Grand Total (All inward secondments)	**0**	**0**	**1**	**8**	**5**	**1**	**0**	**0**	**1**	**16**

Outward Loans (from DWP to OGD/NDPB)	AO	EO	HEO	SEO	G7	G6	SCS1	SCS2	NK	Total
										Grade
1. Number who went on loan since 1 April 23	1	0	9	1	4	0	0	0	1	16
2. Number who were already on loan prior to 1 April 23 and are expected to be throughout this year (beyond 31 March 2024)	2	3	2	0	0	0	0	0	3	10
3. Number who were already on loan prior to 1 April 23 and have or are expected to end this year (up to 31 March 2024).	0	3	4	1	0	0	0	1	3	12
Grand Total (All outward loans)	**3**	**6**	**15**	**2**	**4**	**0**	**0**	**1**	**7**	**38**

Inward Loans (from OGD/NDPB to DWP)	AO	EO	HEO	SEO	G7	G6	SCS1	NK	Total
									Grade
1. Number on loan to DWP since 1 April 23	0	1	1	0	0	0	0	0	2
2. Number who were already on loan to DWP prior to 1 April 23 and are expected to be throughout this year (beyond 31 March 2024)	0	0	0	0	0	2	0	1	3
3. Number who were already on loan to DWP prior to 1 April 23 and have or are expected to end this year (up to 31 March 2024).	0	1	0	0	0	0	0	2	3
Grand Total (All inward loans)	**0**	**2**	**1**	**0**	**0**	**2**	**0**	**3**	**8**

Diversity and inclusion

DWP is committed to providing services which embrace diversity and which promote equality of opportunity. As an employer DWP is also committed to equality and valuing diversity within its workforce. Its goal is to ensure that these commitments, reinforced by the DWP Values, are embedded in its day to day working practices with all its customers, colleagues and partners. DWP's diversity and inclusion ambition continues to be to:

- Increase the representation of currently under-represented groups to make DWP more reflective of the citizens and communities it serves
- Build an inclusive environment, where colleagues are able to be their authentic selves at work, feel they have a voice and belong, see their reflection in senior leaders across the organisation, feel supported, empowered, valued, respected and fairly treated

DWP's priorities support the commitments set out in the Civil Service Diversity and Inclusion Strategy 2022-25, "Promoting Fairness and Performance" which are to:

- Attract talent from all backgrounds
- Invest in people capabilities and
- Drive a performance culture that delivers improved outcomes for citizens

The Department has made significant progress in attracting a more diverse range of talent and laying the foundations of a strong ethos for inclusion. For example, to ensure a greater understanding of its Public Sector Equality Duty and personal responsibilities in relation to both its staff and customers, the Department has developed and rolled-out mandatory e-learning to all its employees. As of 31 March 2024, 93% of employees have completed the learning.

DWP has also seen improvements in many areas of representation where it is beginning to look and feel much more like an organisation that mirrors the communities it serves.

Representation Data

DWP continues to encourage individuals to voluntarily share their personal diversity information and promote the benefits of gathering this through communications and new starter induction. However, not every member of staff is willing to share their details and the tables below only include colleagues who have done so.

Disability representation has increased from 17.6% in March 2020 to 22.8% as of 31 March 2024, above the economically active population in Great Britain representation (of 19.1%). DWP is fully committed to increasing representation of disabled people in HEO-G6 levels ensuring a stable talent pipeline to the SCS.

Ethnic minority representation has risen from 15.6% on 31 March 2020 to 20.1% as of 31 March 2024 (against the economically active population of 16.1%) with increases across all grades, particularly at the C/EO grade which most of the Department's recruitment activity has been focused this year.

DWP continues to make progress in the percentage of staff who have shared details of their sexual orientation and religious beliefs information (information on marriage and civil partnership is also captured via a central recording system, but no information on gender re-assignment is currently captured).

Representation of female staff, ethnic minority staff and disabled staff

Year (March)	Total Number of Staff	Female	Ethnic Minority	Disabled
Economically Active Population in Great Britain (2023)*		**47.7%**	**16.1%**	**19.1%**
2024	90,779	63.0%	20.1%	22.8%
2023	84,944	64.3%	17.6%	21.7%
2022	91,452	64.6%	17.6%	18.5%
2021	92,690	65.2%	17.2%	18.3%
2020	75,590	65.9%	15.6%	17.6%
2019	68,742	66.3%	13.0%	11.0%

*Source Annual Population Survey September 2023

Although DWP figures are above the Economically Active Population and are steadily growing, there is still much more work to do. As part of this, the Department will launch a new DWP Equity, Diversity and Inclusion approach and development of a new EDI Programme Board and partnership forum linking all its networks and EDI experts.

DWP's key priorities for 2023-24 were:

Inclusion

- Embedding a culture of inclusive and accountable leadership, promoted by senior role models
- Pilot and evaluate bespoke DWP team-based learning programme Inclusion Matters with 376 colleagues across 30 teams
- Updating/promoting mandatory SCS Wellbeing and Inclusion Performance objective guidance
- Conducting 1-2-1 Inclusion Engagement Sessions, collecting insights on lived experiences of a diverse range of colleagues to understand more about feelings of Inclusion and Belonging
- Delivering guidance on Inclusive Ways of Working and the organisational benefits of being 'Inclusive by Design'

- Engaging with over 105,000 colleagues across National Inclusion Week, Speak Up Week and Anti-Bullying Week

Ethnicity

DWP has continued to make progress with its overall ethnic minority representation level and since 2020, the Department has seen overall ethnic minority representation increase to 20.1% (nearly 7PP higher than the current internal 13.2% success measure). From June 2020, representation has been consistently above 13.2% for grades AO to EO, with highest representation in the Department at EO grade (23.4%).

DWP has seen good improvement in HEO representation (15.9% +5.9PP since June 2020), and some improvement at SEO level to 14.9% although Grade 7 representation is still below 13.2% (at 12.5%).

Progress at Grade 6 and SCS is slower compared to other grades, consistently remaining below 13.2% with little fluctuation over the last 2 years (currently 7.1% for Grade 6, and 7.6% for SCS).

DWP continues to work to support delivery of the departmental Race Plan 2023-25 through its 3 focus areas; Joining the workforce, Developing the workforce, and Colleague and Leadership behaviour.

Disability

The Department role models Disability Confidence, it has recently renewed its Disability Confident Leader status – demonstrating with evidence that it has leaders and role models in this space for other organisations.

DWP is committed to increasing trust, encouraging proactive support and empowering disabled colleagues.

Each year DWP refreshes its Disability Action Plan, using insight and lived experience working in partnership with its disability networks:

- The Department's 2024 Disability Action Plan has four strategic priorities, ensuring colleagues with long-term health conditions are not disproportionately or adversely impacted through design or attitude
- Making sure its recruitment is accessible to all, the Department has achieved Visibly Better Employer Quality Standard and works very closely with a company specialising on inclusive recruitment and branding
- Optimising people policies and streamlining processes to ensure the Social Model of Disability is embedded, normalising workplace adjustments throughout
- A Workplace Adjustments Governance Board and Workplace Adjustment project leading on solution-focused priorities to improve support for line managers and individuals
- The Department continues to develop communications campaigns, that enhances awareness of disability issues and challenges

- DWP has updated learning products throughout the Department with Disability Confident language and information
- DWP continues to work with disability working groups to understand how its priorities align to challenges being felt in the workforce
- Gathering rich insight and challenge from THRIVE – the DWP disability colleague network for diverse ability, who also collaborate closely with networks for colleagues who are deaf or have hearing loss, blind and visually impaired and neurodivergent

Faith and Belief

Faith and belief are important aspects of colleagues' identity. The Department has introduced a DWP Faith and Belief Network bringing together representatives from individual faiths and beliefs, to work collectively to deliver against the following priorities:

- Foster an inclusive and safe environment that provides colleagues of faith and belief to have a sense of belonging, allows them to be authentic and ensures they have a voice in their team and organisation
- Understand the composition and work experiences of DWP colleagues; and
- Ensure that any potential impacts from a Faith and Belief perspective are considered and inform DWP HR policies and decision-making

Gender/Sex

Since March 2021 DWP has seen a rise from 50% of Senior Civil Servants being female to 55.4% in March 2024. The overall percentage of the Department has remained over 60% female.

DWP has progressed a number of actions this year to support its employees which have included:

- Introduction of the DWP Man Down sessions which provide a safe space for men to come together and talk about their health and wellbeing
- Implementation of guidance on managing Endometriosis and Polycystic Ovary Syndrome
- Continued provision of free sanitary products in all DWP offices
- Listening circles on women's health to better understand employees' lived experiences and how the Department can better support them
- Ongoing promotion and provision of coaching, mentoring, sponsorship and progression opportunities. This has included DWP Gender Champion sponsorship initiatives where a total of 717 women across the Department were sponsored and funded to attend either the Crossing Thresholds Programme or Women into Leadership
- Piloted the Cultivating Your Leadership Workshop, a consolidation workshop for participants post Crossing Thresholds and Women into Leadership programmes

Representation by Gender (Sex)

Staff Diversity – % Women	March 2021	March 2022	March 2023	March 2024
Workforce	65.5%	64.6%	64.3%	63.0%
Senior Civil Servants	50.0%	53.2%	54.0%	55.4%
Ministers	50.0%	66.7%	33.0%	40.0%
Non-executive Members	33.3%	30.8%	40.0%	50.0%
Executive Team	33.3%	37.5%	63.7%	72.7%

Age

To support the Fuller Working Lives agenda and to help with career planning, future learning and wellbeing for its colleagues, DWP has developed a mid-life MOT that includes useful hints, tips, support and guidance to help its employees thrive in both DWP and their personal life. The principles and area of focus are the same as promoted externally but the supportive products are bespoke to DWP.

To demonstrate its commitment to exemplary practice in recruitment, retention and support of workers and to ensure all age groups have equitable access to opportunities within the organisation, the Department has signed the Centre for Ageing Better Age-friendly Employer Pledge and is the first government department to have done so.

Representation by Age

Percentage of DWP Workforce by age range	March 2021	March 2022	March 2023	March 2024
16 – 24	4%	5%	3%	3%
25 – 34	14%	15%	15%	17%
35 – 44	20%	20%	19%	20%
45 – 54	31%	28%	28%	26%
55 – 64	28%	29%	31%	30%
65 +	3%	3%	4%	4%

Caring

The Department is extremely proud of its Level 3 Carer Confident Ambassador accreditation which is the highest level of recognition by Employer for Carers. This accreditation recognised the excellent work undertaken across the Department to promote its commitment to offering all employees a range of supportive measures to enable them to meet their personal caring responsibilities whilst still achieving a fulfilling career in the Department.

Examples of measures DWP has put in place include:

- Ongoing promotion of its Carers' Charter; Carers' Passport; Line Manager Toolkit and facilitated learning sessions
- Celebration and promotion of Carers' Rights Day and Carers' Week
- Growth of a departmental supportive peer-to-peer community, and
- Active participation in the cross-Government Carers Network

Carers Data

Substantive Grade	Caring Responsibilities	% of all Caring responsibility group
Total	**Adult Care Responsibilities**	8.6%
Total	**Both child and adult care responsibilities**	2.1%
Total	**Childcare responsibilities**	24.0%
Total	**No**	58.0%
Total	**Not recorded**	7.3%

LGBT+

DWP continues to support its LGBT+ colleagues to ensure that they are included and fairly represented. Through its active LGBT+ staff network the Department has delivered several successful Sexual Orientation and Transgender/Gender Identity activities, events and communications celebrating, raising awareness and the visibility of its LGBT+ employees.

DWP continues to see a steady increase in positive declaration of sexual orientation, rising from 57.9% in June 2020 to 78.4% in March 2024.

Social Mobility

Social Mobility forms a key part of DWP's Diversity and Levelling Up agenda. This year:

- The Department was extremely proud to be ranked 10th in the Social Mobility 2023 Employer Index in recognition of its work

- The Social Mobility Network has been instrumental in organising and delivering events across the Department and supporting a growing community of allies which currently stands at approximately 1,700
- The Department has continued to promote several initiatives to support development and progression including participation in cross-government mentoring programmes, success profile application support and confidence building, including addressing self-limiting beliefs
- The Department continuously monitors workforce data relating to socio-economic background to highlight areas which require targeted support

Gender pay gap

The gender pay gap (GPG) figures for all large UK employers were published for the first time in December 2017. These publications provide unprecedented transparency of the difference between men's and women's average earnings, generate debate and encourage employers to take action to close the pay gap. DWP has mechanisms in place to ensure that men and women are paid equally for the same jobs, but a mean GPG exists which is largely attributed to the structure of the Department's workforce.

There is a positive story for DWP's 2023 Gender Pay Gap compared to 2022, this with many of the headline figures improving.

In March 2023:

- DWP's mean ordinary GPG: 5.5% (decreased by 0.4 percentage points (ppt) since 2022)
- DWP's median ordinary GPG: 0.0% (unchanged since 2022)
- DWP's mean bonus GPG: 11.9% (decreased by 2.8 ppt since 2022)
- DWP's median bonus GPG: 10.1% (decreased by 4.7 ppt since 2022)

DWP continues to perform favourably when compared to the wider Civil Service, where the overall ordinary mean GPG is 8.1%. The Department also compares favourably with the mean bonus GPG for the Civil Service of 23.5%, and the median bonus GPG of 25.4%.

Women represent 63% of the DWP workforce and the Department continued to make positive progress in increasing women that are represented at the most senior grades. At SCS1 and SCS3, over 50% of roles continue to be filled by women, and over 72% within the Executive Team. The pay gap for the more senior grades has been reduced compared to March 2022.

Women are under-represented at higher grades, and slightly over-represented at lower grades. Over 80% of all women in the workforce occupy grades AA to EO, compared to 76% of men.

Statement of Outturn against Parliamentary Supply (SOPS)

Introduction

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires the Department to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

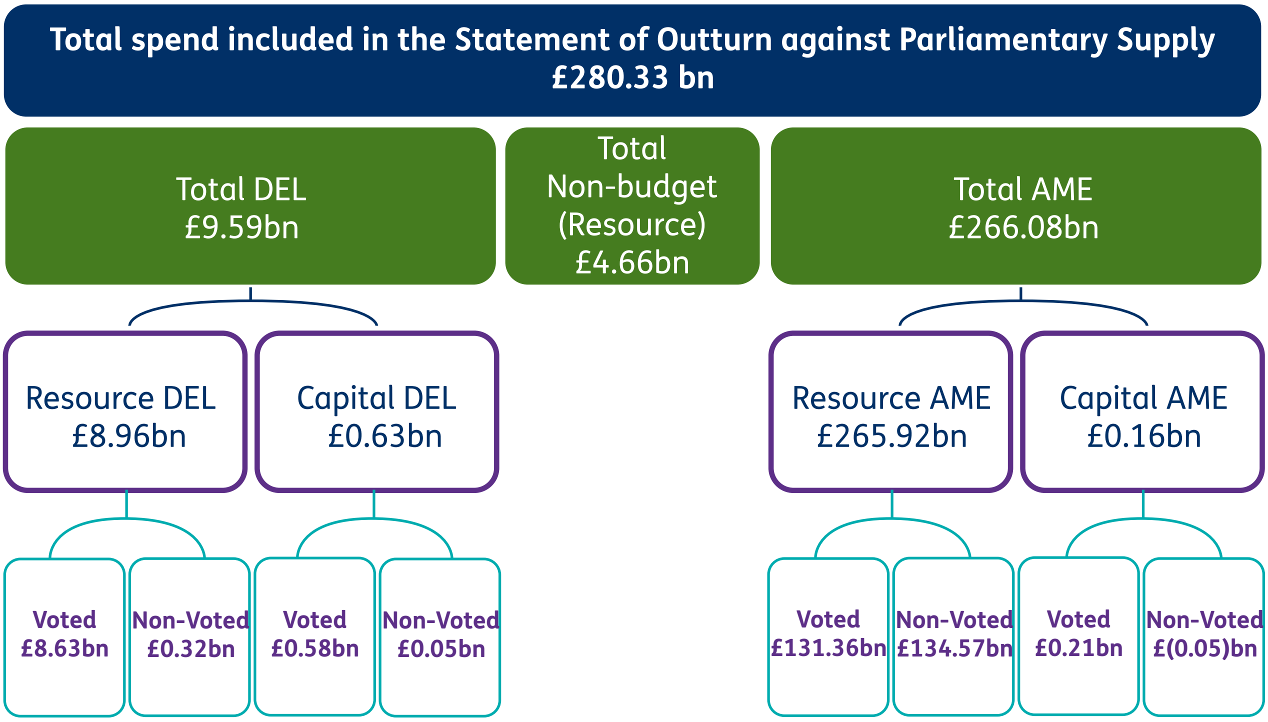
The format of the SOPS mirrors the Supply Estimates, published on GOV.UK, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following:

- Outturn by Estimate line, providing a more detailed breakdown (note 1)
- A reconciliation of outturn to net operating expenditure in the SoCNE, to tie the SOPS to the financial statements (note 2)
- A reconciliation of outturn to net cash requirement (note 3); and
- An analysis of income payable to the Consolidated Fund (note 4)

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on GOV.UK.



- Voted expenditure of £145.44[61] billion is funded by Parliament from the Consolidated Fund
- Voted expenditure funded from the Consolidated Fund includes £4.66 billion cash for the Social Fund administered by DWP which, for budgeting purposes, is classified as non-budget
- Expenditure from the Social Fund is classified as non-voted budget DEL and AME. Therefore, SOPS includes both the cash paid into the Social Fund and the spend incurred by the Social Fund
- Other non-voted expenditure of £130.13 billion is funded by the National Insurance Fund
- Values may not sum due to roundings

61 This figure includes the voted non-budget amount of £4.66 billion

Statement of Outturn against Parliamentary Supply

	Note	2023-24								2022-23
		Outturn			Estimate			Outturn vs Estimate Saving/(excess)		Prior Year Outturn
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit										
– Resource	1	8,632,668	323,924	8,956,592	8,838,249	324,620	9,162,869	205,581	206,277	8,696,155
– Capital	1	581,297	51,148	632,445	640,634	50,374	691,008	59,337	58,563	449,564
Total DEL		**9,213,965**	**375,072**	**9,589,037**	**9,478,883**	**374,994**	**9,853,877**	**264,918**	**264,840**	**9,145,719**
Annually Managed Expenditure										
– Resource	1	131,355,691	134,567,533	265,923,224	136,179,500	137,150,616	273,330,116	4,823,809	7,406,892	230,470,982
– Capital	1	205,823	(48,727)	157,096	381,815	20,000	401,815	175,992	244,719	69,945
Total AME		**131,561,514**	**134,518,806**	**266,080,320**	**136,561,315**	**137,170,616**	**273,731,931**	**4,999,801**	**7,651,611**	**230,540,927**
Total Budget										
– Resource		139,988,359	134,891,457	274,879,816	145,017,749	137,475,236	282,492,985	5,029,390	7,613,169	239,167,137
– Capital		787,120	2,421	789,541	1,022,449	70,374	1,092,823	235,329	303,282	519,509
Total Budget Expenditure		**140,775,479**	**134,893,878**	**275,669,357**	**146,040,198**	**137,545,610**	**283,585,808**	**5,264,719**	**7,916,451**	**239,686,646**
Non-Budget										
– Resource	1	4,661,139	–	4,661,139	5,146,860	–	5,146,860	485,721	485,721	4,869,429
Total Budget and Non-budget		**145,436,618**	**134,893,878**	**280,330,496**	**151,187,058**	**137,545,610**	**288,732,668**	**5,750,440**	**8,402,172**	**244,556,075**

Figures in the columns shaded cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on GOV.UK, for detail on the control limits voted by Parliament.

Net Cash Requirement 2023-24

SOPS Note	2023-24 Outturn	2023-24 Estimate	Outturn vs Estimate: saving/(excess)	2022-23 Outturn
	£000	£000	£000	£000
3	145,018,749	151,345,267	6,326,518	126,011,587

Administration Costs 2023-24

SOPS Note	2023-24 Outturn	2023-24 Estimate	Outturn vs Estimate: saving/(excess)	2022-23 Outturn
	£000	£000	£000	£000
1	979,637	1,046,767	67,130	874,326

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Notes to the Statement of Outturn against Parliamentary Supply

SOPS 1. Outturn Detail, by Estimate Line

1.1 Analysis of Resource Outturn by Estimate Line

	2023-24											2022-23
	Outturn							Estimate			Outturn vs Estimate saving/ (excess)	Outturn
	Administration			Programme				Total	Virements	Total including virements		Total
	Gross	Income	Net	Gross	Income	Net	Total					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit												
Voted:												
A Core Department	945,903	(38,459)	907,444	6,075,627	(731,450)	5,344,177	6,251,621	6,491,021	(43,268)	6,447,753	196,132	6,043,874
B Health and Safety Executive (Net)	55,095	–	55,095	126,217	–	126,217	181,312	180,572	739	181,311	–	157,011
C Money and Pensions Service (Net)	–	–	–	164,850	–	164,850	164,850	156,518	8,332	164,850	–	155,646
D Other Arm's Length Bodies (Net)	17,098	–	17,098	99,142	–	99,142	116,240	119,686	–	119,686	3,446	107,894
E Employment Programmes	–	–	–	753,395	37	753,432	753,432	719,423	34,009	753,432	–	814,908
F Support for Local Authorities	–	–	–	205,814	–	205,814	205,814	205,817	–	205,817	3	211,657
G Funding for Public Corporations	–	–	–	28,176	(48,250)	(20,074)	(20,074)	(20,262)	188	(20,074)	–	(9,320)
H Other Benefits	–	–	–	1,030,404	(50,931)	979,473	979,473	985,474	–	985,474	6,001	977,544
Total Voted DEL	**1,018,096**	**(38,459)**	**979,637**	**8,483,625**	**(830,594)**	**7,653,031**	**8,632,668**	**8,838,249**	**–**	**8,838,249**	**205,581**	**8,459,214**
Non-Voted:												
I National Insurance Fund – Core Department	–	–	–	305,682	(4,979)	300,703	300,703	300,703	–	300,703	–	211,347
J Social fund	–	–	–	23,221	–	23,221	23,221	23,917	–	23,917	696	25,594
Total Non-Voted DEL	–	–	–	**328,903**	**(4,979)**	**323,924**	**323,924**	**324,620**	–	**324,620**	**696**	**236,941**
Total spending in DEL	**1,018,096**	**(38,459)**	**979,637**	**8,812,528**	**(835,573)**	**7,976,955**	**8,956,592**	**9,162,869**	–	**9,162,869**	**206,277**	**8,696,155**
Spending in Annually Managed Expenditure												
Voted:												
K Severe Disablement Benefit	–	–	–	56,453	–	56,453	56,453	57,384	–	57,384	931	58,390
L Industrial Injuries Benefits Scheme	–	–	–	735,743	–	735,743	735,743	760,249	–	760,249	24,506	695,401
M Universal Credit	–	–	–	52,038,557	–	52,038,557	52,038,557	54,923,266	(249,696)	54,673,570	2,635,013	41,169,896
N Employment and Support Allowance (Non-Contributory)	–	–	–	7,445,650	–	7,445,650	7,445,650	8,174,048	–	8,174,048	728,398	7,561,029
O Income Support	–	–	–	647,630	(344)	647,286	647,286	656,484	–	656,484	9,198	865,559

	2023-24											2022-23
	Outturn							Estimate			Outturn vs Estimate saving/ (excess)	Outturn
	Administration			Programme				Total	Virements	Total including virements		Total
	Gross	Income	Net	Gross	Income	Net	Total					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
P Pension Credit	–	–	–	5,467,138	–	5,467,138	5,467,138	5,643,065	–	5,643,065	175,927	4,935,310
Q Financial Assistance Scheme	–	–	–	(270,726)	–	(270,726)	(270,726)	(366,485)	95,759	(270,726)	–	(1,663,907)
R Attendance Allowance	–	–	–	6,695,944	–	6,695,944	6,695,944	6,881,537	–	6,881,537	185,593	5,668,053
S Personal Independence Payment	–	–	–	21,689,145	–	21,689,145	21,689,145	22,036,357	–	22,036,357	347,212	17,636,766
T Disability Living Allowance	–	–	–	6,862,281	–	6,862,281	6,862,281	6,891,524	–	6,891,524	29,243	5,974,758
U Carer's Allowance	–	–	–	3,737,836	–	3,737,836	3,737,836	3,857,841	–	3,857,841	120,005	3,249,815
V Housing Benefit	–	–	–	15,161,615	–	15,161,615	15,161,615	15,016,795	144,820	15,161,615	–	14,875,704
W Statutory Maternity Pay	–	–	–	2,881,000	–	2,881,000	2,881,000	3,096,496	–	3,096,496	215,496	2,628,923
X Christmas Bonus (Non-Contributory)	–	–	–	45,524	–	45,524	45,524	45,024	500	45,524	–	40,747
Y Jobseekers Allowance (Non-Contributory)	–	–	–	144,721	(4)	144,717	144,717	148,930	–	148,930	4,213	225,147
Z State Pension (Non-Contributory)	–	–	–	223,649	–	223,649	223,649	275,176	–	275,176	51,527	179,185
AA Support for Mortgage Interest	–	–	–	6,329	(3,831)	2,498	2,498	(5,537)	8,035	2,498	–	1,770
AC Other Expenditure	–	–	–	(1,536)	–	(1,536)	(1,536)	250,531	–	250,531	252,067	28,818
AD Other Expenditure EALBs (Net)	–	–	–	551	–	551	551	(31)	582	551	–	(343)
AB Cost of Living support payments	–	–	–	7,792,366	–	7,792,366	7,792,366	7,836,846	–	7,836,846	44,480	5,665,489
Total Voted AME	–	–	–	**131,359,870**	**(4,179)**	**131,355,691**	**131,355,691**	**136,179,500**	–	**136,179,500**	**4,823,809**	**109,796,510**
Non-voted:												
AE Social Fund: Winter Fuel	–	–	–	4,654,575	–	4,654,575	4,654,575	4,703,032	–	4,703,032	48,457	4,565,822
AF Incapacity Benefit	–	–	–	(908)	–	(908)	(908)	633	–	633	1,541	11,759
AG Social Fund: Other	–	–	–	79,569	–	79,569	79,569	516,410	–	516,410	436,841	191,742
AH Employment and Support Allowance (Contributory)	–	–	–	4,911,445	–	4,911,445	4,911,445	5,129,460	–	5,129,460	218,015	4,527,025
AI Maternity Allowance	–	–	–	412,197	–	412,197	412,197	423,483	–	423,483	11,286	389,603
AJ Bereavement Benefits	–	–	–	330,259	–	330,259	330,259	391,623	–	391,623	61,364	398,832
AK Christmas Bonus (Contributory)	–	–	–	127,978	–	127,978	127,978	130,118	–	130,118	2,140	125,876
AL Jobseekers Allowance (Contributory)	–	–	–	168,581	(5)	168,576	168,576	165,325	–	165,325	(3,251)	108,353
AM State Pension (Contributory)	–	–	–	123,883,842	–	123,883,842	123,883,842	125,690,532	–	125,690,532	1,806,690	110,355,460
Total AME Non-voted	–	–	–	**134,567,538**	**(5)**	**134,567,533**	**134,567,533**	**137,150,616**	–	**137,150,616**	**2,583,083**	**120,674,472**
Total spending in AME	–	–	–	**265,927,408**	**(4,184)**	**265,923,224**	**265,923,224**	**273,330,116**	–	**273,330,116**	**7,406,892**	**230,470,982**

	2023-24										Outturn vs Estimate saving/ (excess)	2022-23
	Outturn							Estimate				Outturn
	Administration			Programme				Total	Virements	Total including virements		Total
	Gross	Income	Net	Gross	Income	Net	Total					
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Non-budget resource:												
Voted:												
AP Cash paid in to the Social Fund	–	–	–	4,661,139	–	4,661,139	4,661,139	5,146,860	–	5,146,860	485,721	4,869,429
Total spending in Non-budget	–	–	–	**4,661,139**	–	**4,661,139**	**4,661,139**	**5,146,860**	–	**5,146,860**	**485,721**	**4,869,429**
Total Resource	**1,018,096**	**(38,459)**	**979,637**	**279,401,075**	**(839,757)**	**278,561,318**	**279,540,955**	**287,639,845**	–	**287,639,845**	**8,098,890**	**244,036,566**

1.2 Analysis of Capital Outturn by Estimate Line

	2023-24							2022-23
	Outturn			Estimate			Outturn vs Estimate saving/ (excess)	Outturn
	Programme							
	Gross	Income	Net	Total	Virements	Total including virements		Total
	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit								
Voted:								
A Core Department	602,376	(127,678)	474,698	523,732	–	523,732	49,034	230,689
B Health and Safety Executive (Net)	25,544	–	25,544	23,269	2,275	25,544	–	13,729
C Money and Pensions Service (Net)	5,569	–	5,569	16,128	(2,275)	13,853	8,284	11,957
D Other Arm's Length Bodies (Net)	12,486	–	12,486	14,505	–	14,505	2,019	8,104
G Funding for Public Corporations	63,000	–	63,000	63,000	–	63,000	–	139,500
Total Voted DEL	**708,975**	**(127,678)**	**581,297**	**640,634**	**–**	**640,634**	**59,337**	**403,979**
Non-voted:								
J Social fund	51,770	(622)	51,148	50,374	–	50,374	(774)	45,585
Total Non-Voted DEL	**51,770**	**(622)**	**51,148**	**50,374**	–	**50,374**	**(774)**	**45,585**
Total spending in DEL	**760,745**	**(128,300)**	**632,445**	**691,008**	–	**691,008**	**58,563**	**449,564**
Spending in Annually Managed Expenditure								
Voted:								
M Universal Credit	281,611	(152,399)	129,212	248,262	–	248,262	119,050	109,885
AA Support for Mortgage Interest	37,301	(6,977)	30,324	65,112	–	65,112	34,788	16,169
AC Other Expenditure	46,077	210	46,287	68,441	–	68,441	22,154	7,253
Total Voted AME	**364,989**	**(159,166)**	**205,823**	**381,815**	–	**381,815**	**175,992**	**133,307**
Non-voted:								
AG Social Fund: Other	(48,720)	(7)	(48,727)	20,000	–	20,000	68,727	(63,362)
AH Employment and Support Allowance (Contributory)	–	–	–	–	–	–	–	–
Total AME Non-voted	**(48,720)**	**(7)**	**(48,727)**	**20,000**	–	**20,000**	**68,727**	**(63,362)**
Total spending in AME	**316,269**	**(159,173)**	**157,096**	**401,815**	–	**401,815**	**244,719**	**69,945**

	2023-24							2022-23
	Outturn			Estimate			Outturn vs Estimate saving/ (excess)	Outturn
	Programme					Total including virements		
	Gross	Income	Net	Total	Virements			Total
	£000	£000	£000	£000	£000	£000	£000	£000
Non-budget resource:								
Voted:								
AP Cash paid in to the Social Fund	–	–	–	–	–	–	–	–
Total spending in Non-budget	–	–	–	**–**	–	**–**	**–**	–
Total Capital	**1,077,014**	**(287,473)**	**789,541**	**1,092,823**	–	**1,092,823**	**303,282**	**519,509**

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on GOV.UK

The outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can tie the Estimate back to the Estimates laid before Parliament.

SOPS 2. Reconciliation of Outturn to Net Operating Expenditure

		Note	2023-24 Outturn £000	2022-23 Outturn £000
	Budget	1.1	274,879,816	239,167,137
Total resource outturn in Statement of Outturn Against Parliamentary Supply	Non-budget	1.1	4,661,139	4,869,429
	Total resource outturn		**279,540,955**	**244,036,566**
Add:	Capital Grants		(140,581)	(131,692)
	Capital Research and Development		11,698	12,575
	Service Concession Adjustments		(1,498)	(1,287)
			(130,381)	**(120,404)**
Less:	Income payable to the Consolidated Fund	4	(22,389)	(18,013)
	Cash paid to the Social Fund – Voted Non-budget		(4,661,139)	(4,869,429)
			(4,683,528)	**(4,887,442)**
Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure			**274,727,046**	**239,028,720**

As noted in the introduction to the SOPS, the outturn and the Estimate are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

Reconciling items

Provided below is an explanation of the reconciling items between resource outturn and net operating costs.

Capital grants (whether received or issued) and capital research and development are budgeted for as capital, but accounted for as resource spend in the SoCNE.

Service Concession Arrangements are treated as on-SoFP for Accounts, but treated as off-SoFP for Estimates and Budgets. Spend is therefore recognised differently in net resource outturn and the SoCNE, and a reconciling adjustment is required.

Income payable to the Consolidated Fund is excluded from the SOPS because Parliament did not authorise the Department to retain the income and the income will be returned to the Consolidated Fund. However, in line with IFRS, income earned by the Department is recognised in the SoCNE.

Cash paid to the Social Fund from the Consolidated Fund is included in SOPS as non-budget but is excluded from the SoCNE. The SoCNE only includes the expenditure incurred by the Social Fund (also included in SOPS as spend within Budget).

SOPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

		2023-24	2023-24	Outturn v Estimate:
		Outturn	Estimate	saving/ (excess)
	Note	£000	£000	£000
Total Resource outturn	**SoPS 1.1**	**279,540,955**	**287,639,845**	**8,098,890**
Total Capital outturn	**SoPS 1.2**	**789,541**	**1,092,823**	**303,282**
Adjustments for ALBs:				
Remove voted resource and capital		(506,552)	(510,647)	(4,095)
Add cash grant in aid		507,344	467,379	(39,965)
Adjustments to remove non-cash items:				
Non-cash items		(571,779)	(776,771)	(204,992)
Adjustments to reflect movements in working balances:				
Changes in working capital other than cash		(294,288)	1,000,000	1,294,288
Use of provisions		447,406	(21,752)	(469,158)
Non-Voted Budget		(134,893,878)	(137,545,610)	(2,651,732)
Net Cash Requirement		**145,018,749**	**151,345,267**	**6,326,518**

As noted in the introduction to the SOPS, outturn and the Estimate are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

SOPS 4. Analysis of income payable to the Consolidated Fund

In addition to income retained by the Department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics).

		Outturn 2023-24		Outturn 2022-23
	Income	*Receipts*	Income	*Receipts*
	£000	£000	£000	£000
Income outside of the ambit of the Estimate	22,389	*22,906*	18,013	18,730
Excess cash surrenderable to the Consolidated Fund	351,487	*351,487*	1,659	1,659
Total amount payable to the Consolidated Fund	**373,876**	**374,393**	**19,672**	**20,389**

Income payable to the Consolidated Fund is excluded from DWP's Estimate because Parliament did not authorise the Department to retain the income, it will be returned to the Consolidated Fund. However, in line with IFRS, income earned by the Department is recognised in the SoCNE.

Included in the above Consolidated Fund income for 2023-24 of £373.8 million are costs recovered from the automatic enrolment fines collected by The Pensions Regulator (£11.3 million), income received in respect debt recoveries (£1.4 million) and collection of civil penalties (£3.3 million).

Excess cash surrenderable to the Consolidated Fund includes £350.0 million surplus cash from the Social Fund which has been returned to HM Treasury. This has arisen due to recoveries exceeding new loans paid out, as customers migrate to Universal Credit.

Consolidated Fund income shown above does not include any amounts DWP collects from the Financial Assistance Scheme (FAS) while acting as agent of the Consolidated Fund rather than as principal. Details of income collected as agent for the Consolidated Fund were in previous years disclosed in a FAS Trust Statement, but as the revenue is no longer material to DWP the need to produce a Trust Statement no longer exists.

FAS does, however still hold annuity policies, transferred from FAS qualifying pension schemes, and continues to collect the income arising from those assets and pay the resulting cash over to the Consolidated Fund. In the year to 31 March 2024, FAS collected income totalling £8.3 million, consisting of annuity and other income of £8.2 million and scheme transfer income of £0.1 million (2022-23: £8.7 million, consisting of annuity and other income, scheme transfer income was £nil). £8.4 million was paid over to the Consolidated Fund during the year (2022-23: £8.6 million). At 31 March 2024, FAS illiquid assets were valued at £90.4 million (2022-23: £103.1 million) and FAS held cash awaiting transfer to the Consolidated Fund of £0.4 million (2022-23: £0.4 million).

Variances

The disclosed variances are those which meet the following criteria:

- Variance of at least £10 million and 10%
- Variances material by nature

The variances are stated in the order they appear in the Statement of Outturn against Parliamentary Supply and are calculated by comparing the total net figure from the Supplementary Estimate 2023-24 with the final net outturn figure for 2023-24. These variances are calculated prior to virements.

SOPS 1.1 and 1.2

Voted Expenditure – DEL

C – Money and Pensions Service (Net) – Capital

Outturn is £10.6 million lower than the Supplementary Estimate provided for the Pensions Dashboard programme following a reclassification of capital spend to resource expenditure.

AME

The Office for Budget Responsibility forecasts of benefit expenditure, on which DWP's Estimate are based, are central estimates. Each year DWP applies a margin to reflect the inherent uncertainty that these forecasts are equally likely to go up or down.

Voted Expenditure – AME

M – Universal Credit (UC) – Capital

Outturn is £119.0 million lower than the Supplementary Estimate for UC Advances, largely because the Department did not use the margin and demand for Advances was lower than forecast, leading to a lower volume of claims than expected.

Q – Financial Assistance Scheme (FAS) – Resource

Outturn shows a variance of £95.8 million compared to Supplementary Estimate. There was a lower than forecast decrease in the FAS provision. This is due to an increase in the costs in the Financial Assistance Scheme between Supplementary Estimate and outturn caused by a higher than anticipated rate of inflation along with an uplift in payment values resulting from the Hampshire legal judgement (ruling that members should receive at least 50% of the value of their accrued pension).

Z – State Pension (non-contributory) – Resource

Outturn is £51.5 million lower than the Supplementary Estimate. This is primarily due to payments under DWP's reciprocal agreement with the Isle of Man which were forecast in non-contributory State Pension, however outturn is contributory State Pension.

AC – Other Expenditure – Resource and Capital

Resource outturn is £252.1 million lower than the Supplementary Estimate because provision funding levels requested were not required at outturn.

Capital outturn is £22.2 million lower than forecast due to a decrease in the Department's estates dilapidation provision. This was caused by an updated estimation of liability and a margin which was not required. The value of the provision also reduced to remove sites included in the Supplementary Estimate, where settlements had been agreed during the financial year.

AA – Support for Mortgage Interest – Capital

Outturn is £34.8 million lower than the Supplementary Estimate. Fewer claimants than expected applied for SMI following the Department's extension of the SMI eligibility criteria in April 2023. The average value of SMI loans was also lower than forecast.

Non-voted Expenditure – AME

AG – Social Fund: Other – Resource and Capital

Resource outturn is £436.8 million lower than Supplementary Estimate due to large margins included for the unpredictable nature of Cold Weather Payments.

Capital outturn is £68.7 million lower than Supplementary Estimate because recoveries for budgeting and crisis loans exceeded expectations. DWP aims to fund new loans from recoveries, however both new loan demand and recoveries have been volatile in recent years, therefore a margin was applied to the net position to ensure the Department can continue to support vulnerable citizens in times of financial hardship.

AJ – Bereavement Benefit – Resource

Outturn is £61.4 million lower than the Supplementary Estimate due to lower than expected take up.

SOPS 3

Total net cash requirement was £6.3 billion lower than Supplementary Estimate. Underspend against resource and capital budgets contribute to this where they have a cash impact, significant variances are explained above.

Other movements are due to variations in provisions, working capital and non-voted budget items.

Core Tables

(This information is not subject to audit)

Table 1: Public spending for the Department for Work and Pensions

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	**Outturn**	**Outturn**	**Outturn**	**Outturn**	**Plans**
	£million	**£million**	**£million**	**£million**	**£million**	**£million**
Resource DEL[2]						
Section A: Core Department	4,495	4,667	5,990	6,044	6,252	6,108
Section B: Health and Safety Executive (Net)	128	165	162	157	181	150
Section C: Money and Pensions Service (Net)	107	139	150	156	165	177
Section D: Other Arm's Length Bodies (Net)	101	106	105	108	116	115
Section E: Employment Programmes	246	293	790	815	753	1,149
Section F: Support for Local Authorities	217	237	214	212	206	212
Section G: Funding for Public Corporations	(9)	(13)	(1)	(9)	(20)	7
Section H: Other Benefits	136	344	813	978	979	128
Section I: National Insurance Fund – Core Department	432	687	714	211	301	431
Section J: Social Fund	30	36	34	26	23	23
Total Resource DEL	**5,883**	**6,661**	**8,972**	**8,696**	**8,957**	**8,502**
Of which:						
Staff costs	3,044	3,499	3,865	3,756	4,096	4,029
Purchase of goods and services	1,952	2,237	2,504	2,324	2,528	3,756
Income from sales of goods and services	(274)	(294)	(229)	(222)	(192)	(222)
Current grants to local government (net)	431	640	1,106	1,236	1,224	339
Current grants to persons and non-profit bodies (net)	574	464	1,672	1,520	1,279	220
Current grants abroad (net)	(280)	(186)	(283)	(556)	(541)	(1)
Subsidies to public corporations	49	48	48	39	35	31
Rentals	169	54	18	34	42	(5)
Depreciation[3]	188	185	264	565	558	485
Take up of provisions	3	8	8	–	–	–
Change in pension scheme liabilities	32	27	–	–	–	–
Other resource	(5)	(23)	(1)	1	(73)	(131)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	**Outturn**	**Outturn**	**Outturn**	**Outturn**	**Plans**
	£million	**£million**	**£million**	**£million**	**£million**	**£million**
Resource AME [4]						
Section K: Severe Disablement Benefit	89	72	62	58	56	53
Section L: Industrial Injuries Benefits Scheme	831	723	705	695	736	770
Section M: Universal Credit	18,377	38,082	40,592	41,170	52,039	68,359
Section N: Employment and Support Allowance (Non-contributory)	9,339	8,817	8,182	7,561	7,446	7,794
Section O: Income Support	1,376	1,074	768	866	647	201
Section P: Pension Credit	5,061	5,071	4,834	4,935	5,467	5,864
Section Q: Financial Assistance Scheme	(15)	281	945	(1,664)	(271)	150
Section R: Attendance Allowance	5,908	5,345	5,307	5,668	6,696	7,684
Section S: Personal Independence Payment	12,513	13,692	15,209	17,637	21,689	25,471
Section T: Disability Living Allowance	7,233	5,808	5,696	5,975	6,862	7,318
Section U: Carer's Allowance	2,941	3,039	3,075	3,250	3,738	4,228
Section V: Housing Benefit	17,813	17,027	15,545	14,876	15,162	13,828
Section W: Statutory Maternity Pay	2,169	2,594	2,569	2,629	2,881	3,180
Section X: Christmas Bonus (Non-contributory)	35	36	37	41	46	47
Section Y: Jobseeker's Allowance (Non-contributory)	603	435	300	225	145	96
Section Z: State Pension (Non-contributory)	122	135	160	179	224	216
Section AA: Support for Mortgage Interest	6	6	3	2	2	(7)
Section AB: Cost of Living Support Payments	–	–	–	5,665	7,792	2
Section AC: Other Expenditure	238	(49)	6	29	(2)	(7)
Section AD: Other Expenditure EALBs (Net)	(1)	(1)	–	–	1	–
Section AE: Social Fund: Winter Fuel	1,974	1,957	1,974	4,566	4,655	1,889
Section AF: Incapacity Benefit	5	5	(9)	12	(1)	–
Section AG: Social Fund: Other	59	145	10	192	80	83
Section AH: Employment and Support Allowance (Contributory)	4,512	4,567	4,507	4,527	4,911	5,274
Section AI: Maternity Allowance	419	384	362	390	412	439
Section AJ: Bereavement Benefits	506	498	341	399	330	367
Section AK: Christmas Bonus (Contributory)	(131)	123	124	126	128	128
Section AL: Jobseeker's Allowance (Contributory)	111	611	190	108	169	134
Section AM: State Pension (Contributory)	98,689	101,901	104,533	110,355	123,884	138,006
Consolidated Fund Extra Receipts	–	–	–	–	–	–
Total Resource AME	**190,782**	**212,378**	**216,030**	**230,471**	**265,923**	**291,566**

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	**Outturn**	**Outturn**	**Outturn**	**Outturn**	**Plans**
	£million	**£million**	**£million**	**£million**	**£million**	**£million**
Of which:						
Purchase of goods and services	1	–	–	–	–	–
Current grants to local government (net)	17,813	17,027	15,545	14,876	15,162	13,828
Current grants to persons and non-profit bodies (net)	173,021	194,051	198,889	217,830	251,524	277,751
Depreciation[3]	(24)	(107)	224	(1,476)	137	41
Take up of provisions	48	1,555	1,504	(399)	(512)	144
Release of provision	(610)	(394)	(498)	(750)	(774)	(237)
Change in pension scheme liabilities	(31)	(26)	2	2	2	–
Other resource	565	271	364	389	385	39
Total Resource Budget	**196,665**	**219,039**	**225,002**	**239,167**	**274,880**	**300,067**
Of which:						
Depreciation[3]	164	78	488	(911)	695	526
Capital DEL[5]						
Section A: Core Department	(35)	279	442	231	475	500
Section B: Health and Safety Executive (Net)	8	11	17	14	26	15
Section C: Money and Pensions Service (Net)	2	1	–	12	6	6
Section D: Other Arm's Length Bodies (Net)	–	8	6	8	12	–
Section G: Funding for Public Corporations	72	108	113	140	63	1
Section J: Social Fund	34	62	49	46	51	57
Total Capital DEL	**81**	**468**	**626**	**450**	**632**	**579**
Of which:						
Staff costs	1	2	3	3	6	–
Purchase of goods and services	–	3	14	8	6	16
Capital grants to private sector companies (net)	(1)	–	–	3	9	–
Capital support for public corporations	72	108	110	138	61	1
Purchase of assets	111	319	457	286	621	420
Income from sales of assets	(137)	(25)	(2)	(34)	(125)	–
Net lending to the private sector and abroad	34	62	49	46	51	143
Other capital	–	–	(4)	–	3	–

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	**Outturn**	**Outturn**	**Outturn**	**Outturn**	**Plans**
	£million	**£million**	**£million**	**£million**	**£million**	**£million**
Capital AME						
Section M: Universal Credit	356	168	70	110	129	436
Section AA: Support for Mortgage Interest	35	29	18	16	30	84
Section AC: Other Expenditure	–	–	–	7	46	56
Section AG: Social Fund: Other	(81)	(51)	(58)	(63)	(49)	(8)
Total Capital AME	**309**	**146**	**30**	**70**	**157**	**567**
Of which:						
Net lending to the private sector and abroad	831	443	475	197	263	959
Other Capital	(522)	(298)	(445)	(134)	(156)	(447)
Take up of provisions	–	–	–	7	50	56
Total Capital Budget	**390**	**614**	**656**	**520**	**790**	**1,147**
Total departmental spending	**196,891**	**219,574**	**225,170**	**240,598**	**274,975**	**300,688**
Of which:						
Total DEL	5,776	6,944	9,334	8,581	9,031	8,596
Total AME	191,116	212,630	215,836	232,017	265,943	292,092

1. These tables are not reported on the same basis as the financial statements disclosures, with differing categories and headings
2. DEL resource and capital is set for each year in the spending review process (amended to incorporate transfers of functions to and from other government departments as they have arisen)
3. Depreciation includes impairments
4. AME limits are set as part of the Autumn Statement and Spring Budget process
5. Expenditure on tangible and intangible fixed assets is net of sales
6. Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly total departmental expenditure limit (DEL) is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL
7. Table 1 is aligned to the HM Treasury System (Online System for Central Accounting and Reporting (OSCAR)) which is used by all central government departments to record their spending and plans. At 31 May 2024, OSCAR reflects the planned Main Estimate 2024 position, with plan year 2024-25 reflecting Spending Review 2021 and updates from the subsequent fiscal events, however at the time of writing, the Main Estimate has not yet been voted on by Parliament, therefore the plans figures shown are subject to change. In the event of structural changes or Machinery of Government transfers this may not match the outturn in previous years' financial statements and some spending may also appear on different lines
8. Expenditure is stated net of income from sales of goods and services
9. Totals may not sum due to rounding
10. The impacts of the adoption of IFRS 16 are shown from 2022-23 onwards, and cause higher DEL capital and depreciation figures than in other years

Table 2: Administration budget for the Department for Work and Pensions

DWP: Administration budget, 2019-20 to 2024-25

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£million	£million	£million	£million	£million	£million
Resource DEL						
Core Department	731	832	841	800	907	863
Health and Safety Executive (Net)	50	61	60	57	55	56
Other Arm's Length Bodies (Net)	16	17	19	17	17	18
Total administration budget	**797**	**911**	**920**	**874**	**980**	**936**
Of which:						
Staff costs	460	524	519	554	589	428
Purchase of goods and services	360	436	392	297	389	478
Income from sales of goods and services	(112)	(114)	(38)	(41)	(47)	(32)
Rentals	48	15	(7)	9	10	(1)
Depreciation	30	34	41	43	33	62
Other resource	11	15	13	13	6	1
Current grants to persons and non-profit bodies (net)	–	–	–	–	1	–

1. These tables are not reported on the same basis as the financial statements disclosures, with differing categories and headings
2. This table represents DEL administration expenditure (amended to incorporate transfers of functions to and from other government departments as they have arisen)
3. Depreciation includes impairments
4. Table 2 is aligned to the HM Treasury System (Online System for Central Accounting and Reporting (OSCAR)) which is used by all central government departments to record their spending and plans. At 31 May 2024, OSCAR reflects the planned Main Estimate 2024 position, with plan year 2024-25 reflecting Spending Review 2021 and updates from the subsequent fiscal events, however at the time of writing, the Main Estimate has not yet been voted on by Parliament, therefore the plans figures shown are subject to change. In the event of structural changes or Machinery of Government transfers this may not match the outturn in previous years' financial statements and some spending may also appear on different lines
5. Totals may not sum due to rounding
6. The impacts of the adoption of IFRS 16 are shown from 2022-23 onwards, and cause higher depreciation than in other years

Regularity of expenditure

(This information is subject to audit)

DWP is a custodian of taxpayers' funds and has a duty to Parliament to ensure the regularity and propriety of its activities and expenditure. DWP manages public funds in line with HM Treasury's Managing Public Money[62].

The importance of operating with regularity and the need for efficiency, economy, effectiveness and prudence in the administration of public resources to secure value for public money, is the responsibility of the Accounting Officer whose responsibilities are also set out in Managing Public Money. They include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable.

To discharge this responsibility and ensure DWP's control totals are not breached the following activities are in place:

- formal delegation of budgets
- detailed monitoring of expenditure
- monthly management reporting against control totals

In addition, DWP operates the three lines of defence model, which also forms part of its risk management framework.

In 2023-24, DWP did not breach any of its control totals, details are provided in the Statement of Outturn against Parliamentary Supply on page 238.

DWP is in the process of recovering the overpayment of an incorrectly awarded severance award paid to a former Minister in 2022-23. Details of the payment and recovery are provided in the Remuneration and Staff Report on page 200.

DWP's accounts have been qualified this year, as has been the case since 1988-89, due to a material level of irregular benefit expenditure, arising from fraud and error.

62 HM Treasury's Managing Public Money

Parliamentary accountability disclosures

Losses and Special Payments[63]

(This information is subject to audit)

	2023-24				2022-23			
	Core department	Depart-mental group	Core Department	Depart-mental group	Core Department	Depart-mental group	Core Department	Depart-mental group
	£000	£000	Cases	Cases	£000	£000	Cases	Cases
Losses	417,997	419,012	1,023,564	1,024,535	393,816	395,937	1,075,126	1,076,395
Special Payments	31,334	31,335	65,669	65,671	112,224	112,299	355,705	355,708

Overpayments due to fraud and error are not considered losses until recovery options have been exhausted, for more information please see note 1.12

(i) Losses arising from benefit overpayments, grants and subsidies

	2023-24 £000
Non-recoverable Benefit Overpayments During the year DWP writes off non-recoverable overpayments of benefits and Tax Credits. These are where the Department cannot legally enforce repayment and it is not in the public interest to do so.	**328,953**
Customer Fraud DWP writes off overpayments resulting from customer fraud once it has exhausted its debt recovery processes.	**5,769**
Duplicate Christmas Bonus DWP sometimes pays duplicate Christmas Bonuses because more than one benefit system can generate the payment. This is classed as official error, and the Department has no legal right to recovery.	**318**

63 HM Treasury's Managing Public Money (with annexes)

	2023-24 £000
Social Fund DWP makes low-cost funeral expense payments to people who receive (or whose partners receive) a qualifying benefit or Tax Credits. These are recoverable from the estate of the deceased but DWP writes them off when there are not enough assets in the estate. This year the Department wrote off 26,437 funeral expense payments with a total value of £50.8 million. Budgeting and crisis loans which cannot be recovered are written off subject to strict criteria. This year the Department wrote off 20,005 of these loans with a total value of £2.5 million. The Department also wrote off 10,983 irrecoverable overpayments amounting to £3.1 million, of which £2.9 million relate to Winter Fuel Payments. This year the Department also wrote off non-recoverable Cold Weather Payment overpayments amounting to £0.2 million.	**56,593**

(ii) Cash Losses

	2023-24 £000
Bad debts – Staff Costs Bad debts written off in respect of staff costs where value is less than DWP threshold (£500) or age of debt is greater than 6 months.	**607**
Flexible Support Fund Losses Under the Flexible Support Fund, DWP gives funds to some claimants to buy items to help them to start work. If, after a number of reminders, claimants don't provide receipts, or provide incomplete or incorrect receipts, the Department treats the funding as a loss. This figure is an estimate based on returns provided by individual jobcentres.	**1,528**

(iii) Realised Exchange Rate Fluctuation

	2023-24 £000
European Social Fund (ESF) Exchange Rate Loss DWP carries a risk (and opportunity) on ESF transactions due to exchange rate fluctuations between payment application submission to the European Commission and payment to DWP, and between receiving pre-financing and repaying it to the European Commission. In 2023-24, a net loss on foreign exchange of £2.818 million materialised, consisting of £3.924 million in losses partially offset by £1.106 million in gains.	**2,818**

(iv) Special Payments

	2023-24 £000
Personal Injury Legal costs staff/contractors These are legal costs arising from personal injury payments suffered by Civil Servants or Contractors.	**702**
Consolatory Payments These are Ex Gratia Consolatory payments to claimants in receipt of non-contributory benefits that are not funded by the National Insurance Fund in order to restore confidence and relieve anxiety as a result of departmental failure or delay.	**887**
FAS extra contractual payment to suppliers The Functional Assessment Service (FAS) contract, which forms part of the Health Transformation Programme, was due to take effect on 1 April 2023 however, due to delays within the FAS procurement process owing to legal challenge there was a consequential 6 month delay to the effective start date of the contracts. During this period successful suppliers incurred costs as they prepared for contract commencement (pre-commencement costs). Pre-commencement cost payments have been made to 3 suppliers, one is below the threshold for reporting, the figures for the remaining two are £1.528 million and £0.919 million, respectively.	**2,507**
Employment Tribunal Awards Payments to Employees, Contractors, and others, as a result of an Employment Tribunal.	**449**
Special Severance These are payments to employees, contractors and others, outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. 38 Special Severance Payments were made in the previous financial year. The total amount paid out this year was £501,000. The maximum payment was £100,000, minimum was £278 and median value of all Payments made was £7,000.	**501**
Legal Settlements These are payments for ex gratia out of court legal settlements.	**1,522**
Secure Card Payment Service Out of court settlement in resolution of a legal dispute regarding the procurement and supply of a Secure Card Payment Service (“SCPS”). The Claimants issued legal proceedings and filed a Particulars of Claim with the Court contesting DWP’s award of the 2022 Contract.	**950**

	2023-24 £000
Extra-statutory Payment	**1,000**
Special payments made to certain sufferers of a) unilateral diffuse pleural thickening or b) asbestos-related primary carcinoma of the lung (without asbestosis), or their dependants, who were not eligible for a lump-sum payment under the "Pneumoconiosis etc. (Workers' Compensation) Act 1979" (or the "1979 Act") scheme. The 1979 Act scheme legislation was amended in February 2024, to provide a legislative basis for future payments in respect of these diseases. Costs for this year are estimated at £1 million, and years 2002-03 to 2022-23 are estimated at £38 – £65 million. Prior year estimates are not included in the summary table on page 258.	
Loss of Statutory Entitlement Payments	**417**
These are special payments for financial redress to cover loss of statutory entitlement (LOSE) payments. They are paid if maladministration has caused a claimant to lose entitlement to statutory benefit payments.	
Student Income Apportionment	**19,976**
Regulation 71 of the Universal Credit Regulations 2013 did not provide for correct application of policy intent for students who made a claim to Universal Credit part way through their academic year. DWP received Treasury approval to make ex-statutory payments to students on UC between October 2019 and March 2024 in line with the original policy intent. On 1 April 2024, legislation was aligned with policy intent and these payments no longer need to be reported as ex-statutory.	
Out of court settlement for the Redhill site divestment	**1,000**
The Department incurred a special payment of £1 million as full and final settlement of all future liabilities with the landlord upon divestment of a DWP leasehold property.	
European Citizens in the European Union	**493**
These are ex-statutory payments made to a small cohort of EU citizens resident in the EU and in receipt of a UK benefit, who are not expressly covered by Title III of Part Two of the Withdrawal Agreement.	

(v) Fruitless Payments

	2023-24 £000
Off-Payroll Working Rules – Payment to HM Revenue and Customs	**2,208**
DWP conducted a review of its managed service contracts that are held with third-party suppliers, ensuring these were fully contracted out services and not that of a supply of resource to the Department. The findings of the review, highlighted a number of contracts that were determined to be a supply of resource and where the off-payroll working rules had not correctly been applied. The contracts reviewed related to contracts spanning multiple tax years from 2022-23 through to 2017-18. DWP made an unprompted disclosure to HM Revenue and Customs including its findings and during 2023-24 reached a settlement for a historic tax liability of £2.208 million.	

(vi) Constructive Losses

	2023-24 £000
Write-off of PPE assets (boilers)	**487**
Due to the early vacation of Warbreck House, the equipment was derecognised part-way through its anticipated useful expected life.	
Decommissioning exercise	**16,449**
This loss is the total amount of rent DWP have paid relating to vacant property. This is linked to the planned decommissioning of a series of properties post the peak of the COVID-19 pandemic and in alignment with the DWP Estates Strategy, in order to deliver savings on site running costs and operational overheads and ensure readiness for divestment. These sites were taken on a 5 year lease, with a breakpoint at year 3. The Department has served notice to exit at the breakpoint but are committed to pay for these leases until that time.	

(vii) Claims waived or abandoned

	2023-24 £000
Working Links	**1,480**
Working Links (Employment) Ltd provided employment support for the long-term unemployed on behalf of DWP. Working Links were contracted to deliver multiple welfare to work employment programmes in specific geographical areas within the UK. Working Links (Employment) Ltd fell into financial difficulty and in February 2019, went into administration. At the time of Administration, Working Links (Employment) Ltd had balances outstanding owing to DWP to the amount of £2,436,659. As part of the Administration, DWP received final Dividend of £61,661, and after netting off monies owed to Working Links (Employment) Ltd relating for the same contract, the final Bad debt write-off amounted to £1,480,056	

(viii) Other Accountability Issues

Counter Fraud and Investigation – DWP Other Accountability Fraud Data 1 April 2023 to 31 March 2024	**2023-24 £000**
The Government Internal Audit Agency's Counter Fraud and Investigation team provides counter fraud services to DWP. This includes the investigation of internal fraud and/or other serious breaches of the Department's Standards of Behaviour by DWP employees, contractors and providers. Recovery action is taken at a local level and recoveries are not recorded separately for disclosure. Internal Fraud: Salary, expenses and other non-benefit losses: 35 investigations were completed, resulting in proven losses of £214,956 Benefit related losses for example employee benefit fraud or diversion of payments: 25 investigations were completed, resulting in proven losses of £1,003,081 The total benefit related loss includes one investigation with an identified loss of £602,484. Over a four-month period, an employee issued erroneous backdated and repeated payments to claimants known to them. Upon discovery, immediate actions were taken, including dismissal of the employee. The Department initiated a review of internal controls and are fully cooperating with the ongoing criminal investigation.	**1,218**

Remote contingent liabilities

(This information is subject to audit)

These are remotely possible obligations that arise from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within DWP's control. They are incorporated under parliamentary reporting requirements and not under IAS 37.

National Employment Savings Trust (Nest)

The Pension Schemes Act 2017 introduced the definition of a Master Trust and signalled the start of a robust new authorisation and supervision regime, administered by the Pensions Regulator to ensure that Master Trusts being used for automatic enrolment are safe for the many millions of people now saving in these schemes. To be able to operate as a Master Trust (MT), of which Nest is one, schemes are required to meet five authorisation criteria prescribed in the 2017 Act.

One of the criteria is that the scheme must be financially sustainable. This means that in the event of a triggering event, an event that would put the scheme at risk of needing to wind up, the scheme must hold sufficient financial reserves to cover its gradual closure, without putting these additional costs onto scheme members.

Due to the nature of its financial arrangements with government Nest, which has been an authorised MT scheme since 2019, is unable to build up the financial reserves needed to meet the financial sustainability criteria. Specifically, this is to hold sufficient funds to meet running costs for 24 months and any one-off costs associated with scheme closure. Using figures produced by Nest for The Pensions Regulator if a triggering event was to occur, then the maximum size of the contingent liability required to be made available to Nest would be £329 million. This was the amount estimated by Nest in 2019, subsequently restated and accepted by The Pension Regulator. Since then and prior to entering the supervisory process the amount of the liability is reviewed annually. As part of the annual review of Nest's funding settlement the Department has agreed that Nest can hold capital sufficient to meet the difference between potential costs and the original assessment, so there is no change to the Department's liability.

The Department has estimated that the risk of full crystallisation as remote (at £16.45 million (5%)). The contingent liability is underwritten through a 'Letter of Comfort' in order that Nest can comply with the Master Trust supervisory regime which came into effect in October 2020.

State Pension Underpayment exercise

The Department has completed the Legal Entitlements and Administrative Practice (LEAP) exercise for both Cat BL (Married) and Cat D (over 80) cases. Where a customer has failed to respond to the Department's repeated attempts to obtain the information needed, the case is cleared but remains on the Department's records. If the required information is subsequently provided, the case would be re-opened and any arrears paid. This is considered a remote possibility and it is not possible to quantify the Department's liability.

Dormant ESA SDP underpayments

Some income-related ESA claimants should receive an additional element called a Severe Disability Premium if they are eligible. A claimant cannot apply for these as they are part of the benefit. To enable payment, claimants are required to provide up-to-date information that the Department requests on their individual circumstances. As a result of a combination of information not being provided, not being held and the Department not effectively assessing entitlement, some customers have missed out on additional premiums alongside their benefit award.

Unfortunately, some underpayments may be owed to customers who no longer have an active ESA claim and restrictions in data make it difficult to identify, assess and correct these errors.

The Department is therefore disclosing an unquantified remote contingent liability.

Reconciliation of contingent liabilities included in the Supply Estimate to the accounts

(This information is not subject to audit)

			Quantifiable Contingent Liabilities
Description of contingent liability	**Supply Estimate**	**Amount disclosed in ARA**	**Variance (Estimate – Amount disclosed in ARA)**
Compensation Recovery[64]	**£11,163,000**	**£8,055,617**	**£3,107,382**
Legal Cases[65]	**£2,285,290,179**	**£365,000,000**	**£1,920,290,179**
Document and Data Management Services Contract[66]	**£0**	**£1,880,000**	**(£1,880,000)**
National Employment Savings Trust (NEST)[67]	**£0**	**£16,450,000**	**(£16,450,000)**

			Unquantifiable Contingent Liabilities
Description of contingent liability	**Included in Supply Estimate (Yes/No)**	**Disclosed in the ARA (Yes/No)**	**Explanation of difference**
Benefit underpayments	Yes	Yes	N/A
European Social Fund (ESF) repayments	Yes	Yes	N/A
The Rent Service employee pensions	Yes	Yes	N/A
Compensation Claims	Yes	Yes	N/A
Dilapidation liability for leased property	Yes	Yes	N/A
Capital Diminution	No	Yes	Contingent Liability confirmed after submission of the Supply Estimate

64 Compensation Recovery – Liability revised after Supply Estimate submission
65 Legal Cases – Liability revised after Supply Estimate submission
66 DDMS – Liability revised after Supply Estimate submission
67 NEST – Remote Contingent Liability

			Unquantifiable Contingent Liabilities
Description of contingent liability	**Included in Supply Estimate (Yes/No)**	**Disclosed in the ARA (Yes/No)**	**Explanation of difference**
State Pension Underpayment (Cat BL and Cat D)	No	Yes	Remote Contingent Liability confirmed after submission of the Supply Estimate
Dormant ESA SDP underpayments	No	Yes	Remote Contingent Liability confirmed after submission of the Supply Estimate

Bodies outside the boundary

(This information is subject to audit)

The following are arm's length bodies of DWP outside its accounting boundary:

Office for Nuclear Regulation

Pension Protection Fund

National Employment Savings Trust Corporation

Sir Peter Schofield KCB
Permanent Secretary

15 July 2024

The Certificate of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Department for Work and Pensions (the Department) and of its Departmental Group for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2023. The financial statements comprise: the Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2024 and their net operating costs for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Qualified opinion on regularity

In my opinion, except for the effects of the matters described in the *Basis for qualified opinion on regularity* section of my certificate, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and

- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for qualified opinion on regularity

The Statement of Comprehensive Net Expenditure records benefit expenditure of £268.5 billion in 2023-24. Within note 19 to the accounts, the Department estimates:

- overpayments due to Fraud, Official Error and Claimant Error, excluding State Pension, of £9.5 billion (6.7% of related expenditure); and
- underpayments due to Official Error and Unfulfilled Eligibility, excluding State Pension, of £3.7 billion (2.6% of related expenditure).

Where fraud or error results in the payment of a benefit to an individual who is not entitled to that benefit, or a benefit is paid at a rate that differs from the amount specified in legislation, the transactions do not conform to the relevant authorities. The expenditure is therefore irregular. I consider these levels of overpayments and underpayments to be material to my opinion on the accounts.

For State Pension, the Department estimates:

- overpayments of £0.17 billion (0.1% of related expenditure); and
- underpayments due to Official Error and Unfulfilled Eligibility of £0.49 billion (0.4% of related expenditure).

I consider these levels of overpayments and underpayments to be immaterial to my opinion on the accounts.

I have therefore qualified my opinion on the regularity of benefit expenditure, other than State Pension, because of:

- the estimated level of overpayments attributable to fraud and error where payments have not been made for the purposes intended by Parliament; and
- the estimated level of overpayments and underpayments in such benefit expenditure which do not conform to the relevant authorities.

My report, which follows on pages 287 to 302, provides further detail of my qualified audit opinion on regularity.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Department and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of authorities	
Authorising legislation	Government Resources and Accounts Act 2000
Regulations issued under governing legislation	Primary and secondary social security legislation which specifies the entitlement criteria for each benefit, the method to be used to calculate the amount of benefit to be paid, and other aspects of benefit administration.
Parliamentary authorities	Supply and Appropriations Act
HM Treasury and related authorities	Managing Public Money

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department or its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

These key audit matters are presented in addition to the matters described in the *Basis for qualified opinion on regularity* section. I have determined that there are no other key audit matters to communicate in our certificate.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the mandatory audit risk on the presumed risk of management override of controls where my work has not identified any matters to report.

The key audit matters were discussed with the Departmental Audit and Risk Assurance Committee; their report on matters that they considered to be significant to the financial statements is set out in the governance statement.

In this year's report the following changes to the risks identified have been made compared to my prior year report:

- I have identified a new key audit matter due to the significant risk of material misstatement relating to the completeness and accuracy of disclosures in the Incorrect Payments Note (note 19).
- I have revised the scope of the key audit matter relating to State Pension provisions. I no longer consider the State Pension Underpayment LEAP exercise to represent a significant risk of material misstatement because the exercise is nearing completion, therefore the estimation uncertainty in the provision is now low.

Misstatement of benefit and pension expenditure arising from IT complexity (Department)

Description of risk

The Department reported £268.5 billion of benefit- and pension-related expenditure for the period to 31 March 2024. See note 5 in the financial statements.

The Department is responsible for administering and paying the State Pension and a range of working age, disability and ill health benefits to around 20 million people in accordance with the legislation and regulations for each benefit. Each individual or household provides detailed information to the Department in writing, over the telephone or electronically in support of their pension or benefit application. The Department uses this information to assess and make decisions about claims, and to make payments in accordance with legislation and regulations.

The Department processes benefit and State Pension claims by inputting and storing entitlement data in various benefit systems. To generate payments, the Department has automated the data transfers between these benefit systems, its payment system, and the bank. High volumes of data pass through these custom interfaces each day to ensure individuals and households are paid.

I have identified a significant risk of material misstatement relating to the completeness and accuracy of benefit and pension expenditure due to the high level of complexity within the information system, which increases the likelihood of a material misstatement if these data flows do not operate as intended.

How the scope of my audit responded to the risk	I engaged IT audit specialists to develop my understanding of the Department's systems and data interfaces and to assess the overall complexity of the information system it operates. These specialists have also supported me in assessing the design and implementation of controls established by the Department to reconcile key aspects of the data transfer processes between the three main components of the process: benefits systems, payment system and bank payments made. This assessment has also included the operation of wider IT processes and controls which are directly relevant to key reconciliations. My substantive audit procedures included: • For a sample of transactions recorded in the payments system, agreeing them to assessed benefit and State Pension entitlements recorded in benefit systems and to bank payments. • Undertaking completeness testing of the payment system by agreeing a sample of customer entitlements selected from the benefit systems to payment system records. **Key observations** The results of my testing of the completeness and accuracy of benefit and State Pension expenditure were satisfactory and I did not identify any observations to report.

Measurement of expected credit losses (Department)	
Description of risk *The Department holds £10 billion of benefit-related receivables and has recognised £2 billion of expected credit losses in respect of these as at 31 March 2024. See note 14 in the financial statements.* In administering benefits and pensions, the Department will identify circumstances in which individuals or households have been overpaid, either through fraud or error. Where overpayments are identified, and the Department has a legal right to recover the excess amount paid, the amount owed is recognised as a benefit overpayment receivable. The Department is also responsible for recovering historical overpayments of Tax Credits. These recoverable overpayments were assessed by HM Revenue and Customs (HMRC) as receivables and have been transferred to the Department for collection and are recognised as Tax Credits receivables. In some circumstances, and particularly in Universal Credit, the Department will provide advances of benefit prior to an application for benefit being approved. These advances are recoverable from individuals or households and are recognised as benefit advances receivables. The Department also enters a small number of loan arrangements as part of Social Fund that are recoverable under specific agreements with recipients, and are recognised as Social Fund loan receivables. To value these receivable balances under the requirements of IFRS 9, as adapted for the public sector by the Government Financial Reporting Manual, the Department is required to reduce the gross value of these receivables by estimating expected credit losses. The measurement of expected credit losses requires the Department to make significant judgements in the selection of modelling methods, input data and assumptions, including specific consideration of whether any future economic factors would impact modelled recoveries. For these reasons I have identified a significant risk of material misstatement arising from the measurement of expected credit losses on benefit receivables held by the Department.	
How the scope of my audit responded to the risk	My response to addressing the risk of material misstatement in this area included: • Assessing the design and implementation of controls over the selection of modelling methods, input data and assumptions for the measurement of expected credit losses. • Evaluating and challenging the appropriateness of the methods and techniques selected by the Department to estimate expected credit losses to obtain assurance that these are appropriate and reasonable in the context of the applicable financial reporting framework.

	• Evaluating and challenging the appropriateness of the historical recoveries data used in the model, agreeing key data inputs back to debt system reports and reconciling these reports to our audited populations in year, or to balances reported in prior periods, to provide assurance over the completeness and accuracy of the data used. • Evaluating and challenging the reasonableness and appropriateness of significant assumptions and judgements; including an assessment of any potential management bias. The most significant of these were: – Whether the Department's past recovery performance based on the age of the debt is the best predictor of future credit losses when compared to reasonable alternative approaches. – The strength of any relationships between historic credit losses and economic indicators, where we engaged an auditor's expert to evaluate the modelling and conclusions reached by the Department to inform our judgement. – How the Department had selected proxy recovery rates for newer benefits – such as Universal Credit and Personal Independence Payments, where the Department has limited historical data available for recoveries – and evaluating the impact alternative choices would have made on model outputs. • Examining the calculations in the Department's model, and confirming that all significant assumptions and data were appropriately applied, to confirm the model operated in accordance with the Department's chosen method. • Evaluating and challenging management's assessment of estimation uncertainty, in particular in relation to the future performance of Universal Credit Overpayment, Tax Credit Overpayment and Benefit Advance debts. We independently calculated a range of possible outcomes based on the uncertainties identified during the audit and confirmed the Department's assessment was consistent with this range. • Evaluating and challenging the adequacy of disclosures in respect of significant judgements, sources of estimation uncertainty and the transparency of disclosure around changes in the approach to this accounting estimate this year. **Key observations** The results of my testing of the measurement of expected credit losses on benefit-related receivables were satisfactory and I did not identify any observations to report.

Home Responsibilities Protection (HRP) provision (Department)

Description of risk

The Department has recognised a provision for £1.15 billion at 31 March 2024 for State Pension customers who have been underpaid due to errors in recording Home Responsibilities Protection (HRP). See note 17 in the financial statements.

In administering benefits and pensions, the Department will identify circumstances in which individuals or households have been underpaid. Where the Department identifies a systemic error leading to underpayments of benefit or pension, or entitlements are clarified by legal rulings, it undertakes a programme of investigation and corrective action. As this work progresses, the Department develops information on the volume of individuals or households affected by systemic errors, or new legal judgements, and the expected value of the underpayments. This leads to the recognition of provisions or contingent liabilities in their financial statements under the requirements of IAS 37 *Provisions and Contingent Liabilities.*

One of the most significant of these relates to historic State Pension underpayments caused by gaps in the National Insurance records of women who previously claimed Child Benefit. Between 1978 and 2010, people claiming Child Benefit for a child under 16 or Income Support for caring responsibilities should have automatically received Home Responsibilities Protection (HRP), which reduced the number of qualifying years needed for a full basic State Pension. The Department has identified missing periods of HRP on the National Insurance (NI) records of some women who had received Child Benefit. This led to underpayments of State Pension, which is calculated based on those NI records. Both Child Benefit and NI records are administered by HM Revenue and Customs (HMRC).

In September 2023 HMRC began writing to people they think may be missing HRP inviting them to make a claim. Once a pensioner's National Insurance record is updated with the missing period of HRP, this information is passed to DWP to calculate an updated State Pension and pay any arrears due. DWP reports on progress with this exercise on pages 129-131.

The estimation of this provision requires significant judgement in the selection of appropriate input data and assumptions to determine the population at risk of underpayment in the State Pension caseload and the expected value of arrears for each type of underpayment. As the Department corrects cases, further information becomes available to refine these estimates and earlier assumptions can be replaced with direct evidence and cumulative experience of the caseload. Due to the limited information currently available, there is a high level of estimation uncertainty in the provision.

For these reasons I have identified a significant risk that the HRP provision could be materially misstated through the application of inappropriate input data or assumptions within the model used to calculate the provision, or if disclosures regarding estimation uncertainty are insufficient.

How the scope of my audit responded to the risk	My response to addressing the risk of material misstatement in this area included: • Assessing the design and implementation of controls carried out by the Department over the selection of input data and assumptions for the valuation of the provision; including any quality review or change controls. • Evaluating and challenging the appropriateness of the methods and techniques used to estimate the provision to obtain assurance that these are appropriate and reasonable in the context of the applicable financial reporting framework. • Evaluating and challenging the appropriateness, relevance, and reliability of the data used in the model. This has included re-evaluating the evidence gathered from pilot cases used to support previous estimates to ensure that it remains relevant for current estimates; and considering whether there are any alternative data sources including by evaluating any new data gathered by DWP and HMRC to date. • Evaluating and challenging the reasonableness and appropriateness of significant assumptions; including an assessment of any potential management bias. The most significant of these were: – The number of customers affected and the average arrears value, which are key assumptions derived from pilot data. – The Department's assumptions that it will be able to reach and correct the records of 90% of the people it suspects to have missing HRP ("take-up"), and that the exercise will be completed by 2027-28. • Independently recalculating the value of the provision using management's chosen method, assumptions and data to validate the design, application and integrity of the model. • Evaluating and challenging management's assessment of estimation uncertainty and evaluating the adequacy of disclosures in respect of significant judgements and sources of estimation uncertainty. **Key observations** The results of my testing of the measurement and reporting of the HRP provision were satisfactory. I observed that the Department's take-up assumption is uncertain, as there is little evidence available from prior exercises on which to base the estimate. It has assumed a 90% take-up rate as its central estimate in the provision model but considers a possible range of outcomes ranging from 30% to 90%, meaning the provision valuation could vary from £520 million to £1,220 million. While noting the high level of estimation uncertainty in this assumption, I consider that the Department has made appropriate disclosure of the range of possible outcomes and the impact on the provision valuation.

Financial Assistance Scheme provision (Department)	
Description of risk *At 31 March 2024, the Financial Assistance Scheme provision stood at £3.8 billion (see note 17).* The Department is responsible for the Financial Assistance Scheme (FAS). The scheme protects members of under-funded defined benefit occupational pension schemes that were wound up when their sponsoring employers became insolvent between 1 January 1997 and 5 April 2005. FAS is a closed scheme and it is administered by the Pension Protection Fund (PPF) on behalf of the Department. The provision in the financial statements reflects the Department's best estimate of the present value of future payments to pensioners in the scheme and its value is sensitive to changes in financial and demographic assumptions. The value of the liability and its significance within the Statement of Financial Position means that the uncertainties in forward-looking economic assumptions and the complexity of the actuarial model from which it is derived, have the potential to have a material impact on the financial statements. I have therefore identified a significant risk of material misstatement in the FAS provision.	
How the scope of my audit responded to the risk	My response to addressing the risk of material misstatement in this area included: • Assessing the design and implementation of controls established by the Department and PPF over the accuracy of the cashflow model, completeness and accuracy of input data, and the appropriateness of assumptions used. • Assessing the methods and techniques used to estimate the provision to obtain assurance that these are appropriate and reasonable in the context of the applicable financial reporting framework. • Undertaking substantive testing, including sample testing of the membership data used as an input to the model. • Engaging an actuary as an auditor's expert to support me in examining the model and methodology to calculate the cashflows; evaluating and challenging financial and demographic assumptions; and evaluating the estimation uncertainty caused by legal cases relevant to FAS used to calculate the expected cash flows. • Evaluating the adequacy of disclosures in respect of significant judgements and sources of estimation uncertainty. **Key observations** The results of my testing of the measurement of the Financial Assistance Scheme provision were satisfactory and I did not identify any observations to report.

Completeness and accuracy of the Incorrect Payments Note (Department)

Description of risk

The Department reported overpayments of £9.7 billion (3.7%), and underpayments including unfulfilled eligibility of £4.2 billion (1.6%) for the year to 31 March 2024. See note 19 in the financial statements.

The Department is responsible for paying claimants the right benefit at the right time in line with relevant legislation. Where payments are made outside of the intention of Parliament (as set out in underlying benefit legislation and regulation) due to fraud or error we consider these to be irregular. The Department estimates the level of fraud and error in benefit payments each year and discloses these in the Incorrect Payments Note.

For 2023-24 the Department has introduced a change to its Monetary Value of Fraud and Error (MVFE) statistics to remove underpayments caused by Claimant Error on the grounds that claimants are not legally entitled to a higher benefit payment until they notify DWP of a change in circumstance, or provide evidence to support their entitlement as required in legislation. For 2023-24, these underpayments are now published as a separate statistical series under the title "*Unfulfilled Eligibility in the Benefit System*".

Both sets of statistics are included in the Incorrect Payments Note to provide context to a user of the accounts on the impact of uncorrected fraud and error on transactions and balances relating to benefit expenditure. As a result, any error in this note could have a material impact on a user's understanding of the financial statements as a whole.

In addition, the likelihood of an error occurring in the production of the Incorrect Payments Note was increased because the changes:

- meant a new business process was designed and implemented to draw data from two separate sources and synthesise them into a single disclosure;
- involved creating a new statistical model to produce the Unfulfilled Eligibility estimate; and
- had to be completed in a short timeframe to meet the planned publication deadlines in May.

As a result, I identified a significant risk of material misstatement relating to the production of the Incorrect Payments Note; both the risk of error in the accuracy of quantitative disclosures, and the risk that disclosures may not be complete.

DWP has provided a fuller explanation for the changes to fraud and error statistics on page 122. I comment further on the changes to the way DWP reports on fraud and error in my report on 287-302.

How the scope of my audit responded to the risk	My response to addressing the risk of material misstatement in this area included: • Assessing the design and implementation of controls over the production of the new statistical release and the Incorrect Payments Note including changes to the process to translate both sets of statistics accurately and completely into the Incorrect Payments Note. • Assessing the reasonableness of statistical models used to produce the new statistical series through reviewing the reasonableness of assumptions, data cleansing and extrapolation methodology including a review of changes to the underlying SAS code. • Reviewing the accuracy and completeness of fraud and error disclosures throughout the annual report and financial statements based on the underlying statistics, including the Incorrect Payments Note. **Key observations** The results of my testing of the completeness and accuracy of disclosures of incorrect payments were satisfactory and I did not identify any observations to report.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the Department and its group's financial statements as a whole as follows:

	Departmental Group	Department
Materiality	£2.4 billion	£2.4 billion
Basis for determining materiality	1% of prior year gross expenditure of £240.1 billion	1% of prior year gross expenditure of £240.1 billion

Rationale for the benchmark applied	The overall account materiality is based on gross expenditure because the administration and payment of benefits is the Department's primary purpose under the relevant authorising legislation for which it is held to account by the primary user of the financial statements – Parliament. The Departmental Group is dominated by Departmental expenditure with comparatively little expenditure occurring in Group components.

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality of the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2023-24 audit (2022-23: 75%).

In determining performance materiality, I have considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold

I agreed with the Departmental Audit and Risk Assurance Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £1 million, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also reported to the Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Departmental Audit and Risk Assurance Committee have decreased net expenditure and increased net assets by £747 million.

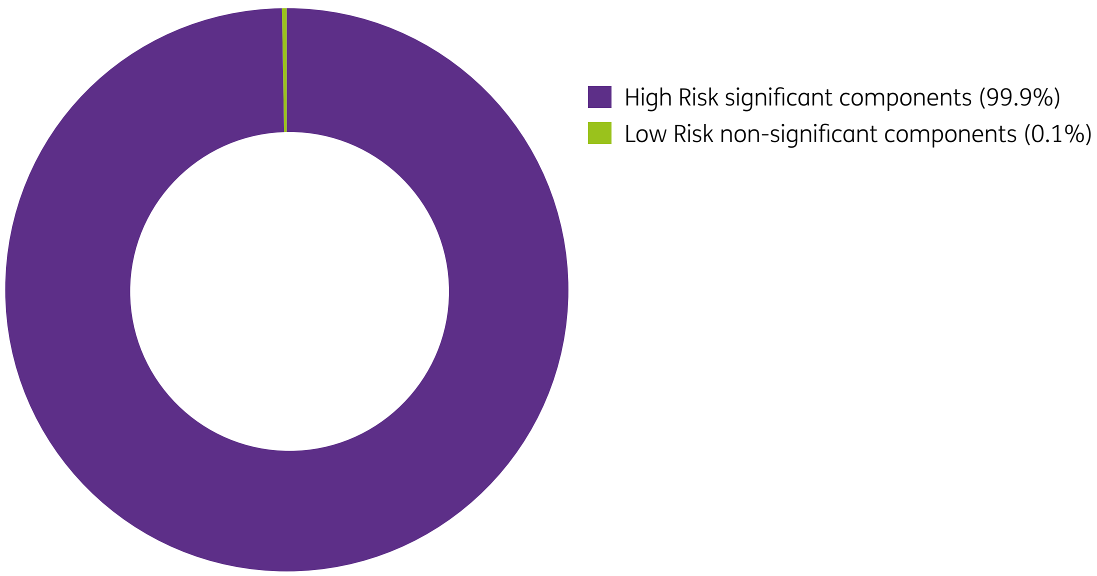
Audit scope

The scope of my Group audit was determined by obtaining an understanding of the Department, its Group, and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. To address the risk of non-compliance with the Department's framework of authorities I undertook audit procedures over the estimated level of fraud and error in benefit expenditure. I also assessed controls over the Statement of Outturn against Parliamentary Supply and reviewed the production of the statement.

The activities of the Department contribute a substantial proportion of the Departmental Group's accounts. For example, my audit of the Department covered 99.9% of the Group as measured by each entity's gross expenditure. I obtained assurance over the remaining 0.1% of the Group as measured by gross expenditure through performing analytical procedures on non-significant components.

This work performed on the Department covered substantially all of the Group's assets and net expenditure, and together with the procedures performed at Group level, gave me the evidence I needed for my opinion on the group financial statements as a whole.

Gross expenditure of significant and non-significant components of the DWP group (as at 31 March 2024)



Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Department and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Department and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department and its Group's accounting policies;
- inquired of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department and its Group's policies and procedures on:
  - Identifying, evaluating and complying with laws and regulations; and
  - Detecting and responding to the risks of fraud.
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department and its Group's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Managing Public Money and relevant benefit and pension legislation.
- inquired of management, internal audit and those charged with governance whether:
  - They were aware of any instances of non-compliance with laws and regulations;
  - They had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team and the relevant internal and external specialists engaged on statistical methodology, actuarial support and coding, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud where this is relevant to their work.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, benefit expenditure and bias in management estimates (including the Department's estimate of fraud and error in benefit expenditure, Home Responsibilities Protection provision, Financial Assistance Scheme provision and expected credit losses on benefit receivables). In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department and Group's framework of authority and other legal and regulatory frameworks in which the Department and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department and its Group. The key laws and regulations I considered in this context included relevant benefit and pension legislation and establishing legislation for the bodies within the Departmental Group, the Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2023, relevant employment law, and pension and tax legislation.

I also considered specific risk assessments in respect of significant risks relating to non-compliance with laws and regulations and fraud, including:

- reviewing the Department's approach to significant estimates presented within the accounts including the Department's estimate of fraud and error in benefit expenditure, Homes Responsibilities Protection provision, the Financial Assistance Scheme provision, expected credit losses on benefit receivables; and
- understanding changes to benefit and State Pension laws and regulations.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Departmental Audit and Risk Assurance Committee and the Department's in-house legal advisors concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments, assessing whether the judgements on estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- I examined the processes for producing the significant estimates presented within the accounts, including the Department's estimate of fraud and error in benefit expenditure, Home Responsibilities Protection provision, the Financial Assistance Scheme provision, and expected credit losses on benefit receivables. This included verifying the data used by management and the appropriateness of the assumptions and judgements made; and
- I reviewed the Department's procedures and controls to administer benefits and State Pension in accordance with laws and regulations.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal and external specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Gareth Davies

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Victoria
London
SW1W 9SP

17 July 2024

Report by the Comptroller and Auditor General

Summary

Fraud and error in benefit expenditure

Introduction

1 The Department for Work & Pensions (DWP) is responsible for developing and delivering the UK's welfare system, paying benefits and State Pension to claimants and pensioners on time, and in full, in accordance with legislation and the related regulations.

2 In 2023-24 DWP spent £269 billion on benefits and State Pension payments to claimants and pensioners.[68] Of this, £124 billion was spent on State Pension, £129 billion was on other benefits paid directly by DWP and £16 billion was for Housing Benefit paid on DWP's behalf by local authorities. Benefit and State Pension expenditure represents 97% of DWP's total operating expenditure of £276 billion. The remaining expenditure relates to DWP's running costs such as staff remuneration.

3 This report sets out:

- the reasons and context for my qualified audit opinion in relation to fraud and error in benefit expenditure;
- the estimated levels and causes of fraud and error in the benefit system and changes to DWP's statistics; and
- DWP's plans to tackle fraud and error and to report transparently on its progress.

Qualification of the Comptroller and Auditor General's audit opinion on the regularity of benefit expenditure

4 I have qualified my opinion on the regularity of DWP's 2023-24 financial statements due to the material level of fraud and error in its benefit expenditure – except for expenditure on State Pension, for which the level of fraud and error is significantly lower. This is the 36th year in which the Department's accounts have been qualified due to material fraud and error.

68 Audited total expenditure on benefits in 2023-24 was £268.5 billion, as reflected in the Statement of Comprehensive Net Expenditure for the core Department. Note 19 to the accounts sets out estimated total expenditure on benefits of £266.2 billion, which represented the latest available forecast for 2023-24 at the time DWP produced the fraud and error estimates.

5 In performing my audit under the Government Resources and Accounts Act 2000, I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied for the purposes intended by Parliament and that the financial transactions recorded in the financial statements conform to the authorities that govern them.

6 Legislation specifies the entitlement criteria for each benefit and the method to be used to calculate the amount of benefit to be paid. DWP relies on claimants providing timely and accurate information, particularly when their circumstances change. The complexity of the benefit system can cause confusion and genuine error both for the claimants providing the information, and for DWP and others responsible for processing it. Benefit payments are also susceptible to both deliberate fraud by individuals and organised crime attacks. Where fraud or error, including unfulfilled eligibility, results in the payment of a benefit to an individual who is not entitled to that benefit, or a benefit is paid at a rate that differs from the amount specified in legislation, the overpayment or underpayment does not conform with Parliament's intention and is irregular.

My consideration of State Pension in my qualification

7 In reaching my regularity opinion, I consider the rates of irregularity due to fraud and error across each benefit. DWP estimates that it overpaid 0.1% (£170 million), and underpaid 0.4% (£470 million), of State Pension payments in 2023-24. I continue to regard the combined value of £640 million of irregular payments as immaterial in the context of the £124 billion of State Pension expenditure in the accounts. As a result, I exclude State Pension expenditure from my qualified opinion on the account.

8 In note 17 of its financial statements, DWP sets out provisions of £1.5 billion relating to underpayments of State Pension due to historical errors. These errors occurred over a period of more than 30 years and as such I do not consider this a material irregularity in expenditure in the current year. However, I recognise that these underpayments of State Pension have had a significant impact on those affected and it remains crucial that DWP improves accuracy in all payments, not just those where I qualify my opinion. I discuss what DWP must do to reduce State Pension errors in paragraphs 24 to 27.

My consideration of Cost of Living Payments in my qualification

9 My qualified opinion on the regularity of benefit expenditure includes Cost of Living Payments. These are a temporary initiative to provide extra payments to people on certain benefits to help them with the cost of living at a time of high inflation. In 2023-24, DWP made Cost of Living Payments of £10.4 billion. It has estimated the level of fraud and error in these payments based on overpayment rates for the qualifying benefits. It estimated Cost of Living Payment overpayments were 5.4% (£550 million), which I consider to be material.

How DWP estimates the levels of fraud and error in benefit expenditure

10 DWP sets out how it measures the levels of fraud and error in benefit expenditure on pages 93-95. The estimates are published annually as National Statistics. DWP estimates fraud and error through direct measurement of five or six benefits each year using a statistical sampling exercise. Where it does not directly measure the rate of fraud and error in a benefit in a given year, DWP rolls forward the rate it used from the previous sampling exercises. For benefits that have never been measured, DWP makes an assumption of the rate, typically using a similar benefit as a proxy. This year DWP has measured fraud and error in Universal Credit, State Pension, Housing Benefit, Personal Independence Payment (PIP), Pension Credit and Disability Living Allowance (DLA). Overall, 83% of benefit expenditure for 2023-24 was subject to sampling.

11 This year DWP has changed the way it reports Claimant Error underpayments, which it previously included in the fraud and error statistics. It has decided to remove these underpayments from the fraud and error statistics and now separately publishes information on these underpayments under the name “Unfulfilled eligibility in the benefit system”. In doing so, DWP has made representations to me that Unfulfilled Eligibility should no longer be treated as fraud and error and should be removed from the scope of my regularity qualification on legal grounds. I have asked DWP to bring forward additional evidence in support of its position that I will evaluate in future audits. For 2023-24, my regularity opinion remains unchanged. I discuss this further in paragraphs 28 to 31.

The estimated level of fraud and error in benefit expenditure

12 DWP sets out its estimates of the overall level of fraud and error in benefit expenditure on pages 117-118 of the performance report and note 19 of the financial statements (summarised in Figure 1). Because the rate of fraud and error in State Pension remains low, I report the level of fraud and error in benefit expenditure across all DWP benefits excluding State Pension. This also helps to show the trend in fraud and error in most benefits more clearly, because it excludes the continuing impact of the increase in State Pension as a share of all benefit payments that can obscure the trends in other benefits.

Figure 1
Estimated levels of benefit overpayments as a percentage of total benefit expenditure, 2018-19 to 2023-24

Overpayments of benefit expenditure excluding State Pension increased slightly in 2023-24 and remain higher than pre-pandemic levels

NOTES

1. All data points are the Department for Work & Pensions' (DWP's) central estimates. DWP publishes its estimates for fraud and error in the benefit system annually as National Statistics. This publication provides full data going back to 2005-06 when DWP first started measuring fraud and error in this way.
2. DWP's 2023-24 estimates restate some figures slightly from what had been published in previous reports. For example, it changed its methodology in 2023-24 to remove Claimant Error underpayments and reclassify these as Unfulfilled Eligibility. DWP restated its results for 2022-23 and the data above show the restated results for 2022-23 with the vertical line signifying the change in the methodology.
3. There have been changes to the benefits measured each year since 2018-19, for example Disability Living Allowance was measured in 2023-24. This benefit was previously measured in 2005-06.
4. Data relate to benefit expenditure in Great Britain, excluding expenditure that has been devolved to the Scottish Government. Benefit expenditure in Northern Ireland is the responsibility of the Northern Ireland Executive.

Source: National Audit Office analysis of the Department for Work & Pensions' fraud and error statistical data

Overpayments

13 Excluding State Pension, DWP estimates that it overpaid a total of 6.7% (£9.5 billion) of benefit expenditure, which has increased from 6.6% (£8.2 billion) in 2022-23 (Figure 1). When it published its 2022-23 Annual Report and Accounts, DWP said it expected fraud and error to return to pre-pandemic levels by 2027-28. It now says that it cannot commit to substantially reducing the level of fraud and error, based on its current plans.

14 DWP categorises benefit overpayments into Fraud, Claimant Error, and Official Error. The estimated 6.7% (£9.5 billion) of expenditure that was overpaid across all benefits (excluding State Pension) comprised the following:[69]

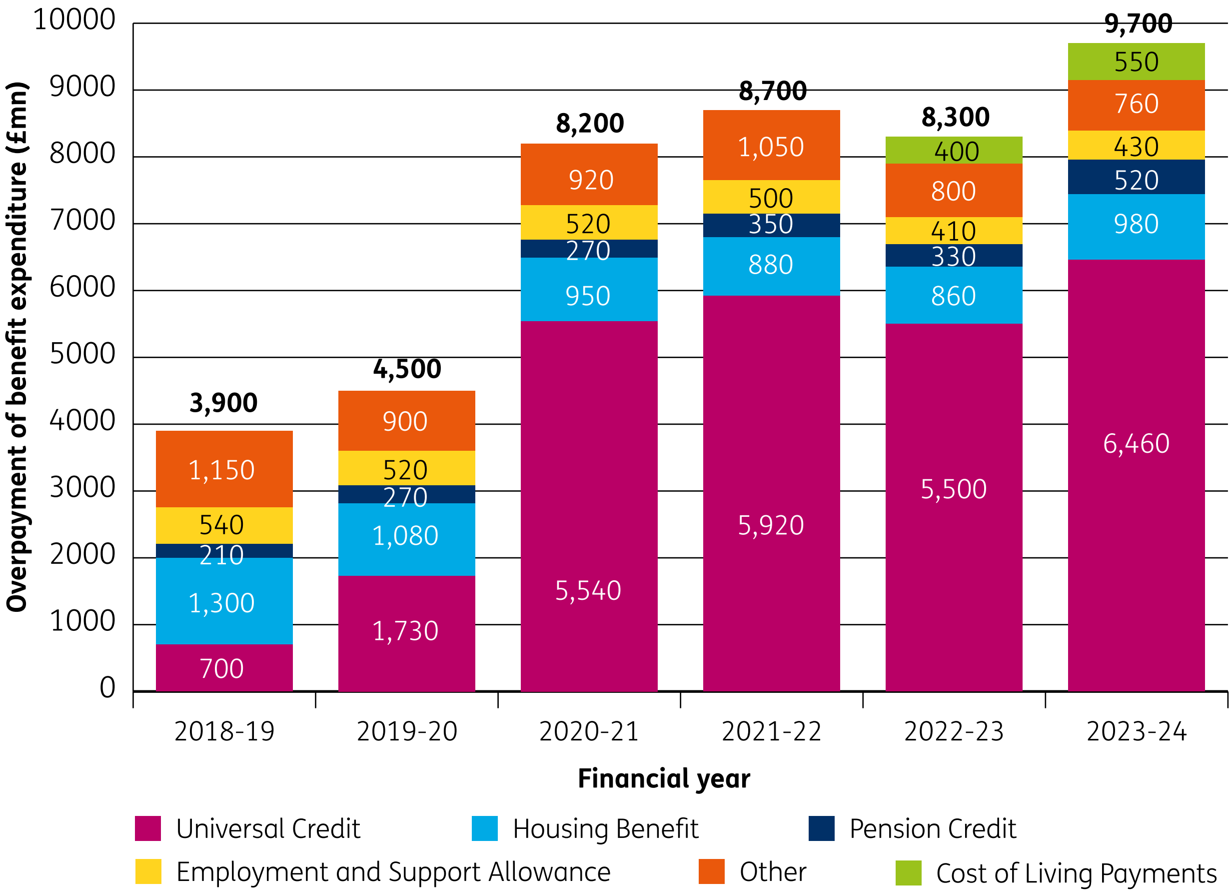
- Fraud accounted for 5.1% (£7.3 billion). Fraud is where DWP considers a claimant should reasonably have been aware they were receiving money that they were not entitled to.
- Claimant Error accounted for 1.1% (£1.5 billion). Claimant Error is where a claimant made mistakes, for example they provided inaccurate or incomplete information, and DWP believes they did not have fraudulent intent.
- Official Error accounted for 0.5% (£780 million). Official Error is where a benefit was paid incorrectly due to action, delay or a mistaken assessment by DWP, a local authority, or HM Revenue & Customs (HMRC).

15 I have previously reported my disagreement with DWP's classification of some types of error as being the responsibility of claimants. Since 2018-19 I have reported that DWP classifies improperly declared income from other benefits as Claimant Error or Fraud, even though it knows what other benefits a claimant is receiving from its internal records. It remains my view that these should be classified as Official Error. Across the benefits it measured in 2023-24 DWP estimated it overpaid £163 million due to a failure to consider income from other benefits. More integrated use of DWP's data could significantly reduce the level of overpayments due to mis-reported benefit income.

69 Figures may not sum due to rounding.

Figure 2
Estimated benefit overpayments due to fraud and error, 2018-19 to 2023-24

Benefit overpayments increased from £8.3 billion in 2022-23 to £9.7 billion in 2023-24, most of this rise is due to Universal Credit



NOTES

1. The 'Other' category contains (in order of largest to smallest overpayment in 2023-24): Carer's Allowance, State Pension, Attendance Allowance, Personal Independence Payment, Disability Living Allowance, Income Support, Jobseeker's Allowance, and a number of unreviewed benefits.
2. Data relate to benefit expenditure in Great Britain, excluding expenditure that has been devolved to the Scottish Government. Benefit expenditure in Northern Ireland is the responsibility of the Northern Ireland Executive.

Source: National Audit Office analysis of the Department for Work & Pensions' fraud and error statistical data

Overpayments of Universal Credit

16 Two-thirds of all overpayments by value relate to Universal Credit (Figure 2). DWP sets out in the fraud and error statistics its categorisation of Universal Credit overpayments, which fell to 12.4% in 2023-24 from 12.7% in the previous year. Most of the fall was due to reductions in the under-declaration of earnings and claimants failing to declare they were living with another person in a joint household. Universal Credit overpayments fell by less than DWP forecast in 2022-23 and I discuss the reasons for this further in paragraphs 38 to 40.

17 There was an increase in the tendency for claimants not to engage with DWP's fraud and error review process leading to their benefit being stopped. Failure to engage is now the second-largest category of overpayment. In these cases, DWP cannot directly evidence whether fraud or error occurred but classifies them as fraud unless it can find evidence suggesting otherwise. As DWP does not know why the claimant did not engage with the review, it cannot implement specific responses to reduce fraud and error in the way that it can with known loss areas such as living together fraud. It also increases the uncertainty in analysing the different causes of overpayments, as some of the decrease seen in other causes of fraud may in fact be a move to this category. DWP does not know why claimants are increasingly choosing not to engage with its review process.

18 Levels of Universal Credit overpayments have not decreased to the levels seen before the COVID-19 pandemic, despite the phased reintroduction of controls suspended during that time to speed up benefit processing. DWP says this is due to an increasing prevalence of fraudulent behaviour across society, which it asserts is offsetting the impact of its counter-fraud interventions. I discuss this assumption further in paragraphs 38 to 40 below.

Overpayments of other benefits

19 Pension Credit had the largest increase in overpayments, rising from 6.8% to 9.7% of expenditure on this benefit. Over half of the overpayments in Pension Credit were caused by under-declaration of capital[70] or customers remaining abroad for longer than permitted. Overpayments due to income from other benefits are the third largest category and have nearly doubled this year.

20 The level of estimated overpayments in Housing Benefit has also increased. This was mainly driven by an increase in the under-declaration of capital, which has overtaken earnings to become the largest cause of Housing Benefit overpayments. This change may be because DWP reviewed pension-age Housing Benefit claimants this year, which were last measured before the pandemic.

Underpayments

21 DWP estimates that claimants received 1.6% (£4.2 billion) less than they were eligible for in 2023-24, up from 1.5% (£3.5 billion) in 2022-23.[71] This comprised the following:

- Official Error accounted for £1.1 billion.
- Unfulfilled Eligibility accounted for £3.1 billion. Unfulfilled Eligibility was referred to as Claimant Error by DWP until 2023-24. It is where a claimant by error, omission or choice fails to provide accurate information or evidence to DWP about their circumstances and as a result does not receive the full amount of benefit they are entitled to. I discuss this change to the statistics further below.

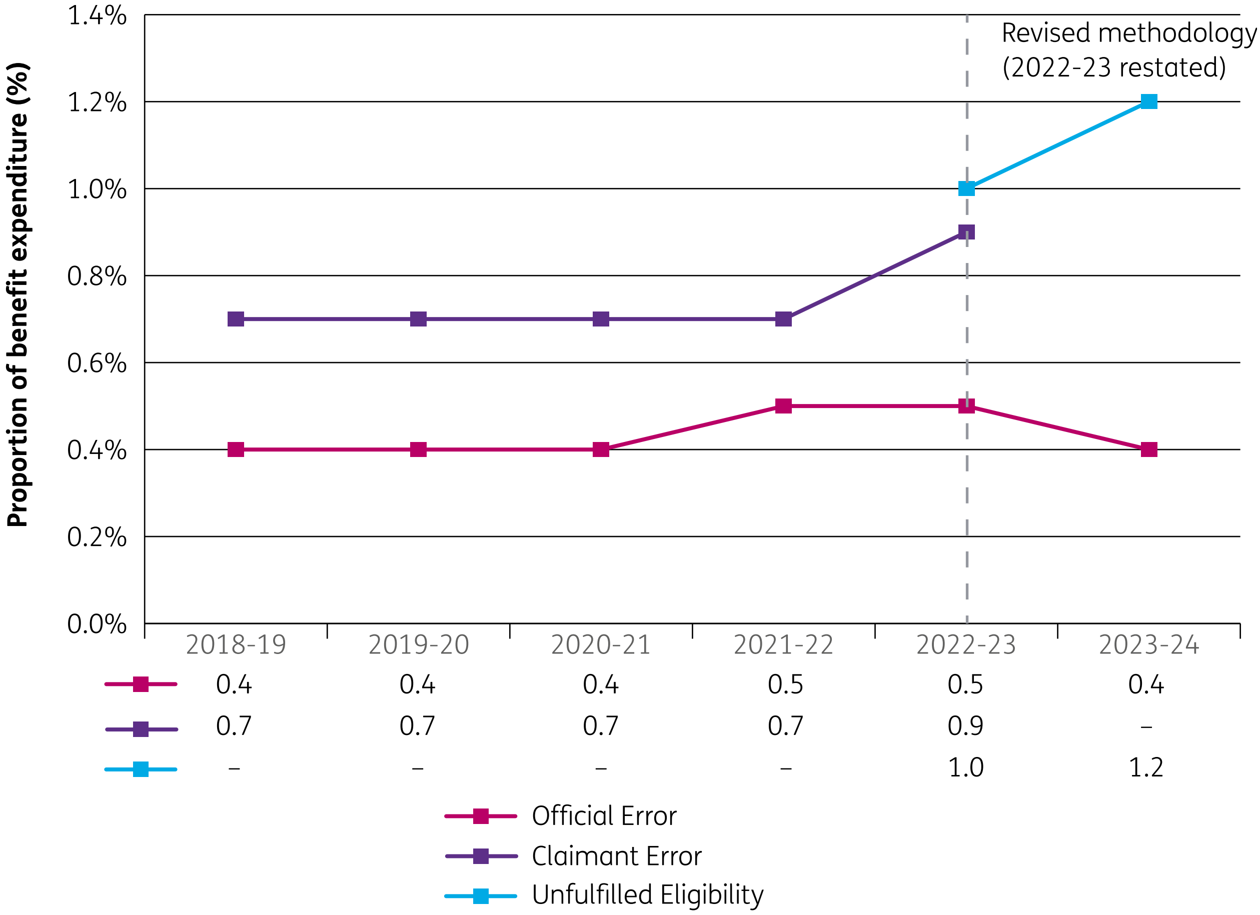
70 For means-tested benefits claimants are allowed a specified level of capital – savings and other assets – above which the amount of benefit they are entitled to is reduced.

71 DWP no longer includes Unfulfilled Eligibility in the fraud and error statistics, consequently cases with both Unfulfilled Eligibility and another error will no longer have these amounts netted off or capped. This introduces the possibility that these figures, when combined, may include a very small amount of double-counting.

Figure 3

Estimated levels of benefit underpayments and Unfulfilled Eligibility as a percentage of total benefit expenditure, 2018-19 to 2023-24

Claimants are increasingly receiving less benefit than their circumstances suggest they are entitled to



NOTES

1. All data points are the Department for Work & Pensions' (DWP's) central estimates. DWP publishes its estimates for fraud and error in the benefit system annually as National Statistics. This publication provides full data going back to 2005-06 when DWP first started measuring fraud and error in this way.
2. DWP's 2023-24 estimates restate some figures slightly from what had been published in previous reports. For example, it changed its methodology in 2023-24 to remove Claimant Error underpayments and reclassify these as Unfulfilled Eligibility. DWP restated its results for 2022-23 and the data above show both the original and restated results for 2022-23 with the vertical line signifying the change in the methodology.
3. There have been changes to the benefits measured each year since 2018-19, for example Disability Living Allowance was measured in 2023-24. This benefit was previously measured in 2005-06.
4. Rates shown are the estimated underpayment of each benefit expressed as a proportion of total expenditure on that benefit.
5. Data relate to benefit expenditure in Great Britain, excluding expenditure that has been devolved to the Scottish Government. Benefit expenditure in Northern Ireland is the responsibility of the Northern Ireland Executive.

Source: National Audit Office analysis of the Department for Work & Pensions' fraud and error statistical data

Underpayments of Disability Living Allowance

22 The increase in underpayments in 2023-24 is primarily due to DLA where DWP's estimate of Unfulfilled Eligibility was 11.1% (£750 million), as shown in Figure 4. This year, DWP has measured fraud and error in DLA for the first time since 2004-05, having in the intervening years rolled forward the 2004-05 Claimant Error underpayment rate of 2.4%. DWP has provided commentary on the reasons for this increase over time on pages 45 to 46 of the performance report.

23 DWP's statistics suggest that over one quarter of DLA claimants are receiving less benefit than they are entitled to. The most common reason was that a claimant's medical condition worsened, but they did not inform DWP. DLA is paid at lower, middle and higher rates; excluding the higher rate claimants (who cannot be underpaid) suggests 30% of the remaining claimants are not receiving their full entitlement. As shown in **Figure 4**, levels of Unfulfilled Eligibility are significantly higher for disability benefits (DLA and PIP) than for working or pension-age benefits.

Underpayments of State Pension

24 I have previously reported on two categories of historical underpayments of State Pension caused by Official Error:

- married pensioners, widows and people who have reached age 80 who were underpaid because their payment did not include an additional entitlement.
- women who did not have periods of Home Responsibilities Protection added to their National Insurance record while they were claiming Child Benefit, which would have reduced the number of qualifying years they needed for a full basic State Pension.

25 DWP has provided an update on progress with the exercises to correct both of these issues on pages 128-131 of its performance report. It also discloses its latest estimate of the cost to rectify these underpayments in Note 17 to the accounts.

26 These underpayments were caused by historic errors which built up over time, resulting in large underpayments for individual pensioners. DWP's quality control mechanisms did not pick up these errors for many years. I therefore recommended last year that DWP develop an 'early warning system' using root cause analysis of individual detected errors to help pick up systemic issues without needing a critical mass of detected errors to direct its efforts. It should also encourage frontline staff to report large or unusual underpayments and consider whether enhanced underpayment reporting capabilities can be incorporated into future IT updates. DWP is currently piloting a new quality model which includes root cause analysis of errors and processes to determine which errors have an impact on payment accuracy. It has not yet made a decision on rolling this out more widely.

27 The underpayments relating to Home Responsibilities Protection affect people (mostly women) who received Child Benefit before 2000 and whose National Insurance record was not updated to reflect periods of HRP they were entitled to. HMRC is responsible for the accuracy of National Insurance records but is dependent on DWP to provide accurate information on benefit entitlement. DWP and HMRC have worked over the past year to review the level of assurance over the integrity of the National

Insurance system, including commissioning the Government Internal Audit Agency to review the governance and data transmission arrangements in both departments.

Changes to how DWP reports Claimant Error underpayments

28 From 2005-06 to 2022-23 DWP included in the fraud and error statistics an estimate of Claimant Error in the benefit system, split between whether the error results in an overpayment or underpayment of benefit. This year DWP has chosen to remove Claimant Error underpayments from the fraud and error statistics. As it explains on page 122 of the performance report and in note 19 to the accounts, it made this change because claimants are not legally entitled to a higher benefit payment until they notify DWP of a change in circumstance, or provide evidence to support their entitlement as required in legislation.

29 Claimant Error underpayments are now published by DWP as a separate statistical series under the title "Unfulfilled Eligibility in the benefit system". DWP told us that Claimant Error overpayments will continue to be reported as fraud and error because it is responsible for identifying and recovering the related debt from claimants.

30 In 2011, we reported on how Claimant Errors – whether overpayments or underpayments – can occur: through complexity in the benefit claims process, claimants not realising they need to report changes in their circumstances and claimants failing to report changes correctly. We also set out how we would expect DWP to develop an understanding of these errors and translate them into changes within the business that could help reduce the occurrence of Claimant Error.[72]

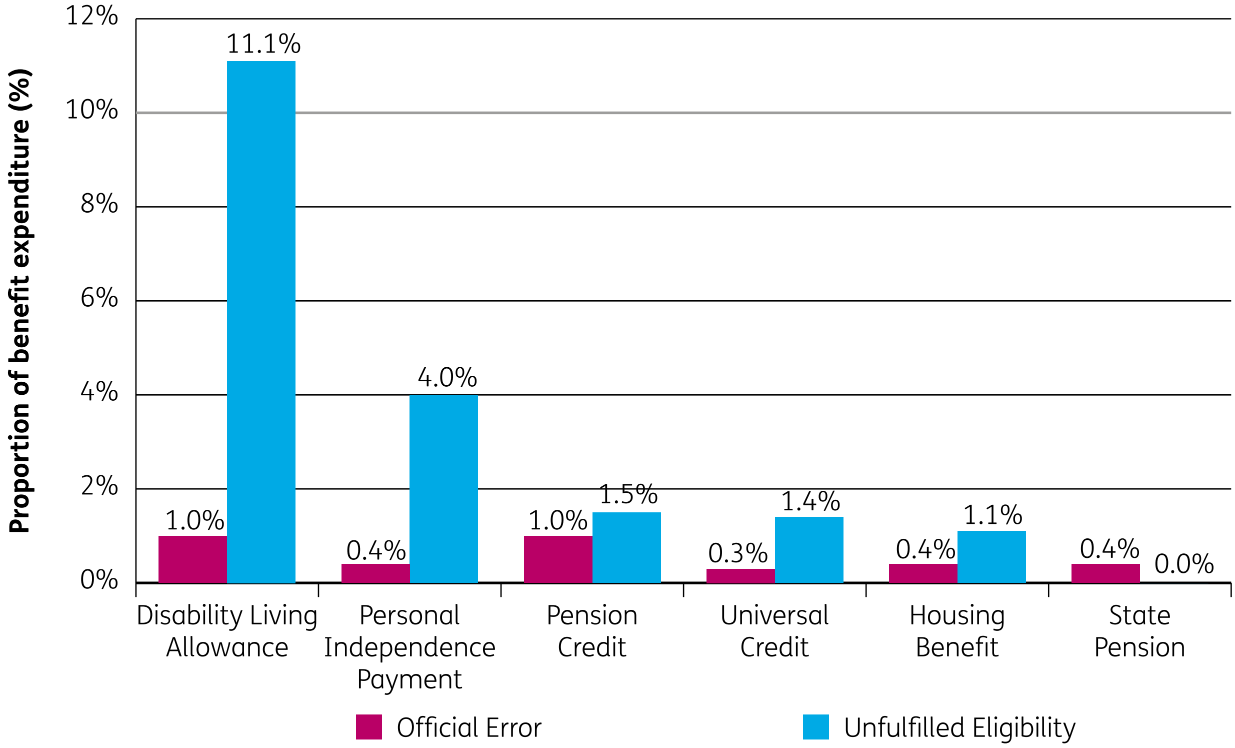
31 Since 2007-08, underpayments from all sources have been included in the qualification of my opinion over the regularity of benefit expenditure, reflecting DWP's responsibility to administer the benefit system effectively to ensure claimants receive the amounts they are entitled to. DWP's choice to reclassify Claimant Error underpayments has been accompanied by specific representations to me asserting that unfulfilled eligibility should no longer be included within the scope of my regularity opinion. I have asked DWP to bring forward additional evidence so that I can evaluate this revised position. I intend to do this as part of my audit of DWP's 2024-25 annual report and accounts. At this time, I do not consider that I have sufficient appropriate evidence to change my opinion. I will continue working with DWP to reach a resolution on these matters.

72 Comptroller and Auditor General, *Reducing losses in the benefits system caused by customers' mistakes*, Session 2010-2011, HC 704, National Audit Office, January 2011. Available at: www.nao.org.uk/reports/reducing-losses-in-the-benefits-system-caused-by-customers-mistakes

Figure 4

Estimated levels of Official Error underpayments and Unfulfilled Eligibility as a percentage of total benefit expenditure, for benefits measured in 2023-24

Disability Living Allowance was reviewed this year for the first time since 2004-05, and shows the highest level of Unfulfilled Eligibility of any benefit measured



NOTES

1. All data points are the Department for Work & Pensions' (DWP's) central estimates. DWP publishes its estimates for fraud and error in the benefit system annually as National Statistics. Unfulfilled Eligibility figures are now published in a separate statistical release.
2. Rates shown are the estimated underpayment of each benefit expressed as a proportion of total expenditure on that benefit.
3. Data relate to benefit expenditure in Great Britain, excluding expenditure that has been devolved to the Scottish Government. Benefit expenditure in Northern Ireland is the responsibility of the Northern Ireland Executive.

Source: National Audit Office analysis of the Department for Work & Pensions' fraud and error statistical data

DWP's plans to reduce fraud and error and report on progress

DWP's current plan to tackle fraud and error

32 DWP set out its current plan to tackle fraud and error in its strategy *Fighting Fraud in the Welfare System* published in May 2022, and published a progress update against the plan in May 2024.[73] Its performance report provides further details on the counter-fraud actions it is undertaking and their current progress. In my report last year, I described two initiatives from this plan in detail: the Targeted Case Reviews programme to verify around 8 million Universal Credit claims, and DWP's proposals to implement machine learning techniques to help it identify fraud.[74]

33 During 2023-24, Targeted Case Reviews delivered savings of £90 million, falling short of DWP's expected savings of £115 million. DWP attributes the shortfall to a decision it made in 2023 to partially outsource Targeted Case Reviews. DWP told us that this led to delays in scaling up the programme but that it expects to see performance move back to the forecast level during 2024. I recommended last year that DWP collect information on the quality of customer service in these reviews. DWP has not done this yet, but told us it plans to do so, saying that to date its priority has been to scale up delivery. As part of this DWP should consider any differences in customer experience where reviews are outsourced.

34 DWP has one machine learning model in operation, for new Universal Credit advance claims, and has several others in development. In December 2023 the Committee of Public Accounts (PAC) recommended that DWP consider the impact of machine learning techniques used to identify fraud on legitimate claims, and whether any specific groups of people were impacted. In the performance report, DWP has set out how it undertook this fairness impact assessment. DWP has not published the results of the fairness analysis to conceal from fraudsters how its model operates, but says that the results do not give any cause for concern when considered alongside the safeguards in place to protect claimants. DWP reports that that there is little difference in payment timeliness between legitimate customers whose advances requests are referred by the model and legitimate customers whose requests are not referred, because referred cases are prioritised for review by agents.

DWP's performance framework for reporting savings

35 In parallel with its counter-fraud plan, DWP has developed a framework to measure the impact of its counter-fraud activities by estimating the savings generated from the fraud and error it prevented. This approach is similar to how HMRC uses an expected compliance yield to measure the effectiveness of its tax compliance and

73 Department for Work & Pensions, *Fighting Fraud in the Welfare System*, May 2022 and Department for Work & Pensions, *Fighting Fraud in the Welfare System: Going Further*, May 2024. Both available at: https://www.gov.uk/government/publications/fighting-fraud-in-the-welfare-system

74 Comptroller and Auditor General, *Report by the Comptroller and Auditor General: Department for Work and Pensions 2022-23*, National Audit Office, July 2023. Published in Department for Work and Pensions, *Annual Report and Accounts 2022-23*, Department for Work and Pensions, HC 1455, July 2023.

enforcement activities. DWP sets out the savings it estimates it has achieved on pages 108-109 of the performance report, where it reports savings of £1.35 billion against a target of £1.3 billion.

36 This estimate represents the additional funding DWP would have needed if it had not undertaken counter-fraud activities and is made up of expected recoveries of debts and prevented future overpayments. Of the £1.35 billion, £540 million was generated by the Enhanced Review Team, a team of experienced counter-fraud officers to which staff can refer suspicious Universal Credit claims for investigation.

37 DWP also estimates additional savings of £17 billion from its frontline administrative processes not specifically designed to tackle fraud, such as functional health assessments to check whether claimants are eligible for disability benefits. The methodology for estimating these wider savings is less robust and DWP therefore has a lower level of confidence in these estimates.

DWP's forecasts for fraud and error

38 DWP has published its fraud and error forecast for overpayments of Universal Credit on page 120 of the performance report. It produces this as part of its forecasts for benefit expenditure, and they are incorporated into the Office for Budgetary Responsibility's fiscal forecasts published alongside the Budget. DWP does not produce forecasts for underpayments.

39 The forecasts shows that DWP no longer expects Universal Credit fraud and error to return to the levels seen before the significant increase during the COVID-19 pandemic, which it says is due to an increasing propensity for fraud in society. DWP has assumed a 5% increase in fraudulent behaviour each year in its forecasting. It told us it cannot directly use its fraud and error statistics to assess whether this is an accurate assumption for the increase in propensity to commit fraud, but in its performance report has performed a variance analysis of the statistics against the forecast, in response to a PAC recommendation (pages 119-122).

40 The PAC has said it is not convinced that the increasing propensity for fraud in society must inevitably lead to increasing losses to the taxpayer.[75] DWP should use these forecasts, alongside the savings measure outlined above, to demonstrate its plans to tackle fraud are sufficiently ambitious to reduce overpayments regardless of the level of fraud entering the system. It should present its efforts in the context of changes in the wider economy, demonstrating where overall fraud and error movements are attributable to the savings achieved as a result of its actions or whether they are influenced by external factors. As DWP's confidence in its ability to accurately forecast fraud and error grows it should look to develop this forecast into a target against which its performance can be assessed, as recommended by the PAC.

75 Committee of Public Accounts, *Progress in Implementing Universal Credit,* Twenty-Ninth Report of Session 2023-24, HC 458, April 2024

Developing DWP's future strategy

41 In my speech to Parliament in January 2024, I set out five areas where I consider there to be significant opportunity for the government to use public money more efficiently, including reducing fraud and error losses.[76]

42 DWP's latest forecasts suggest that the rate of overpayments will not decrease significantly from the current levels, which remain higher than before the COVID-19 pandemic. At the same time, the latest estimates show that Unfulfilled Eligibility has reached a record high. This is particularly the case for disability benefits where DWP's latest estimate suggests that over one quarter of DLA claimants are paid less than their circumstances suggest they are entitled to.

43 DWP's *Fighting Fraud in the Welfare System* plan was developed in response to the surge in fraud experienced during the COVID-19 pandemic. The plan's focus on fraud means that it lacks the full detail of a comprehensive fraud and error strategy. For example, it does not include any actions to reduce levels of Official Error, Claimant Error, or Unfulfilled Eligibility.

44 Historically, DWP's fraud and error strategies have been closely aligned to spending review cycles, where strategic priorities or outcomes are set and funding is provided to progress initiatives. These initiatives are generally divided into prevention, detection and correction activities, and were often linked to expected monetary savings or fraud and error reductions expressed as targets for both overpayments and underpayments. The fraud and error statistics discussed in this report were originally developed as a strategic performance measure linked to a fraud and error reduction strategy as part of Spending Review 2004. The link between Spending Reviews, formal targets and performance has weakened over time and since 2017-18, DWP has had no target for the level of fraud and error it aims to achieve. Both the Committee of Public Accounts (PAC) and the National Audit Office (NAO) have repeatedly recommended that DWP sets such a target.

45 DWP is reviewing its strategic approach to addressing fraud, error and debt with an emphasis on preventing fraud and error. This review needs to build on the principles set out in the NAO's Fraud and Error Audit Framework (the Framework).[77] DWP will need to iterate its approach over time to understand what controls are working to prevent and detect fraud and error, and its future strategy will need to encompass Fraud, Claimant Error, Unfulfilled Eligibility and Official Error – whether these result in overpayments or underpayments.

46 Applying the principles of the NAO's Framework is essential for DWP to demonstrate that it is operating a cost-effective control environment that takes all reasonable actions to secure outcomes in accordance with Parliament's intent. If DWP can show that it is properly assessing the risk, designing and implementing controls

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76 Transcript available at https://www.nao.org.uk/insights/improving-productivity-could-release-tens-of-billions-for-government-priorities

77 Full details of the Fraud and Error Audit Framework can be found in National Audit Office, *Good practice guidance: Fraud and Error*, March 2021. Available at: https://www.nao.org.uk/insights/good-practice-guidance-fraud-and-error

accordingly, measuring the impact of those controls, and reassessing its strategy quickly enough to iterate its approach and react to new risks and opportunities, then it can show that whatever fraud and error remains is the lowest level that it can reasonably be.

47 I made a set of recommendations in 2020 following an in-depth assessment of DWP's approach to fraud and error against the NAO Framework.[78] These recommendations remain relevant and I continue to monitor progress against them. DWP is implementing its current plan and developing its next strategy, therefore I have made no new recommendations this year.

48 In determining whether the level of fraud and error is material to the financial statements, I consider whether DWP has:

- demonstrated that it has a cost-effective control environment to prevent fraud and error through both overpayments and underpayments;
- ensured transparent reporting of fraud and error; and
- engaged Parliament on the fraud and error risk in its expenditure, for instance through fraud and error impact assessments to disclose the nature of the risk as expenditure is authorised.

49 As I and my predecessors have reported before, DWP continues to face a significant challenge in ensuring that all claimants receive the support they are entitled to. By moving towards the establishment of a cost-effective control environment that is not resource constrained, DWP will be able to ultimately demonstrate that it has done all that is reasonable to realise Parliament's intent for an efficient means-tested social security system.

78 The recommendations were published as an annex to Comptroller and Auditor General, *Report by the Comptroller and Auditor General: Department for Work and Pensions 2020-21*, National Audit Office, July 2021. Published in Department for Work and Pensions, *Annual Report and Accounts 2020-21*, Department for Work and Pensions, HC 422, July 2021.

FINANCIAL REPORT

Financial statements

Introduction to the financial statements

These financial statements present the operating costs, financial position and cash flows of the Department for Work and Pensions for the year ended 31 March 2024.

In addition to its functions of paying benefits for welfare and pensions, DWP's accounts include the following areas of spending:

National Insurance Fund (NIF)

HM Revenue and Customs is responsible for the NIF. DWP administers the benefits funded from the NIF (see note 5b) on HM Revenue and Customs' behalf. DWP includes these in its Statement of Comprehensive Net Expenditure (SoCNE) and recover this expenditure, together with the associated cost of administration, from the NIF. Financing from the NIF is included in DWP's Statement of Cash Flows.

Social Fund

DWP is responsible for the Social Fund, which is used to make grants and repayable loans to individuals. It makes regulated payments of Funeral Expenses Payments, Sure Start Maternity Grants, Winter Fuel Payments and Cold Weather Payments plus discretionary payments for Budgeting Loans. Where appropriate, the Department includes these in its SoCNE and any related receivables in the Statement of Financial Position (SoFP).

Child Maintenance Service (CMS)

DWP has responsibility for the management of client funds relating to the statutory child maintenance schemes operated through the Child Maintenance Service (CMS). Ongoing Child Maintenance and Legacy Child Support Agency (CSA) arrears only cases are managed through the CMS launched in 2012, following the closure of the CSA systems in August 2020. Although all managed through the CMS, cases are administered according to the rules of the particular scheme that was in effect when the arrears arose.

The running costs of CMS are charged to the Department however the funds they collect are not departmental assets and are not included in these accounts. CMS acts purely as custodian and the Department is required, by HM Treasury, to publish Client Funds Accounts separately.

European Social Fund (ESF)

The European Social Fund is one of the European Union structural funds designed to strengthen economic and social cohesion. It helps unemployed and socially excluded people find work or become more employable. It can also be used to help prevent people in work from becoming unemployed. DWP records the expenditure and income related to ESF programmes in its SoCNE. The ESF 2014-2020 programme will continue through to closure in 2025-26. It will then be replaced by the UK Shared Prosperity Fund.

Other expenditure

This includes other expenditure that is voted to the Department by Parliament including the costs of running the Department and subsidies paid by grants to local authorities that administer and pay Housing Benefit. Grant in aid and grant payments to DWP's arm's length bodies are recorded as expenditure.

Arm's length bodies

DWP's arm's length bodies are shown on page 167. They are administered separately from the Department and they produce their own Annual Reports and Accounts. Excluding public corporations which fall outside of the Department's accounting boundary, the arm's length bodies are consolidated to inform the group accounts.

Consolidated Statement of Comprehensive Net Expenditure

for the year to 31 March 2024

The notes from page 314 form part of these accounts.

		31 March 2024		31 March 2023	
	Note	**Core Department**	**Departmental group**	**Core Department**	**Departmental group**
		£000	**£000**	**£000**	**£000**
Staff expenditure	3	3,785,503	4,102,766	3,470,620	3,760,373
Purchase of goods and services	4	3,334,668	3,041,602	3,118,078	2,871,327
Benefit and Social Fund expenditure	5	268,516,641	268,516,641	234,824,830	234,824,830
Depreciation and impairment charges	6	676,630	692,597	(926,320)	(910,565)
Provision expense	6	(508,853)	(508,787)	(395,681)	(396,024)
Total operating expenditure		**275,804,589**	**275,844,819**	**240,091,527**	**240,149,941**
Operating income	7	(869,919)	(981,397)	(901,020)	(990,608)
Total operating income		**(869,919)**	**(981,397)**	**(901,020)**	**(990,608)**
Finance income	7	(36,299)	(37,002)	(26,754)	(27,117)
Finance expense	4	15,440	49,077	11,987	30,680
Net expenditure for the year		**274,913,811**	**274,875,497**	**239,175,740**	**239,162,896**
Donated assets	8	(148,451)	(148,451)	(134,177)	(134,177)
Net operating costs for the year		**274,765,360**	**274,727,046**	**239,041,563**	**239,028,719**

Other comprehensive net expenditure

Items that will not be reclassified to net operating expenditure				
Net loss/(gain) on:				
Revaluation of property, plant and equipment	–	(2,240)	–	3,057
Revaluation of intangibles	(56,628)	(56,875)	(24,060)	(24,462)
Revaluation of pension fund	(1,766)	(1,766)	(2,787)	(2,787)
Total comprehensive net expenditure for the year ended 31 March 2024	**274,706,966**	**274,666,165**	**239,014,716**	**239,004,527**

All income and expenditure is derived from continuing operations.

Consolidated Statement of Financial Position

as at 31 March 2024

The notes from page 314 form part of these accounts.

		31 March 2024		31 March 2023	
	Note	Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Non-current assets:					
Property, plant and equipment	9	1,247,714	1,382,388	1,283,011	1,417,086
Intangible assets	10	517,508	558,880	463,753	483,305
Trade receivables, financial and other assets	14	6,757,775	6,760,015	6,387,633	6,389,797
Total non-current assets		**8,522,997**	**8,701,283**	**8,134,397**	**8,290,188**
Current assets:					
Trade receivables, financial and other assets	14	3,867,838	3,929,881	4,135,971	4,188,250
Cash and cash equivalents	13	379,949	382,251	982,565	991,742
Total current assets		**4,247,787**	**4,312,132**	**5,118,536**	**5,179,992**
Total assets		**12,770,784**	**13,013,415**	**13,252,933**	**13,470,180**
Current liabilities:					
Trade payables and other liabilities	15	(10,783,912)	(10,866,000)	(9,879,452)	(9,971,892)
Provisions for liabilities and charges	17	(1,186,618)	(1,186,743)	(1,764,831)	(1,765,527)
Total current liabilities		**(11,970,530)**	**(12,052,743)**	**(11,644,283)**	**(11,737,419)**
Total assets less current liabilities		**800,254**	**960,672**	**1,608,650**	**1,732,761**
Non-current liabilities:					
Provisions for liabilities and charges	17	(5,024,166)	(5,024,712)	(5,682,431)	(5,682,941)
Other payables	15	(956,222)	(1,044,748)	(1,044,754)	(1,137,708)
Pension liability	18	–	(887)	–	(989)
Total non-current liabilities		**(5,980,388)**	**(6,070,347)**	**(6,727,185)**	**(6,821,638)**
Assets less liabilities		**(5,180,134)**	**(5,109,675)**	**(5,118,535)**	**(5,088,877)**
Taxpayers' equity and other reserves:					
General fund		(5,241,356)	(5,210,975)	(5,167,815)	(5,175,748)
Revaluation reserve		61,222	101,300	49,280	86,871
Total equity		**(5,180,134)**	**(5,109,675)**	**(5,118,535)**	**(5,088,877)**

Sir Peter Schofield KCB
Permanent Secretary

15 July 2024

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

		31 March 2024		31 March 2023	
	Note	**Core Department**	**Departmental group**	**Core Department**	**Departmental group**
		£000	**£000**	**£000**	**£000**
Cash flows from operating activities					
Net cost for the year		(274,765,360)	(274,727,046)	(239,041,563)	(239,028,719)
Adjustments for non-cash transactions	6,7	170,422	188,464	(1,307,156)	(1,291,737)
Adjustments for Capital Grant in Kind transfers	8	(148,451)	(148,451)	(134,177)	(134,177)
Decrease/(increase) in trade and other receivables	14	(102,009)	(111,849)	(2,179,643)	(2,182,569)
Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		111,557	109,885	778,418	754,953
Increase/(decrease) in trade and other payables	15	1,423,919	1,409,173	1,059,172	1,091,255
Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(7,453)	(6,705)	873,485	876,688
Utilisation of provisions	17	(777,919)	(778,613)	(750,040)	(750,040)
Net cash outflow from operating activities		**(274,095,294)**	**(274,065,142)**	**(240,701,504)**	**(240,664,346)**
Cash flows from investing activities					
Purchase of property, plant and equipment	9b	(189,722)	(198,559)	(96,792)	(104,783)
Purchase of intangible assets	10a	(109,818)	(130,257)	(108,633)	(123,031)
Proceeds of disposal of property, plant and equipment and intangible assets		–	7	–	175
Loans to other bodies – repayments[79]		1,508	1,508	1,284	1,284
Loans to other bodies		(63,000)	(63,000)	(139,500)	(139,500)

79 SMI loans moved from loans to other bodies to receivables. Loans to other bodies restated in 2022-23 from (163,184) to (139,500). Receivables restated from 771,121 to 754,943.

	Note	31 March 2024		31 March 2023	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Net cash outflow from investing activities		**(361,032)**	**(390,301)**	**(343,641)**	**(365,855)**
Cash flows from financing activities					
From the Consolidated Fund (supply) current year		145,073,905	145,073,905	125,383,096	125,383,096
Net financing from the National Insurance Fund		129,998,803	129,998,803	115,841,347	115,841,347
Advances from the contingencies fund		–	–	2,477,600	2,477,600
Repayments to the contingencies fund		–	–	(2,477,600)	(2,477,600)
Capital element of payments in respect of leases and on-Statement of Financial Position PFI contracts		(239,092)	(246,816)	(261,288)	(268,267)
Net financing		**274,833,616**	**274,825,892**	**240,963,155**	**240,956,176**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**377,290**	**370,449**	**(81,990)**	**(74,025)**
Payments of amounts due to the Consolidated Fund		(371,915)	(371,915)	(36,300)	(36,300)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	13	**5,375**	**(1,466)**	**(118,290)**	**(110,325)**
Cash and cash equivalents at the beginning of the period	13	**(1,211,956)**	**(1,202,889)**	**(1,093,666)**	**(1,092,564)**
Cash and cash equivalents at the end of the period[80]	13	**(1,206,581)**	**(1,204,355)**	**(1,211,956)**	**(1,202,889)**

The notes from page 314 form part of these accounts.

80 Difference between cash and cash equivalents at the end of the period and the cash reported in the SoFP is the overdraft contained within Note 15

Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2024

The notes from page 314 form part of these accounts.

		General Fund		Revaluation Reserve		Total Reserves	
		Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022		**(7,974,970)**	**(7,995,747)**	**37,382**	**77,628**	**(7,937,588)**	**(7,918,119)**
Net parliamentary funding drawn down (current year)		125,383,096	125,383,096	–	–	125,383,096	125,383,096
Repayments to the Consolidated Fund	SOPS 4	(1,659)	(1,659)	–	–	(1,659)	(1,659)
Net parliamentary funding – deemed		661,918	661,918	–	–	661,918	661,918
Funding from National Insurance Fund		115,841,347	115,841,347	–	–	115,841,347	115,841,347
Advances from the contingencies fund		2,477,600	2,477,600	–	–	2,477,600	2,477,600
Repayments to the contingencies fund		(2,477,600)	(2,477,600)	–	–	(2,477,600)	(2,477,600)
Supply payable adjustment	15	(33,427)	(33,427)	–	–	(33,427)	(33,427)
CFERS payable to the Consolidated Fund	SOPS 4	(18,013)	(18,013)	–	–	(18,013)	(18,013)
General fund – other		(1,080)	(1,080)	–	–	(1,080)	(1,080)
Net costs for the year		(239,041,563)	(239,028,719)	–	–	(239,041,563)	(239,028,719)

		General Fund		Revaluation Reserve		Total Reserves	
		Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000	£000	£000
Non-cash adjustments:							
Non-cash charges – Auditor's remuneration	6	1,587	1,587	–	–	1,587	1,587
Actuarial revaluation on pension	18	2,787	2,787	–	–	2,787	2,787
Movements in reserves:							
Recognised in Statement of Comprehensive Net Expenditure		–	–	24,060	21,405	24,060	21,405
Transfers between reserves		12,162	12,162	(12,162)	(12,162)	–	–
Balance at 31 Mar 2023		**(5,167,815)**	**(5,175,748)**	**49,280**	**86,871**	**(5,118,535)**	**(5,088,877)**

		General Fund		Revaluation Reserve		Total Reserves	
		Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023		**(5,167,815)**	**(5,175,748)**	**49,280**	**86,871**	**(5,118,535)**	**(5,088,877)**
Net parliamentary funding drawn down (current year)		145,073,905	145,073,905	–	–	145,073,905	145,073,905
Repayments to the Consolidated Fund	SOPS 4	(351,487)	(351,487)	–	–	(351,487)	(351,487)
Net parliamentary funding – deemed		33,427	33,427	–	–	33,427	33,427
Funding from National Insurance Fund		129,998,803	129,998,803	–	–	129,998,803	129,998,803
Supply payable adjustment	15	(88,583)	(88,583)	–	–	(88,583)	(88,583)
CFERS payable to the Consolidated Fund	SOPS 4	(22,389)	(22,389)	–	–	(22,389)	(22,389)
Net costs for the year		(274,765,360)	(274,727,046)	–	–	(274,765,360)	(274,727,046)
Non-cash adjustments:							
Non-cash charges – Auditor's remuneration	6	1,691	1,691	–	–	1,691	1,691
Actuarial revaluation on pension	18	1,766	1,766	–	–	1,766	1,766
Movements in reserves:							
Recognised in Statement of Comprehensive Net Expenditure		–	–	56,628	59,115	56,628	59,115
Transfers between reserves		44,686	44,686	(44,686)	(44,686)	–	–

		General Fund		Revaluation Reserve		Total Reserves	
		Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024		**(5,241,356)**	**(5,210,975)**	**61,222**	**101,300**	**(5,180,134)**	**(5,109,675)**

The general fund represents the total assets less liabilities of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

Notes to the accounts

1. Statement of accounting policies

Basis of preparation and statement of compliance

These financial statements have been prepared in accordance with the 2023-24 government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector.

Where the FReM allows a choice of accounting policy, DWP has selected the one that it thinks is the most appropriate to its circumstances and which gives a true and fair view. The policies adopted are set out below. They have been applied consistently in dealing with items that are considered material to the accounts.

As well as preparing the primary statements under IFRS, DWP is required under the FReM to prepare the Statement of Outturn against Parliamentary Supply. This statement is shown on page 238 and shows outturn against estimate in terms of net resource requirement and net cash requirement.

These accounts have been prepared on a going concern basis.

1.2 Accounting standards, interpretations and amendments

DWP has adopted adopted all IFRS, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to published standards that were effective at 31 March 2024. The specific interpretations and adaptations included in the FReM have also been taken into account.

IFRS 17 (Insurance Contracts) effective from 1 April 2025

The International Accounting Standards Board (IASB) has issued IFRS 17 (Insurance Contracts), which replaces IFRS 4 (Insurance Contracts). It has been effective since 1 January 2023, following IASB decisions to defer the effective date.

An insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Insurance risk is the risk the entity accepts from the policyholder. This means the entity must accept, from the policyholder, a risk to which the policyholder was already exposed. Any new risk created by a contract for the entity or the policyholder is not insurance risk. On this basis the Department expects there to be no impact as it does not have insurance contracts where it accepts risk to which the policyholder was already exposed.

1.3 Accounting convention

These financial statements have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and some financial assets and liabilities.

These financial statements are prepared in £ sterling, which is DWP's functional currency.

1.4 Basis of consolidation

These statements cover the whole departmental group, meaning the core department, which is supply financed (parliament has given statutory authority to utilise funding), plus all of DWP's arm's length bodies that fall within the departmental boundary (as shown on page 167). All material transactions between entities included in this consolidation have been eliminated.

1.5 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements

In preparing the financial statements, DWP has to make critical judgements, apart from those involving estimations (which are presented separately below), that affect the application of policies and have impacts on the reported amounts of its assets and liabilities, income and expenditure.

Incorrect payments

DWP is responsible for paying claimants the right benefit at the right time. However, administrating over 25 different benefits is a complex business which may introduce a risk of fraud and error leading to some incorrect payments.

Incorrect payment estimates are produced to the standards of the UK Statistics Authority national statistics protocols. Further information on DWP's estimation strategy can be found at GOV.UK (within the latest National Statistics publication, and the accompanying background information and methodology document).

A planned review of the 'Fraud and error in the benefit system' statistics determined that the estimates previously published as Claimant Error underpayments do not fit the legal definition of underpayments. In benefit legislation, claimants are not eligible for increases in their benefit until they accurately report changes in their circumstances to the Department. Due to this, estimates that were previously reported as Claimant Error underpayments have been removed from the 'Fraud and error in the benefit system' publication and are reported separately in a new 'Unfulfilled eligibility in the benefit system' publication. Further details are available in section 2 of the Fraud and Error in the benefit system background information document.

DWP estimates the level of overpayment and underpayments in benefit expenditure each year based on a sample of benefit records, and these are reported in the incorrect payments note (note 19). It is estimated that 96% of £266 billion of benefit payments were made correctly in this reporting year.

It is estimated that there was £3.1 billion of Unfulfilled Eligibility in this reporting year. This equates to 1.2% of £266 billion of benefit payments made in the year.

The overpayment debt and underpayment liabilities, along with the related movements in the SoCNE, implied by these estimates are not recognised in these financial statements because the specific rights of and obligations to individual claimants of potential overpayment and underpayments have not been identified. DWP corrects all individual cases sampled where overpayments or underpayments are identified.

Benefit expenditure

As there are no specific IFRS or FReM regulations regarding benefit expenditure, the Department has determined an appropriate policy to pay benefit claimants under relevant legislation.

The Department's judgement is that expenditure in respect of social benefit payments is recognised at the point at which the claimant is deemed to be eligible to the social benefit or activity that gives rise to a liability (defined as the period of entitlement or in the case of new claims, the date of the first payment being made). Only the expenditure for the period of entitlement that falls within the accounting year should be recognised. Further details are contained in 1.7.

Expected credit loss

As the Department does not assess credit risk, the lifetime expected credit loss approach is adopted for benefit related receivables, further details on this approach is outlined in section 1.11.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Financial Assistance Scheme (FAS)

For the FAS provision (note 17), DWP estimates the net present value of the likely assistance payments, based on an actuarial model of likely caseload provided by the Pension Protection Fund who manage the scheme. Cash flows are discounted to give their present value at 31 March 2024. The rates used take account of the latest economic conditions and are updated annually.

The FAS assets, which are not recognised in the DWP balance sheet, are mostly held as annuities. The income streams from these are generally not affected by any market volatility, although the present value placed on them will depend on the discount rate, which could be impacted. The income streams, and therefore the present value, will also be impacted by the mortality experienced by the members the annuities relate to.

Due to the long-term nature of the liabilities and the assumptions on which the estimate of the provision is based, some uncertainty about the value of the liability remains. All key assumptions requiring some level of judgement are detailed in note 17 along with a sensitivity analysis table to demonstrate the impact on the estimate when key assumptions are adjusted.

Impairment of financial instruments

To calculate the impairment for benefit overpayments, DWP continues to review historic rates of debt recovery and write-off to give basis of future expected credit loss. Benefit overpayment debts are assumed to have an asset life of 20 years from the reporting date. The Department groups debts by benefit and age then forecast recoveries and write-offs in a model which considers historical data. More detail is provided in note 1.11.1.

Benefit provisions and underpayments

Benefit provisions and underpayments arise from ongoing Legal Cases against the Department or are identified as a result of internal procedures such as Legal Entitlements and Administrative Practice (LEAP) exercises. These provisions are estimated using data provided by analysts which is based on sampling and other analytical data. The estimates are reviewed and updated regularly based on the latest data. DWP does not provide for benefit provisions or underpayments that are below a set de minimus limit (see note 1.12).

The Department does not include an estimate within its accounts of general underpayments caused by official error. This is because the amount cannot be reliably measured. Instead, a contingent liability is disclosed in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) (see note 20).

State Pension underpayments

DWP discloses a provision for a liability in relation to two State Pension exercises to correct historic underpayment: State Pension Underpayment (SPU) and Home Responsibilities Protection (HRP). For both exercises the provision is calculated using analytical estimates of the number of people affected and the level of arrears. A description of the methodologies and further detail, including the impact of sensitivity analysis on the key assumptions, is in Note 17.

1.6 Revenue recognition (income)

DWP complies with IFRS 15 (Revenue from Contracts with Customers) for income streams and recognise revenue when earned. For the European Social Fund, where DWP acts as an agent, income is recognised in the accounting periods in which the EU sponsored projects are funded.

1.7 Benefit expenditure

Expenditure in respect of social benefit payments is recognised in the financial statements at the point at which the claimant is deemed to be eligible and the payment is due to the customer.

Payments made are structured into periods of entitlement. Customers are eligible for payment if they meet qualifying criteria throughout the entitlement period.

The majority of payments are made in arrears, by which time the entitlement period will have been fully completed. There are however certain options to receive payment in advance relating to specific circumstances predominately on the initial claim to people of pension age or to terminally ill customers.

The frequency of benefit payments can be seen online at How and when your benefits are paid – GOV.UK (www.gov.uk). Due to the frequency of the majority of payments being fortnightly or longer, it is common that an entitlement period will cross two financial years. In such a situation, accounting adjustments are made to ensure only the amount relating to each financial year is recognised within it. For example, when a payment made in April 2024 where an element of the entitlement period falls in March 2024, DWP has accrued expenditure relating to 2023-24 to ensure it is recognised in the correct financial year.

Universal Credit is assessed and paid in arrears, on a monthly basis and in a single payment. State Pension is usually paid every 4 weeks in arrears. Universal Credit and State Pension equate to circa 81% of all arrears payments made. Other working-age benefits are paid a minimum of fortnightly in arrears and have a common payday.

Benefit advances are classed as financial assets rather than expenditure (see note 1.11.1). As such they are recognised in the SoFP at the time of payment. Repayments of the advance are deducted from future benefit payments. Deductions to repay advances and other receivables do not impact the total benefit expenditure which is recognised from the underlying entitlement.

1.8 Property, plant and equipment

Property, plant and equipment are stated at fair value. However, as permitted by the FReM, DWP has adopted a depreciated historical cost basis as a proxy for fair value where non-property assets have a short useful life or are of relatively low value. This applies to most IT hardware, motor vehicles, plant and machinery and furniture and fittings.

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold. Where appropriate, intangible assets are pooled. Current departmental policy does not allow for pooling of tangible assets. The following thresholds apply:

- Leasehold improvements £100,000
- Other tangible assets £5,000
- Information technology £5,000

All expenditure on repairs and maintenance is charged to the SoCNE during the financial year in which it's incurred.

1.8.1 Land and buildings

DWP measures land and buildings initially at cost, restated to current value using external professional valuations. This is in accordance with IAS 16 (Property, Plant and Equipment), as interpreted by the FReM. Inspections of each property are performed at least every five years. In the intervening years, the valuers use an indexation model developed to be appropriate to the property location to value the land and building asset.

Health and Safety Executive (HSE) Assets like Redgrave Court are valued on an existing-use basis and Buxton laboratory site is an exception that is included at depreciated replacement cost as provided under IAS 16, adapted and interpreted for the public sector to limit the circumstances in which a valuation is prepared under IFRS 13 (Fair Value Measurement).

Spending on major refurbishment and improvement of properties is capitalised and reported as land and buildings or leasehold improvements, depending on its nature. This is appropriate because the expenditure provides a long-term continuing benefit.

Currently DWP do not own any Land and Buildings. However, independent valuations have been performed on Buxton and Redgrave land and buildings (owned by HSE). In each case, the valuations were performed on a fair-value basis by members of the Royal Institution of Chartered Surveyors, in accordance with their Appraisal and Valuation Standards.

The following independent valuations have been performed on land and buildings:

Building	Valuations performed by	Date of last full valuation
HSE Redgrave Court, Bootle	Cushman and Wakefield	31 January 2020
HSE Health and Safety Laboratory, Buxton	Jones Lang LaSalle Ltd	31 January 2020

1.9 Intangible assets

Whether intangible assets are acquired externally or generated internally, DWP measures them initially at cost, with subsequent measurement at fair value. Where an active market exists for the asset, it is carried at a revalued amount based on market value at the end of the reporting period. Where no active market exists, DWP revalues assets using appropriate indices to indicate depreciated replacement cost as an alternative for fair value.

DWP revalues internally developed software and software licences using the most recent Office for National Statistics published indices.

Purchased software licences

DWP capitalises software licences and applications at cost as intangible assets if they are in use for more than one year and cost more than £5,000.

Multi-year software as a service agreement, comprising software licence and service elements paid for on a subscription basis, are reviewed individually to determine the extent of the service provision. Any licencing component in the agreement is assessed against IAS 38 (Intangible Assets) to determine whether it meets the criteria for recognition as an intangible asset and where it does, a threshold of £1 million is applied.

DWP later revalues these using appropriate indices as a proxy for fair value. As DWP owns so many software licences, it accounts for them on a pooled basis.

IP addresses are held as a specific sub-category until the point they satisfy the criteria to be reclassified as assets held for sale. They are held at market value, based on an estimate of the income they would currently return in the emerging IP address market.

Spending on annual software licences is charged to the SoCNE when incurred.

Internally developed software

DWP capitalises internally developed software if it meets the criteria in IAS 38 (Intangible Assets). It classifies development costs as assets under the course of construction until the asset is available for use. At that point, it is transferred to the relevant asset class.

Website development costs

DWP capitalises website development costs in line with the requirements of SIC 32 (Intangible Assets – Web Site Costs).

1.10 Depreciation and amortisation

DWP charges depreciation on property, plant and equipment and calculate amortisation on intangible assets with a finite life using the straight-line method to reflect the consumption of economic benefits. Depreciation and amortisation is charged to either administration or programme costs in accordance with how the associated assets are being used.

Depreciation

No depreciation is charged on freehold land. Estimated useful asset lives are within these ranges:

Freehold buildings	The shorter of 50 years or remaining life as assessed by valuers
Leasehold land and buildings	Period remaining on lease or to next rent review
Health and Safety Executive/Health and Safety Laboratory Private Finance Initiative (PFI) leasehold buildings	60 years designated life
Leasehold improvements	Period remaining on lease (up to 20 years)
Information technology	2 to 15 years
Plant and machinery	5 to 10 years (5 to 20 years for HSE's Science Division)
Furniture and fittings	>1 to 15 years (>1 to 30 years for HSE's Science Division)
Motor vehicles	3 to 10 years

Amortisation

Purchased software licences	The shorter of the licence period or a period from >1 to 15 years as aligned to the useful economic life (UEL) of the application/developed software the licence provides access to
Internally developed software	>1 to 20 years
Websites	5 to 7 years

1.11 Financial Instruments

In line with the government Financial Reporting Manual adaptation of IAS 32 (Financial Instruments: Presentation) and IFRS 9 (Financial Instruments), DWP recognises financial assets and liabilities when it becomes party to the contracts or legislation that give rise to them. For financial assets, this includes benefit overpayments, benefit advances and Tax Credits receivables.

1.11.1 Financial Assets

Financial assets include cash and cash equivalents, trade and other receivables, loans, benefit advances, benefit overpayments and Tax Credits receivables. The Department determines the classification of its financial assets at initial recognition. DWP's policy is not to trade in financial instruments. The Department holds all assets in order to collect cash flows, there is no intention to sell financial assets. The contractual cash flows are solely repayments of principal debt and therefore the debt is measured at amortised cost.

Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit and loss (FVTPL), directly attributable costs. Further details on the recognition and measurement of specific classes of financial assets are included below.

Trade and other receivables, and loans

Trade and other receivables have fixed or determinable payments that are not quoted on an active market and they do not carry interest. The initial recognition of trade and other receivables is usually the original invoiced amount.

Subsequent recognition of the trade and other receivables is at amortised cost using the effective interest method. The appropriate impairment allowance is detailed below.

Benefit overpayments

As part of assessing and paying benefits, people can be paid more than they are legally entitled to under the relevant benefit legislation either due to fraud or error. Where overpayments to individuals are identified, and the Department has a legal right to recover the excess amount paid, the amount owed is recognised as a benefit overpayment receivable.

DWP holds all benefit overpayments to collect the cash flows due. Benefit overpayments are not quoted on any active market and do not carry interest. Cash flows consist of the repayment of principal only. They are therefore measured at amortised cost, less recoveries to date, and subject to impairment for expected credit losses.

The Secretary of State has an obligation to protect public funds and to ensure that, wherever possible, overpayments are recovered. DWP seeks to recover all benefit overpayments where it has the legal basis to do so unless it would cause financial hardship or would not be cost-effective. Where recovery isn't cost-effective, DWP writes off overpayments, with the exception of fraud cases which are exhausted as far as possible. DWP's write-off policy has been agreed with HM Treasury. Debts are normally recovered through deductions of voluntary agreements with debtors or deductions from earnings.

DWP does not recognise certain categories of identified benefit overpayment as receivables, including:

- Those due to official error where there is no statutory right of recovery

- Cases satisfying Secretary of State waiver policies
- Where the claimant has died, and the estate isn't large enough to recover the overpayment

These losses are included in the Losses and Special Payments note on page 258.

In addition to the above, the balance of gross benefit overpayments does not include all of the estimated overpayments reported in note 19, Incorrect Payments, based on the estimates arising from the annual Fraud and Error measurement exercise in this year (or prior years) because a receivable cannot be recognised if:

- The overpayment has not been identified by the Department
- An identified overpayment has not been properly referred for collection
- The referred overpayment has not been processed and communicated to the claimant

These overpayments are excluded from the financial statements because the relevant process – required under benefit legislation to establish the underlying rights for the receivable – is incomplete and an asset cannot be recognised (see note 1.5).

Benefit advances

Benefit advances mainly relate to Universal Credit and are, in effect, an advancement of a claimant's first indicative award. They are intended to provide support for individuals in the period between a benefit claim and the first benefit payment. The cash advance paid is recognised as a benefit advance receivable.

DWP holds all benefit advances to collect the cash flows due. Benefit advances are not quoted on any active market and do not carry interest. Cash flows consist of the repayment of principal only. They are therefore measured at amortised cost, less recoveries to date, and subject to impairment for expected credit losses.

Benefit advances are subject to the same recovery and write-off policies as for benefit overpayments.

Tax Credits

In April 2016, DWP started to take on the receivables associated with HM Revenue and Customs Personal Tax Credits for customers who have made a claim to Universal Credit (UC) and have existing Tax Credits debt or have migrated from Tax Credits to UC. The transfer of receivables is planned to continue over the coming years as more customers move to UC. HM Revenue and Customs have also transferred additional Tax Credit receivables not related to UC claimants to make use of DWP's recovery powers.

In line with the government Financial Reporting Manual adaptation of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) this transfer has been treated as a donated asset capital grant in kind and disclosed as such throughout the Financial Statements. The receivables have been transferred to DWP at the carrying value which was calculated at the point of transfer by HM Revenue and Customs using their impairment rate applied to the gross debt.

DWP holds all Tax Credit receivables to collect the cash flows due. Tax Credit receivables are not quoted on any active market and do not carry interest. Cash flows consist of the repayment of principal only. They are therefore measured at amortised cost, less recoveries to date, and subject to impairment for expected credit losses.

Following the transfer, Tax Credit receivables are subject to the same policies as those set out for benefit overpayments.

Impairment of Financial Assets

Trade and other receivables

All departmental assets are impaired using the IFRS 9 (Financial Instruments) simplified approach, whereby a historical recovery rate is calculated and applied to the debts according to age profile. These have been detailed within Note 14. Within the Trade and other receivables category DWP has debts relating to Support for Mortgage Interest, other government departments, payroll overpayments, recovery of admin penalties and Independent Living Fund.

Benefit related financial assets

Unlike commercial credit arrangements, the assessment and payment of benefits occurs under specific legislation, without reference to credit risk and frequently without agreed contractual cash flows for repayment. Consequently, when these assets are assessed for impairment under IFRS 9 (Financial Instruments), changes in credit risk cannot be used to assess whether lifetime expected credit losses should be recognised and contractual cash flows cannot be used as an indicator of credit risk or default. DWP has therefore chosen to provide for lifetime expected credit losses for the following categories of benefit related financial assets:

- Benefit overpayments
- Benefit advances
- Tax Credit receivables
- Social Fund loans

Receivables are grouped by the benefit they relate to, with impairments calculated on a collective basis for each group. This approach reflects the different demographics and socio-economic backgrounds of claimants to different benefits.

DWP's impairment calculation considers the expected recoveries over the lifetime of the debt and impairs the debt balance. It further discounts using the HM Treasury provided discount rate. The Departments Impairment calculation:

1) Uses historic performance to assess future recoveries
2) Assumes recovery rates are linked to the age of the debt
3) Assumes that debts have a lifespan of 20 years

Further details are explained in Note 14a.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, short term deposits with an initial maturity of three months or less and current balances with banks and similar institutions. For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents are net of outstanding bank overdrafts. DWP includes bank overdrafts in current liabilities in the Statement of Financial Position.

Derecognition of Financial assets

Financial assets are derecognised when the rights to receive future cash flows have expired or are transferred and the risks and rewards of ownership have been substantially transferred.

1.11.2 Financial Liabilities

Financial liabilities are measured at amortised cost. Financial liabilities include trade and other payables and loans. The Department does not currently have financial liabilities measured at fair value through profit or loss and neither does it have complex derivative financial instruments.

Trade and other payables

Trade and other payables excluding accruals, are generally not interest bearing and are stated at their invoice value on initial recognition. Subsequently they are measured at amortised cost.

Accruals

Accruals are generally not interest bearing and are stated at their invoice value on initial recognition. Accrued benefit expenditure relates to benefit payments paid in April 2024 relating to entitlement weeks within 2023-24 and are, therefore, recognised as accrued expenditure in these financial statements. These will fluctuate year-on-year depending on the specific benefit payday that the last working day falls.

Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

1.12 Provisions

DWP recognises provisions in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). They are valued using the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury.

Financial Assistance Scheme (FAS) and other provisions

The de minimis threshold used for Benefit provisions does not apply to FAS and the Department's other provisions (note 17a and 17e) although clearly immaterial items will not be provided for.

Benefit provisions and underpayments

Benefit provisions are in relation to ongoing legal cases against the Department or have been identified as a result of internal procedures such as Legal Entitlements and Administrative Practice (LEAP) exercises. These provisions are estimated using data provided by analysts which is based on sampling and other analytical data. The estimates are reviewed and updated regularly based on the latest data.

DWP applies a de minimis threshold for provisions and contingent liabilities associated with the social security benefits the Department administers.

The threshold of the de minimis is £10 million for individual liabilities and a £90 million de minimis is applied in aggregate. The thresholds will be reviewed annually to ensure they remain appropriate.

Distinct from legal cases, the Department acknowledges that official error by its staff will sometimes result in the underpayment of benefit. At present there is no mechanism by which DWP can calculate the value of historic official error corrected in year, to support an overall quantification of the outstanding liability. The Department therefore discloses a contingent liability, see note 20.

State Pension underpayment provisions

These are specific liabilities relating to underpayment of benefit. As such, DWP adopts the same policy as set out for Benefit provisions. These items however merit separate disclosure in Note 17 (Provisions for liabilities and charges) due to their materiality and likely interest to readers of the accounts.

1.13 Pensions

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover past and present employees. The defined benefit schemes are unfunded and are contributory public service occupational pension schemes made under the Superannuation Act 1972. In accordance with the FReM paragraph 8.2 adaptation of IAS 19, the Department accounts for these as defined contribution schemes and recognised contributions it pays as an expense in the year in which they are incurred. Liability for payment of future benefits is a charge on the civil service pension arrangements.

In respect of the defined contribution schemes, DWP recognises the contributions payable for the year.

Full information about civil service pension arrangements can be found at www.civilservicepensionscheme.org.uk

For information regarding Remploy pension scheme, please see note 18.

1.14 Leases

DWP account for leases under IFRS 16 (Leases) which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

IFRS 16 (Leases) requires recognition of all qualifying leases on the balance sheet.

The result is the recognition of a right to use asset, measured at the present value of future lease payments, with a matching lease liability.

IFRS 16 (Leases) defines a lease as a contract that 'conveys the right to control the use of an identified asset for a period of time in exchange for consideration.' This definition applies both to lessees and lessors.

Therefore, in order to contain a lease, a contract must:

- Depend on the use of an identified asset and
- Provide the customer with the right to control the use of that identified asset

IFRS 16 (Leases) defines the lease term as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both i) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and ii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury. The HM Treasury discount rates were 3.51% for leases entered into prior to 31 December 2023, or 4.72% after 1 January 2024.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Department's estimates of the amount expected to be payable under a residual value guarantee, or if the Department changes its assessment of whether it will exercise a purchase, extension, or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee

The exercise price under a purchase option that the Department is reasonably certain to exercise, lease payments in an optional renewal period if the Department is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Department is reasonably certain not to terminate early.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is zero.

DWP presents right of use assets that do not meet the definition of investment properties per IAS 40 as right of use assets on the SoFP. The lease liabilities are included within Lease liabilities within current and non-current liabilities on the SoFP.

Right of use asset

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant, and equipment assets. The cost measurement model in IFRS 16 (Leases) is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant, and equipment) except for those which meet one of the following:

- A longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and
- The fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property, plant and equipment assets.

DWP include an estimate of known costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligations for such costs are recognised and measured applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Exemptions

- Short term leases (leases where the term is less than 12 months)
- Low value assets (leases where the underlying asset value is less than £5,000)
- Intangible assets
- Extension and termination options reasonably certain to be exercised

- Variable lease payments based on an index or rate

Subleases

At the commencement of a lease where a sub-leasing arrangement is present and DWP is the intermediate lessor, DWP recognises a lease receivable at an amount equal to the net investment in the lease (IFRS 16.67). The net investment in the lease is the sum of the following (discounted using HM Treasury discount rates as default):

- The lease payments receivable by DWP; and
- Any unguaranteed residual value
- Residual value guarantees (a guarantee made to a lessor that the value [or part of the value] of an underlying asset at the end of a lease will be at least a specified amount)
- Advance payments
- Previously included non-lease/service components (where possible DWP have separated lease and service components [maintenance, security etc.] and have only capitalised amounts relating to lease components)

1.15 Contingent liabilities

DWP discloses contingent liabilities in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). They are valued using the best estimate of the expenditure required to settle the obligation where it is possible to do so.

DWP applies the same de minimis threshold for recognition of contingent liabilities associated with the social security benefits the Department administers as a provision, see note 1.12.

For some statutory and non-statutory contingent liabilities, the likelihood of transfer of economic benefits is remote. However, DWP discloses these for parliamentary reporting and accountability purposes in the Remote Contingent Liabilities section within the accountability report on page 264.

1.16 Grant in aid

Grants in aid to DWP's arm's length bodies are treated as expenditure in its SoCNE. In the accounts of the arm's length bodies, these grants are treated as financing, and are credited to their reserves. Grants in aid are accounted for on a cash basis.

2. Statement of operating costs by operating segment

DWP's operating segments are reported to their respective decision-making committees based on the expenditure type.

Statement of Outturn Against Parliamentary Supply (SOPS) and supporting notes reflect the net resource and capital outturn in line with the control totals voted by Parliament. The totals in the operating segments align with the SOPS.

DWP has two types of expenditure – **Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME).**

DEL: spending which is generally within the Department's control and managed in fixed multi-year limits. Some elements may be demand led.

DWP's Investment Committee is the chief decision making body within the Department for DEL expenditure and receives updates on the monthly management accounts. The monthly management accounts are based on the Department's DEL operating segments and detail its spending and any financial issues the Committee needs to be aware of.

This year the Department has disclosed its DEL segments as:

Service Excellence – Retirement Services, Child Maintenance, Customer Experience, Service Transformation and Service Planning and Delivery.

Work and Health Services – this brings together Disability Services, Working Age and Universal Credit Operations in the Department. Incorporates Counter Fraud Compliance and Debt following transfer from Service Excellence.

Corporate functions as follows:

> **Finance Group –** core finance: Strategy; Payment Systems; Planning; Security and Risk Management and Commercial and Contract Management and Partner Delivery. Also, included are health and employment programmes and grants, and the Department's DEL spend for local authorities.
>
> **Digital Group –** IT Contracts and digital services for colleagues and customers.
>
> **Policy Group –** policy functions supporting DWP's Ministers and DWP ET. Policy Group also supports ALB's including Health and Safety Executive, the Money and Pensions Service, the Pension's Regulator and the Pension Protection Fund.
>
> **People and Capability –** core HR functions.
>
> **Corporate Transformation –** corporate function incorporating Estates contract management and Synergy.
>
> **Other corporate functions** (Communications; Central Analysis, Science, Ministers, Governance and Strategy).

Change – investment programmes and projects. In 2023-24 the largest programmes were Universal Credit, Workplace Transformation, Health Transformation and Service Modernisation. Also included were Enhanced Customer Support, Universal Support and Synergy.

Arm's length bodies – the expenditure incurred by the bodies within DWP's accounting boundary on page 167.

	2023-24	2022-23 re-stated[81]	2022-23
	£000	£000	£000
Service Excellence	753,477	1,105,877	1,105,877
Work and Health Services	2,615,449	2,036,563	2,036,563
Corporate:			
Finance Group (excluding CMPD)	139,237	132,350	132,350
Contract Management and Partner Delivery (CMPD)	2,222,701	2,261,786	2,261,786
Digital Group	996,500	924,195	924,195
Policy Group	166,649	232,667	232,667
People and Capability	198,505	158,260	-
People Capability and Place	-	-	1,353,199
Corporate Transformation	1,360,971	1,194,939	-
Other corporate (Communications; Central Analysis, Science, Ministers, Governance and Strategy)	(29,176)	45,977	45,977
Change and Resilience	658,723	598,958	598,958
Arm's Length Bodies	506,001	454,147	454,147
Total resource and capital DEL	**9,589,037**	**9,145,719**	**9,145,719**

AME: spending which is generally less predictable and controllable than spending in DEL. This covers expenditure on benefits for welfare, pensions and Social Fund.

DWP's AME expenditure is managed jointly by the Department for Work and Pensions and HM Treasury and reported to the AME Board which is instrumental in the AME decision making process. Additionally, AME expenditure is subject to review within the monthly departmental management accounts review meeting chaired by the Finance Director General. This forum was used in 2023-24 to review and approve the Department's AME strategy for Supply Estimates and subsequently reviewed AME forecasts versus the funding granted by Parliament.

81 2022-23 figures have been restated to reflect the restructuring of People Capability and Place to People and Capability, and Corporate Transformation.

	2023-24	2022-23
	£000	£000
Total resource and capital AME	**266,080,320**	**230,540,927**
Total resource and capital DEL and AME	**275,669,357**	**239,686,646**

SOPS notes 1.1 and 1.2 provide details of resource and capital.

SOPS 2 on page 246 reconciles SOPS resource to the Statement of Consolidated Net Expenditure.

This note does not include assets and liabilities, as they are not included in the management information that is provided to the Department's boards.

The reconciling difference between the total of reportable segments' net outturn (£275.7 billion, representing total resource and capital DEL and AME) to net expenditure shown in the SoCNE (£274.7 billion) is made up of (i) Total Capital Outturn (£0.8 billion) (ii) Other immaterial reconciling items (£0.2 billion).

3. Staff expenditure

		2023-24		2022-23
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Wages and salaries	2,839,828	3,080,207	2,597,988	2,816,266
Employers' National Insurance	276,423	301,600	247,209	270,755
Superannuation and pension costs	669,252	720,959	625,423	673,352
Total staff costs	**3,785,503**	**4,102,766**	**3,470,620**	**3,760,373**

The full staff and related expenditure disclosure is presented in the remuneration and staff report on page 200.

4. Expenditure

		2023-24		2022-23	
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Purchase of goods and services					
Goods and services		1,028,290	1,134,425	868,113	928,930
Accommodation expenditure		597,083	616,364	626,040	639,201
IT services		535,223	563,808	513,523	540,499
Grant in aid		507,344	–	440,422	–
Other costs		119,716	177,432	93,299	185,727
Non-cash goods and services	6	4,689	6,698	14,845	14,852
Rentals costs		1,797	2,050	4,791	4,812
Agency payments on behalf of EU to third-parties		540,439	540,439	556,958	556,958
Audit fee		–	299	–	261
Non-audit services fee		87	87	87	87
Purchase of goods and services total		**3,334,668**	**3,041,602**	**3,118,078**	**2,871,327**
Finance expense					
PFI service charges[82]		–	27,826	–	12,869
Lease charges		15,440	21,251	11,987	17,811
Total finance expense		**15,440**	**49,077**	**11,987**	**30,680**

During the year the Department paid £87,360 for other audit services not relating to the statutory audit of these accounts. These services were to provide a non-statutory audit opinion to the Department on benefit expenditure recharged to Social Security Scotland in relation to devolved benefits administered by the Department under Agency Agreements. This opinion will be shared with Social Security Scotland.

The audit fee for the Department and its agencies of £1.7 million is shown in non-cash expenditure, see note 6.

82 2023-24 includes £5 million HSE expenditure relating to 2022-23.

5. Benefit and Social Fund expenditure

		2023-24		2022-23	
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Voted expenditure	5a	133,564,101	133,564,101	114,614,086	114,614,086
Non-voted expenditure	5b	129,856,181	129,856,181	115,097,546	115,097,546
Social Fund expenditure[83]		4,705,045	4,705,045	4,728,411	4,728,411
Programme balances written off		391,314	391,314	384,787	384,787
Total		**268,516,641**	**268,516,641**	**234,824,830**	**234,824,830**

83 In total in 2023-24 the Department made £10.4 billion Cost of Living Payments (2022-23: £8.3 billion). Social Fund Expenditure includes £2.6 billion (2022-23: £2.6 billion) relating to Pensioner Cost of Living Payments paid alongside their Winter Fuel Payment.

5a. Voted expenditure

	2023-24		2022-23	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Universal Credit	51,771,738	51,771,738	42,556,701	42,556,701
Personal Independence Payment	21,688,359	21,688,359	17,430,389	17,430,389
Amounts paid to local authorities	16,385,857	16,385,857	16,111,245	16,111,245
Employment and Support Allowance	7,629,516	7,629,516	7,408,425	7,408,425
Disability Living Allowance	6,844,935	6,844,935	5,967,372	5,967,372
Cost of Living Payment[83]	7,790,417	7,790,417	5,665,483	5,665,483
Attendance Allowance	6,653,415	6,653,415	5,630,352	5,630,352
Pension Credit	5,409,928	5,409,928	4,858,644	4,858,644
Carer’s Allowance	3,711,255	3,711,255	3,264,970	3,264,970
Statutory Sick Pay and Statutory Maternity Pay	2,881,000	2,881,000	2,628,923	2,628,923
Income Support	649,030	649,030	698,078	698,078
Industrial Injuries Benefits Scheme	734,977	734,977	694,164	694,164
Jobseeker’s Allowance	149,285	149,285	199,982	199,982
Employment Programmes – Kick Start[84]	(1,197)	(1,197)	222,430	222,430
Employment Programmes – Restart	367,805	367,805	435,053	435,053
Employment Programmes – Other	418,019	418,019	392,698	392,698
Severe Disablement Allowance	56,155	56,155	57,642	57,642
Other expenditure	423,607	423,607	391,535	391,535
Total	**133,564,101**	**133,564,101**	**114,614,086**	**114,614,086**

84 Credit balance due to recoveries of overpayments following scheme end.

5b. Non-voted expenditure (financed by the National Insurance Fund)

		2023-24		2022-23
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
State Pension	123,912,730	123,912,730	109,570,914	109,570,914
Employment and Support Allowance	4,904,163	4,904,163	4,535,219	4,535,219
Bereavement Benefits	330,353	330,353	363,430	363,430
Maternity Allowance	412,038	412,038	389,691	389,691
Christmas Bonus	127,934	127,934	125,836	125,836
Jobseeker's Allowance	168,377	168,377	111,876	111,876
Incapacity Benefit	586	586	580	580
Total	**129,856,181**	**129,856,181**	**115,097,546**	**115,097,546**

6. Non-cash expenditure

		2023-24		2022-23	
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Non-cash purchase of goods and services					
Auditor's remuneration		1,691	1,691	1,587	1,587
Loss on disposal of assets		1,273	1,480	6,955	6,962
Revaluation (gain)/loss		(41)	1,761	(163)	(163)
Movements on pension liability		1,766	1,766	1,747	1,747
ESF Foreign Exchange Loss		-	-	4,719	4,719
		4,689	**6,698**	**14,845**	**14,852**
Depreciation, amortisation and impairment					
Depreciation and amortisation of non-current assets	9 and 10	474,968	490,487	546,617	562,244
Impairment of non-current assets		69,805	69,876	12,027	12,027
Movement in impairment of receivables[85]	14	131,857	132,234	(1,484,964)	(1,484,836)
		676,630	**692,597**	**(926,320)**	**(910,565)**
Provision expense					
Movement in provisions	17	(754,671)	(754,605)	(458,399)	(458,742)
Borrowing costs of provisions	17	245,818	245,818	62,718	62,718
		(508,853)	**(508,787)**	**(395,681)**	**(396,024)**
Total		**172,466**	**190,508**	**(1,307,156)**	**(1,291,737)**

ESF foreign exchange gains relate to the European Social Fund (ESF) 2014-20. The ESF programme has a net unrealised gain in 2023-24 shown in note 7 income.

85 Note 14 includes non-cash expenditure (note 6) and donated assets (note 8) impairment

7. Income

	2023-24		2022-23	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Operating income				
HSE income	–	110,601	–	89,347
Pension levy receipts	110,467	110,467	108,006	108,006
EU income	540,693	540,693	556,118	556,118
Other income	81,266	82,143	65,948	66,189
Mesothelioma recoveries	50,931	50,931	47,607	47,607
Income from other government departments	64,173	64,173	105,328	105,328
CFER income	22,389	22,389	18,013	18,013
Total operating income	**869,919**	**981,397**	**901,020**	**990,608**
Finance income				
Investment income	34,255	34,958	26,754	27,117
Non-cash				
ESF foreign exchange gain	2,044	2,044	–	–
Total financial income	**36,299**	**37,002**	**26,754**	**27,117**
Total income	**906,218**	**1,018,399**	**927,774**	**1,017,725**

EU income relates to the European Social Fund (ESF) 2014-20 programme which funds projects across the UK. The Department's income from the EU is included within other income.

ESF foreign exchange gains relate to the European Social Fund (ESF) 2014-20. The ESF programme has a net unrealised loss in 2022-23 shown in note 6 non-cash expenditure.

Income from other government departments has reduced as Scottish claimant health assessment contracts migrate to Scottish Government.

8. Donated assets

	2023-24		2022-23	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Non-cash				
Gross Tax Credits transfer	(301,714)	(301,714)	(285,971)	(285,971)
Tax Credits transfer impairment	149,315	149,315	151,794	151,794
Total	**(152,399)**	**(152,399)**	**(134,177)**	**(134,177)**
Transfer of Assets	3,948	3,948	–	–
Total	**3,948**	**3,948**	**–**	**–**
Total Capital Grants in Kind	**(148,451)**	**(148,451)**	**(134,177)**	**(134,177)**

In April 2016 the Department started to take on the debt associated with HM Revenue and Customs personal Tax Credits for customers who have made a claim to Universal Credit and have existing Tax Credits debt or have migrated from Tax Credits to Universal Credit. This was planned to continue to transfer over the coming years, as more customers move to Universal Credit.

Whilst DWP regularly agrees Tax Credits debt to transfer with HM Revenue and Customs, the amounts that are disclosed in the respective accounts may not agree due to timing differences. See note 1.11 for more information on Tax Credits receivables.

The transfer of assets relates to leasehold improvement works completed at Caxton House, management of this property has now been taken on by the Government Property Agency (GPA), which is an executive agency of the Cabinet Office.

9. Property, plant and equipment

Consolidated property, plant and equipment

	Land and buildings	Leasehold improvements	Information Technology	Plant and machinery	Furniture and fittings	Motor vehicles	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2023	**1,166,377**	**521,781**	**412,588**	**33,201**	**66,905**	**885**	**155,818**	**2,357,555**
IFRS 16 Adjustments	**1,295**	**–**	**–**	**–**	**–**	**–**	**–**	**1,295**
Additions[86]	278,319	914	21,838	8,573	1,587	43	212,515	**523,789**
Disposals	(36,365)	(210,435)	(185,561)	(8,042)	(2,049)	120	–	**(442,332)**
Modifications	(86,168)	–	(978)	–	–	–	–	**(87,146)**
Impairment	(23,969)	–	–	–	–	–	(22,833)	**(46,802)**
Reclassifications	(77)	62,976	629	27,338	460	–	(93,901)	**(2,575)**
Revaluations	(3,007)	–	–	–	–	–	–	**(3,007)**
At 31 March 2024	**1,296,405**	**375,236**	**248,516**	**61,070**	**66,903**	**1,048**	**251,599**	**2,300,777**
Depreciation								
At 1 April 2023	**219,334**	**324,981**	**340,133**	**22,817**	**32,613**	**591**	**–**	**940,469**
Charged in year	206,804	117,148	52,536	10,805	6,601	74	–	**393,968**
Disposals	(33,757)	(206,388)	(185,381)	(6,982)	(2,004)	120	–	**(434,392)**
Impairment	–	21,718	72	–	–	–	–	**21,790**
Reclassification	(1)	–	–	2	1	(2)	–	**–**
Revaluations	(3,446)	–	–	–	–	–	–	**(3,446)**
At 31 March 2024	**388,934**	**257,459**	**207,360**	**26,642**	**37,211**	**783**	**0**	**918,389**
Carrying amount at 31 March 2023	**947,043**	**196,800**	**72,455**	**10,384**	**34,292**	**294**	**155,818**	**1,417,086**
Carrying amount at 31 March 2024	**907,471**	**117,777**	**41,156**	**34,428**	**29,692**	**265**	**251,599**	**1,382,388**

86 Land and buildings additions value includes upwards modifications of £183m relating to lease end date extensions, rent reviews and capitalised dilapidations provisions

	Land and buildings	Leasehold improvements	Information Technology	Plant and machinery	Furniture and fittings	Motor vehicles	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Asset financing:								
Owned	10,417	117,777	30,078	30,793	28,634	265	251,599	**469,563**
Leased	823,491	–	11,078	3,635	–	–	–	**838,204**
PFI contracts	73,563	–	–	–	1,058	–	–	**74,621**
Carrying amount at 31 March 2024	**907,471**	**117,777**	**41,156**	**34,428**	**29,692**	**265**	**251,599**	**1,382,388**

Of the total:								
Department	798,945	110,610	32,473	29,905	26,056	4	249,721	**1,247,714**
Arm's length bodies	108,526	7,167	8,683	4,523	3,636	261	1,878	**134,674**
Carrying amount at 31 March 2024	**907,471**	**117,777**	**41,156**	**34,428**	**29,692**	**265**	**251,599**	**1,382,388**

	Land and buildings	Leasehold improvements	Information Technology	Plant and machinery	Furniture and fittings	Motor vehicles	Payments on account and assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2022	**151,186**	**502,296**	**445,654**	**27,355**	**66,734**	**1,510**	**87,119**	**1,281,854**
IFRS 16 Adjustments	999,903	–	–	2,373	–	–	–	**1,002,276**
Additions	59,439	7	16,685	2,150	495	–	92,244	**171,020**
Disposals	(33,718)	–	(49,414)	(637)	(324)	(625)	–	**(84,718)**
Impairment	(7,325)	–	(106)	–	–	–	–	**(7,431)**
Reclassifications	20	19,478	(231)	1,960	–	–	(23,545)	**(2,318)**
Revaluations	(3,128)	–	–	–	–	–	–	**(3,128)**
At 31 March 2023	**1,166,377**	**521,781**	**412,588**	**33,201**	**66,905**	**885**	**155,818**	**2,357,555**
Depreciation								
At 1 April 2022	**13,055**	**128,817**	**332,123**	**19,419**	**26,455**	**1,003**	**–**	**520,872**
Charged in year	208,819	196,164	57,243	3,463	6,482	98	–	**472,269**
Disposals	(2,540)	–	(49,233)	(65)	(324)	(510)	–	**(52,672)**
At 31 March 2023	**219,334**	**324,981**	**340,133**	**22,817**	**32,613**	**591**	**–**	**940,469**
Carrying amount at 31 March 2022	**138,131**	**373,479**	**113,531**	**7,936**	**40,279**	**507**	**87,119**	**760,982**
Carrying amount at 31 March 2023	**947,043**	**196,800**	**72,455**	**10,384**	**34,292**	**294**	**155,818**	**1,417,086**
Asset financing:								
Owned	9,257	196,800	64,288	9,046	33,133	294	155,818	**468,636**
Finance leased	862,777	–	8,167	1,338	1,159	–	–	**873,441**
PFI contracts	75,009	–	–	–	–	–	–	**75,009**
Carrying amount at 31 March 2023	**947,043**	**196,800**	**72,455**	**10,384**	**34,292**	**294**	**155,818**	**1,417,086**
Of the total:								
Department	836,974	194,064	63,585	5,888	30,719	6	151,775	**1,283,011**
Arm's length bodies	110,069	2,736	8,870	4,496	3,573	288	4,043	**134,075**
Carrying amount at 31 March 2023	**947,043**	**196,800**	**72,455**	**10,384**	**34,292**	**294**	**155,818**	**1,417,086**

a. Right of use assets

The figures in the table below are included within the consolidated property, plant and equipment note above.

	Land and buildings	Information Technology	Plant and machinery	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2023	**1,071,232**	**8,826**	**2,024**	**1,082,082**
IFRS 16 Adjustments	1,295	–	–	**1,295**
Additions	279,774	15,289	3,596	**298,659**
Disposals	(36,364)	–	(930)	**(37,294)**
Modifications	(86,168)	(978)	–	**(87,146)**
Impairment	(23,969)	–	–	**(23,969)**
At 31 March 2024	**1,205,800**	**23,137**	**4,690**	**1,233,627**
Depreciation				
At 1 April 2023	**215,327**	**982**	**496**	**216,805**
Charged in year	201,804	11,078	916	**213,798**
Disposals	(33,757)	–	(357)	**(34,114)**
At 31 March 2024	**383,374**	**12,060**	**1,055**	**396,489**
Carrying amount at 31 March 2023	**855,905**	**7,844**	**1,528**	**865,277**
Carrying amount at 31 March 2024	**822,426**	**11,077**	**3,635**	**837,138**

b. Cash flow reconciliation

	2023-24	2022-23
	£000	£000
Capital payables and accruals at 1 April	10,255	12,576
Capital additions	523,789	171,020
Less: leased capital additions	(296,372)	(68,558)
Capital payables and accruals at 31 March	(39,113)	(10,255)
Purchases of property, plant and equipment as per Statement of Cash Flows	**198,559**	**104,783**
Of the total:		
Department	189,722	96,792
Arm's length bodies	8,837	7,991
Total	**198,559**	**104,783**

10. Intangible assets

	Websites	Purchased software licences	Internally developed software	Payments on assets under construction	Total
	£000	**£000**	**£000**	**£000**	**£000**
Cost or valuation					
At 1 April 2023	**41,996**	**176,794**	**827,062**	**103,680**	**1,149,532**
Additions	81	44,987	2,837	95,541	**143,446**
Disposals	(41,196)	(87,421)	(128,933)	–	**(257,550)**
Impairments	–	(9)	–	(1,275)	**(1,284)**
Reclassifications	–	1,833	28,806	(57,587)	**(26,948)**
Revaluations	–	1,335	81,124	–	**82,459**
At 31 March 2024	**881**	**137,519**	**810,896**	**140,359**	**1,089,655**
Amortisation					
At 1 April 2023	**41,877**	**136,502**	**487,848**	**–**	**666,227**
Charged in year	74	31,212	65,233	–	**96,519**
Disposals	(41,196)	(87,405)	(128,914)	–	**(257,515)**
Revaluations	–	513	25,031	–	**25,544**
At 31 March 2024	**755**	**80,822**	**449,198**	**–**	**530,775**
Carrying amount at 31 March 2024	**126**	**56,697**	**361,698**	**140,359**	**558,880**
Carrying amount at 31 March 2023	**119**	**40,292**	**339,214**	**103,680**	**483,305**
Of the total:					
Department	–	43,578	355,867	118,063	**517,508**
Arm's length bodies	126	13,119	5,831	22,296	**41,372**
Carrying amount at 31 March 2024	**126**	**56,697**	**361,698**	**140,359**	**558,880**
Cost or valuation					
At 1 April 2022	39,516	162,479	780,047	59,669	**1,041,711**
Additions	89	20,367	2,616	99,364	**122,436**
Disposals	–	(10,182)	(54,735)	(2,263)	**(67,180)**
Impairments	–	–	–	(4,596)	**(4,596)**
Reclassifications	–	227	50,585	(48,494)	**2,318**
Revaluations	2,391	3,903	48,549	–	**54,843**
At 31 March 2023	**41,996**	**176,794**	**827,062**	**103,680**	**1,149,532**

	Websites	Purchased software licences	Internally developed software	Payments on assets under construction	Total
	£000	£000	£000	£000	£000
Amortisation					
At 1 April 2022	39,363	115,733	455,866	–	**610,962**
Charged in year	124	28,346	61,505	–	**89,975**
Disposals	–	(10,182)	(54,675)	–	**(64,857)**
Revaluations	2,390	2,605	25,152	–	**30,147**
At 31 March 2023	**41,877**	**136,502**	**487,848**	**–**	**666,227**
Carrying amount at 31 March 2023	**119**	**40,292**	**339,214**	**103,680**	**483,305**
Carrying amount at 31 March 2022	**153**	**46,746**	**324,181**	**59,669**	**430,749**
Of the total:					
Department	–	39,643	333,315	90,795	**463,753**
Arm's length bodies	119	649	5,899	12,885	**19,552**
Carrying amount at 31 March 2023	**119**	**40,292**	**339,214**	**103,680**	**483,305**

a) Intangible asset cash flow reconciliation

	2023-24	2022-23
	£000	£000
Capital payables and accruals at 1 April	9,686	10,281
Capital additions	143,446	122,436
Capital payables and accruals at 31 March	(22,875)	(9,686)
Purchases of intangible assets as per Statement of Cash Flows	**130,257**	**123,031**
Of the total:		
Department	109,818	108,633
Arm's length bodies	20,439	14,398
Total	**130,257**	**123,031**

11. Commitments under non-PFI leases

Leases

Total future minimum lease payments are given in the table below for each of the following periods:

	31 March 2024		31 March 2023	
	Core Department	Departmental group	Core Department	Departmental group
Obligations under lease for the following period comprise:	**£000**	**£000**	**£000**	**£000**
Buildings				
Not later than one year	209,546	213,446	193,168	199,269
Later than one year and not later than five years	467,394	480,387	582,387	595,241
Later than five years	361,368	375,725	334,371	348,896
	1,038,308	**1,069,558**	**1,109,926**	**1,143,406**
Less interest element	(78,988)	(85,583)	(70,146)	(76,809)
Present value of obligations	**959,320**	**983,975**	**1,039,780**	**1,066,597**
Other				
Not later than one year	6,145	6,145	4,442	4,442
Later than one year and not later than five years	9,460	9,460	6,770	6,770
Later than five years	–	–	–	–
	15,605	**15,605**	**11,212**	**11,212**
Less interest element	(565)	(565)	(72)	(72)
Present value of obligations	**15,040**	**15,040**	**11,140**	**11,140**

12. Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements), for the provision of goods and services. The payments to which the Department are committed are as follows.

	31 March 2024		31 March 2023	
	Core Department	**Departmental group**	**Core Department**	**Departmental group**
	£000	**£000**	**£000**	**£000**
Not later than one year	1,871,093	1,884,942	1,610,990	1,623,047
Later than one year and not later than five years	2,556,449	2,567,661	1,594,143	1,605,644
Later than five years	153,886	162,225	6,366	13,390
Total	**4,581,428**	**4,614,828**	**3,211,499**	**3,242,081**

Total commitments include some volume and/or results driven contracts where actual expenditure may be lower than the estimated commitment.

13. Cash and cash equivalents

	31 March 2024		31 March 2023	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Balances at 1 April	**(1,211,956)**	**(1,202,889)**	**(1,093,666)**	**(1,092,564)**
Net change in cash and cash equivalent balances	5,375	(1,466)	(118,290)	(110,325)
Balances at 31 March	**(1,206,581)**	**(1,204,355)**	**(1,211,956)**	**(1,202,889)**
Represented by:				
Cash and cash equivalents	379,949	382,251	982,565	991,742
Bank overdraft	(1,586,530)	(1,586,606)	(2,194,521)	(2,194,631)
Total	**(1,206,581)**	**(1,204,355)**	**(1,211,956)**	**(1,202,889)**

The following balances were held at:

	31 March 2024		31 March 2023	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Government Banking Services	(1,206,614)	(1,206,698)	(1,211,991)	(1,212,101)
Commercial banks and cash in hand	33	2,343	35	9,212
Total	**(1,206,581)**	**(1,204,355)**	**(1,211,956)**	**(1,202,889)**

The bank overdraft relates to cash-in-transit due to a timing difference between the payment being processed and the date that customers are paid.

14. Trade receivables, financial and other assets

		31 March 2024		31 March 2023	
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Amounts falling due within one year					
Trade receivables		167,749	198,218	276,056	302,694
Benefit overpayments		1,037,252	1,037,252	987,936	987,936
Benefit advances		694,086	694,086	654,291	654,291
Housing Benefit subsidy		369,114	369,114	385,184	385,184
Prepayments and accrued income		880,049	915,168	1,073,829	1,104,761
Social Fund loans		94,297	94,297	120,267	120,267
Tax Credits		337,144	337,144	367,487	367,487
European Social Fund		441,115	441,115	368,456	368,456
Value Added Tax		56,920	63,522	59,832	64,211
CFERS receivable		2,350	2,350	2,867	2,867
Other receivables		21,538	22,157	25,506	26,225
Gross receivables		**4,101,614**	**4,174,423**	**4,321,711**	**4,384,379**
Less: impairment of receivables	14a	(233,776)	(244,542)	(185,740)	(196,129)
Net receivables		**3,867,838**	**3,929,881**	**4,135,971**	**4,188,250**
Amounts falling due after more than one year					
Trade receivables		42,748	42,748	–	–
Benefit overpayments		3,870,948	3,870,948	3,434,171	3,434,171
Benefit advances		963,248	963,248	815,425	815,425
Loans and investments	14b	1,361,641	1,361,641	1,270,073	1,270,073
Social Fund loans		98,805	98,805	124,542	124,542
Tax Credits		2,064,165	2,064,165	2,145,475	2,145,475
Prepayments and accrued income		–	135	–	657
Other receivables		126,324	128,429	135,329	136,836
Gross receivables		**8,527,879**	**8,530,119**	**7,925,015**	**7,927,179**
Less: impairment of receivables	14a	(1,770,104)	(1,770,104)	(1,537,382)	(1,537,382)
Net receivables		**6,757,775**	**6,760,015**	**6,387,633**	**6,389,797**
Total net receivables		**10,625,613**	**10,689,896**	**10,523,604**	**10,578,047**

a) Impairment of receivables

Impairment of receivables <1 year

	31 March 2024		31 March 2023	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Benefit overpayments	(192,986)	(192,986)	(130,365)	(130,365)
Tax Credits	(16,857)	(16,857)	(26,406)	(26,406)
Benefit advances	(5,511)	(5,511)	(4,084)	(4,084)
Social Fund	(5,774)	(5,774)	(8,712)	(8,712)
Other	(12,648)	(23,414)	(16,173)	(26,562)
Total	**(233,776)**	**(244,542)**	**(185,740)**	**(196,129)**

Impairment of receivables >1 year

Benefit overpayments	(988,568)	(988,568)	(870,974)	(870,974)
Tax Credits	(545,593)	(545,593)	(490,023)	(490,023)
Benefit advances	(159,473)	(159,473)	(104,971)	(104,971)
Social Fund	(43,631)	(43,631)	(44,967)	(44,967)
Other	(32,839)	(32,839)	(26,447)	(26,447)
Total	**(1,770,104)**	**(1,770,104)**	**(1,537,382)**	**(1,537,382)**

DWP’s Impairment measurement approach reflects its experience of recovering a developing portfolio of debts. For the most significant benefit related financial instruments (benefit overpayments, benefit advances and Tax Credits) the following table provides a reconciliation of the movements in impairment from March 2023 to March 2024.

	Benefit overpayments (excluding Universal Credit)	Benefit overpayment – Universal Credit	Benefit Advances	Tax Credit	Social Fund Loans	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Impairment at 1 April 2023	**(799,054)**	**(202,285)**	**(109,055)**	**(516,429)**	**(53,679)**	**(1,680,502)**
Movement in impairment due to:						
Impairment of debts recognised in 2023-24	(198,192)	(37,942)	(43,889)	(39,094)	(61,345)	(380,462)
Reduction in level of debts written off	89,455	669	259	3,020	10,493	103,896
Increase in level of debt recoveries and other movements	111,993	16,798	36,527	50,541	61,007	276,866
Change in rate utilised	(31,352)	(69,007)	(31,631)	(58,205)	(11,440)	(201,635)
Change in Discount Rate utilised	(6,546)	(56,091)	(17,195)	(2,283)	5,559	(76,556)
Impairment at 31 March 2024	**(833,696)**	**(347,858)**	**(164,984)**	**(562,450)**	**(49,405)**	**(1,958,393)**

The Department continues to:

Review historic rates of debt recovery and write-off to estimate future Expected Credit Loss

Apply a discount rate provided by HM Treasury to future recoveries

Group debts by benefit and age within the model

Annually consider forward-looking events in determining Expected Credit Loss

The potential impact of wider economic and social factors on future recoveries is assessed by exploring the relationship between recoveries and the following indicators: inflation, interest rates, unemployment rate, and mortality rate. Based on the latest analysis, the Department is satisfied that historic rates provide the most reliable estimate for future impairment.

b) Financial assets

DWP's financial assets of £1.4 billion consist of loans to organisations within its departmental family and Support for Mortgage Interest loans.

National Employment Savings Trust Corporation (NEST)

This loan provides ongoing funding to NEST Corporation for the administration and operation of the NEST pension scheme. The scheme's income and assets under management continue to grow, as scheme membership increases, and will eventually be sufficient to fund NEST Corporation's ongoing costs and repay the loan. DWP loaned a further £63 million to NEST in 2023-24 (2022-23: £138 million), bringing the total loan balance to £1.195 billion (2022-23: £1.132 billion). NEST will begin repayment of the loan from 2024-25 and is expected to be fully repaid by January 2038.

Office for Nuclear Regulation (ONR)

The Department has provided the ONR with a working capital loan and a short-term loan facility to provide them with adequate working capital to discharge their statutory obligations. The amount outstanding is £9.9 million (2022-23: £11.4 million).

Support for Mortgage Interest (SMI)

The value of SMI loans now stands at £156.7 million (2022-23: £126.6 million).

15. Trade payables and other liabilities

		31 March 2024		31 March 2023	
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Amounts falling due within one year					
Taxation and social security		64,262	69,349	55,851	61,308
Superannuation		69,993	74,963	61,665	66,814
Trade payables		182,379	191,346	205,181	224,108
Accruals and deferred income		8,368,404	8,417,885	6,925,181	6,976,720
Capital payables and accruals	9,10	41,867	48,716	12,851	15,181
Bank overdrafts	13	1,586,530	1,586,606	2,194,521	2,194,631
Imputed finance lease element of on-Statement of Financial Position PFI contracts		–	3,832	–	3,685
Lease obligations		197,494	200,851	185,040	189,961
CFERs due to be paid to the Consolidated Fund – Received		8,491	8,491	6,013	6,013
CFERs due to be paid to the Consolidated Fund – Receivable		2,350	2,350	2,867	2,867
Amounts issued from the Consolidated Fund for supply but not spent at year end		88,583	88,583	33,427	33,427
Third-party payments		48,795	48,795	43,202	43,202
European Social Fund		59,626	59,626	61,307	61,307
Other payables		65,138	64,607	92,346	92,668
		10,783,912	**10,866,000**	**9,879,452**	**9,971,892**

		31 March 2024		31 March 2023	
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Amounts falling due after more than one year					
Imputed finance lease element of on-Statement of Financial Position PFI contracts		–	67,226	–	71,058
Lease obligations		777,182	798,482	865,880	887,776
European Social Fund		164,322	164,322	172,269	172,269
Accruals and Deferred Income		1,446	1,446	1,845	1,845
Capital Accruals	9,10	13,272	13,272	4,760	4,760
		956,222	**1,044,748**	**1,044,754**	**1,137,708**
Total payables		**11,740,134**	**11,910,748**	**10,924,206**	**11,109,600**

16. Financial instruments

DWP's financial instruments include loans and receivables.

		31 March 2024		31 March 2023	
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Financial assets					
Loans and investments	14	1,361,641	1,361,641	1,270,073	1,270,073
Benefit advances	14	1,657,334	1,657,334	1,469,716	1,469,716
Other receivables		227,324	258,214	296,568	323,668
Cash and cash equivalents	13	379,949	382,251	982,565	991,742
Housing Benefit subsidy	14	369,114	369,114	385,184	385,184
Benefit overpayments	14	4,908,200	4,908,200	4,422,107	4,422,107
Tax Credits	14	2,401,309	2,401,309	2,512,962	2,512,962
Social Fund loans	14	193,102	193,102	244,809	244,809
European Social Fund	14	441,115	441,115	368,456	368,456
Total		**11,939,088**	**11,972,280**	**11,952,440**	**11,988,717**
Less: impairment of financial instruments		(2,003,880)	(2,014,646)	(1,723,122)	(1,733,511)
		9,935,208	**9,957,634**	**10,229,318**	**10,255,206**
Financial liabilities					
Other payables[87]	15	9,582,044	9,671,998	8,194,133	8,293,747
Bank overdraft	13	1,586,530	1,586,606	2,194,521	2,194,631
European Social Fund	15	223,948	223,948	233,576	233,576
Total		**11,392,522**	**11,482,552**	**10,622,230**	**10,721,954**

Fair value

The carrying value of trade receivables and payables less impairment is assumed to approximate their fair value. The book values of DWP's financial assets and liabilities at 31 March 2024 aren't materially different from their fair values, so are not shown separately.

Exposure to risks

There are no material liquidity, market and credit risks associated with DWP's financial instruments.

87 Accruals and deferred income, capital payables and accruals, trade payables and lease obligations

17. Provisions for liabilities and charges

		31 March 2024		31 March 2023	
	Note	Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Financial Assistance Scheme (FAS) provision	17a	3,830,144	3,830,144	4,349,512	4,349,512
Benefit provisions	17b	755,672	755,672	1,163,536	1,163,536
State Pension	17c	368,621	368,621	835,039	835,039
Home Responsibilities Protection (HRP)	17d	1,152,624	1,152,624	1,043,245	1,043,245
Other provisions	17e	103,723	104,394	55,930	57,136
		6,210,784	**6,211,455**	**7,447,262**	**7,448,468**

Analysis by type

a. FAS provision

	31 March 2024		31 March 2023	
	Core Department	Departmental group	Core Department	Departmental group
FAS provision (a)	£000	£000	£000	£000
Balance at 1 April	4,349,512	4,349,512	6,254,247	6,254,247
Provided in year	100,093	100,093	44,477	44,477
Provisions not required written back	–	–	–	–
Change in discount rate	(520,770)	(520,770)	(1,764,581)	(1,764,581)
Utilised in year	(248,511)	(248,511)	(240,740)	(240,740)
Borrowing costs (unwinding of discount)	149,820	149,820	56,109	56,109
Balance at 31 March	**3,830,144**	**3,830,144**	**4,349,512**	**4,349,512**

The Financial Assistance Scheme (FAS) provides assistance to members of defined benefit occupational pension schemes that were wound up under-funded when their employers became insolvent during the period 1 January 1997 to 5 April 2005.

The FAS provision has been created to fund the liabilities arising from those qualifying schemes once the assets from such schemes have transferred to government. The provision is an estimate of the current liability required to make payments to pensioners under the FAS scheme.

The provision is calculated by using a long-term cash forecast model provided by Pension Protection Fund (PPF) who manage the administration of FAS. The cash flows are then discounted, at rates provided by HM Treasury, to give their present value at the year end.

The long-term cash forecast provided by PPF includes actuarial assumptions such as future rates of price inflation, potential life span and ill health of scheme members as well as adjustments to reflect the impact of legal judgements where they may affect the payments made to pensioners under the scheme. Some members benefits have already been uplifted to reflect the outcome of various legal judgements, and their revised benefits are included in the data. Approximate loadings (expressed as a fixed multiple of the cashflows) are applied for the estimated impact where the actual impact is not yet included in the data or is not yet known (explained in more detail below).

Movement in provision from prior year (2022-23)

Movement from prior year of £0.5 billion (reduction) is due to increased discount rates as issued by HM Treasury, partially offset by higher cashflow projections relating to forecasted increased allowances for the Hampshire Judgement and marginally higher inflation assumptions.

Sensitivities for 2023-24

The FAS provision is long-term and is therefore more sensitive to changes in economic and demographic conditions.

The table below sets out a sensitivity analysis for the most significant assumptions used to estimate the FAS provision. It illustrates the potential impact of changes in assumptions on the value of the provision.

	Original	**Discount rate**	**Mortality rate**	**Pension payments**	**Deferred pension revaluation rate**
	£ million	**£ million**	**£ million**	**£ million**	**£ million**
Assumption		0.5% decrease	10% increase p.a.	0.5% increase p.a.	0.5% increase p.a.
Provision as at 31 March 2024	3,830	4,045	3,731	3,896	3,873
Increase/(decrease) in provision		215	(99)	66	43
Percentage change		5.61%	(2.58%)	1.72%	1.12%

Original – This is the actual FAS provision which has been posted into DWP's accounts and is used as the "baseline" position for the other scenarios.

Discount rate decrease – This scenario assumes that cash flows remain the same and only the discount rates (as advised by HM Treasury) change (decrease of 0.5%). The impact would create an increase in the provision of £215 million (5.61%).

Mortality increase – The assumption in this scenario is that there is a 10% increase to the mortality rates after allowing for projected mortality improvements, rather than applying the 10% increase to the current mortality rate. This has the impact of reducing the amount of cash flows as pensioner numbers reduce – creating a £99 million (2.58%) reduction in the provision.

Pension increase – This scenario assumes that pensions will increase by 0.5% per annum for all future years where the actual rates are not yet known. Where the actual rates are known then these actual rates have been used. This has the impact of increasing the amount of cash flows – generating a £66 million (1.72%) increase in the provision.

Deferred revaluation increase – The assumption in this scenario is that there is a change to the revaluation rate in deferment of people's pensions and this will increase by 0.5% per annum for all future years where the actual rates are not yet known. Where the actual rates are known then these actual rates have been used. This has the impact of increasing the amount of cash flows – causing a £43 million (1.12%) increase in the provision.

There are other assumptions included in the cash flows which are not considered to be significant. These include the age difference between male and female survivors and the original member; the proportion that are married and potential impacts of ill health.

Legal Cases

There have been a number of legal challenges to pension entitlements in recent years. Where relevant to the FAS, these are reflected in the assumptions which underpin the cash flow. This includes allowances for judgements made in the 'Hampshire', 'Hughes' and 'Bauer' cases.

The Hampshire Judgment – In September 2018 the Court of Justice of the European Union (CJEU) ruled in the case of Hampshire v PPF that, in the event of employer insolvency, individual members should receive at least 50% of the value of their accrued old age pension in their former scheme.

The adjustments for the Hampshire judgement in the cashflow projections are made partly through updated membership data, as uplifts have already been applied for some members. In addition, where uplifts are yet to be applied, PPF have calculated approximate Hampshire loadings by looking at the total remaining uplifts to be implemented as a proportion of the total benefits in payment (for in-payment members) or the total deferred benefits at the calculation date (for not-in-payment members). The Hampshire adjustments are higher than last time.

The Hughes Judgement – In June 2020 the Administrative Court ruled in the case of Hughes v PPF that in calculating the minimum 50% value the PPF needs to make sure that over the course of their lifetime each member, and separately each survivor, receives at least 50% on a cumulative basis of the actual value of the benefits that their scheme would have provided.

As part of the further Hughes judgement, it was judged that the PPF compensation cap, in its current form, is age discriminatory and should be removed. As agreed with DWP, PPF assume that the FAS cap remains unchanged but this should be kept under review for future exercises.

The Bauer Judgement – In December 2019 the CJEU ruled in the case of 'Bauer' that a reduction in the amount of occupational old age pension benefits paid to a member on account of his or her employer's insolvency is manifestly disproportionate where, as a result of the reduction, the member is living below the at-risk-of-poverty threshold determined by Eurostat.

The Bauer adjustments are made entirely through loadings and is necessarily approximate as PPF do not have access to all the data needed I to make an accurate adjustment, nor has an agreed implementation approach been decided by DWP and PPF. The methodology for calculating the Bauer impact on PPF members (on which the FAS methodology is based) has not changed since last time and no updated figures have been calculated. Therefore, PPF have used the same Bauer loadings as last time. This allowance may be refined in future as more information and an agreed approach becomes available. Arrears may also be payable in respect of Bauer, which are not included in the projected cashflows.

Hampshire Judgement Further Detail

Hampshire calculations have now been completed for the vast majority of FAS members but not all uplifts had been implemented by 30 November 2023 (the date of the data extract), therefore the loading factors are now based on actual uplifts that will be paid to FAS members after 30 November 2023.

PPF have calculated the Hampshire loadings by looking at the total uplifts yet to be applied as a proportion of the total benefits in payment (for in-payment members) or the total deferred benefits at the calculation date (for not-in-payment members). The resulting loadings are 1.006 for in-payment members and 1.007 for not-in-payment members.

The uplifts are higher than the loadings applied previously (1.001 for in-payment members and 1.003 for not-in-payment members) partly because the actual benefits provided to FAS members by their former pension schemes (for example pension increases) differed to PPF assumptions. The loadings the Department had used were very approximate and largely based on analysis for PPF (rather than FAS) members.

Work on the remaining members is underway, and PPF expect the remaining Hampshire uplifts to be implemented in FY 2024-25 (i.e. by 31 March 2025). Therefore, DWP does not expect there to be any Hampshire loading applied in next year's PPF report.

In addition, arrears are payable to in-payment members who are due an uplift. Around £16 million of arrears had been paid by 31 March 2023 (£11 million by 31 March 2022 and £5 million in FY 2022-23). A further £10 million of arrears was paid in FY 2023-24 and a further £6 million of arrears is expected to be paid in FY 2024-25. These amounts are not included in the PPF cashflow projections.

Bauer Judgement Further Detail

The Bauer allowance is necessarily approximate as PPF do not have access to all the data needed in order to make an accurate adjustment, nor has an agreed implementation approach been decided by DWP and PPF. The methodology for calculating the Bauer impact on PPF members (and hence FAS members) has not changed since last year and no updated figures have been calculated.

In addition, the Bauer judgement only applies to FAS schemes where the employer was insolvent when the scheme started to wind up. PPF made an adjustment to the Bauer loading factors based on the proportion of FAS assistance which relates to members of schemes whose employer was insolvent. This proportion has not changed significantly over the year.

PPF also adjusted the Bauer loading factors to reflect that some FAS members receive external annuities from insurance companies, so while PPF estimate that total FAS assistance will increase by the same multiple as PPF compensation (subject to the other adjustments outlined above), the amount payable by FAS will increase more (as the external annuities will not change).

Therefore PPF have used the same Bauer loadings as last time (1.008 for in-payment members and 1.017 for not-in-payment members).

'Shape' of the additional liabilities for Hampshire and Bauer judgements

For simplicity, PPF have assumed that the loadings for Hampshire and Bauer (for in-payment and not-in-payment members) apply evenly each year. However, this is a simplification in terms of the 'shape' of the individual cashflows. In reality, the impact would be larger in some years than others.

The Department would not expect this limitation to have a material impact on the final liability figures calculated and used, but it may mean the later years cashflow projections are slightly understated, with earlier year projections slightly overstated.

b. Benefit provisions

	31 March 2024		31 March 2023	
	Core Department	Departmental group	Core Department	Departmental group
Benefit provisions (b)	**£000**	**£000**	**£000**	**£000**
Balance at 1 April	1,163,536	1,163,536	952,298	952,298
Provided in year	136,904	136,904	498,933	498,933
Provisions not required written back	(315,621)	(315,621)	(560)	(560)
Utilised in year	(252,338)	(252,338)	(289,114)	(289,114)
Borrowing costs (unwinding of discount)	23,191	23,191	1,979	1,979
Balance at 31 March	**755,672**	**755,672**	**1,163,536**	**1,163,536**

These provisions arise from liabilities relating to benefit payments. These liabilities are in respect of:

Legal cases

In the course of administering a complex benefit system across Great Britain it is inevitable that the Department will face legal challenge, which may result in liabilities. Where future economic outflow is probable, but the final verdict has not been heard, DWP has estimated a provision. In order to avoid prejudicing continuing legal matters, separate disclosure is not provided. In aggregate DWP considers £279 million to be its best estimate.

Legal Entitlement and Administrative Practice (LEAP) Exercises

DWP is continuously learning and improving but from time to time, it becomes aware of situations where customers have not been paid the right amount of money. This could be because of an official error or as a result of a court ruling which widens benefit entitlement. In these circumstances it is necessary to conduct a LEAP exercise to correct customer underpayments. In aggregate DWP considers £301 million to be its best estimate. More information is disclosed on page 362.

ESA SDP Corrective Exercise

Some income-related ESA claimants should receive an additional element called a Severe Disability Premium if they are eligible. A claimant cannot apply for these as they are part of the benefit. To enable payment, claimants are required to provide up-to-date information that the Department requests on their individual circumstances. As a result of a combination of information not being provided, not being held and the Department not effectively assessing entitlement, some customers have missed out on additional premiums alongside their benefit award. The Department is currently working to correct existing errors on live premia cases. Further details of this exercise can be found on page 131. The estimated value of underpayments existing on live claims at 31st March is £175 million.

Benefit provisions are estimated using detailed forecasting data and established methodology.

This section excludes DWP's provision for State Pension underpayments (as mentioned on page 362) which, although a benefit provision, merits separate disclosures in Note 17c and Note 17d due to its materiality and likely interest to readers of the accounts.

c. State Pension Underpayment provision

	31 March 2024		31 March 2023	
	Core Department	**Departmental group**	**Core Department**	**Departmental group**
State Pension Underpayment provision (c)	**£000**	**£000**	**£000**	**£000**
Balance at 1 April	835,039	835,039	1,349,073	1,349,073
Provided in year	26,662	26,662	138,767	138,767
Provisions not required written back	(228,965)	(228,965)	(439,106)	(439,106)
Utilised in year	(270,317)	(270,317)	(218,230)	(218,230)
Borrowing costs (unwinding of discount)	6,202	6,202	4,535	4,535
Balance at 31 March	**368,621**	**368,621**	**835,039**	**835,039**

Background

The Department commenced a formal Legal Entitlements and Administrative Practices (LEAP) exercise in January 2021 to address State Pension cases where people were being underpaid – specifically some people married or in a civil partnership (Category BL), widows (Missed Conversions) and people aged 80 years and over (Category D). Correcting these underpayments remains a key priority for the Department. The CAT D and CAT BL exercises have completed. The estimated outstanding provision is for the Missed Conversion (widows) category only.

Significant progress has been made by the Department over the past year to refine the information and assumptions that the provision is based on. The provision is prepared using:

- Baseline scan information from the Pension Strategy Computer System (PSCS) and the General Matching Service (GMS)
- Sampling of pensioners and reviewing their current entitlement for underpayment
- Actual data from the correction activity

As with any LEAP exercise, the estimate contains significant uncertainty and will continue to be refined as further information becomes available, with the final value of underpayments only being confirmed once the LEAP exercise has been completed.

Methodology and data

The methodological approach for estimating Missed Conversions provisions is similar to last year.

The Department has estimated the value of this provision using the best available data it held by as at the end of March 2024.

The extrapolation of a sample to a whole population is subject to statistical uncertainty, with a confidence interval around the central estimate. The Missed Conversions sample data has been supplemented with actual data from the cases being worked through the ongoing LEAP exercise.

The arrears value is adjusted for the expected timing of clearances, so that the final value accounts for any additional arrears which may accrue up to the point of correction.

Sample

The Department has conducted a sample of 1,500 individuals from the Missed Conversions PSCS scan. It was run between April 2021 and September 2022. The sample informed the estimated provision last year but has been updated for the latest estimate.

Further spouse tracing success

The Department wrote out to approximately 159,000 individuals being reviewed for potential Category BL underpayment. The letters asked for more information about their spouse to enable a review of their award. The response rates for this exercise have been used to estimate the Missed Conversions exercise, where approximately 49,000 letters will be sent out to seek further spouse information.

No liability is included for customers where the Department does not hold sufficient information after attempting to trace the spouse.

PSCS refinement

The Department has also refined the PSCS scan to ensure only individuals needing review are being reviewed.

Value and volume estimate

The Department estimates that approximately 55,000 widows (missed conversions) have been underpaid. This latest estimate is a reduction from 64,000 underpayments reported last year. This fall is due to a combination of factors, most notably:

1) The response rate to the Category BL further spouse tracing exercise which have been used to inform the Missed Conversions estimates.

2) Further work refining the volume of individuals needing a review.

The total undiscounted provision is estimated to be £369 million, a reduction in the provision for Missed Conversions of £136 million from last year. Since last year the Department has paid out £160 million in missed conversion arrears.

Table 1 – Value and volume estimates

	Value of Provision of Unpaid Arrears as at 31 March 2024 £m	Remaining volume of customers affected as at 31 March 2024 000's	Value of Provision of Unpaid Arrears as at 31 March 2023 £m	Remaining volume of customers affected as at 31 March 2023 000's
Missed Conversions	369	33	505	54

In total the Department estimates it underpaid £650 million (arrears only) to 55,000 pensioners for the Missed Conversions category of the SPU LEAP exercise.

When calculating any arrears owed in State Pension, the case is also reviewed to identify where an individual may have been overpaid any other benefit because of now receiving their correct State Pensions entitlement. Arrears values reported are net of any abatement of overpaid benefits.

Uncertainties and sensitivity analysis

The sensitivity analysis is conducted using Monte Carlo analysis. This statistical method allows DWP to simultaneously randomly vary the most uncertain assumptions between a low and high range and measure the total impact. By running 1,000 scenarios the Department can get a range of outputs that shows the range of uncertainty/variation built into the modelling.

The outputs of the Monte Carlo are sensitive to the chosen low and high assumptions.

DWP's central assumptions are based on the best available evidence. Low and high ranges are based on three methods:

- Where sufficient LEAP data exists, using evidence gained whilst clearing actual cases during the LEAP exercise.
- Where sufficient LEAP exercise data does not exist, using statistical data available to the Department that is regularly extracted as part of the Work and Pensions Longitudinal Study.
- Where limited or no evidence is available, internal DWP stakeholders agreed logic-based assumptions have been used.

Only the assumptions with the highest degree of uncertainty are included in the sensitivity analysis.

Table 1: High and low assumptions

Assumptions	Low	Central	High
Traceability of Next of Kin	23%	62%	92%
Traceability of Alive at scan	75%	99%	100%
Mortality	12%	9%	6%
Rate of underpayment	85%	100%	115%
Average arrears	85%	100%	115%
Letter Response rate – GB Alive	4.5%	28%	45%
Letter Response rate – IG Alive	4.5%	30%	45%
Letter Response rate – GB Dead	4.5%	23%	45%
Letter Response rate – IG Dead	4.5%	16%	45%

A higher mortality rate leads to a lower expenditure forecast as an individual with an increased ongoing State Pension award will cease at death.

The assumptions that have the greatest impact on the forecast are the rate of underpayment and average arrears.

Results

The 1,000 simulations produced by the Monte Carlo allows the Department to summarise the uncertainty in the forecast.

Table 2: Sensitivity analysis results – total arrears

Sensitivity Analysis	Low	Central	High	Min	Max
MC	£537m	**£650m**	£741m	£413m	£894m

The low and high estimates show the range within which the Department can be 95% confident the final value will fall between.

The min and max estimates are if all the assumptions are equal to their minimum and maximum value at the same time, respectively.

d. Home Responsibilities Protection provision

	31 March 2024		31 March 2023	
	Core Department	Departmental group	Core Department	Departmental group
Home Responsibilities Protection (d)	**£000**	**£000**	**£000**	**£000**
Balance at 1 April	1,043,245	1,043,245	–	–
Provided in year	45,145	45,145	1,043,245	1,043,245
Provisions not required written back	–	–	–	–
Utilised in year	(2,195)	(2,195)	–	–
Borrowing costs (unwinding of discount)	66,429	66,429	–	–
Balance at 31 March	**1,152,624**	**1,152,624**	**1,043,245**	**1,043,245**

Missing Home Responsibilities Protection (HRP) Provision

Home Responsibilities Protection (HRP) was **available between 1978 and 2010** for people in receipt of Child Benefit and those caring for sick and disabled people.

The value of the provision reflects DWP's current estimate of the amount that will be paid out to correct State Pension underpayments due to missing Home Responsibilities Protection (HRP). The HRP underpayment exercise is complex, requiring first HM Revenue and Customs to correct the National Insurance records and then DWP to correct State Pension entitlement. As with any corrective activity, this estimate is subject to significant uncertainty which will continue to be refined as further information becomes available, with the final value of underpayments only being confirmed once the exercise has been completed.

The final value of the missing HRP provision could range from **£520 million** to **£1,220 million.** This range is driven by uncertainty surrounding the value of underpayments and the volume of cases that will be corrected.

Value and Volume estimate

DWP's current central estimate of underpayments is £1,153 million, with around 194,000 cases who may have an underpayment of State Pension and for whom the Department expects to correct. This increase in the Department's estimate from 187,000 last year is due to additional affected people reaching State Pension age during 2023-24, before the exercise commenced. Table 1 below shows the split of the overall provision relating to each group and the Department's estimate of the number of individuals at 31 March 2024 who may still be affected and which may result in an arrears underpayment being identified.

Table 1 – Volume and arrears value estimates for each underpayment group

		31 March 2024
	Number of State Pension customers affected 000's	**Value of provision of unpaid arrears £m**
Alive	151	1,026
Deceased	43	127
Total	194	1,153

Totals are expressed to the nearest 1,000 customers or £1m.

When calculating arrears owed in State Pension, the case is reviewed to identify where an individual may have been overpaid any other departmental benefit. Arrears values reported are therefore net of overpaid Pension Credit or any other income related benefit, such as Carer's Allowance, or Severe Disablement Allowance.

Methodology and Data

The HRP exercise started at the end of 2023, and DWP has used the small amount of Management Information to inform this year's estimates where appropriate. To estimate the provision, different groups potentially affected by missing HRP were identified, and the impact for each group separately assessed. DWP is currently aware of just two remaining groups[88] to be costed but it expects the cumulative impacts to be small.

Live Cases

To estimate the liability, DWP has calculated the potential volumes of people impacted who are alive above State Pension age using the error rate identified by the 2021-22 DWP Fraud and Error exercise[89]. Applying this error rate to the State Pension population at the start of the 2022-23 financial year gives a central estimate of volume for live cases above State Pension age of 150,000. The 95% confidence interval around this central estimate gives DWP a large range of 90,000 to 240,000 potentially affected cases. With Fraud and Error rates maintained across years since 2021-22, the central volumes estimate of 150,000 remains one of the Department's more confident assumptions.

DWP continues to assume it will be successful in paying arrears due to 90% of eligible customers who are alive. Applying this take up assumption to the central estimate of scale volume of 150,000 gives an estimate of 136,000 live individuals to be paid arrears. Lack of sufficient evidence from the exercise to inform this take up assumption is a significant driver of uncertainty in the estimates.

88 The two additional groups still to be included represent a) those who become newly eligible to the State Pension – due to an HRP adjustment they will attain minimum qualification status and b) those inheriting State Pension due to added HRP.

89 HRP error rates found in subsequent Fraud and Error samples since 2021-22 show sufficient similarity across the years which do not materially impact the estimate.

Using latest data from HM Revenue and Customs' 2022 pilot exercise, the average arrears amount due to those potentially impacted who were alive above State Pension age is now estimated as £5,400. This estimate continues to be based on a small pilot sample and there is considerable uncertainty in the assumed average arrears amount.

Deceased Cases

To estimate the liability in 2023-24, the Department has calculated the potential volumes of people impacted between 1978-79 to 2023-24 who are deceased above State Pension age by calculating the average mortality rate for the impacted population from HM Revenue and Customs targeted scan[90] data. This average **mortality** rate was calculated by weighting the mortality rates in the scan data by age. This gives a central estimate of scale volume for deceased cases above State Pension age of 60,000. The 95% confidence interval around this central estimate is 30,000 to 90,000.

Where a customer is deceased, State Pension arrears accrued up to death may be owed to their Next of Kin, but the Department does not currently have any evidence to estimate the success rate in contacting those Next of Kin. Therefore, in the absence of this, the Department assumes – as per the State Pension Underpayment LEAP exercise assumption for deceased CAT BL cases[91] – that the Next of Kin will be traceable for, and it will pay arrears to, 75% of these cases. Applying this take up assumption to the central estimate of volume above gives an estimate of 43,000 Next of Kin to be paid arrears. As with live cases, the lack of evidence surrounding the take up assumption among the Next of Kin for deceased cases is a significant driver of uncertainty in the estimates.

From analysis of a 2022 HM Revenue and Customs' targeted scan, the average arrears amount due to those impacted in this group is now estimated as £3,300. For the same reasons outlined above, there is considerable uncertainty in the assumed average arrears amount.

Delivery Timetable

Work has now completed to determine and agree an appropriate delivery plan which accounts for HM Revenue and Customs' actions to identify and contact customers and to acknowledge the relative vulnerability of customers impacted. This ensures DWP can address underpayments as quickly as possible. The timetable aligns with the forecasted case clearance profile in DWP's delivery model produced by DWP Operational analysts and assumed a four year delivery (completion in the tax year 2027-28). Compared to last year's provisional profile, a lower number of applications were received in the first months of the exercise than previously estimated in 2023-24 resulting in a lower utilisation.

90 A scan of the HM Revenue and Customs National Insurance (NPS) system was developed with criteria that filtered the scan to identify potential cases missing HRP from their National Insurance records.

91 Cases missing HRP are expected to be most similar to CAT BL cases from the State Pension Underpayment LEAP exercise.

Sensitivity Analysis

Where limited or no evidence is available, DWP has based assumptions on what it knows so far of the HRP exercise and the impact on individuals in scope. These assumptions were agreed by expert DWP and HM Revenue and Customs Governance Groups and are intended to reflect the uncertainty in the estimates. Monte Carlo simulation[92] has been used to compute the most robust range around the central estimates. Only the assumptions with the highest degree of uncertainty are included in the sensitivity analysis. The following table 2 shows the key modelling assumptions impacting liability.

Table 2[93]

		Assumptions used to inform Monte Carlo simulations		
Group	Uncertainty	Low Scenario	Central Assumption[94]	High Scenario
Above State Pension age	Volumes	90,000	150,000	240,000
	Average Arrears	£3,500	£5,400	£7,300
	Take Up	30%	90%	90%
Deceased	Volumes	30,000	60,000	90,000
	Average Arrears	£1,400	£3,300	£5,300
	Take Up	19%	75%	75%

As the exercise is in its early days, with only early data available, assumptions continue to be uncertain on the average arrears due and the volume of cases that will be corrected. The consistency of the results from the latest Fraud and Error data provides some assurance over the underlying volume of cases affected. The Department therefore considers that overall uncertainty is best represented by varying the average arrears, volumes and take up variables between their low and high values, as outlined above in Table 2.

Table 3 below sets out the central arrears estimate with its sensitivity range from low to high. Min and max estimates are derived when all assumptions are set to their minimum and maximum values at the same time, respectively.

92 The 5,000 simulations produced by the Monte Carlo allows DWP to summarise the uncertainty in the forecast. Monte Carlo is a statistical method that allows DWP to simultaneously randomly vary the most uncertain assumptions between a low and high range to measure the impact.

93 Monetary estimates in table 2 are shown in pre-discounted values, with all values rounded to the nearest 10,000 or £100.

94 The central assumption represents how each element has been treated in the provision posted in the Department's accounts for missing HRP. The low and high scenarios inform Monte Carlo simulations with high take up scenarios held constant with the central as take up higher than 90%/75% is not considered to be plausible with available evidence for live take up showing a plateauing.

Table 3 – Sensitivity analysis results for total arrears

	Low	Central	High	Min	Max
Present Value (£m)[95]	**520**	**1,153**	**1,220**	**263**	**1,614**

Volumes

The sensitivity ranges for volumes comes from the 95% confidence intervals set around the central estimates obtained from the Fraud and Error 2021-22 sample.

Average Arrears

The sensitivity ranges for average arrears comes from the 95% confidence intervals set around the central estimates obtained from the HM Revenue and Customs 2022 sample exercise.

Take Up

In the absence of any robust data on take up the Department has modelled a large range for both live and deceased cases; recognising deceased cases is likely to be lower. The lower levels of 30% among live cases and 19% among deceased are drawn from the State Pension Underpayment LEAP exercise data.

e. Other provisions

	31 March 2024		31 March 2023	
	Core Department	Departmental group	Core Department	Departmental group
Other provisions (d)	**£000**	**£000**	**£000**	**£000**
Balance at 1 April	55,930	57,136	30,112	31,207
Provided in year	52,930	53,214	42,307	42,772
Provisions not required written back	(291)	(416)	(11,977)	(12,331)
Change in discount rate	(464)	(464)	(2,651)	(2,651)
Utilised in year	(4,558)	(5,252)	(1,956)	(1,956)
Borrowing costs (unwinding of discount)	176	176	95	95
Balance at 31 March	**103,723**	**104,394**	**55,930**	**57,136**

The remaining other provisions comprise:

- Onerous contracts and refurbishment work required on vacation of leased properties
- Expected future costs of Industrial Injuries Benefits permanent allowance payments to DWP employees who are injured at work and cannot perform their job as a result
- Expected future costs of work coaches recruitment exercise performed by SSCL

95 The low and high estimates are produced using Monte Carlo simulations. The min and max estimates are produced by setting all assumptions to their minimum and maximum values at the same time, respectively. These values are all expressed in discounted terms.

Analysis of expected timing of discounted flows

	FAS provisions		Benefit provisions		State Pension provisions	
	Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000	£000	£000
Not later than one year	244,613	244,613	397,341	397,341	368,621	368,621
Later than one year and not later than 5 years	920,244	920,244	358,331	358,331	–	–
Later than 5 years	2,665,287	2,665,287	–	–	–	–
Balance at 31 March 2024	3,830,144	3,830,144	755,672	755,672	368,621	368,621

	HRP		Other provisions		Total	
	Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000	£000	£000
Not later than one year	128,875	128,875	47,168	47,293	**1,186,618**	**1,186,743**
Later than one year and not later than 5 years	1,023,749	1,023,749	52,660	52,660	**2,354,984**	**2,354,984**
Later than 5 years	–	–	3,895	4,441	**2,669,182**	**2,669,728**
Balance at 31 March 2024	1,152,624	1,152,624	103,723	104,394	**6,210,784**	**6,211,455**

18. Remploy Pension Scheme

The Secretary of State for the Department of Work and Pensions (the Sponsor) operates a defined benefit pension arrangement called the Remploy Limited Pension and Assurance Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The balances relating to the Remploy pension scheme are recognised within the core department.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Sponsor must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. The Sponsor considers that it does not have an unconditional right to a future refund of any surplus built up in the Scheme and the present value future contributions required to meet the Statutory Funding Objective is recognised as an additional liability in these disclosures.

The Scheme is managed by a corporate Trustee appointed in part by the Sponsor and in part from elections by members of the Scheme. The Trustee has responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The Scheme exposes the Sponsor to a number of risks:

- Investment risk. The Scheme holds investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if deficits emerge.
- Interest rate risk. The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets that are different to corporate bonds, the value of the assets and liabilities may not move in the same way. The interest rate risk is hedged to a certain extent via the Scheme's Liability Driven Investment (LDI) strategy.
- Inflation risk. A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long-term, movements over the short-term could lead to deficits emerging. The inflation risk is hedged to a certain extent via the Scheme's LDI strategy.
- Mortality risk. In the event that members live longer than assumed deficits may emerge in the Scheme. There were no plan amendments, curtailments or settlements during the period.
- Liquidity risk. The Scheme is holding significant portions of illiquid assets (such as property, direct lending, and semi-illiquid credit) in addition to leveraged LDI funds. The Scheme monitors liquidity requirements to ensure any collateral calls and benefit payments can be met when required.

Risk mitigation strategies

The Trustee, in conjunction with the Sponsor, has reviewed the investment strategy of the Scheme. This process entailed reviewing the liability profile of the Scheme and the Scheme's investments. The Trustee has previously undertaken such a review which has resulted in the investment managers being instructed as to permissible ranges for asset allocations as set out in the Scheme's current Statement of Investment Principles. The Scheme has no other asset-liability strategies in place.

Effect of the Scheme on Sponsor's future cashflows

The Sponsor must agree a Schedule of Contributions with the Trustee of the Scheme following a valuation which must be carried out at least once every three years.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 March 2022 and the next valuation of the Scheme is due as at 31 March 2025. The Trustees and Sponsor agreed no further contributions were required as the funding level would reach 100% via investment returns alone. In the event that the 2025 valuation reveals a larger deficit than expected the Sponsor may be required to recommence contributions.

The Scheme currently has a surplus on the IAS19 basis. The Sponsor does not consider that it has an unconditional right to a future refund of this surplus, so an asset ceiling applies under IFRIC14 and the balance sheet asset is restricted to be nil. As no further contributions are due under the current Schedule of Contributions the Sponsor is not required to recognise any additional liabilities under IFRIC14.

The Sponsor expects to pay no contributions in the year to 31 March 2025.

The weighted average duration of the defined benefit obligation is 12 years.

Guaranteed Minimum Pension (GMP) equalisation

Previous disclosures have included an allowance for GMP equalisation for the liabilities of the current members of the Scheme. This allowance was equivalent to around 1.0% of the value of the liabilities. The same allowance has been made this year.

In addition, an allowance for top-ups to previous transfers, has been included in the liabilities, of £246,000 at the Review Date.

Scheme surplus

At the Review Date there was a surplus in the Scheme of £26,795,000. This compares to a surplus of £43,253,000 at the previous review date. Although the surplus at the Review Date is £26,795,000, the final figure to be disclosed in the accounts is a net liability of £0. This is due to the effect of an asset ceiling.

The main reasons for the change in the surplus over the period are:

- An increase in the discount rate and decrease in future inflation assumptions has reduced the liabilities by £12 million

- Changes to the Scheme's mortality improvement assumptions has reduced the liability value by £6 million
- This has been more than offset by asset returns being lower than interest on the assets by £36 million

Pension Protection Fund levies

At present the Scheme remains exempt from paying the Pension Protection Fund levy, therefore there is no allowance in the calculation of the Scheme's liability or service cost for any amounts payable in respect of Pension Protection Fund levies.

Virgin Media vs NTL Trustees High Court judgement

A potentially landmark judgement in the High Court case of Virgin Media vs NTL Trustees was handed down on 16 June 2023. The judge in this case ruled that, where benefit changes were made without a valid 'section 37' certificate from the Scheme Actuary, those changes could be considered void. The judgement could have material consequences for some defined benefit schemes which previously contracted-out of the State Pension system. These disclosures have been calculated assuming that this ruling will not affect the Scheme's benefits.

Disclosures for IAS 19 (Employee Benefits) Table of assumptions used in calculations

Figures for disclosure in accounts for period ending 31 March 2024 under IAS 19. Results are shown in pounds, rounded to the nearest £1,000.

Principal actuarial assumptions	At 31 Mar 2024	At 31 Mar 2023
Discount rate	4.85% p.a.	4.80% p.a.
Inflation (RPI)	3.20% p.a.	3.20% p.a.
Inflation (CPI)	2.70% p.a.	2.85% p.a.
Pension increase (Pre 1 April 1997 excess – CPI uncapped)	2.70% p.a.	2.85% p.a.
Pension increase (1 April 1997 – 1 April 2005 – CPI (capped at 5%))	2.65% p.a.	2.85% p.a.
Pension increase (Post 1 April 2005 – RPI (capped at 5%))	3.10% p.a.	3.10% p.a.

Principal actuarial assumptions	At 31 Mar 2024	At 31 Mar 2023
Post-retirement mortality	Remploy-specific table based on Remploy experience between 2007 and 2012 with CMI 2022 projections using a long-term improvement rate of 1.25% p.a.	Remploy-specific table based on Remploy experience between 2007 and 2012 with CMI 2021 projections using a long-term improvement rate of 1.25% p.a.
Commutation	75% of members are assumed to take the maximum tax free cash possible	75% of members are assumed to take the maximum tax free cash possible
Early Retirement	Non-pensioners over age 50 at 31 March 2016 retire at age 63, under age 50 retire at age 65	Non-pensioners over age 50 at 31 March 2016 retire at age 63, under age 50 retire at age 65
Ill health retirements	0.25% loading (non-pensioners)	0.25% loading (non-pensioners)
Allowance for GMP equalisation	Uplift to liabilities of approx 1%	Uplift to liabilities of approx 1%
Life expectancy at age 65 of male aged 45	19.8	20.0
Life expectancy at age 65 of male aged 65	18.1	18.2
Life expectancy at age 65 of female aged 45	22.9	23.1
Life expectancy at age 65 of female aged 65	21.0	21.2

The current asset split is as follows:	Asset allocation at 31 March 2024 £
Property	75,826,000
Buy and Maintain Bonds	288,650,000
LDI	201,416,000
Multi Asset Credit	56,531,000
Renewable infrastructure	38,149,000
Direct lending	34,976,000
Cash	3,210,000
Insured assets	2,069,000
Defined benefit assets	700,827,000
Money purchase assets	7,499,000
Total assets	**708,326,000**

Note that the Assets labelled "LDI" actually include a number of different assets types, including derivatives.

SoFP	At 31 March 2024 £	At 31 March 2023 £
Fair value of assets	708,326,000	747,927,000
Present value of funded obligations	(681,531,000)	(704,674,000)
Surplus/(deficit)* in scheme	**26,795,000**	**43,253,000**
Effect of asset ceiling	(26,795,000)	(43,253,000)
Net defined benefit asset/(liability)	**0**	**0**

* Surplus/(deficit) shown prior to deferred taxation

Amount recognised in Profit and Loss	At 31 March 2024 £	At 31 March 2023 £
Current service cost	0	0
Administration costs	1,725,000	1,698,000
Interest on liabilities	32,600,000	24,767,000
Interest on assets	(34,635,000)	(25,061,000)
Past service costs	0	0
Settlement and curtailment cost	0	0
Interest on effect of asset ceiling	2,076,000	343,000
Total charge to Profit and Loss	**1,766,000**	**1,747,000**

Re-measurements over the period	Period to 31 March 2024 £	Period to 31 March 2023 £
Loss/(gain) on assets in excess of interest	36,444,000	231,433,000
Experience losses/(gains) on liabilities	(1,697,000)	52,685,269
Losses/(gains) from changes to demographic assumptions	(6,062,000)	(21,335,000)
Losses/(gains) from changes to financial assumptions	(11,917,000)	(295,293,269)
Losses/(gains) from change in effect of asset ceiling	(18,534,000)	29,723,000
Total re-measurements	**(1,766,000)**	**(2,787,000)**

Change in value of assets	Period to 31 March 2024 £	Period to 31 March 2023 £
Fair value of assets at start	**747,927,000**	**989,000,000**
Money Purchase assets at start	(7,898,000)	(7,997,000)
Interest on assets	34,635,000	25,061,000
Company contributions	0	0
Contributions by Scheme participants	0	0
Benefits paid	(35,668,000)	(32,904,000)
Administration costs	(1,725,000)	(1,698,000)
Change due to settlements and curtailments	0	0
Return on assets less interest	(36,444,000)	(231,433,000)
Money Purchase assets at end	7,499,000	7,898,000
Fair value of assets at end	**708,326,000**	**747,927,000**
Actual return on assets	**(1,809,000)**	**(206,372,000)**

Change in value of the DB liabilities	Period to 31 March 2024 £	Period to 31 March 2023 £
Defined benefit obligation at start	**704,674,000**	**976,853,000**
Money Purchase liabilities at start	(7,898,000)	(7,997,000)
Current service cost	0	0
Contributions by Scheme Participants	0	0
Past service costs	0	0
Interest on liabilities	32,600,000	24,767,000
Benefits paid	(35,668,000)	(32,904,000)
Change due to settlements and curtailments	0	0
Experience (gain)/loss on liabilities	(1,697,000)	52,685,269
Changes to demographic assumptions	(6,062,000)	(21,335,000)
Changes to financial assumptions	(11,917,000)	(295,293,269)
Money Purchase liabilities at end	7,499,000	7,898,000
Defined benefit obligation at end	**681,531,000**	**704,674,000**

Reconciliation of effect of asset ceiling	Period to 31 March 2024 £	Period to 31 March 2023 £
Effect of asset ceiling at start	**43,253,000**	**13,187,000**
Interest on effect of asset ceiling	2,076,000	343,000
Actuarial losses/(gains)	(18,534,000)	29,723,000
Effect of asset ceiling at end	**26,795,000**	**43,253,000**

Reconciliation of net defined benefit liability (asset)	Period to 31 March 2024 £	Period to 31 March 2023 £
Net defined benefit liability (asset) at start	**0**	**1,040,000**
Current service cost	0	0
Past service cost and settlement and curtailment cost	0	0
Net interest expense (income)	41,000	49,000
Remeasurements	(1,766,000)	(2,787,000)
Administration costs	1,725,000	1,698,000
Employer contributions	0	0
Net defined benefit liability (asset) at end	**0**	**0**

Sensitivity of the value placed on the liabilities	Approximate effect on liability
Discount rate	**£**
Discount rate +0.50%	(38,889,000)
Discount rate -0.50%	43,171,000
Inflation	
Inflation +0.50%	30,612,000
Inflation -0.50%	(28,491,000)
Mortality	
Decrease mortality rates by a factor of **10%**	26,684,000
Increase mortality rates by a factor of **10%**	(23,936,000)

19. Incorrect payments

Overview

DWP is responsible for paying claimants the right benefit at the right time. Social security legislation sets out the basis on which DWP calculates and pays benefits. The purpose of this legislation is to provide a regulatory framework within which the Department operates to support those in need.

In many instances Parliament has targeted specific benefits to claimants' needs and circumstances to ensure an efficient use of overall resources. However, this can introduce complexity and an attendant risk of fraud and error, leading to some incorrect payments. DWP administers over 25 benefits, ensuring that the very different conditions of entitlement are met in each individual instance. The Department takes tackling incorrect payments seriously and pays around 96% of its £266[96] billion benefit expenditure correctly.

Reclassification of Claimant Error Underpayments

DWP carried out a planned review of the Fraud and Error in the Benefit System statistics that are referred to in its publication strategy when it published its 2022-23 statistics. This review determined that the estimates previously published as claimant error underpayments do not fit the legal definition of underpayments. In benefit legislation, claimants are not eligible for increases in their benefit until they accurately report changes in their circumstances to the Department.

Due to the outcome of this review, estimates that were previously reported as claimant error underpayments have been removed from the Fraud and Error in the Benefit System statistics publication from 2023-24 onwards. These estimates have been reclassified as unfulfilled eligibility, and this information has been reported separately in a new Unfulfilled Eligibility in the Benefit System publication.

Unfulfilled eligibility refers to claimants who are already in receipt of a certain benefit but may not be getting the full award they could be eligible for. Unfulfilled Eligibility in the Benefit System estimates the percentage of benefit expenditure that could have been paid to people with unfulfilled eligibility, if they had provided the correct information. The proportion of benefit claims with unfulfilled eligibility will also be estimated.

These new estimates are calculated using very similar methodology to that used previously for claimant error underpayments. However, when these estimates were classified as claimant error underpayments, a netting adjustment was made to the data where overpayments and underpayments on the same claim were netted off each other, to calculate the net effect of each claim. Following the reclassification, fraud and

96 Benefit expenditure stated within this note is based on the latest available forecast expenditure for 2023-24, at the time the estimate was prepared. For this reason, it does not agree to that seen in the Statement of Comprehensive Net Expenditure (SoCNE) of £268.5 billion, or the Statement of Outturn against Parliamentary Supply (SOPS) of £266.0 billion. The difference between these values is due to disaggregation in the SOPS between DEL and AME, resource and capital expenditure

error and unfulfilled eligibility are defined and published separately, so there is no longer a netting adjustment that can be made to unfulfilled eligibility claims. This has led to an increase in the unfulfilled eligibility estimates, when compared to claimant error underpayment estimates. It also leads to an increase in the fraud and error overpayment estimates since unfulfilled eligibility cannot be netted off from overpayments.

To allow for a direct comparison, the 2022-23 figures for all benefits have been revised in both publications to account for this difference. On overpayments Universal Credit and Housing Benefit were the most affected with the amount overpaid increasing by £70 million and £50 million respectively.

Rate of fraud and error in 2023-24

For this financial year DWP has carried out full reviews on Universal Credit, Pension Credit, Housing Benefit (pension age client groups), Personal Independence Payments and State Pension. DWP has also carried out a full review of Disability Living Allowance for the first time since 2004-05. For benefits not measured this year the Department either rolls forward rates from when the benefit was last measured or applies a proxy rate to the 2023-24 expenditure. For more information, please see the benefit fraud and error estimation uncertainty and assumptions section on page 389.

The 2023-24 statistics (published in May 2024) indicate that fraud and error overpayments increased to 3.7% from 3.6%. This amounts to a monetary value of £9.7 billion overpaid from a total expenditure of £266 billion this year. Fraud accounts for overpayments of 2.8% (£7.4 billion) of expenditure, whilst claimant error is 0.6% (£1.6 billion) and official error is 0.3% (£0.8 billion).[97]

DWP has an obligation to ensure that any overpaid benefit is recovered from the debtor in accordance with the appropriate social security legislation. The Department estimates £1.1 billion was recovered in 2023-24.[98] The money recovered this year relates to overpayments this year and in prior periods [99].

The 2023-24 statistics estimate that the proportion of benefit underpaid from official error decreased to 0.4% (£1.1 billion) from 0.5% (£1.2 billion).

Where DWP has been notified about an underpayment, and where there is a legal obligation, it will pay any arrears due. Where underpayments are identified because of official error, the Department will pay arrears in full at the earliest opportunity, subject to any legal considerations. The Department's fraud, error and debt strategy requires it to minimise underpayments and ensure that it pays claimants their full entitlement.

97 DWP defines fraud as where claimants deliberately claim money they aren't entitled to. The Department splits error into two categories: claimant error, which occurs when claimants provide inaccurate information, and official error, which occurs when the Department processes information incorrectly or fail to apply rules.

98 Benefit recovery is through the Department's debt management function and local authorities.

99 Money recovered this year comprises in-year 2023-24 figures for directly administered benefits plus figures for Housing Benefit for the period October 2022 to September 2023. Further information can be found at www.gov.uk by searching for Fraud and Error in the Benefit System 2023-24.

In 2020-21 the Department became aware of an underpayment issue affecting State Pension. The types of errors leading to these underpayments had been identified in cases reviewed to estimate MVFE, therefore in year underpayments are included in the MVFE estimate. More information on this State Pension provision can be found in Note 17d.

Last year, whilst contacting claimants as part of the full review of State Pension DWP identified an area of official error that it was not capturing in previous years. The Department has continued to find errors of this nature in 2023-24. This related to Home Responsibilities Protection. For people reaching State Pension age before 6 April 2010, Home Responsibilities Protection (HRP) reduced the number of qualifying years needed for a basic State Pension where someone stayed at home to care for children for whom they received Child Benefit or a person who was sick or disabled. For people reaching State Pension age since 6 April 2010, previously recorded periods of HRP were converted into National Insurance credits. Errors occurred where periods when HRP was due, were not accurately recorded on their National Insurance record. More information on this can be found in Note 17.

Further details on DWP's fraud and error strategy are included in the performance report, on page 93.

Fraud and Error Statistics

Table 1. Overall 2023-24 fraud and error estimates

	Fraud	Claimant Error	Official Error	Total
Overpayments	2.8%	0.6%	0.3%	3.7%
	(£7.4bn)	(£1.6bn)	(£0.8bn)	(£9.7bn)
Underpayments	0.0%	0.0%	0.4%	0.4%
	(£0.0bn)	(£0.0bn)	(£1.1bn)	(£1.1bn)
Total Expenditure				*£266.2bn*

Table 2. Estimates for benefits reviewed in 2023-24

	Overpayments				Underpayments	
	Fraud	Claimant Error	Official Error	Total	Official Error	Total Expenditure
Universal Credit	10.9%	0.8%	0.7%	12.4%	0.3%	
	(£5.7bn)	(£0.4bn)	(£0.4bn)	(£6.5bn)	(£0.2bn)	£51.9bn
State Pension	0.1%	0.1%	0.0%	0.1%	0.4%	
	(£0.1bn)	(£0.1bn)	(£0.0bn)	(£0.2bn)	(£0.5bn)	£123.9bn
Personal Independence Payments	0.0%	0.3%	0.1%	0.4%	0.4%	
	(£0.0bn)	(£0.1bn)	(£0.0bn)	(£0.1bn)	(£0.1bn)	£21.6bn
Housing Benefit	3.9%	2.0%	0.5%	6.3%	0.4%	
	(£0.6bn)	(£0.3bn)	(£0.1bn)	(£1.0bn)	(£0.1bn)	£15.5bn
Disability Living Allowance	0.1%	0.2%	0.2%	0.5%	1.0%	
	(£0.0bn)	(£0.0bn)	(£0.0bn)	(£0.0bn)	(£0.1bn)	£6.8bn
Pension Credit	3.9%	3.8%	1.9%	9.7%	1.0%	
	(£0.2bn)	(£0.2bn)	(£0.1bn)	(£0.5bn)	(£0.1bn)	£5.4bn

Table 3. Estimates for benefits reviewed in previous years

	Overpayments				Underpayments	
	Fraud	Claimant Error	Official Error	Total	Official Error	Total Expenditure
Employment and Support Allowance	1.5%	1.6%	0.4%	3.4%	1.1%	
	(£0.2bn)	(£0.2bn)	(£0.1bn)	(£0.4bn)	(£0.1bn)	£12.7bn
Attendance Allowance	0.0%	1.9%	0.3%	2.2%	0.1%	
	(£0.0bn)	(£0.1bn)	(£0.0bn)	(£0.2bn)	(£0.0bn)	£6.7bn
Carer's Allowance	3.0%	2.0%	0.1%	5.2%	0.0%	
	(£0.1bn)	(£0.1bn)	(£0.0bn)	(£0.2bn)	(£0.0bn)	£3.7bn
Jobseeker's Allowance	3.1%	0.3%	1.2%	4.6%	1.2%	
	(£0.0bn)	(£0.0bn)	(£0.0bn)	(£0.0bn)	(£0.0bn)	£0.3bn
Income Support	2.4%	1.0%	0.4%	3.9%	0.3%	
	(£0.0bn)	(£0.0bn)	(£0.0bn)	(£0.0bn)	(£0.0bn)	£0.6bn
Incapacity Benefit	0.3%	0.9%	1.2%	2.4%	0.7%	
	(£0.0bn)	(£0.0bn)	(£0.0bn)	(£0.0bn)	(£0.0bn)	£0.0bn

Table 4. Estimates for benefits never reviewed and interdependencies

	Overpayments				Underpayments	
	Fraud	Claimant Error	Official Error	Total	Official Error	Total Expenditure
Unreviewed benefits	2.8%	0.3%	0.3%	3.4%	0.1%	
	(£0.5bn)	(£0.1bn)	(£0.0bn)	(£0.6bn)	(£0.0bn)	£17.0bn
Interdependencies	z	z	z	z	z	
	(£0.0bn)	(£0.0bn)	(£0.0bn)	(£0.1bn)		z

Notes to tables 1-4:

1. The 2023-24 data comes from DWP National Statistics: Fraud and Error in the Benefit System: financial year 2023 to 2024 Estimates. Fraud and error rates for Universal Credit, Pension Credit, Housing Benefit, State Pension are based on cases sampled in the period November 2022 to October 2023. Personal Independence Payments rates are based on cases sampled in the period September 2022 to August 2023. Disability Living Allowance rates are based on cases sampled in the period February 2023 to September 2023.
2. Estimates for all benefits are based on estimated benefit expenditure for 2023-24. These are consistent with Spring Budget 2024 and were the latest available for the financial year at the time of producing the fraud and error estimate.
3. All expenditure values in the table are rounded to the nearest £100 million and monetary estimates are rounded to the nearest £10 million.
4. Figures expressed as percentages (six) give the overpayments and underpayments as a % of the benefit paid out in the year (expenditure).
5. Rows and columns may not equal the totals due to rounding.
6. Carer's Allowance underpayment estimates are zero as no underpayment cases were found in the sample.
7. The overpayment and underpayment figures above are central estimates and therefore there is a degree of uncertainty around them. The full statistical tables are available at GOV.UK on the "Fraud and Error in the Benefit System financial year 2023 to 2024" page and show the 95% confidence intervals for all the figures above. These confidence intervals allow for statistical uncertainty caused by the sampling approach. Further uncertainties arise from imperfections in the review process. Where possible the Department has quantified these and incorporated them into the 95% confidence intervals.
8. Any figure marked with a * means that it has a statistically significant difference (at a 95% level of confidence) when comparing to the last time it was measured. Where changes are not statistically significant, differences are likely to be due to sampling variation. This suggests that these estimates are stable over time with little change year-on-year. For Disability Living Allowance no comparison has been carried out as the benefit is very different to when it was last measured in 2004-05. All other benefits are compared to the 2022-23 statistics. For the previous year figures please see the "Fraud and Error in the Benefit System financial year 2023 to 2024" page on GOV.UK
9. DWP reviews a selection of benefits for fraud and error each year. Estimates for other benefits come from previous review exercises, or proxies. Please refer to the latest National Statistics publication for further details. (See 'Benefit fraud and error estimation and uncertainty assumptions' section below for details.)
10. "Interdependencies" is an estimate of the knock-on effects of DLA/PIP overpayments on caring and disability premiums on income-related benefits, which depend on the rate of DLA/PIP in payment.
11. A 'z' indicates not applicable.

Unfulfilled Eligibility Statistics

Table 5. Estimates for benefits reviewed in 2023-24

	Unfulfilled Eligibility	Last measured	Total Expenditure
All Benefit	1.2%	1.0%	
	(£3.1bn)	(£2.3bn)	£266.2bn
Universal Credit	1.4%	1.4%	
	(£0.7bn)	(£0.6bn)	£51.9bn
State Pension	0.0% (£0.0bn)	0.1% (£0.1bn)	£123.9bn
Personal Independence Payments	4.0%	4.8%	
	(£0.9bn)	(£0.9bn)	£21.6bn
Housing Benefit	1.1%	1.0%	
	(£0.2bn)	(£0.2bn)	£15.5bn
Disability Living Allowance	11.1%	2.4%	
	(£0.8bn)	(£0.1bn)	£6.8bn
Pension Credit	1.5% (£0.1bn)	1.1% (£0.1bn)	£5.4bn
Employment and Support Allowance	1.4% (£0.2bn)	1.4% (£0.2bn)	£12.7bn
Attendance Allowance	4.2% (£0.3bn)	4.2% (£0.2bn)	£6.7bn
Carer's Allowance	0.0% (£0.0bn)	0.0% (£0.0bn)	£3.7bn
Jobseeker's Allowance	0.3% (£0.0bn)	0.3% (£0.0bn)	£0.3bn
Income Support	0.4% (£0.0bn)	0.4% (£0.0bn)	£0.6bn
Incapacity Benefit	0.0% (£0.0bn)	0.0% (£0.0bn)	£0.0bn
Unreviewed benefits	0.2%	0.2%	
	(£0.0bn)	(£0.0bn)	£17.0bn

Notes to table 5:

1. The 2023-24 data comes from DWP Official Statistics: Unfulfilled Eligibility in the Benefit System: financial year 2023 to 2024 Estimates. Unfulfilled Eligibility rates for Universal Credit, Pension Credit, Housing Benefit and State Pension are based on cases sampled in the period November 2022 to October 2023. Personal Independence Payments rates are based on cases sampled in the period September 2022 to August 2023. Disability Living Allowance rates are based on cases sampled in the period February 2023 to September 2023.

2. Estimates for all benefits are based on estimated benefit expenditure for 2023-24. These are consistent with Spring Budget 2024 and were the latest available for the financial year at the time of producing the fraud and error estimate.
3. All expenditure values in the table are rounded to the nearest £100 million and monetary estimates are rounded to the nearest £10 million.
4. Figures expressed as percentages (%) give the unfulfilled eligibility as a % of the benefit paid out in the year (expenditure).
5. Rows and columns may not equal the totals due to rounding.
6. There is no unfulfilled eligibility on Carer's Allowance.
7. The Unfulfilled Eligibility figures above are central estimates and therefore there is a degree of uncertainty around them. The full statistical tables are available at GOV.UK on the "Unfulfilled Eligibility in the Benefit System financial year 2023 to 2024" page and show the 95% confidence intervals for all the figures above. These confidence intervals allow for statistical uncertainty caused by the sampling approach. Further uncertainties arise from imperfections in the review process. Where possible DWP has quantified these and incorporated them into the 95% confidence intervals.
8. Any figure marked with a * means that it has a statistically significant difference (at a 95% level of confidence) when comparing to the last time it was measured. Where changes are not statistically significant, differences are likely to be due to sampling variation. This suggests that these estimates are stable over time with little change year-on-year. For Disability Living Allowance no comparison has been carried out as the benefit is very different to when it was last measured in 2004-05. All other benefits are compared to the 2022-23 statistics. For the previous year figures please see the "Unfulfilled Eligibility in the Benefit System financial year 2023 to 2024" page on GOV.UK
9. The Unfulfilled Eligibility rates are derived from the same sample that underpins the Fraud and Error National Statistics publication. This means that only a selection of benefits are reviewed each year for Unfulfilled Eligibility. Estimates for other benefits come from previous review exercises, or proxies. Please refer to the latest National Statistics publication for further details. (See 'Benefit fraud and error estimation and uncertainty assumptions' section below for details.)
10. A 'z' indicates not applicable.

How each benefit contributes to the overall level of overpayments and underpayments

Individual benefits make varying contributions to the overall fraud and error rate, and changes in the rates for each benefit from year to year have different impacts on the overall rate of fraud and error. The table below illustrates how each of the benefits contribute to the overall overpayment value (of £9.7 billion benefit expenditure, equating to an overall rate of 3.7%) and overall underpayment amount (of £1.1 billion benefit expenditure, equating to an overall rate of 0.4%). The table also shows how changes to the overpayment and underpayment rates for the individual benefits could affect the overall figures.

Table of the proportion each benefit contributes to the overall overpayment rate

Reviewed in 2023-24	UC	SP	HB	DLA	PC	PIP
Expenditure (£ billion)	51.9	123.9	15.5	6.8	5.4	21.6
Overpayment rate	12.4%	0.1%	6.3%	0.5%	9.7%	0.4%
Overpayment value (£m)	6460	170	980	30	520	90
Contribution to overall OPs	*66%*	*2%*	*10%*	*0%*	*5%*	*1%*
Impact of a 10% change in monetary value of overpayment on the overall overpayment rate	*0.24%*	*0.01%*	*0.04%*	*0.0%*	*0.02%*	*0.00%*

Previously reviewed	ESA	AA	CA	JSA	IS	IB	Unreviewed
Expenditure (£ billion)	12.7	6.7	3.7	0.3	0.6	0.0	17.0
Overpayment rate	3.4%	2.2%	5.2%	4.6%	3.9%	2.4%	3.4%
Overpayment value (£m)	430	150	190	10	30	0	570
Contribution to overall OPs	*4%*	*2%*	*2%*	*0%*	*0%*	*0%*	*6%*
Impact of a 10% change in monetary value of overpayment on the overall overpayment rate	*0.02%*	*0.01%*	*0.01%*	*0.00%*	*0.00%*	*0.00%*	*0.02%*

For example, Universal Credit currently contributes 66% of the overall overpayment value, the highest of all individual benefits. If the monetary value of overpayment on Universal Credit (currently £6,460 million) changed by 10%, this would lead to the overall overpayment rate of 3.7% changing by 0.24% (equating to around £650 million).

Table of the proportion each benefit contributes to the overall official error underpayment rate

Reviewed in 2023-24	UC	SP	HB	DLA	PC	PIP
Expenditure (£ billion)	51.9	123.9	15.5	6.8	5.4	21.6
Underpayment rate	0.3%	0.4%	0.4%	1.0%	1.0%	0.4%
Underpayment value (£m)	180	470	50	70	50	80
Contribution to overall UPs	*17%*	*44%*	*5%*	*6%*	*5%*	*8%*
Impact of a 10% change in monetary value of underpayment on the overall underpayment rate	*0.01%*	*0.02%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*

Previously reviewed	ESA	AA	CA	JSA	IS	IB	Unreviewed
Expenditure (£ billion)	12.7	6.7	3.7	0.3	0.6	0.0	17.0
Underpayment rate	1.1%	0.1%	0.0%	1.2%	0.3%	0.7%	0.1%
Underpayment value (£m)	140	10	0	0	0	0	20
Contribution to overall UPs	*13%*	*1%*	*0%*	*0%*	*0%*	*0%*	*2%*
Impact of a 10% change in monetary value of underpayment on the overall underpayment rate	*0.01%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*

For example, State Pension currently contributes 44% of the overall official error underpayment value, the highest of all individual benefits measured this year. If the monetary value of official error underpayment on State Pension (currently £470 million) changed by 10%, this would lead to the overall official error underpayment rate of 0.4% changing by 0.02% (equating to around £50 million).

Table of the proportion each benefit contributes to the overall unfulfilled eligibility rate

Reviewed in 2023-24	UC	SP	HB	DLA	PC	PIP
Expenditure (£ billion)	51.9	123.9	15.5	6.8	5.4	21.6
Unfulfilled Eligibility rate	1.4%	0.0%	1.1%	11.1%	1.5%	4.0%
Unfulfilled Eligibility value (£m)	730	20	180	750	80	870
Contribution to overall UE	*23%*	*1%*	*6%*	*24%*	*3%*	*28%*
Impact of a 10% change in monetary value of unfulfilled eligibility on the overall unfulfilled eligibility rate	*0.03%*	*0.00%*	*0.01%*	*0.03%*	*0.00%*	*0.03%*

Previously reviewed	ESA	AA	CA	JSA	IS	IB	Unreviewed
Expenditure (£ billion)	12.7	6.7	3.7	0.3	0.6	0.0	17.0
Unfulfilled Eligibility rate	1.4%	4.2%	0.0%	0.3%	0.4%	0.0%	0.2%
Unfulfilled Eligibility value (£m)	180	280	0	0	0	0	30
Contribution to overall UE	*6%*	*9%*	*0%*	*0%*	*0%*	*0%*	*1%*
Impact of a 10% change in monetary value of unfulfilled eligibility on the overall unfulfilled eligibility rate	*0.01%*	*0.01%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*

For example, Personal Independence Payment currently contributes 28% of the overall unfulfilled eligibility value, the highest of all individual benefits measured this year. If the monetary value of unfulfilled eligibility on Personal Independence Payment (currently £870 million) changed by 10%, this would lead to the overall unfulfilled eligibility rate of 1.2% changing by 0.03% (equating to around £90 million).

Benefit fraud and error estimation uncertainty and assumptions

DWP is rigorous in estimating levels of fraud and error. Its estimates are produced to the exacting standards of the UK Statistics Authority protocols for National Statistics, ensuring their production is independent of departmental and ministerial influence.

DWP's strategy for estimating the level of incorrect payments considers the value of the benefit, its risk profile and previous experience of measuring the benefit. The Department's estimates are based on around 13,300 reviews of a random sample[100] of claimants on certain benefits.

Table of the number of cases reviewed for each benefit this year

	Sample size	Percentage of claimant population reviewed
Universal Credit	3,986	0.09%
State Pension	1,557	0.01%
Housing Benefit	3,001	0.13%
Pension Credit	1,989	0.15%
Disability Living Allowance	1,385	0.11%
Personal Independence Payment	1,395	0.06%
Total	**13,313**	**0.06%**

Further information on DWP's estimation strategy can be found at GOV.UK (within the latest Fraud and Error in the benefit system National Statistics publication, and the Background Information document).

When interpreting the statistics, please bear in mind that the Department only samples cases that are in receipt of benefit. The figures do not include, for example, people who are entitled to benefit but don't apply, those whose applications are incorrectly rejected, or benefit advances. One of the largest of these omissions is advances relating to Universal Credit. Analysis carried out by the Department, estimates that the monetary value of fraud and error on Universal Credit Advances is between £0 million and £60 million.

100 Housing Benefit is a random sample stratified by local authority

Sampling uncertainty and confidence intervals

The above tables contain estimates based on a sample of benefit claims and are therefore subject to a degree of statistical uncertainty. They are prepared to within a stated range of accuracy, described as confidence intervals. The estimates are provided to a 95% confidence level. For 2023-24, the rates of total overpayment lie in the range from 3.4% to 3.9% (monetary value £9.0 billion to £10.5 billion), whilst the corresponding range for Official Error underpayments is 0.3% to 0.5% (£0.9 billion to £1.3 billion) and Unfulfilled Eligibility is 1.1% to 1.3% (£2.9 billion to £3.4 billion).

When rolling forward historic rates of Fraud and Error or Unfulfilled Eligibility, the level of uncertainty associated with those estimates increases. To reflect this rise in uncertainty, for any benefit that has rolled forward rates due to not being measured in the current year, the confidence intervals from the rates found when it was last measured are widened by a factor of 2. Due to the benefits measured this year making up around 85% of all expenditure, the impact this has had on the All Benefits Confidence intervals is minimal.

Further information on these figures can be found at GOV.UK (within the latest Fraud and Error National Statistics publication, the latest Unfulfilled Eligibility Official Statistics publication, the Fraud and Error Background Information document and the Unfulfilled Eligibility Background Information document).

'Cannot Review' assumption

'Cannot Review' cases are those that do not engage with the Performance Measurement review of their benefit award, resulting in their benefit being suspended. Prior to 2019-20 DWP classified all these cases as fraud. The Department now looks at each of these cases individually and classifies them as follows:

- Benefit correct – if they come back on to benefit within four months with the same circumstances;
- Fraud – if there is a suspicion of fraud raised following initial data gathering prior to review;
- Inconclusive – where there is no information to suggest a suspicion of fraud or that the claimant has reclaimed benefit.

Inconclusive cases are removed from the main fraud and error estimate and footnoted separately in the fraud and error statistical publication.

Inconclusive cases accounted for £1,440 million of expenditure in 2023-24. Had all these cases been instead classed as fraud, then the total monetary value of overpayments would rise from £9.7 billion to £11.2 billion, and the overall overpayment rate would rise from 3.7% to 4.2%. Carrying out the same calculation to include the inconclusive expenditure on 2022-23, the overpayment rate would have been 4.0%.

Further information on this assumption and the impact can be found at GOV.UK (within the latest Fraud and Error in the benefit system National Statistics publication, and the supporting background information document).

Move to telephony

From 2021-22, DWP reviews all benefits via telephone. This is the first time that the Housing Benefit pension age client group reviews have been carried out via telephone, in previous years they were carried out by home visits. The Department is making the assumption that this change to the review process has no impact on the Fraud and Error rate.

State Pension

As the reviews for State Pension only cover cases from Great Britain, DWP also includes an additional amount of Claimant Error to estimate the impact of non-notification of death on State Pension cases who live overseas. This adjustment is based on life certificate data from 2006. The Department is currently reviewing the best method of updating this figure.

For the first time cases were selected in the 2023-24 State Pension sample from the new Get Your State Pension (GYSP) system. The proportion of cases from GYSP included in the sample was 5.0%. The average proportion of the caseload that was GYSP over the sampling period was 8.0%. Although GYSP cases were included in the sample, it wasn’t equal to the proportion that GYSP makes of the whole State Pension caseload.

Cost of Living Payments

For the first time last year the Department made extra payments, called Cost of Living Payments to claimants on certain benefits. This was to give claimants extra support during the current cost of living crisis. These continued into the 2023-24 financial year.

Cost of Living Payments have not been measured directly for fraud and error so a proxy measure has been derived to estimate the amount of the benefit that was incorrectly paid.

The main reason that Cost of Living Payments would be incorrectly paid would be because the claimant was ineligible to receive the qualifying benefit. Therefore the proxy measure for the fraud and error rate on Cost of Living Payments is based on the rates of entitlement loss from the last time the Department measured the benefits that qualify claimants for a Cost of Living Payment.

Table showing the qualifying benefits for Cost of Living Payments, their loss of entitlement rate used and where/when the rate came from

Qualifying Benefit	Loss of Entitlement Rate	Rate used
Universal Credit	10.2%	From 2023-24 Work Programme
Disability Living Allowance	0.5%	From 2023-24 Work Programme
Pension Credit	4.7%	From 2023-24 Work Programme
Personal Independence Payments	2.1%	From 2023-24 Work Programme
Winter Fuel Payments	0.5%	From 2022-23 service centre measurement
Employment and Support Allowance	1.7%	From 2022-23 Work Programme
Attendance Allowance	2.3%	From 2021-22 Work Programme
Jobseeker's Allowance	3.3%	From 2018-19 Work Programme
Armed Forces Independence Payments	2.1%	Proxy – PIP rate from 2023-24 Work Programme
Income Support	3.3%	Proxy – JSA rate from 2018-19 Work Programme

These loss of entitlement rates are then applied to the Cost of Living Payment expenditure related to the relevant qualifying benefit, to generate an amount of Cost of Living Payments overpaid for each of the benefits above. The MVFE related to each benefit is summed and then divided by the total Cost of Living Payment to generate the rates.

Within DWP's estimates it has not taken account of Official Error overpayments and underpayments that happened directly on Cost of Living Payments (Fraud and Claimant Error cannot happen directly on Cost of Living Payments). These include:

- Unsuccessfully delivered payments
- A small number of Cost of Living Payments paid in error to the wrong person

However, the Department estimates that the impact of this on its estimates is minimal. For more information, please see the background information document that accompanies the statistics.

Cost of Living Payments are included in the unreviewed benefits line and account for 96% (£550 million) of the total unreviewed overpayments this year.

Currently there are no plans for Cost of Living Payments to continue after the 2023-24 financial year.

New adjustment to Failure to Provide Evidence cases

This relates to cases where the claimant has participated in the benefit review but has then failed to send in the requested evidence and subsequently had their claim to benefit terminated for failing to comply.

Last year DWP brought in an adjustment to these cases where it looks four months after their claim was terminated to see if it can find any evidence that would allow it to reclassify the fraud to a known error reason. This year the Department expanded this adjustment to see if it can find any evidence that would allow it to remove the fraud entirely on some of these cases (for example if it can see evidence of earnings coming through RTI the month after the benefit was terminated, which would have nulled the claim).

Although this change impacts all benefits, for 2022-23 it was only Universal Credit that needed to be revised, where around £100 million was removed from the Failure to Provide Evidence Fraud.

20. Contingent liabilities

Benefit underpayments

Distinct from legal cases, the Department acknowledges that administrative errors (termed official error) by its staff will sometimes result in the underpayment of benefit. Where underpayments relating to official error are identified, DWP pays arrears in full at the earliest opportunity.

Through annual review of fraud and error statistics, the Department has an estimate of official error both for the current year (see note 19), and prior years from equivalent exercises. These estimates are based on statistical samples; as a result the Department does not hold a full list of underpaid benefits cases that it can correct. The Department cannot quantify the cumulative historic liability which may exist due to limitations in data. Therefore, a contingent liability exists for underpayments not yet found and corrected.

The measures reported in the Incorrect Payments notes show an estimate of underpayments made in the reporting year. At present there is no mechanism by which DWP can calculate the value of historic official error corrected in year, to support an overall quantification of the outstanding liability. The Department will review processes and data sources available with a view to quantify this liability in future.

Legal cases

The ongoing legal cases (judicial reviews and appeals) may lead to possible obligations where the Department is facing legal challenge to the policy behind the legislation through the courts and the outcomes depend on the court rulings. In some early stage cases the legal challenges include numerous arguments that require a decision to be made by the Courts. In these cases, until further rulings are received, a reliable estimate is not always possible. However, there will be underpinning analysis done by the Department to support a number of estimates based on a range of different scenarios. However, further disclosure of the details of the cases or the ranges is not provided as, in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), the Department considers that the disclosure of values for any legal contingent liabilities could be expected to seriously prejudice ongoing litigation.

Compensation recovery

DWP recognises recoveries from insurance companies for compensation claims made by benefit recipients. Once the recovery is made the insurance company has the right to mandatory reconsideration or appeal within a set time period. If the reconsideration or appeal is successful recoveries are refunded to the insurance company.

European Social Fund (ESF) repayments

The ESF Audit Authority is required to provide opinions on the 2014-20 ESF programme. This is largely based on the level of errors identified during the audit of claims submitted by projects to the Managing Authority of the ESF England programme (on behalf of DWP). If this exceeds the EU-defined 2% tolerance error rate, the audit opinion is defined as 'qualified' by the ESF Audit Authority, with the risk that the EU can impose a financial correction. The 2022-23 rate was 0.4%, (0.3% for 2021-22), a risk remains that the 2% error tolerance level may be breached in future years.

The Rent Service employee pensions

The Rent Service transferred from DWP to the Valuation Office Agency on 1 April 2009. The Rent Service employed around 400 staff, who were members of the Local Government Pension Scheme, following the transfer they could continue to participate in the scheme. Whilst the scheme is currently balanced, if there is a pension deficit DWP will be liable to meet the shortfall, it is not practical to disclose an estimate of the financial effect or the timing of any outflow.

Compensation claims

Compensation payments may become due because of claims against DWP by staff and members of the public. Claims relate to employment tribunal, personal injury and Civil Service Appeals Board cases. There is significant uncertainty around the estimated liability and the timing of payments. This uncertainty can fluctuate based on factors such as medical evidence received, witness statements and whether claims proceed to trial or are settled early. Therefore, it is not practical to disclose an estimate of the financial effect or the timing of any outflow.

Dilapidation liabilities for leased property

The Department is obligated to reimburse some Landlords for any dilapidations incurred during DWP's tenure on property leased from them. The timing and amount of these liabilities is presently unquantifiable. Where it has been established that an outflow of resources will be required to settle an obligation and a reliable estimate can be made of the amount of the obligation, the amount is recognised in the dilapidations provision.

Document and Data Management Services (DDMS) Indemnity

The DDMS Contract delivers a business critical service for post opening, scanning, email ingestion and indexing across DWP. The Department have extended the contract to allow sufficient time to transition the services to a replacement contract. In the unlikely event that TUPE will not apply at the end of the current contract, the indemnity protects the supplier against redundancy costs, creating a contingent liability with a value of c£1.9 million. The likelihood of utilising the indemnity is low, as TUPE is expected to apply and is being actively managed, so the staff are expected to transfer to the new contract.

Capital Diminution

Universal Credit regulations set out rules for how much capital a claimant can have and still be eligible for the benefit. Where a claimant has capital over this limit and has not declared it, this can result in an overpayment. In working out the value of the overpayment, the Department considers how that capital would have reduced had the claimant used it to support themselves. The process for calculating that is called diminution.

In some historic UC capital overpayments, the Department identified that the diminution calculation was not correctly applied when calculating the amount of the recoverable overpayment. This has led to some recoverable overpayment values being determined at a higher amount than they should have been. In some cases a refund has been due to the claimant where they had made repayments against this debt. Corrective action continues for the affected cases, as further refunds may be needed the Department is disclosing a contingent liability. Restrictions in data in some cases due to the length of time passed can make it difficult to estimate the value of any potential future refunds which could be owed; as a result this liability is not quantified.

21. Related party transactions

DWP sponsors the arm's length bodies listed on page 167. These include three public corporations: Pension Protection Fund, National Employment Savings Trust and Office for Nuclear Regulation.

In addition, the Department had a significant number of transactions with other government departments. Most of these transactions have been with HM Revenue and Customs, Cabinet Office, Department for Communities – Northern Ireland, Ministry of Justice, Office for National Statistics, Scottish Government and HM Treasury. The Department also has transactions with other public bodies such as local authorities and NHS Foundation Trusts.

During the year the Department also entered into transactions worth £22.6 million with Credera Limited, a related party of an Executive Director. The transactions related to the purchase of services for digital transformation and are conducted at an arm's length basis. As at 31 March 2024, £0.9 million was still owed to Credera Limited and was included in the Department's accruals.

No minister, board member or other related parties has undertaken any material transactions with the Department during the year. A register of interests for DWP's board members and a list of ministerial board members' interests are published on GOV.UK

Details of remuneration for key management personnel can be found in the remuneration and staff report within the Accountability report.

22. Events after the reporting period

There have been no events after the reporting period.

This Annual Report and Accounts was authorised by the Accounting Officer for issue on the date of the Comptroller and Auditor General's audit certificate.

Annex 1

(This information is not subject to audit)

Disaggregated information on arm's length bodies

DWP's departmental family is shown on page 167 within the Accountability report, the following bodies are those within DWP's accounting boundary for 2023-24 that contribute to the departmental group.

	Total operating income	Total operating expenditure	Net expenditure for the year (including finance)	Permanently employed staff		Other staff	
Bodies	**£000**	**£000**	**£000**	**Number of employees**	**Staff costs**	**Number of employees**	**Staff costs**
Health and Safety Executive	(111,478)	266,581	188,540	2,776	182,609	78	10,009
The Pensions Ombudsman	–	16,765	16,784	157	10,201	–	–
The Pensions Regulator	–	99,633	99,083	856	69,076	135	6,209
The Money and Pensions Service	–	164,595	164,623	459	36,219	24	2,940
	(111,478)	547,574	469,030	4,248	298,105	237	19,158

	Health and Safety Executive	The Pensions Ombudsman	The Pensions Regulator	The Money and Pensions Service
	£000	**£000**	**£000**	**£000**
Total operating income	(111,478)	–	–	–
Total operating expenditure	266,581	16,765	99,633	164,595
Total Net Operating Expenditure	155,103	16,765	99,633	164,595
Finance Income	–	–	(703)	–
Finance Expense	33,437	19	153	28
Net Expenditure for the Year	188,540	16,784	99,083	164,623

All tabled information was correct and accurate as at the approval date of the accompanying Annual Report and Accounts.

Also included within the departmental family are:

- Industrial Injuries Advisory Council (staff and costs are included in DWP's core department figures)
- Social Security Advisory Committee (staff and costs are included in DWP's core department figures)
- Disabled People's Employment Corporation (GB) Ltd (entered voluntary liquidation in 2017 and was dissolved in June 2024)
- Remploy Pension Scheme Trustees Ltd is registered on Companies House as a dormant company. The pension liability belongs to DWP and is shown in Note 18

The following are arm's length bodies of DWP outside its accounting boundary:

- Office for Nuclear Regulation
- Pension Protection Fund
- National Employment Savings Trust Corporation

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