



Department
for Work &
Pensions

Department for Work and Pensions

Annual Report and Accounts 2024-25 for the year ended 31 March 2025

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

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PERFORMANCE REPORT

Secretary of State's Foreword

In the DWP, we are showing how an active government changes people's lives for the better.

Every day, our hardworking colleagues make a real difference in their communities. Whether it's supporting struggling families, helping people to get into and get on at work, giving disabled people the dignity they deserve or ensuring security in retirement, people are at the heart of everything we do.

This gives us a decisive role to play in delivering the government's Plan for Change. Firstly, by raising living standards through helping more people to get good, well-paid work. And secondly, by giving children the best start in life through tackling the scourge of child poverty – perhaps the single most important step to transforming equality and opportunity in this country.

We have wasted no time in taking the urgent action necessary to meet these challenges.

Through our Get Britain Working plans, backed by an additional £240 million of investment, we are delivering the biggest reforms to employment support in a generation.

These include a new Jobs and Careers Service with more personalised support and a greater focus on the needs of employers, a Youth Guarantee so every young person is earning or learning, and devolving power so that those who know their communities best can join up work, health and skills support locally. Our Get Britain Working Trailblazers are leading the way on showing what this looks like in practice.

These changes sit alongside the radical reforms in our Pathways to Work Green Paper. This set out our vision for a more proactive, pro-work system for those who can work, helping us to protect those who can't work, both now and for the long-term. As part of this, we announced £1 billion of employment support for disabled people and people with health conditions so that they have the same rights, chances and choices to work as everyone else. The independent Keep Britain Working review is also looking at what more employers can do to promote healthy and inclusive workplaces.



Helping more people into work is at the heart of our approach to tackling child poverty. Alongside this, to support families struggling right now, we have extended the Household Support Fund to help with the cost of essentials and introduced the Fair Repayment Rate, helping more than a million of the poorest households to keep more of their Universal Credit. I am also proud to be co-leading the cross-government Child Poverty Taskforce, which is looking across the board at how we can raise incomes, reduce costs and support families with better local services.

We have made the largest ever increase to the earnings limit in Carer's Allowance, and thanks to our commitment to the Triple Lock, we are protecting the State Pension that serves as the bedrock of a secure retirement. At the same time, we have been delivering the biggest ever drive to increase uptake of Pension Credit so that pensioners get the support they are entitled to.

However, there is much more to do. We will continue to deliver the reforms we have set out to employment support and social security, and we have started the first phase of a wider review of the PIP assessment. The learnings of the Child Poverty Taskforce will inform our new Child Poverty Strategy, and the independent review into the earnings-related overpayments of Carer's Allowance will help us to learn the lessons of what happened and put this right for the long-term.

To deliver these priorities, we must ensure every penny of taxpayers' money is spent wisely. Thanks to our efforts we have reduced rates of Universal Credit fraud by a quarter, saving the equivalent of around £1.7 billion. However, we are determined to go further, which is why we have brought forward the biggest ever package to crack down on benefit fraud and error to achieve £9.6 billion of savings by 2030.

This sits alongside our wider work to deliver value for money in the system. As a Department that touches the lives of more than 20 million people, the DWP has a major part to play in delivering the more productive and agile state envisaged by the Prime Minister.

By harnessing the potential of AI and new technology, we will update our systems, drive efficiencies and free up resources to deliver modern, more personalised services that work better for the people who use them, and for the taxpayer too.

In doing so, we can focus on our goals to drive up employment and opportunity and drive down inactivity and poverty in every corner of the country. That is how we will unleash the talents of the British people and deliver economic growth, as part of a decade of national renewal.

Rt Hon Liz Kendall MP
Secretary of State for Works and Pensions

Permanent Secretary's overview



As one of the UK's largest public services departments, DWP supports people to enter and thrive in employment. We steward the UK's workplace pensions system, administer the State Pension, and deliver social security to around 23 million people. Over 2024-25 we have continued to play an essential role in helping people right across the country every day.

We've continued to deliver this daily support whilst supporting new ministers. I revised the accountabilities of my Executive Leadership Team to reflect the Government's priorities and mission-led approach. We've set the direction for how we plan to reform support to help people get into work and get on in work through the Get Britain Working White Paper and the Pathways to Work Green Paper. The Government launched a Pensions Review to ensure savers have greater security in retirement and, as part of this, we are introducing a Pension Schemes Bill in this parliamentary session.

The Universal Credit (UC) programme formally closed at the end of March, with the Department in a strong position to complete migration to UC from legacy benefits. The Workplace Transformation Programme has continued to return the jobcentre network to its pre-pandemic size by decommissioning temporary jobcentres, with 175 sites now decommissioned.

DWP is increasingly working with local partners to explore new approaches. WorkWell provides users with support for their health-related barriers to employment. 17 Trailblazers are now underway or imminent, developing new models to identify customers' needs up front so we can effectively tailor support to different customer groups. We have taken jobcentre support into different settings such as community centres and GP surgeries. DWP also plays a leading role across government, for example in the establishment of the Child Poverty Taskforce, to join up policy across departments to create a comprehensive public service model for citizens.

When the Fraud and Error National statistics were published in May we saw the overpayment rate for fraud and error change from 3.6% in 2023-24 to 3.3% in 2024-25, which shows that we are seeing a downwards trend in the level of overpayments over recent years. In Universal Credit I am pleased to report that the overpayment rate has reduced by over a fifth compared to last year. However, we still need to go further, investing in preventative activity alongside our strong detect functions to ensure we are stopping incorrect payments from the outset or correcting as quickly as we are able. In addition to this we have introduced the Public Authorities (Fraud Error and Recovery) Bill

into Parliament which will modernise our legislative framework, to help identify, prevent, and deter fraud and to enable better recovery of debt owed to the taxpayer.

We spent nearly £288 billion in Resource AME, which covers benefits paid through the welfare system in 2024-25 including just over £123 billion on people of working age and approximately £164 billion on pensioners. Of total welfare spend, around £70 billion was spent on benefits to support disabled people and people with health conditions.

We have seen increased demand across our services and have actively managed our resources to respond to this. Following national and local media campaigns, we saw an 81% increase in Pension Credit applications between July 2024 and February 2025 compared to the previous year. As we continued to modernise how we design and deliver our services and grow the channels through which we connect with our customers, we also adopted generative AI in a controlled and considered way. For example, in 2024-25 AI tools identified over 16,000 documents showing potentially at-risk customers. In January 2025, 85% of applicants applied for their State Pension online using our quick and easy Get Your State Pension service.

As I travel around the country visiting our jobcentres, service centres and offices, I see firsthand the dedication of our people to make a difference and support people. I have seen where we are making strides to enhance delivery of our support; and I also know there is more we can do to further streamline and improve our services.

Our Values have continued to guide us over the last year. 'We deliver' prompts us to focus on achieving our outcomes and changing lives for the better. 'We adapt' reminds us to think of new ways to do things, and to be open to other's ideas. 'We care' about both our customers that we serve, and our colleagues. 'We value everybody' means we create an environment where everyone can achieve their potential, bringing together diverse perspectives. And finally, 'we work together' as one DWP and with our partners to achieve good outcomes for those who rely on us.

Sir Peter Schofield KCB

Permanent Secretary and Accounting Officer

Our 2024–25 Performance at a glance

£287.9 billion

spent in pension and benefit



£347 million

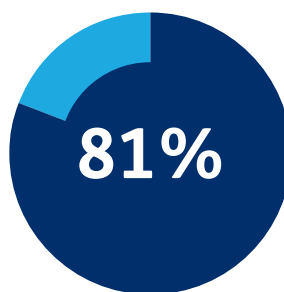
savings from efficiencies delivered



86,640

Sector-based Work Academy Programme (SWAP) starts, exceeding the target of 80,000

SWAP | SECTOR-BASED WORK ACADEMY PROGRAMME



increase in Pension Credit applications (July 2024–February 2025 vs. previous year)

19,000

employers registered with the Disability Confident scheme



disability confident

751,000

Child Maintenance Service arrangements in place for over 1 million children



£842 million

allocated to local authorities in England and Wales for the Household Support Fund



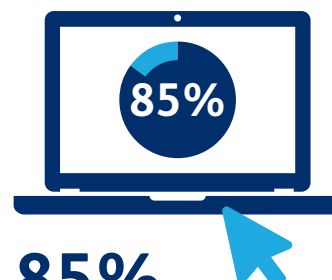
120,000

children kept out of relative low-income due to child maintenance

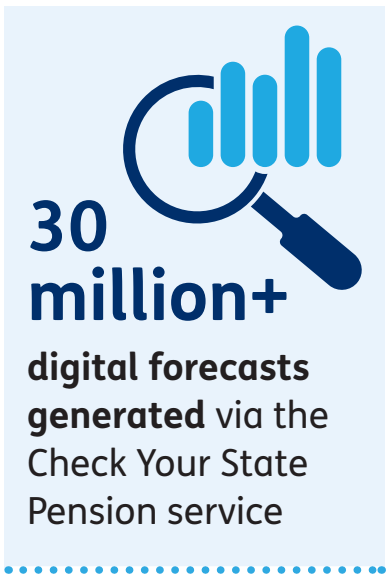


Over 11 million

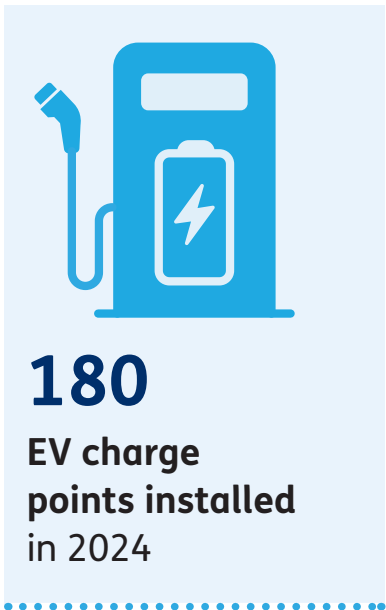
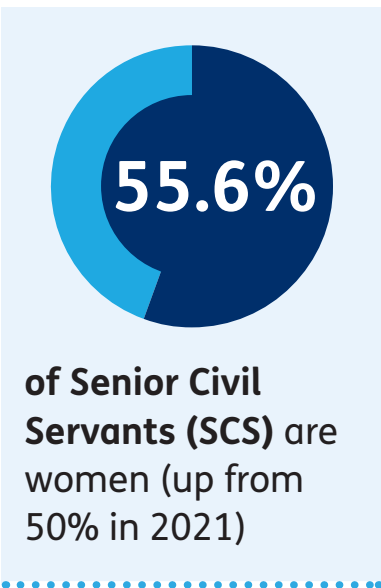
people enrolled in workplace pensions by March 2025



85% of State Pension applications made online in January 2025



42.9 million
calls answered in 2024–25
(up from 36.7 million)



Performance overview

This section provides a high-level summary of the Department for Work and Pensions' (DWP) strategic purpose and performance over the entire financial year, from 1 April 2024 – 31 March 2025. It provides an overview of our organisational structure and the employment, pensions and welfare services we delivered to support people to thrive and achieve financial independence.

In line with HM Treasury guidance, the Performance Report is structured around our goals as agreed at the most recent spending review (SR25), in November 2024. Where material, this report notes the objectives and activities of the previous administration.

Our Vision, Our Values

Following the July 2024 general election **Our Vision** evolved 'To enable and empower everyone to thrive'.

This vision is underpinned by **Our Values**. They shape the way we lead, collaborate, adapt, and strive to make a difference in people's lives. They sit at the heart of everything we do for each other, our customers and our partners.



We care



We deliver



We adapt



We work
together



We value
everybody

Human Rights and Public Sector Equality Duty

We comply with the UK's obligations under the European Convention on Human Rights and we support the implementation of the UN Convention on the Rights of Persons with Disabilities and work across government to implement and deliver it.

We are also fully committed to meeting our responsibilities under the Public Sector Equality Duty, as set out in Section 149 of the Equality Act 2010. This includes having due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation, and other conduct prohibited by the Act
- advance equality of opportunity between people who share a protected characteristic and those who do not
- foster good relations between people who share a protected characteristic and those who do not

The duty applies to the nine protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, gender, marriage and civil partnerships and sexual orientation.

In May 2024, the Equality and Human Rights Commission (EHRC) launched an investigation under Section 20 of the Equality Act 2006 into we failed to comply with the Public Sector Equality Duty. Details of the investigation are at page 81.

Our Structure

We are led by the Secretary of State for Work and Pensions, who has overall responsibility for our policies, and the Permanent Secretary who is our most senior civil servant, responsible for the effectiveness and efficiency of the Department's work and its spending. Together, they provide strategic direction and oversee delivery of our priorities, operations and spending. The Secretary of State chairs the Departmental Board and works with her Ministerial Team to set the departmental strategy. The Permanent Secretary chairs the Executive Team Committee and works with directors general who lead major areas of responsibility. Together, they provide the corporate leadership for DWP. Detail of our governance structure and ministerial and director general responsibilities can be found in the Governance Statement on page 180 and is also available to read [here](#)¹.

At 31 March 2025, our departmental group includes the core Department (DWP) and ten public bodies, see page 176 for further details.

Our Goals

The Secretary of State has set five goals for the Department which were agreed at the spending review (SR25). These replaced the strategic outcomes of the previous administration. The five goals are:

1. Enable people to get into work and to get on at work, ensuring employment opportunity for all.
2. Tackle child poverty and hardship, ensuring financial security for all.
3. Shape the pensions system to serve the interests of savers and pensioners, ensuring decent, secure retirement incomes for all.
4. Pursue a just, equal and inclusive society, ensuring independence and control for all disabled people.
5. Deliver high quality efficient services, ensuring that people are treated with dignity and respect.

Delivery of these goals is supported by our corporate functions

The following section provides a high-level summary of each goal and our corporate functions. Further information is contained in the Performance Analysis section of this report, pages 38 to 91. This includes further details of our delivery and performance in 2024-25.

¹ www.gov.uk

Goal
1

Enable people to get into work and to get on at work, ensuring employment opportunity for all

Lead Directors General

- Directors ,General,Labour Market and Poverty
- Chief Executive and Director General, Jobs and Careers Service

Goal 1 Outcomes

- employment rate of 18-66-year-olds
- percentage of young people not engaged in education, employment or training (18 to 24-year-olds)
- percentage of long-term sick inactive of all 18 to 66-year-olds

Summary

Throughout the year, we supported people in finding good jobs, staying in work, progressing in their careers, and increasing their earnings by providing tailored interventions through jobcentre colleagues and improving employment opportunities.

We offered tailored support to young people and individuals with health conditions or disabilities who face particular disadvantages in the labour market.

We also collaborated with other government departments to assist those furthest from the labour market and individuals from under-represented groups in moving into and advancing in work.

Our long-term ambition is to achieve an 80% employment rate through increased employment opportunities and addressing economic inactivity caused by ill health.

Key services we provided to support this goal in 2024-25:

Jobcentre Plus

provides personal, tailored employment advice which – when combined with detailed knowledge of local labour markets – matches people to suitable job vacancies and helps those in low-paid work to progress and increase their earnings.

Restart

supports the long-term unemployed. The scheme is offered in England and Wales, with Scotland and Northern Ireland receiving consequential funding. From July 2024 Restart was extended until June 2026, with eligibility expanded to include unemployed people who have been on Universal Credit for six months or more.

Sector-based Work Academy Programme (SWAP)

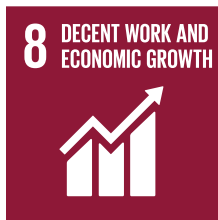
placements offer training, work experience and a guaranteed job interview to those ready to start a job. It allows people to learn the skills and behaviours that employers in particular industries look for.

Train and Progress

supports Universal Credit customers to participate in full-time, work-related training for up to 16 weeks enabling jobseekers to access vocational courses, such as the Department for Education’s Skills Bootcamps.

Performance analysis see page 38

UN Sustainable Development Goals supported SDG 1, 4, 8 and 10



Our **Get Britain Working White Paper** was published in November 2024 and sets out the significant and transformative reforms we are making to employment support including the creation of a new Jobs and Careers Service, a Youth Guarantee so every young person is earning or learning, and joining up work, health and skills support locally to help people get back to health and back to work.

In March 2025, we published the **Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper** which consults on proposals to make workplaces more accessible and inclusive for people with a health condition or disability, and how employers can be better supported. The summary of Goal 4 provides further information on the Green Paper proposals for reforms to health and disability benefits.

The **DWP Youth Offer** supports unemployed 16-24 year olds in the Universal Credit intensive work search group with tailored coaching, skills training and employment opportunities. It also provides extra support for young parents and carers in the same age group.

Work and Health Programme provides personal support to those out of work for health-related reasons in England and Wales. Referrals to the programme closed in September 2024, but it will continue to support existing claimants until July 2026.

WorkWell was launched in October 2024 to tackle ill-health related economic inactivity by providing light touch support to help people stay in or return to work.

The Disability Confident employer scheme is a business-led scheme that encourages employers to think differently about disability and to take action to improve how they attract, recruit and retain disabled employees.

50PLUS employment support is provided through jobcentres and gives additional work coach time to eligible 50PLUS jobseekers on Universal Credit. It delivers more intensive, tailored support during the first nine months of their claim.

Goal 2

Tackle child poverty and hardship, ensuring financial security for all

Lead Directors General

- Directors, General Labour Market and Poverty
- Director General, Social Security, Disability and Pensions
- Chief Executive and Director General, Jobs and Careers Service
- Director General, DWP Services and Fraud

Goal 2 Outcomes

- percentage of children in relative poverty after housing costs
- percentage of working-age adults in relative poverty after housing costs
- real earnings component of real household disposable income amongst non-retired households (all ages)

Summary

We are committed to tackling child poverty and creating a fairer society, where every child has the opportunity to thrive. We are also committed to greater financial security for all, including by helping people increase their income. A **ministerial child poverty taskforce**, jointly chaired by Secretaries of State for Work and Pensions and for Education, was launched in July 2024.

The taskforce will deliver a child poverty strategy focusing on bringing about an enduring reduction in child poverty in this parliament, as part of a 10 year strategy for lasting change.

Key services we provided to support this goal in 2024-25:

The **Child Maintenance Service** supports separated parents to work together in the interests of their children and to set up family-based child maintenance arrangements when it is safe and appropriate to do so. The statutory scheme exists for parents that need it.

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 support to increase collaboration, whether they are together or separated.

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, including housing. Claimants may be out of work, working (including self-employed or part-time) or unable to work, for example, due to health conditions.

Performance analysis see page 49

UN Sustainable Development Goals supported SDG 1, 5 and 10



Support for separated parents is provided through the Child Maintenance Service, which now supports over one million children.

From April 2024, working-age benefits increased by 6.7% and relevant State Pension rates by 8.5%. In addition, we allocated £842 million to deliver the Household Support Fund across England, to help those in need locally with the cost of essentials. The devolved governments received consequential funding.

New Style Jobseeker's Allowance is a contribution-based benefit paid to people seeking employment.

The **Household Support Fund** is a scheme for local authorities in England to provide discretionary support to households in the most need to meet essential costs. There are no set eligibility requirements, and local authorities have the discretion to design their schemes within the parameters of the DWP guidance and grant determination.

Goal
3

Shape the pensions system to serve the interests of savers and pensioners, ensuring decent, secure retirement incomes for all

Lead Directors General

- Director General, Social Security, Disability and Pensions
- Director General, DWP Services and Fraud

Goal 3 Outcomes

- percentage of pensioners in relative poverty after housing costs
- Pensioner income levels

Summary

We are committed to a pensions system that delivers a secure and adequate retirement income for all, whilst also ensuring that the system helps to contribute towards economic growth.

We continued to support pensioners on low incomes through Pension Credit. Following national and local media campaigns, we saw an 81% increase in applications between July 2024 and February 2025 compared to the same period in the previous year.

Key services we provided to support this goal in 2024-25:

State Pension is available to people who have reached State Pension age and have sufficient 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.

Attendance Allowance helps customers living in England and Wales with extra costs if they have a disability or health condition severe enough that they need someone to look after them. People who have reached State Pension age and have a disability or health condition can apply. Attendance Allowance is devolved in Scotland.

Performance analysis see page 56

UN Sustainable Development Goals supported SDG 1, 5 and 10



We launched a digital application service for Attendance Allowance claims, enabling us to reduce processing time and serve customers better. The MoneyHelper online pensions dashboard, designed to support people in planning their retirement, is progressing well through development and testing stages.

The **Money and Pensions Service** ensures that people have access to the information and guidance they need to help them make effective financial decisions.

The **Pensions Regulator** protects UK workplace pensions by making sure employers, trustees, pension specialists and business advisers fulfil their duties to scheme members, and by ensuring they meet their automatic enrolment duties. The **Pensions Ombudsman** handles pension complaints and disputes.

Goal 4

Pursue a just, equal and inclusive society, ensuring independence and control for all disabled people

Lead Directors General • Director General, Social Security, Disability and Pensions • Director General, DWP Services and Fraud	Goal 4 Outcomes • employment rate of disabled people 18 to 66-year-olds • disability employment rate gap • rate of relative poverty, after housing costs, for individuals in families where someone is disabled

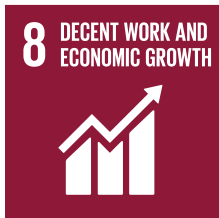
Summary

We are creating a more inclusive society where disabled people and people with health conditions have greater independence and control over their lives, including more opportunities to work if they are able to. In March 2025 we published the **Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper** which consults on a range of proposals, specifically to improve health and disability benefit services, deliver a better experience for claimants, and better value for money.

Key services we provided to support this goal in 2024-25:		
Personal Independence Payments help people aged 16 and over with the additional costs associated with a disability or long-term health condition. Those who start receiving it before reaching pension age can continue to receive it afterwards.	Disability Living Allowance is available for people under 16 in England and Wales to help with extra costs associated with mobility and /or long-term health conditions. This is devolved in Scotland.	Employment and Support Allowance supports people with a health condition that affects how much they can work. Applicants must be under State Pension age.

Performance analysis see page 63

UN Sustainable Development Goals supported SDG 1, 4, 8 and 10



Throughout the year we continued to deliver Personal Independence Payments, Disability Living Allowance for children and Employment and Support Allowance.

In September 2024 we made the process of determining benefit entitlement simpler for customers. The new Functional Assessment Service has replaced a multi-provider model with a single provider for all assessments in each of our four geographic areas.

Goal
5

Deliver high quality efficient services, ensuring that people are treated with dignity and respect

Lead Directors General

- Director General, Strategy and Transformation
- Chief Executive and Director General, Jobs and Careers Service
- Director General, DWP Services and Fraud
- Chief Digital and Information Officer

Goal 5 Outcomes

- monetary value of fraud and error (overpayment/underpayment by rate and value)
- overall customer satisfaction with DWP

Summary

We are focused on improving our services and ensuring our customers are treated with dignity and respect.

Throughout 2024-25, we continued to deliver a high quality service across the administration of benefits, the Jobcentre Plus network and the Child Maintenance Service. We also worked to make our services simpler, faster, and easier to use by moving them online, reducing paperwork and waiting times and enabling customers to self-serve, while also providing personalised support to those with complex needs.

Performance Analysis see page 69

Corporate Performance

Lead Directors General

- Director General, Finance
- Director General, People and Capability
- Chief Digital and Information Officer
- Director General, Corporate Transformation

Summary

Our corporate functions are essential in enabling the achievement of our five goals and driving transformation across the Department.

They support the delivery of services in various ways, including recruiting and training employees, processing payments to customers, and managing our estate with a focus on sustainability. Additionally, our corporate functions oversee the implementation and

Performance analysis see page 139

UN Sustainable Development Goals supported SDG 1, 5 and 10



We have continued to focus on fraud, error and debt. The Fraud, Error and Debt report on page 92 outlines how we have improved detection of fraud, reduced overpayments and prevented loss, and how we are managing debt recovery.

UN Sustainable Development Goals supported SDG 13 and 16



maintenance of digital and online technology, ensuring that our systems are efficient and secure.

By coordinating the delivery of these functions, we enhance our operational capabilities and contribute to the overall success of the Department.

DWP’s most significant risks 2024-25

Our risk management system is summarised within the Accountability Report on page 198.

We have continued to identify and track emerging risk themes for the Department.

The table below highlights the most significant risks across 2024-25, and the mitigations we have taken to manage them. Four of our eight principal risks are rated as Red reflecting the operating environment within which the Department is delivering its services. This has required us to constantly review the impact of mitigations that can be delivered by the Department within the funding secured through Spending Reviews.

Our principal risks are reviewed and revised by the Executive Team throughout the year, ensuring effective corporate leadership against a range of pressures.

We will continue to monitor the effectiveness of our assurance regime to manage these risks, ensuring consistency with the principles and practices of the Orange Book² reporting to the Departmental Audit, Risk and Assurance Committee, the Executive Team Committee and the Departmental Board.

Key to risk assessments and trends:

Latest risk assessment as of 31 March 2025	High	Medium	Low
Risk trend as of 31 March 2025	Risk increase ↑	Risk decrease ↓	Risk unchanged ↔

2 [Orange Book – GOV.UK](#),

Risk theme, assessment and trend	Short description	Key controls and mitigating activities 2024-25
*Service modernisation 	There is a risk that we fail to deliver transformed digital and improved customer services to underpin our business strategy and deliver committed savings. This remains amber due to the scale and complexity of the Programme.	• The programme continued to contribute to DWP efficiency with the end of year position showing a positive trajectory, on track to exceed financial and full-time equivalent savings. • The programme is in the government's major projects portfolio and subject to scrutiny/reporting by the National Infrastructure and Service Transformation Authority (formerly the Infrastructure and Programme Authority). • Our Change Portfolio Board review Programme progress and seek assurance from the Senior Responsible Owner on the impact of mitigations to risks at an operational level.
**Fraud & Error 	There is a risk that plans to reduce fraud and error are not successfully executed; and/or cannot mitigate the increased propensity of fraud in wider society. This remains Red as whilst some progress in reducing the Monetary Value of Fraud and Error can be seen and is further described in the Fraud, Error and Debt section (see page 92), the clear intention of the Department's target is to see levels return to those pre-pandemic.	• Organisational changes to integrate policy and support operational delivery with key priorities. • Setting of an in-year target for Annually Managed Expenditure (AME) savings from 'detect' activity. • Transition to a 'prevent first' focus and multi-disciplinary approach. • A strategic controls framework has been developed and will be expanded through 2025. • Further fraud, error, and debt measures were agreed at the 2024 Autumn Budget, delivering additional savings over the next five years. • Introduction of the Public Authorities (Fraud, Error and Recovery) Bill which makes provisions to identify, prevent and deter fraud and error in the benefits system.

Risk theme, assessment and trend	Short description	Key controls and mitigating activities 2024-25
**Delivery of strategic outcomes 	There is a risk that insufficient funding, ambitious plans and constrained resources means the Department fails to deliver its strategic outcomes and objectives. This has remained Red as we continue to support the Spending Review 2025 process that will confirm future resources that can be allocated to deliver our agreed outcomes and objectives.	• Effective control monitoring and reporting mechanisms against key measures and indicators to the Executive Team Committee and Departmental Board. • Key planning assumptions and risks were routinely assessed to support decision making and assure delivery. • Deliverability assessments for refreshed plans and fiscal events highlighted constraints which may have impacted achievement of goals.
**Performance stability and quality 	There is a risk that we are unable to effectively prioritise and balance supply of resource to pressures of demand, leading to inconsistent and/or inaccurate services, reducing customer outcomes. This has remained at Amber due to the need to consider prioritisation of investment against heads of work in each service line.	• Mechanisms were in place to manage and monitor capacity and demand pressures. • Performance and planning forums were supported by delivery optimisation teams to drive performance and compliance. • Continuing to transform and evaluate our approach to quality.

Risk theme, assessment and trend	Short description	Key controls and mitigating activities 2024-25
*Health Assessment transition 	There is a risk that we are not able to deliver enough health and disability benefit assessments and decisions due to demand on transition to new assessment contracts. This has moved to Green following the successful transition of services to new Functional Assessment Service providers.	- Monitoring of the completion of transition and return to pre-transition performance levels. - All performance management related processes and governance supporting new assessment contracts were managed, reviewed and embedded. - An independent review confirmed that payment processes were well designed, and effective controls were in place.
**Workforce participation 	There is a risk that economic conditions deteriorate with global and economic shocks affecting deliverability, scale and impact of planned initiatives. This remained at Red as work continued through the year to turn policy intent into programmes of delivery that are and will be subject to key authorisation milestones both within the Department and with Treasury.	- The Get Britain Working White Paper set out reforms to the labour market and employment support system to tackle inactivity, through a comprehensive package of reform proposals. - Delivery plans are being developed, requiring new ways of working for DWP, local authorities and devolved governments, to ensure that services can be tailored to more localised employment support. - A jobcentre activity review is assessing how we can most effectively support customers and deliver new priorities. Proposals will feed into work to develop the future employment support offer including providing more support for those further away from the labour market.

Risk theme, assessment and trend	Short description	Key controls and mitigating activities 2024-25
**Cyber and data threats, system infrastructure 	There is a risk that internal or external cyber threats could exploit known cyber security flaws/ vulnerabilities, resulting in denial of service and/or loss of data. Remediation of legacy systems is necessary to eliminate failure. This remained at Red due to the inherent risk of cyber-attack. Mitigations as well as monitoring of risk and active review of contingencies are therefore equally weighted in our work.	• Adoption of the new security assurance framework GovAssure to measure and ensure cyber resilience. • Embedding of secure-by-design principles. • Future proofing of DWP's IT by reducing reliance on outdated and obsolete systems. • Continued implementation of our data strategy to strengthen data capabilities, governance and improved quality, availability, and accessibility of data.
**People Safety 	There is a risk that we expose our people, partners, customers and property to potential harm. This has remained at Amber due to the inherent risk in providing services.	• DWP's people strategy aims to achieve exemplar status in our health and safety policies, processes and practices to ensure our people work in a safe environment and engage in safe interactions with our customers. • Enhancement of specialist support, systems, tools and training to improve compliance with DWP's health and safety policies. • Monitoring safer interactions is now part of the Risk Assurance Board's remit, with concerns escalated to Executive Team Committee. • Implementing a programme of works to raise the quality of core strategic assets and security infrastructure.

Notes:

Assessment of the risks in this table are indicative only and aim to evaluate the risk remaining after mitigations (or residual risk) to end of March 2025.

In the table above illustrates, *de-escalated risks following September 2024 risk refresh and ** new or revised risks at September 2024 risk refresh.

Chief Finance Officer Overview

In 2024-25 we spent £287.9 billion in Annually Managed Expenditure which provided financial support to approximately 23 million people across Great Britain. We also spent £9.9 billion in departmental expenditure.

The departmental budget and how it is set

The departmental budget is split into the following spend categories:

Annually Managed Expenditure (AME): These are costs that are demand-led and not easily controlled. Most welfare spending is classified as AME.

Departmental Expenditure Limit (DEL): These are primarily costs for delivering services and running the Department. DEL costs are split between Programme (which covers costs to deliver policy objectives, services to the public and programme costs such as the Household Support Fund) and Administration (which covers the core running costs of the Department).

Both DEL and AME are split into two further categories. **Resource** spending is money that is spent on day-to-day activities like welfare expenditure and our operational services in jobcentres. **Capital** spending is largely spent on investment. For further explanation on spend categories, go to [How to understand public sector spending](#)³.

Departmental budget vs actual spend in 2024-25

The table below sets out the Department's actual spend in 2024-25 against budget.

Spend Category	Budget	Actual	Variance
	£bn	£bn	£bn
Resource AME	294.3	287.7	-6.6
Capital AME	0.5	0.2	-0.2
Total AME	294.8	287.9	-6.8
DEL Administration	1.1	1.0	-0.1
DEL Programme	8.5	8.4	-0.1
Total Resource DEL	9.6	9.4	-0.2
Total Capital DEL	0.6	0.5	-0.1
Total Managed Budget Vs Actual Spend⁴	304.9	297.8	-7.1

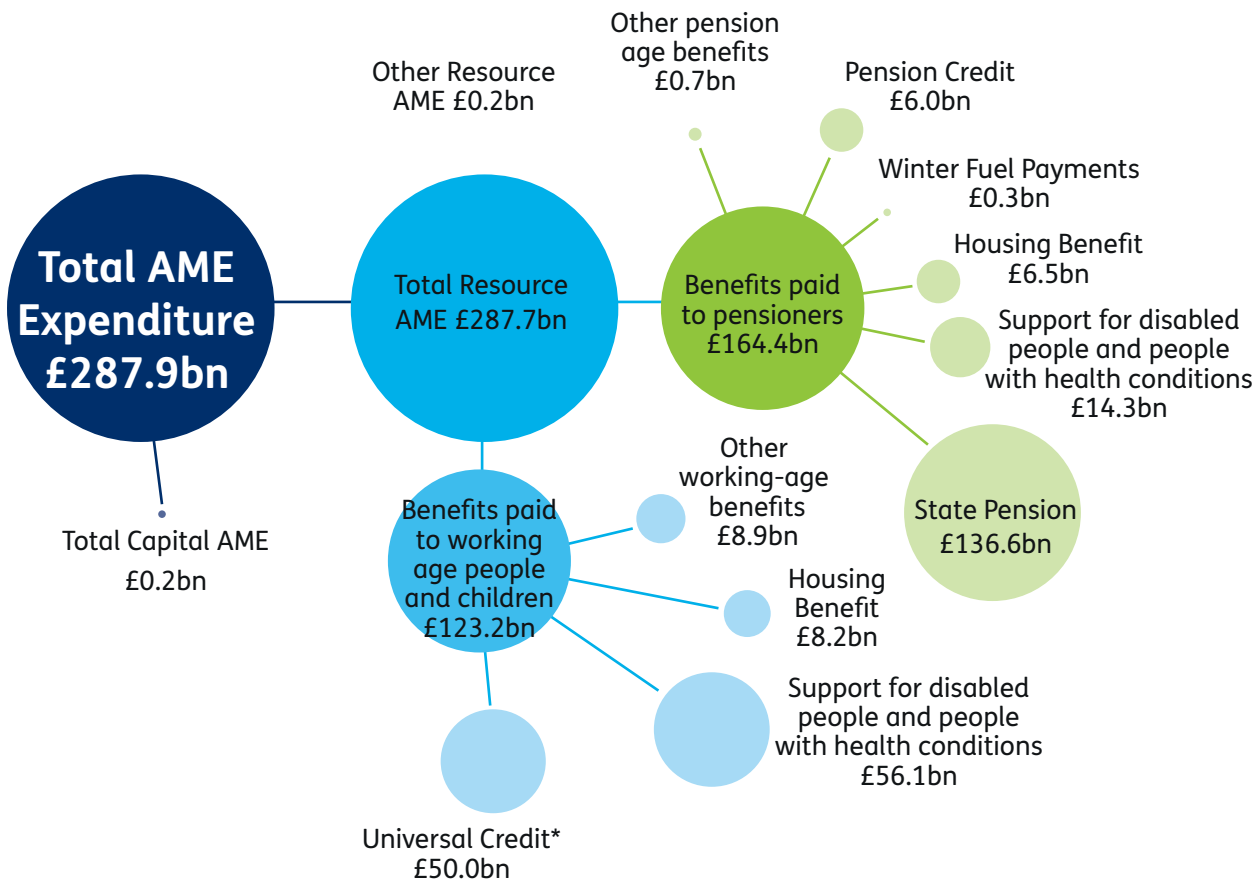
³ [How to understand public sector spending](#)

⁴ Totals may not sum due to rounding

For further details, including trends over the past five years, see the core tables⁵ on page 269.

Annually Managed Expenditure

Welfare spend in 2024-25



*Excluding UC for health element (plus standard element for those on health journey)

Resource Annually Managed Expenditure

In 2024-25, Resource AME was £287.7 billion. This was £21.8 billion (8.2%) more than in 2023-24, largely due to the annual uprating of pensions by 8.5% and other benefits by 6.7%, as well as the continued migration of claimants receiving personal Tax Credits to Universal Credit. This was partially offset by the government’s decision to restrict eligibility to Winter Fuel Payments and the ending of Cost of Living Payments.

5 A chart showing expenditure trends has not been included due to the wide variance in values across the different types of expenditure. A single chart with a shared y-axis would not accurately reflect the data and may lead to misinterpretation. To ensure clarity and consistency, the data is presented in table format on page 269.

How we spent Resource AME

57% of Resource AME in 2024-25 was paid to pensioners, with the State Pension accounting for £136.6 billion and Pension Credit for £6.0 billion. The cost of the State Pension increased by £12.5 billion (10.1%) compared to 2023-24, reflecting the rise in the pensioner population and uprating in line with the triple lock⁶.

We spent £0.3 billion on Winter Fuel Payments in 2024-25. This was £1.7 billion less than in 2023-24⁷. This was due to the government's decision to restrict eligibility to Winter Fuel Payments to those on Pension Credit or certain other means-tested benefits.

43% of Resource AME in 2024-25 was paid to people of working age and children. This includes £50.0 billion on Universal Credit⁸. This was £11.0 billion more than was spent on Universal Credit in 2023-24⁹ reflecting some changes in categorisation, the impact of people moving from legacy benefits to Universal Credit (UC) as part of move to UC and the uprating of allowances.

£70.3 billion of Resource AME (24%) supported people with a disability or health condition¹⁰, £14.3 billion to pensioners and £56.1 billion to working-age people and children¹¹. This was £9.6 billion more than in 2023-24¹².

Capital Annually Managed Expenditure

We spent £240.7 million on Capital AME in 2024-25, £83.6 million more than in 2023-24¹³. This spend includes £266.6 million on Universal Credit advances and £46.4 million on Support for Mortgage Interest payments. This spend was offset by £49.6 million of Social Fund loan net repayments¹⁴.

6 The triple lock guarantees that the State Pension increases annually by the highest of inflation, average earnings growth or 2.5%

7 The Annual Report and Accounts 2023-24 showed Winter Fuel Payments of £4.7 billion. Cost of Living Payments of £2.6 billion have been excluded when calculating the reduction in Winter Fuel Payments compared to 2023-24.

8 Excluding Universal Credit Health Element, and Standard Allowance paid to those in receipt of Health Element, which are captured in expenditure on disabilities and health conditions.

9 This figure cannot be directly compared with the disclosed in the 2023-24 Annual Report of £32.5 billion for Universal Credit expenditure. This is due to the inclusion of UC Carer's element and UC Housing element for those receiving UC Health element, following the change in Disability definition described in footnote 5.

10 Benefits defined as supporting those with a disability or health condition are: Severe Disablement Allowance, Universal Credit (Health Element, and Standard Allowance for those receiving the Health Element), Income Support (Incapacity), Attendance Allowance, Personal Independence Payment, Disability Living Allowance, Incapacity Benefit and Employment and Support Allowance.

11 These figures do not sum due to rounding.

12 This figure cannot be directly compared to the spending disclosed in the 2023-24 Annual Report of £78 billion to support people with a disability or health condition. In 2024-25 DWP has used a narrower definition to align to the DWP's "Pathways to Work" Green Paper. The new definition does not include wider spending on those with a health condition relating to things like housing, carer benefits and industrial injuries.

13 The Capital figure for 2023-24 and 2022-23 cannot be directly compared, due to a change in capitalisation policy for Universal Credit Advances.

14 Social Fund loan net repayments are payments made for Crisis and Budgeting Loans (including Funeral Payments) less repayments made on these loans.

See more detailed information on benefit expenditure outturn and forecasts in the DWP benefit expenditure tables on GOV.UK¹⁵.

Annually Managed Expenditure Forecasts

The Office for Budget Responsibility (OBR) forecasts welfare expenditure twice a year. The forecasts take account of any changes to the OBR's underlying assumptions about the economy, modelling changes, and tax and spending measures announced by the government. The OBR publishes the details of the forecasts in the Economic and Fiscal outlook (EFO)¹⁶.

Welfare Cap

As part of its welfare expenditure forecasts, the OBR assesses whether the government will meet the welfare cap. The cap is a limit on the amount the government aims to spend on social security benefits. It excludes spending on the State Pension, jobseekers, and Tax Credits. Around half of welfare spending is included in the cap, and a margin is set on top of the cap to account for future uncertainty in the expenditure forecast. The welfare cap is breached if forecast expenditure is above the cap and margin when the cap is formally assessed at the first fiscal event of any new Parliament.

As Autumn Budget 2024 was the first fiscal event of the current Parliament, the OBR made a formal assessment of the welfare cap covering the period 2019-20 to 2024-25. It judged the government would breach the welfare cap and margin by £8.6 billion in 2024-25 due to higher than forecast spending on disability benefits, Universal Credit and legacy benefits. As a result, the Minister for Employment led a debate in the House of Commons to explain the breach.

At Autumn Budget 2024, the government set a new cap for the period 2024-25 to 2029-30. The new cap is set at £194.5 billion based on OBR's Autumn Budget 2024 forecast with a 5% margin. The next formal assessment of the cap will be at the first fiscal event of the new Parliament.

At Spring Statement 2025, the OBR estimated that welfare spend subject to the cap would be £190.7 billion in 2029-30, a reduction of £3.8 billion since Autumn Budget 2024. This decrease is primarily driven by the policy measures announced at Spring Statement 2025, which reduce forecast expenditure on Personal Independence Payment, Universal Credit and Carer's Allowance.

¹⁵ [GOV.UK](https://gov.uk)

¹⁶ [Economic and fiscal outlook \(EFO\)](#).

Resource Departmental Expenditure Limit Budget

DWP's 2024-25 Resource DEL budget was set at £8.5 billion (including depreciation) at the Main Estimate 2024. HM Treasury made additional funding available, which was announced at the Autumn Budget. This included increased funding: to support those most in need by extending the Household Support Fund, to meet increased demand for Pension Credit following the announcement of the means testing of the Winter Fuel Payment, and for Universal Credit (UC) due to the acceleration of the migration of Employment and Support Allowance claimants to UC (Move to UC).

We ended the year within our agreed funding allocation which allowed us to agree with HM Treasury to transfer £98 million of funding from 2024-25 to 2025-26. As a result, we agreed a Resource DEL budget of £9.6 billion (including depreciation) for 2024-25 at Supplementary Estimate.

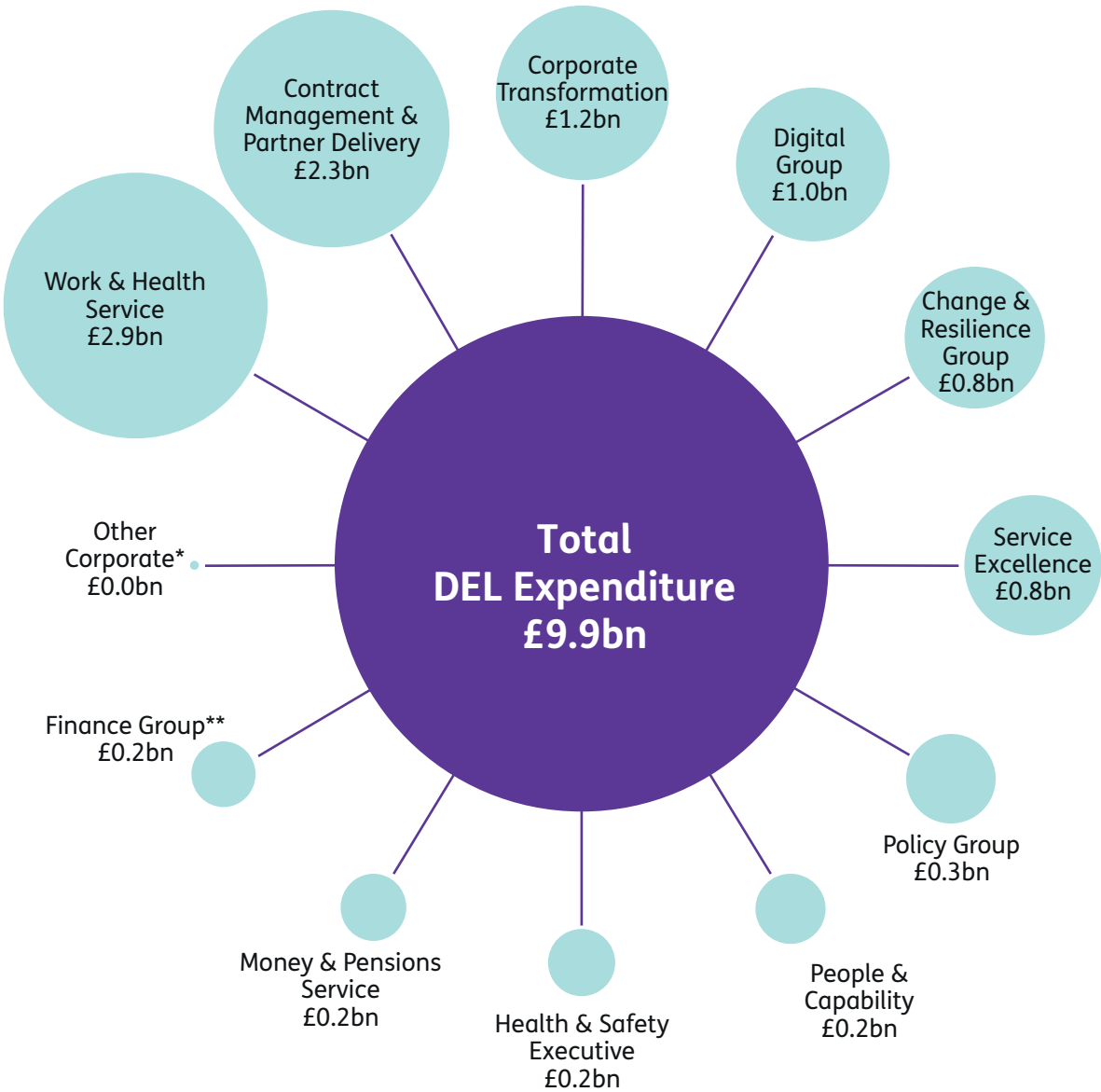
Capital Departmental Expenditure Limit Budget

Our 2024-25 Capital DEL budget was set at £579 million at the Main Estimate 2024. HM Treasury made additional funding available, which was announced at the Autumn Budget, including additional funding to undertake lease commitments within our estate.

We ended the year within our agreed funding allocation which allowed us to agree with HM Treasury to transfer £25 million of funding from 2024-25 to 2025-26. As a result, we agreed a Capital DEL budget of £625 million for 2024-25 at Supplementary Estimate.

Departmental Expenditure Limit Expenditure

Departmental spend in 2024-25¹⁷



*Including Communications Directorate and Private Office
** Excluding Contract Management and Partner Delivery (shown separately)

¹⁷ Totals may not sum due to rounding.

We have ended 2024-25 within the funding agreed with HM Treasury. The main areas of financial uncertainty during the year were in the following areas of spend:

- Access to Work, where spend increased by a further £57 million to £306 million and backlogs of claims also rose. This is due to an increase in the number of people accessing the scheme and a rise in the average cost of claims for example, on support worker rates and travel to work.
- The new Functional Assessment Service (FAS) contract which delivers Work Capability and Personal Independence Payment (PIP) assessments which are critical gateways for accessing benefits. The new service was successfully implemented this year but likely levels of provider performance and cost were hard to predict.
- Capital expenditure on building leases. We did not undertake as many new lease commitments as we had planned in part because of timing of complex commercial negotiations. This made forecasting capital impacts under the appropriate accounting treatment for lease expenditure (IFRS16), particularly challenging as the accounting for all expenditure is undertaken in its entirety at the point of the Department having the right of use of the asset. As we enter into lease commitments, we are mindful of the importance of ensuring accounting treatment does not result in decisions that represent poor value for money for the taxpayer.

Increasing Efficiency

We continued to identify efficiencies across the Department, meeting the Spending Review efficiency challenge and delivering on the government efficiency framework's efficiency drivers.

We have driven efficiency across the Department – examples include reducing the size and cost of our estate, contracts efficiencies, digital transformation to improve staffing efficiency and buying cheaper laptops and mobile phones and replacing out-of-date systems. We have also made our operational services more efficient by digitising our processes and increasing claimants' ability to self-serve and increasing the number of cases per work coach.

As a result, we delivered £347 million in efficiencies in 2024-25 against our Spending Review baseline, exceeding our target of £270 million.

Performance analysis

This section builds on the Performance Overview and includes details of our activities and progress against our performance outcomes covering the period 1 April 2024 – 31 March 2025.

Goal
1

Enable people to get into work and to get on at work, ensuring employment opportunity for all



Introduction

The government is committed to delivering an employment support system that helps people get on in work and increase their earnings. The Get Britain Working White Paper¹⁸, published in November 2024, outlines the government's strategy to reform employment, health and skills support, with the aim of reducing economic inactivity and fostering an inclusive labour market. It sets out policy and delivery reforms to meet the ambition of an 80% employment rate.

The government recognises that there are many components of a sustained improvement to the labour market. We have published the key indicators¹⁹ that the government will continue to monitor closely as we carry out our work.

Our activities against this goal centre around these indicators, which support the aims of increasing the employment rate for individuals aged 18 to 66 years old and increasing real household disposable income. Delivery of this goal supports the government's mission of kickstarting economic growth.

There are four main areas of activity in this goal:

- employment services
- supporting young people into training, education and employment

¹⁸ [Get Britain Working White Paper](#)

¹⁹ [Get Britain Working outcomes - GOV.UK](#)

- supporting higher employment rates among parents
- supporting more people with ill health and more disabled people to enter and stay in work

Spotlight on the new Jobs and Careers Service



We are reforming Jobcentre Plus to create a new service that will enable everyone to access support to find good, meaningful work, and support them to progress in work, including through an enhanced focus on skills and career choices. We will develop the new service across 5 key pillars, as set out in the Get Britain Working White Paper.

Pillar 1: A new enhanced relationship with and service for employers

Pillar 2: A revised focus on supporting progression and good work through aligning employment support and having it work better with skills and careers advice

Pillar 3: A locally responsive, embedded and engaged organisation

Pillar 4: A digital, universal and fully inclusive service

Pillar 5: A provider of high-quality personalised support to help people into work, support training, and get on in work.

We want to create a new service that employers, of all sizes, want to engage with, including those requiring skills and specialist talent to find candidates that meet their recruitment needs. In January 2025, the Secretary of State outlined our approach to re-setting our engagement with employers through several key steps, including:

- hosting summits with employers and stakeholder representative groups across sectors crucial to growth starting with construction, health and social care and clean energy
- boosting the number of training programmes in these sectors on offer at jobcentres to upskill jobseekers and provide employers with the work ready staff they need
- serving employers through a dedicated team with highly experienced experts to provide recruitment support, including designing tailored campaigns to tackle large numbers of vacancies, and
- providing an account manager for employers to get more information about how Jobcentre Plus can help them and provide recruitment support – following feedback from businesses that they established a single contact.

Employment services

Reforming the system of employment support to increase employment

The government will create a new single and universal service, reforming Jobcentre Plus and providing a stronger focus on skills and careers. The new service will cover Great Britain but will be flexible, operating differently in different areas to reflect local systems and needs – including reflecting devolution settlements in Scotland and Wales. It will provide support for anyone who is looking for work, who wants to get on in work, or who wants to change their career or retrain. It will prioritise providing genuine support for people over monitoring compliance and benefits administration. It will be a service that values employer engagement, working with employers to understand and support their current and future recruitment needs.

In England, we are bringing together Jobcentre Plus and the National Careers Service to create a greater focus on skills and careers and better join-up between employability and careers provision. In Scotland and Wales, the Department will work closely with the devolved governments to ensure the new service works effectively with the devolved services. The initial Jobs and Careers Service pathfinder, in Wakefield, will begin in April 2025.

Keep Britain Working Review

In January 2025, the Secretary of State asked Sir Charlie Mayfield, the former Chair of the John Lewis Partnership, to lead an independent review into the role of employers in reducing health-related inactivity and promoting healthy and inclusive workplaces. The findings of the review's discovery phase²⁰ were published in March 2025. The review will conclude in autumn 2025.

Youth Support Reforms

We have worked with the Department for Education and eight mayoral strategic authorities on the design and delivery of the Youth Guarantee trailblazers. These will test how new local leadership, accountability structures and existing provision can be integrated into a cohesive education, training and employment support offer for young people aged 18 to 21.

We will work in partnership with organisations at a national and local level to join up, enhance and champion their inspiring work in sectors such as sports, arts and culture. We launched partnerships in November 2024 with Channel 4, The Royal Shakespeare Company and the Premier League. These partnerships will connect young people to nationwide job opportunities and training courses, helping them to secure employment in the future.

Throughout the year we have offered assistance for jobseekers to prepare for and enter employment and worked with employers to fill vacancies.

²⁰ [Keep Britain Working Review: Discovery – GOV.UK](#)

Sector-based Work Academy Programmes (SWAPs)

This programme offers eligible jobseekers training, work experience and a guaranteed interview for a job or apprenticeship. We delivered 86,640 SWAPs starts in 2024-25, exceeding the ambition of 80,000 starts²¹.

We published an impact assessment of SWAPs in February 2025²². This showed that individuals who start a SWAP spent, on average, 90 days more in employment and earned £1,400 more during the 24 months following a SWAP start than someone who did not.

In February 2025 the government announced a further expansion of the scheme to 100,000 customers in 2025-26. As part of this, we will deliver hospitality SWAPs working with UK Hospitality across 26 new areas, including 13 coastal towns such as Scarborough and Blackpool.

The Restart Scheme

This scheme provides up to 12 months tailored and intensive support to customers who have been out of work to find jobs in their local area. In July 2024, eligibility for the scheme moved from at least nine months unemployed to at least six months unemployed. Since first referrals in July 2021 to April 2025, 840,000 people started the scheme with 320,000²³ of these having moved back into work whilst participating in the scheme. Between April 2024 and March 2025 over 85,000 people receiving Restart's support moved into employment, and 217,000 new participants joined the scheme.

Support for Older Workers

Across our jobcentre network over 70 **50PLUS Champions** worked collaboratively with work coaches, employers, and stakeholders to raise awareness of the importance of supporting older job seekers and to drive locally tailored employment support for them. The **Mid-life MOT**, where work coaches work with claimants to encourage planning for later life and help boost their confidence continued, with 48,919 customers being referred into the Jobcentre Plus service and 36,646 attending the service in the year.

Supporting young people into training, education, or employment

Across the UK, 18 to 21-year-olds have lower employment rates than 22 to 24-year-olds, even when accounting for higher education participation. While a range of factors will contribute to this, low attainment is a significant risk factor. Young people not in education, employment, or training (NEET) are more likely to have lower qualifications.

There is a prevalence of special educational needs and disabilities (SEND) among NEET young people, with 10.6% having learning difficulties in 2023, compared to 5.5% in

21 [Sector-based Work Academy Programmes \(SWAPs\) Management Information, April 2021 to March 2025 – GOV.UK](#)

22 [Sector-based Work Academy Programme: A Quantitative Impact Assessment](#)

23 [Restart Scheme statistics to April 2025 – GOV.UK](#)

2020. Young people from low-income families struggle to secure stable education or jobs, with disadvantaged pupils significantly behind in GCSEs and other subjects.

Care leavers are particularly vulnerable, with 38% of 19 to 21-year-old care leavers in England not participating in education or employment, compared to 13% of their peers. Additionally, 66% of children in custody have been in care. Young people at risk of serious violence are also more likely to be NEET, due to various challenges they face.

During 2024-25, we supported young people aged 16-24 claiming Universal Credit in the intensive work search group through the DWP Youth Offer. This included tailored work coach support, access to skills training and employment opportunities through the Youth Employment Programme youth employability coaches for young people with additional barriers to finding work, and Youth Hubs across Great Britain. We also provided additional support for young parents and carers in this age group. In addition, we have started delivering the government's Youth Guarantee for all 18 to 21-year-olds to access further learning, help to get a job or an apprenticeship.

Schools Advisers

Schools advisers assisted young people who were identified as being at risk of becoming NEET, or who were otherwise disadvantaged in the labour market as they prepared to leave education – for example those with a health or learning disability, and those educated within alternative provision.

Care leavers

We supported care leavers, who often face a difficult transition to adulthood, through measures to improve their interaction with the benefit system. Our pledges under the Care Leaver Covenant list our offer to care leavers and are published on GOV.UK²⁴. For example, this includes an exemption from the Shared Accommodation Rate, which enables care leavers to claim the higher local Housing Allowance one bedroom rate of either Housing Benefit or Universal Credit until their 25th birthday if they are in the private rented sector.

Supporting higher employment rates among parents

Through targeted support we have addressed the structural barriers parents face to labour market participation.

Supporting Families Employment Advisers (SFEAs)

Our network of around 300 Supporting Families employment advisers worked as part of the Department for Education-led Supporting Families Programme to support 10,000 families who faced complex barriers to move closer to or into employment. The Supporting Families Programme ended on 31 March 2025 and was replaced by Family Help from 1 April 2025.

²⁴ [Department for Work and Pensions: Care Leaver Covenant offer](#)

Flexible Support Fund (FSF) Upfront Childcare Costs

The Flexible Support Fund improves people's job prospects by helping to pay for things like travelling to a job interview, clothing or equipment needed for work, and attending training. It also helps claimants with childcare costs, including upfront costs by covering the initial payments prior to claimants applying for Universal Credit childcare. Payments through the Flexible Support Fund are paid directly to the provider.

Universal Credit Childcare

This payment supports working parents by reimbursing up to 85% of their registered childcare costs each month up to a maximum amount of £1,014.63 a month for one child and £1,739.37 a month for two or more children. In 2024-25 we supported 172,500 eligible households across Great Britain, enabling customers to take up work or increase their working hours.

Lead carers and lone parents

Our work coaches supported lead carers and lone parents to find employment and increase their earnings by helping them with childcare, skills development, and transport costs. Lone parents are eligible for early access to the Restart scheme, which provides more intensive support.

Supporting more people with ill health and more disabled people to enter and stay in work

Long-term sickness is the most common reason for economic inactivity among the working-age population. Along with 'Get Britain Working' we also published the 'Pathways to Work: Reforming Benefits and Support to Get Britain Working' Green Paper in March 2025 which sets out that support will be brought together into a 'Pathways to Work' offer. We launched 17 trailblazers to test ways of reducing economic inactivity whilst Connect to Work areas will go live during 2025-26.

The Work and Health Programme

This programme provides personal support to those out of work due to a health condition or disability in England and Wales to help them gain employment. In 2024-25 we supported around 19,000²⁵ participants into job outcomes (data to February 2025). The programme closed for referrals in September 2024.

Access to Work

Access to Work provides support to people with a health condition or disability to get into, or stay in, work. We experienced a continued increase in demand over the last year, with applications received up 6.4% compared to 2023-24. The service is also seeing greater caseload complexity and in 2024-25 we approved around 69% (88,600)

²⁵ [Work and Health Programme statistics to February 2025 – GOV.UK](#)

of the applications we cleared compared to 72% approval of those cleared in the previous year. Over the last year we have taken initial steps, as set out in the Pathways to Work green paper, to address this challenge and to adjust the scheme to improve its effectiveness, efficiency, and reach. We also increased resource in this area by 27%, from 502 full time equivalent (FTE) at the start of the year to 637 FTE by the year end. This was achieved through a mix of recruiting new employees as well as moving people from other business areas to support delivery. At the end of the year nearly 128,000 applications had been cleared with 62,000 claims waiting for a decision.

We have seen a significant increase in the cost of this scheme, with grant expenditure rising from around £177 million 2022-23 to £306 million in 2024-25. The Pathways to Work Green Paper is consulting on this programme's purpose and what its future delivery model should be to ensure we can continue to support disabled people to gain and remain in work.

Employment Advisors in NHS Talking Therapies

This is a joint DWP and DHSC service to improve both mental health and employment outcomes. We have provided employment support across 156 sites in all 42 NHS integrated care boards (ICB). The project reached 81,833 service users in 2024-25 and we met the goal of providing employment support in every NHS ICB by March 2025.

Getting It Right First Time Musculoskeletal Community Delivery Programme

This programme enhances access to quality treatment for musculoskeletal conditions and reduces waiting times for community musculoskeletal appointments, improving health outcomes and reducing health-related barriers to work.

The initiative has reduced the waiting list backlog in England by 19,218 since December 2024 and we have supported 17 of the 42 NHS ICB areas across England to strengthen musculoskeletal leadership, helping to alleviate ill health related economic inactivity.

Occupational Health

The Occupational Health Innovation Fund continued to support five digital projects during 2024-25, increasing access to occupational health services for employers, providing expertise, reducing costs and improving efficiency. These projects completed in March 2025 with impact data available by June 2025. The Occupational Health Workforce Expansion project funded 204 Doctors and 38 Nurses completing courses or exams during 2024-25. The project closed in January 2025.

The Disability Confident scheme

The scheme encourages employers to create disability inclusive workplaces and to support disabled people to get into, and get on in, work. It provides employers with the knowledge, skills, and confidence they need to attract, recruit, retain and develop disabled people in the workplace. It continued to grow and had approximately 19,000 employer members on the scheme as of 31 March 2025.

Disability Employment Advisers

Work coaches received specialist support from 749 disability employment advisers (DEAs) and 98 DEA leaders (DEALs) on how to tailor their support to help disabled customers move closer to, or into, work. Customers who require additional help can receive one-to-one support from a DEA, who will use their knowledge of local labour market opportunities and other support to develop a tailored support plan to move the customer closer to or into the labour market.

Additional Work Coach Support

The service provides disabled people and people with health conditions, with increased one-to-one personalised support from their work coach to help them move towards, and into, work where suitable. Published analysis²⁶ of the support in March 2025 showed favourable outcomes with participants being 33% more likely to be in work 12 months later compared to 8% for the comparison group that did not receive the additional support.

Neurodiversity in the Workplace

We established an expert panel of senior academics in neurodiversity and disability in January 2025 to review the evidence base on neurodiversity and workplace inclusion. The panel will make recommendations in summer 2025.

Support with Employee Health and Disability Support

Support with employee health and disability is an online service to help employers support employees with health conditions and disabilities in the workplace. It is primarily aimed at smaller businesses, many of which do not have in-house HR support or access to an occupational health service. The service, launched in 2024, is testing well with users, while we continue to improve its visibility.

Health-related Economic Inactivity Reforms:

WorkWell

This was launched in October 2024, piloting locally designed and delivered work and health support to meet the needs of local populations in England.

Delivered by 15 NHS integrated care boards, WorkWell provides users with support for their health-related barriers to employment, such as employer liaison and work and health coaching. Where needed, users receive onward referral into services that are available locally to tackle their specific needs. This could include musculoskeletal services, physiotherapy, occupational health, mental health services, and more. WorkWell boosts capacity in the services that address health related barriers to work and, by focusing on patients' work and health needs, complements work undertaken by NHS clinical professionals. The evaluation of the pilot programme is currently underway, and a final report will be available in October 2028.

²⁶ <https://www.gov.uk/government/publications/the-impact-of-additional-jobcentre-plus-support-on-the-employment-outcomes-of-disabled-people>

Connect to Work

This is a voluntary, locally led programme primarily for people with a disability, health condition or complex barriers to employment to help them to get into, and stay in, work. It follows the supported Employment model that places participants in work as early as possible and provides ongoing support. Grant guidance was published in November 2024 to support local authorities with the development of their local delivery plans by May 2025. Across 2025-26 we will build on the foundations of this early work to enable 100,000 people to be supported into work during 2026-27 and over 300,000 individuals to be supported through a high-quality supported employment fidelity model by the end of 2029-30.

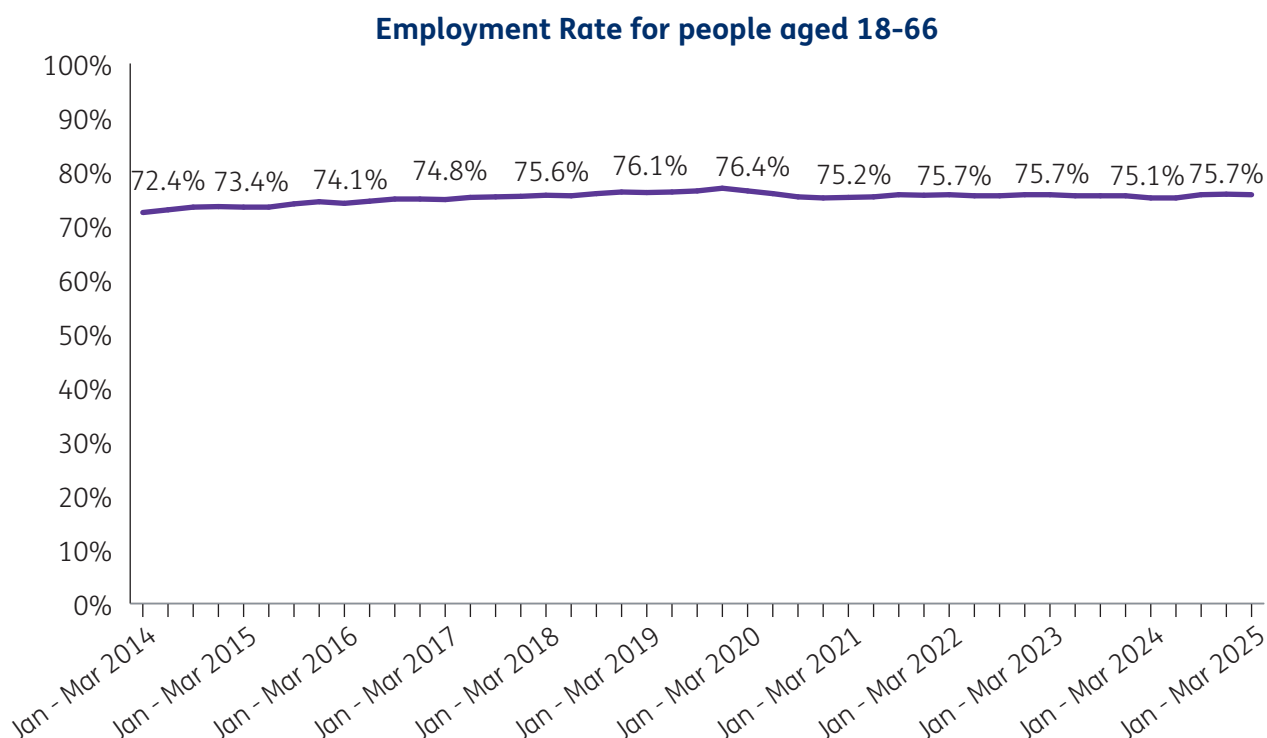
Pathways to Work offer

March's green paper, 'Pathways to work: reforming benefits and support to Get Britain Working', set out a vision for a coherent employment support offer for disabled people and those with health conditions that brings together and builds on existing provision. We will hold engagement events in 2025 to inform its design.

Goal 1 Outcomes

Employment rate of 18-66 year olds²⁷

The employment rate of people aged 18-66 was 75.7% for the period Jan-Mar 2025 compared to 75.1% for Jan-Mar 2024 and 72.4% for Jan-Mar 2014.

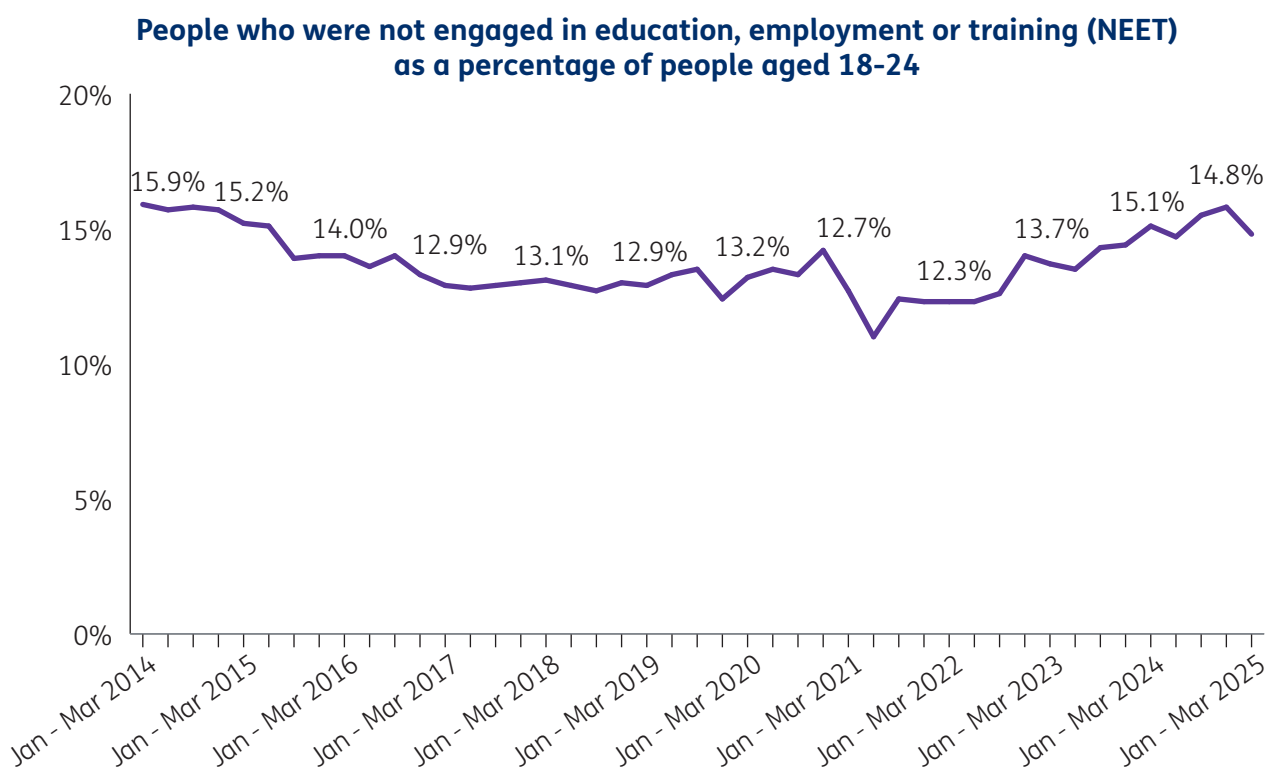


Source: DWP analysis of the ONS Labour Force Survey

²⁷ Oct-Dec 2018 – Labour Force Survey re-weighting discontinuity

Percentage of young people not engaged in education, employment or training (18-24 year olds)

The rate of 18-24 year olds not in education, employment or training for the period Jan-Mar 2025 was 14.8%. This compares to 15.1% for Jan-Mar 2024 and 15.9% for Jan-Mar 2014.

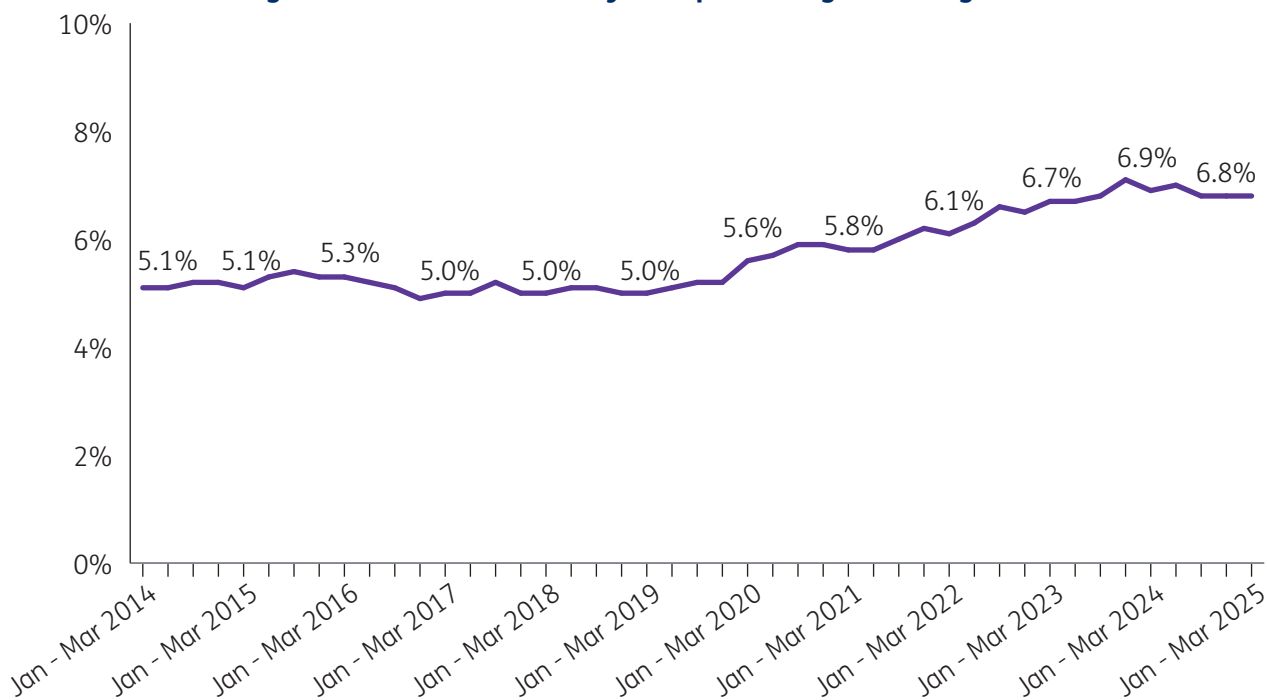


Source: [Young people not in education, employment or training \(NEET\) – Office for National Statistics](#)

Percentage of long-term sick inactive of all 18-66 year olds

The percentage of all 18-66 year olds who reported that they were inactive due to long-term sick was 6.8% in the period Jan-Mar 2025. This compares to 6.9% of those in the period Jan-Mar 2024, 5.6% of those in the period Jan-Mar 2020 (pre-pandemic) and 5.1% in the period Jan-Mar 2014.

Long-term sickness inactivity as a percentage of all aged 18-66



Source: DWP analysis of the ONS Labour Force Survey

The Department also publishes a broader suite of Get Britain Working outcomes²⁸ on GOV.UK.

²⁸ [Get Britain Working outcomes – GOV.UK](#)



The UK government is committed to reducing child poverty, creating a fairer society where every child can thrive, and supporting long-term social aims that will break the link between young people's backgrounds and their future success, supporting economic growth. It is also committed to greater financial security for all by helping people increase their income, reducing the cost of living and building financial resilience. Delivery of this goal supports the government's mission to break down barriers to opportunity.

- Publishing an ambitious Child Poverty Strategy informed by the work of the cross-government Child Poverty Task Force.
- Developing a new vision and approach for local crisis support
- Completing the annual review of benefit rates in the autumn
- Reviewing aspects of Universal Credit, the main working-age social security payment.

Child maintenance

Our Child Maintenance Service (CMS) supports separated parents to work together in the interests of their children by delivering an effective statutory scheme of arranging and collecting child maintenance. Child maintenance keeps around 120,000 children out of relative low-income before housing costs each year (80,000 due to non-statutory arrangements and 40,000 due to arrangements through the CMS).

At the end of December 2024, the CMS was managing 751,000 arrangements for 682,000 paying parents and over 1 million children. There has been a 7% increase in the number of arrangements since the end of December 2023. This increase follows the removal of the £20 application fee in February 2024 and more services being made

available online. In the quarter ending March 2025, 69% of people paid at least some of their liability, the same rate as the quarter ending March 2024.

Reducing Parental Conflict programme

The Reducing Parental Conflict (RPC) programme works closely with partners across local and national government, and a range of family service providers, to give parents access to support which will help them to address parental conflict – whether they are together or separated.

In August 2023 we published an evaluation²⁹ of the performance of the RPC programme between 2018 and 2022. The evaluation showed that participating parents saw significant improvements in their relationship with the other parent and their children showed statistically significant improvements in their mental health and wellbeing. A further evaluation³⁰ covering 2022 to 2025 was published in February 2025. This resulted in improved practitioner confidence through training and awareness-raising and broad prioritisation of RPC across early help services. Our approach to RPC activity over the 2025-26 financial year was informed by these findings.

Spotlight on Child poverty strategy



The Prime Minister launched the new ministerial child poverty taskforce in July 2024, jointly chaired by the Secretaries of State for Work and Pensions and for Education. The taskforce is developing a ten year child poverty strategy that will bring about an enduring reduction in child poverty.

To support the strategy, we have:

- Supported the establishment of the ministerial child poverty taskforce and the Child Poverty Unit in the Cabinet Office.
- Developed and agreed a range of metrics for the child poverty strategy, including the internationally recognised ‘relative poverty after housing costs’ measure, and a deep poverty metric based on our work on the material deprivation measure.

We will publish the child poverty strategy in 2025. The strategy will tackle overall relative child poverty after housing costs, and will focus on children in the deepest poverty who are lacking essentials, and what is needed to give every child the best start in life.

Family community work coaches

Our Supporting Families Employment Advisers supported an average caseload of 10,000 families with multiple, complex barriers throughout 2024-25, helping them to move closer to or into employment. Following the announcement that the Supporting

²⁹ [Reducing Parental Conflict programme 2018 to 2022: final evaluation report – GOV.UK](#)

³⁰ [Reducing Parental Conflict Programme 2022 to 2025: Local Grant Evaluation – GOV.UK](#)

Families programme was closing, we have committed to continuing this support to such families through a new family community work coach role.

Sure Start Maternity Grant

The Sure Start Maternity Grant provides a one-off payment of £500 to those who satisfy the eligibility criteria and can help with the costs associated with the expenses of a baby (or babies in the event of a multiple birth). The latest data available in the Social Fund White Paper account shows that the total amount of grant paid out in 2023-24 was £23.6 million, equating to around 47,200 grants.

Financial security interventions

Local crisis support

We provided £842 million to extend the Household Support Fund, a scheme enabling local authorities across England to deliver discretionary support to vulnerable households, covering essentials such as energy, water and food. Local authorities have the flexibility to design and deliver their schemes through a variety of routes, including offering vouchers to households, directly providing food, or issuing grants to third parties. Local authorities provide management information on the distribution of the Household Support Fund, which we publish³¹ on GOV.UK. Devolved governments received consequential funding.

Housing support

Ensuring people have a safe, stable, and affordable place to live is vital to tackling child poverty and ensuring financial security for all.

We provide support for low-income households towards the cost of renting a home in both the social and private rented sectors. In 2024-25 we estimate spending £36 billion³² (in real terms) on Housing Benefit and the housing element of Universal Credit to support with rental costs.

The Local Housing Allowance (LHA) determines the maximum housing support private renters can claim through Housing Benefit or Universal Credit. The amount a household receives depends on the area that a person lives in and the age and composition of the household. LHA is not intended to cover all rents in all areas.

In April 2024, LHA rates were increased to the 30th percentile of local market rents benefitting 1.8 million private renters who gained an average of around £800 a year. For the Department, this was an additional cost of £1.2 billion in 2024-25 and around £7 billion over five years.

We also maintained Discretionary Housing Payment support, delivered through local authorities, at £100 million for England and Wales in 2024-25.

³¹ [Household Support Fund management information – GOV.UK](#)

³² [Benefit expenditure and caseload tables 2025 – GOV.UK](#)

Annual review of benefit rates

The Secretary of State is required by law to undertake an annual review of State Pension and benefit rates following a review of trends in prices and earnings over the previous year.

In November 2023, the previous administration up-rated working-age and extra-costs disability benefit rates by 6.7%, and relevant State Pension rates by 8.5% for 2024-25.

In October 2024 the Secretary of State conducted a review, concluding that in 2025-26 working-age and extra-costs disability benefits will rise by 1.7%, in line with the Consumer Prices Index rate of inflation in September 2024 and the relevant State Pension rates will increase by 4.1%, in line with the annual increase in the Average Weekly Earnings index for May-July 2024.

Changes to create a fairer system

Pursuing our ambition of a just, equal and inclusive society in the last year has involved reviewing our systems to make them fairer for our claimants.

We launched the Carer's Allowance Overpayments Independent Review in December 2024. It is assessing how overpayments link to earnings, what could be done to support those who accrue them, and how to reduce the risk of these problems reoccurring. We have developed an extensive stakeholder plan and communications strategy to support the review. Delivery of the review is on track with the review planned to be completed in summer 2025.

The government also committed to reviewing Universal Credit in its manifesto, which we are fulfilling by taking stock of its core structures and policies, considering the support Universal Credit provides across three main themes:

- tackling poverty and helping people manage their money
- making work pay and improving work incentives
- maximising Universal Credit's potential and its impact on customers.

As part of the review of Universal Credit, the government announced a Fair Repayment Rate on Universal Credit deductions, to take effect from April 2025. This reduced the overall cap on Universal Credit deductions from 25% to 15% of a customer's standard allowance. This will support approximately 1.2 million Universal Credit households to retain more of their award, on average £420 a year – or £35 per month.

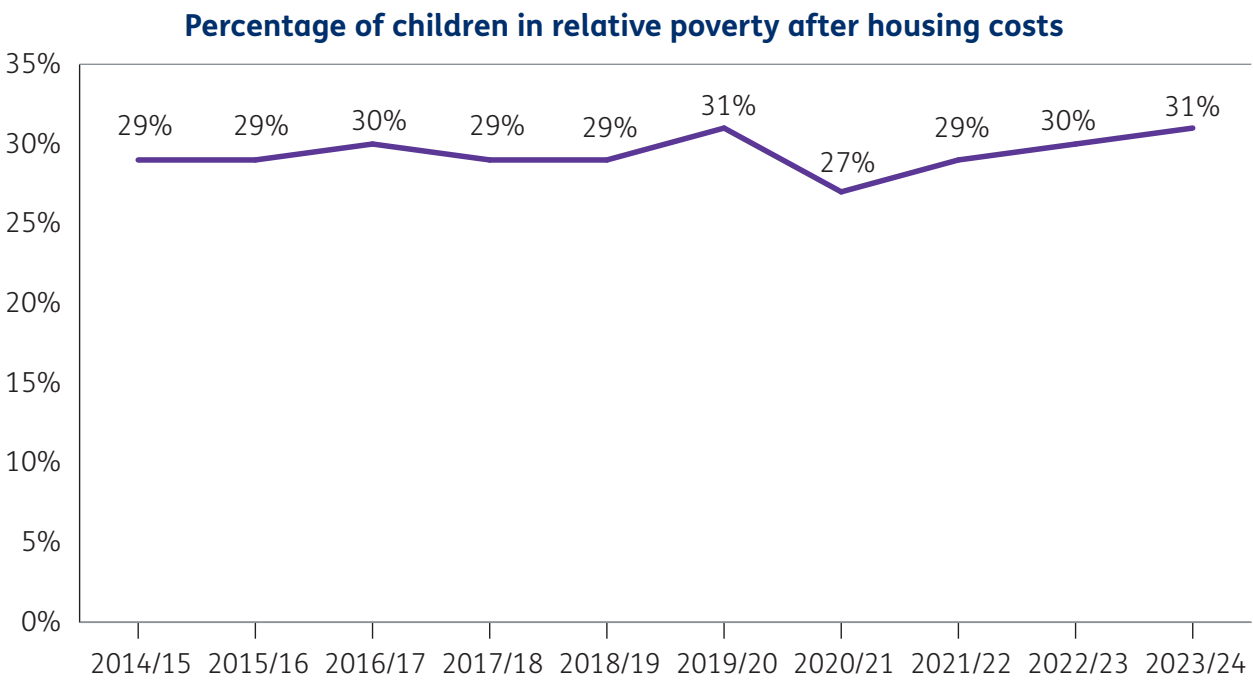
The review is taking place alongside the work on the child poverty strategy, health and disability reform, Fraud, Error and Debt Bill, and the Get Britain Working White Paper.

Goal 2 Outcomes

The UK government’s preferred poverty measure is relative poverty after housing costs, as it reflects changes in standards of living over time. The latest statistics were published in March 2025 for the year 2023-24 and we provide comparison to the previous year and ten year time period.

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

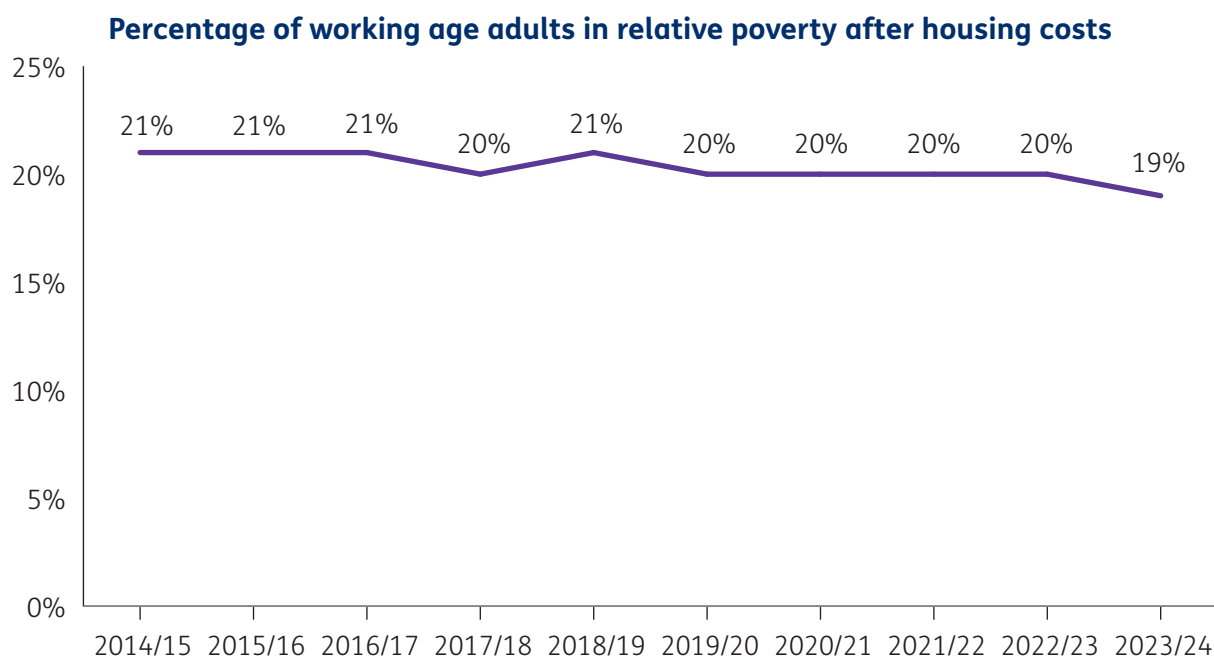
In 2023-24, 31% of all children in the UK were living in relative low-income households after housing costs. This compares with 30% in 2022-23 and 29% in 2014-15.



Source [Households below average income \(HBAI\) statistics – GOV.UK](#)

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

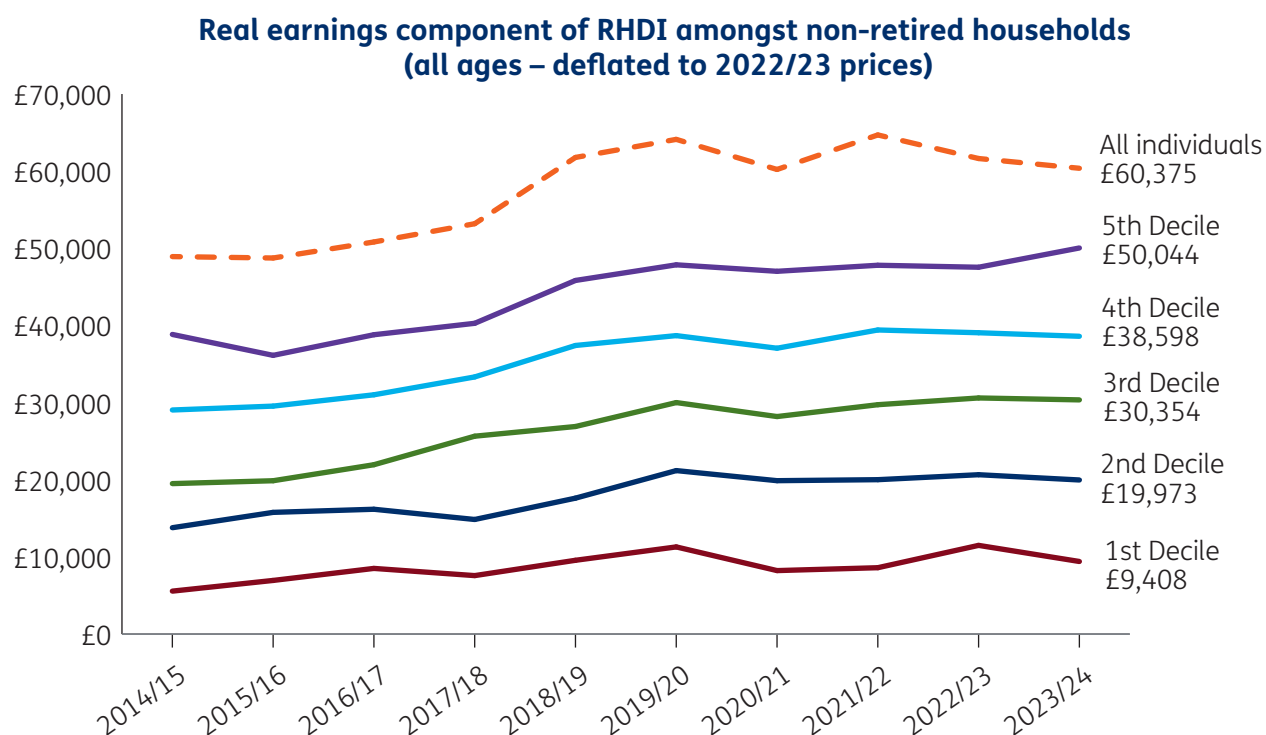
In 2023-24, 19% of all working-age adults in the UK were living in relative low-income households after housing costs. This compares with 20% in 2022-23 and 21% in 2014-15.



Source [Households below average income \(HBAI\) statistics – GOV.UK](#)

Real earnings component of real household disposable income amongst non-retired households (all ages)

For those in the first decile the real earnings component was £9,408 in 2023-24, a fall of £2,088 (18%) from £11,496 in 2022-23. The average real earnings component for all individuals fell by £1,264 (2%) in 2023-24 compared to the previous year.



Source: DWP analysis of the ONS'

[‘The effects of taxes and benefits on household income, disposable income estimate’](#)

**Goal
3**

Shape the pensions system to serve the interests of savers and pensioners, ensuring decent, secure retirement incomes for all



Introduction

We are committed to enabling savers and pensioners to have greater security in retirement, with a focus on ensuring that the State Pension continues to provide a sustainable foundation to support people's individual savings for retirement.

Over the last year, we have made sure that the triple lock continues to contribute towards decent, secure retirement incomes for those who have reached State Pension age, with Pension Credit providing support for those on low incomes.

In July 2024, the King's Speech announced the government's intention to boost the pension pots of the average earner and support economic growth through increased investment. Following this announcement, the government launched pensions review to ensure savers have greater security in retirement. As part of this initiative, we will introduce a Pension Schemes Bill in this parliamentary session, which will legislate for the measures outlined in the King's Speech and further support growth, building on the first stage of our landmark pensions review.

To build on the foundation provided by the State Pension, we have continued to ensure that people are enabled to save for their retirement through automatic enrolment, with the numbers of eligible workers enrolled and employers who have complied with their automatic enrolment duties continuing to increase to 11.25 million at March 2025 (11.0 million at March 2024).

We are committed to reducing the number of older people who are unemployed or economically inactive so they can save adequately for retirement. Our work under this goal therefore complements our work on improving employment for those in their late 50s and 60s described in goal 1 (see page 41).

Shaping the pensions system and modernising our services to ensure decent, secure retirement incomes for all

Shaping the pension system

State Pension and the triple lock

The government is committed to ensuring decent, secure incomes for all through the triple lock, the commitment to increase the basic and new State Pension each year by the highest of either inflation, average earnings growth, or 2.5%.

As a result, the basic and new State Pensions increased 8.5% from April 2024 as earnings growth was the highest relevant rate. The triple lock is estimated to increase people's yearly State Pension by up to £1,900 by the end of the Parliament. Spending on the State Pension is forecast to rise by over £31 billion across this Parliament.

Spotlight on Pension Credit



In July 2024 the Chancellor of the Exchequer announced that from 2024-25, Winter Fuel Payment in England and Wales would no longer be payable to all pensioners, but only to those in receipt of Pension Credit or other qualifying means-tested benefits. To support the delivery of the Winter Fuel Payment eligibility change, we have continued to promote Pension Credit to ensure that low-income pensioners receive financial support, as well as access to passported benefits.

Between July 2024 and February 2025, we received 235,000 Pension Credit applications. This was an 81% increase on the number of applications received between July 2023 and February 2024 and we deployed over 500 extra staff to process the increase in applications and determine eligibility.

Pension Credit communications campaign

To promote the uptake of Pension Credit, we developed a comprehensive communications campaign. This included adverts on television, radio, social media, and in the press. We also conducted local outreach, such as advertising on screens in GP surgeries and post offices and holding advice sessions in local communities. We engaged proactively with other government departments, local councils, housing associations, community groups, local libraries, and charities.

As a result of these efforts, 117,800 new Pension Credit awards were made during this period, which is 45,800 more than in the same period in 2023-24. We continue to advise all customers who think they might be eligible with making a claim to do so, accepting that some may not be entitled.

Parliamentary and Health Services Ombudsman (PHSO) investigation – women’s State Pension age

The Parliamentary and Health Service Ombudsman (PHSO) report on women’s State Pension age communications³³ found that there had been a 28-month delay in writing personalised letters to women born in the 1950s. This delay, in 2005-2007, led to some of these women losing opportunities to make informed decisions, diminishing their sense of personal autonomy and financial control.

In December 2024, after detailed consideration, we responded³⁴ to the PHSO report. We apologised for the delay, and committed to learn lessons from it. We are working on an Action Plan with support from the Ombudsman and will publish it in due course.

Extension to the deadline for voluntary National Insurance Contributions (vNICs)

To ensure secure incomes for all, we extended the deadline for people making voluntary National Insurance Contributions (vNICs) to fill gaps in their National Insurance record to 5 April 2025. By doing so, people can increase their eligibility for the new State Pension.

There was considerable additional demand to make vNICs payments before the deadline. We worked with HMRC to make sure as many people as possible were able to fill their National Insurance records in this way (see Modernising our Services below).

Modernising our services

As part of DWP’s Service Modernisation programme, we are transforming delivery of our Later Life services so people in retirement can locate, access, and engage with the services they rely on.

Check your State Pension forecast service

This includes the digital Check your State Pension service, which allows people to find out when they could receive their payments, how much they could get and what they could do to increase their State Pension. Since its launch in 2016, the service has created over 30 million digital forecasts.

In April 2024, we worked with HMRC to further develop the Check your State Pension service for customers pre-State Pension Age who aren’t self-employed, to allow them to check their National Insurance record, identify gaps, and make payments without contacting us or HMRC. This enhanced online service considerably improved people’s ability to add vNICs to their National Insurance record, further ensuring secure incomes for all.

Get Your State Pension service

In January 2025, 85% of applicants applied for their State Pension online using our quick and easy Get Your State Pension service. 83% of applications using Get Your State

³³ <https://www.ombudsman.org.uk/complaints-womens-state-pension-age>

³⁴ [Response to PHSO report on communication of changes to women’s State Pension age - GOV.UK](#)

Pension were either fully automated, processed with no agent intervention, or were completed by an agent in a single transaction, speeding up awards for customers and increasing efficiency.

Pensions dashboards

Pension dashboards will allow people to view all their pensions securely and in one place, helping savers better engage with their pensions and retirement planning. Significant progress has been made with the delivery of pensions dashboards over 2024-25. The Pensions Dashboards Programme (PDP), led by the Money and Pensions Service, is responsible for delivery. Since May 2024, the PDP has focused on testing connections with volunteer participant organisations and the State Pension. This testing has successfully demonstrated that the PDP's technology works as designed. As a result, pension schemes and providers began connecting to the system from April 2025, in line with our timetable.

Serving the interests of savers and supporting financial resilience in later life

Spotlight on Pension Schemes Bill



Our Pension Schemes Bill supports the government's mission of growth. It includes measures to create fewer, bigger, and better-run pension schemes that deliver more for savers by investing productively. This includes the consolidation of Defined Contribution (DC) schemes and the introduction of a regulatory regime for commercial Defined Benefit (DB) consolidators.

The Bill further supports the interests of savers and pensioners by introducing a new value for money framework for DC schemes. Schemes will have to show how they are performing and how they will improve, resulting in increased comparability, transparency, and competition between them. This will help savers get the best possible value for money from their pensions.

Because pensions can be complex for savers, the Bill will also require DC workplace schemes to help savers make more informed decisions about what to do with their pensions. The Bill will help them think about how their pension will support them in retirement and will include providing default options for savers who do not actively engage with retirement decisions so that they have good outcomes.

The Bill also tackles the challenge of deferred small pots. There are millions of small value pension pots into which savers no longer make contributions, but which pension providers continue to administer. Some savers may have multiple small pots built up over their working lives. Small pots are estimated to cost the industry up to £225 million annually, which reduces the value for money that schemes can provide for their savers. The Bill introduces a new system to enable the automatic consolidation of small pots into several high-quality pension schemes.

Collectively, these Bill measures are estimated to boost the pension pot of an average earner who saves over their lifetime in a DC scheme by over £31,000.

Pension Review

Our policies on workplace pensions have continued to support savers security in retirement. The Chancellor of the Exchequer launched a landmark Pensions Review in July 2024 to further develop our reform agenda and support that mission.

The Review was an acknowledgement that, two decades on from the Pension Commission's 2004 review into pension adequacy – while the fundamentals of our pension system are strong – many people are not saving enough to ensure a secure retirement, and that the UK needs a robust, future-proof model for its pension savers.

The first phase, the Pension Investment Review, explored new ways to boost investment, increase saver returns, and tackle waste in the pensions system. This included the consolidation of schemes and encouraging them to increase returns through broader investment strategies.

The interim report was published in November 2024 and outlined proposals to consolidate the defined contribution workplace pension market. This will require all 86 administering authorities of the Local Government Pension Scheme (of England and Wales) to delegate management of their investments to pools. These measures will deliver fewer, bigger, better-run pension schemes, also known as 'megafunds', which will be more able to deliver for savers and local taxpayers and be better positioned to invest productively. We estimate that they could unlock around £80 billion of productive investment to support the government's growth mission, while further boosting savers' pension pots.

The consultation on these measures closed in January 2025. We will publish the scope of the second phase of the Pension Review in due course. It will broaden out the review and consider further steps to improve pension outcomes, including assessing retirement adequacy, building on the success of automatic enrolment.

Automatic enrolment

Automatic enrolment has continued to support most workers in the UK save for their retirement. By March 2025, over 11 million people had been automatically enrolled into schemes. Pension participation continues to be strong. The latest statistics (to Feb 25)³⁵ show that 88% of eligible employees are participating in a pension, and that the proportion of savers stopping saving remains at around 1%.

Defined Benefit schemes

Alongside the Pension Review, we announced changes to allow Defined Benefit (DB) pension trustees the flexibility to use some of the billions of pounds of surplus funding in pension schemes to benefit employers and members, as well as changes to the Pension Protection Fund levy that will unlock millions of pounds for schemes to invest and for employers to grow their businesses. We ran a consultation in February 2024 on the treatment of scheme surplus and will publish a response in the spring 2025.

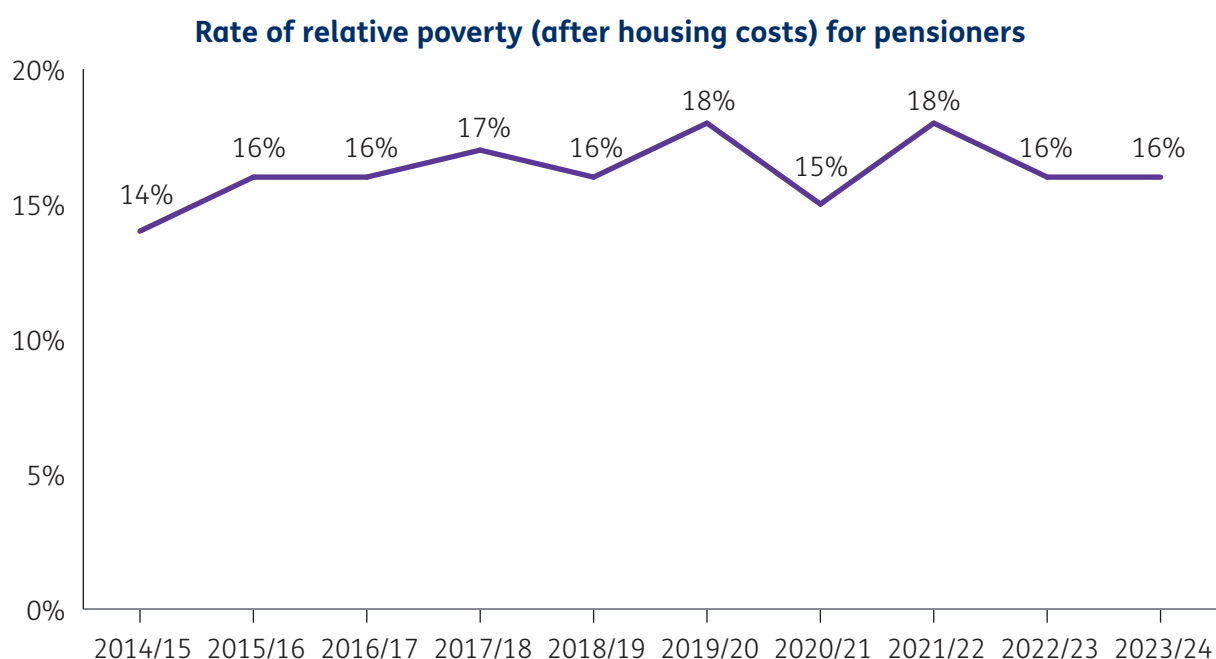
³⁵ [Workplace pension participation and savings trends of eligible employees: 2009 to 2023 – GOV.UK](#)

We are progressing with the consolidation of the DB market. Pension superfunds consolidate DB pension schemes, removing the burden of costs from employers, offering a greater likelihood that savers will receive their full promised pension and achieving a scale that may support more productive investment and the government's growth mission. The Pensions Bill will introduce measures for a permanent legislative regime for a DB superfund consolidator which will provide certainty to that market and stimulate consolidation.

Goal 3 Outcomes

Relative low-income rate, after housing costs, for pensioners (UK)³⁶

In 2023-24, 16% of all pensioners in the UK were living in relative low-income households after housing costs. This is the same rate in 2022-23 and compares to 14% in 2014-15.

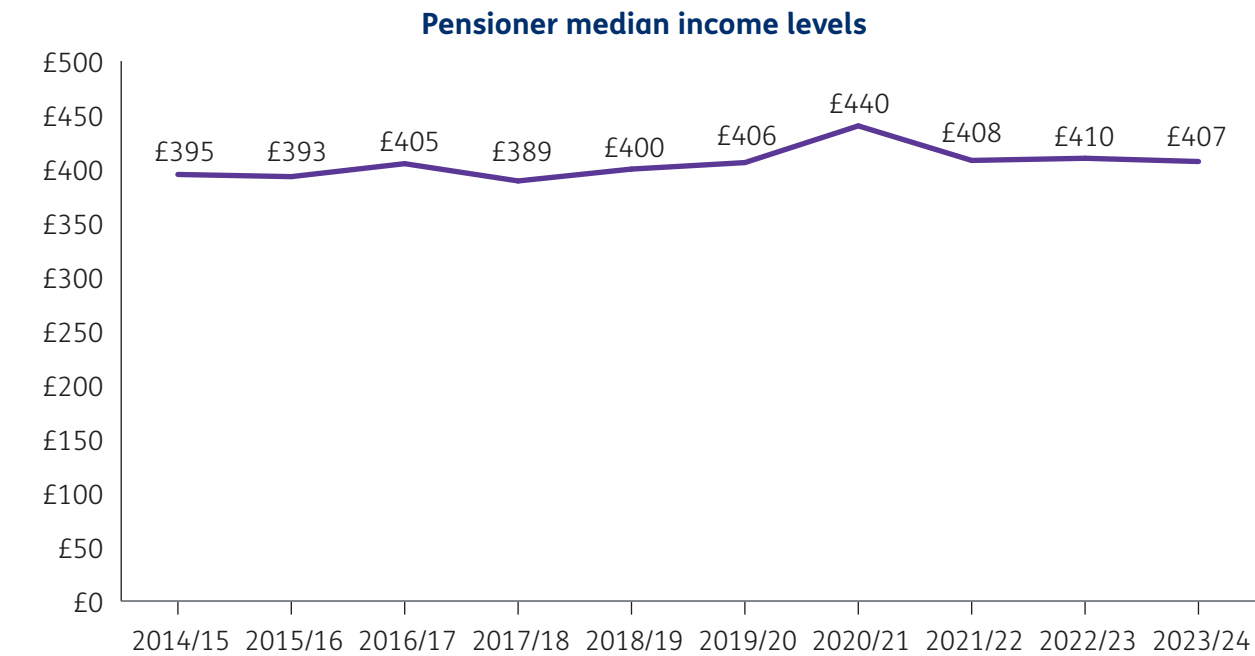


Source [Households below average income \(HBAI\) statistics – GOV.UK](#)

³⁶ The latest statistics were published in March 2025 for the year 2023-24 and we provide comparison to the previous year and ten year time period.

Pensioner income levels

Pensioner median income levels were £407 per week in 2023-24. This compares to £410 in 2022-23 and £395 in 2014-15.



Source
<https://www.gov.uk/government/statistics/pensioners-incomes-financial-years-ending-1995-to-2024/pensioners-incomes-financial-years-ending-1995-to-2024>

Goal 4

Pursue a just, equal and inclusive society, ensuring independence and control for all disabled people



Introduction

We are committed to fostering a just, equal, and inclusive society for disabled individuals. In 2024-25, we focused on enhancing independence, supporting people into work, and managing the extra costs associated with disabilities through key services such as Personal Independence Payment, Disability Living Allowance for Children, and Employment and Support Allowance.

Significant reforms were introduced, including the Pathways to Work Green Paper in March 2025, which outlined plans to modernise the benefits system and improve employment support. The Health Transformation Programme is how we are developing future plans to streamline health assessments and improve customer experiences.

Despite growing demand, we maintained stability and efficiency by increasing staffing levels and adopting new approaches to health assessments. Our dedication to creating a fairer system was evident through ongoing reviews and initiatives aimed at ensuring financial sustainability and better support for claimants.

With the change of government in 2024, programmes were reviewed. The plans set out by the previous government in the Modernising Support Green Paper were not taken forward. However, the drive to create a better system is an enduring goal and so many of the service improvements continued over 2024 and new reform plans were set out in the Pathways to Work Green Paper.

Disability Services

Personal Independence Payment (PIP)

PIP is a benefit to help with the extra living costs faced by working-age adults with a disability or long-term health condition that affects their ability to do everyday tasks or move around.

Delivery of PIP has remained stable despite the continuing upward trend in demand, allowing us to continue to provide invaluable support. As of 31 March 2025, there were 3.7 million claimants entitled to PIP in England and Wales, an increase from 3.3 million in March 2024. The average time from registering a new claim to PIP to a decision on eligibility being made in March 2025 was 16 weeks for normal rules cases (excludes cases of terminal illness). This is up from 15 weeks in March 2024 – also see page 69 for further information on performance. For more detail on how we prevent unfulfilled eligibility by supporting customers to claim what they are entitled to see page 86.

Disability Living Allowance for Children (DLAc)

DLAc is a benefit to help with the extra costs of looking after a child who has difficulties walking, or needs much more looking after than a child of the same age who does not have a disability. Claims for DLAc continued to trend upwards in 2024-25, with caseloads increasing to 753,000 by August 2024, from 703,000 in February of that year. We recruited additional resource to manage the increased demand. See page 71 for information on performance in the year.

Employment and Support Allowance (ESA)

By optimising our health assessment channels as part of the Health Transformation Programme (see below) and undertaking paper-based assessments whenever possible, by the year end we have reduced the time between making an ESA claim to a decision on eligibility. However, overall timeliness of claims processing within our target fell from 39.5% last year to 24.1% in 2024-25.

Structural Reform

In April 2024 the previous administration launched Modernising Support for Independent Living: The Health and Disability Green Paper. The government has not taken these proposals forward. Instead, the Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper was published.

The Pathways to Work Green Paper also announced a review of the PIP assessment, led by the Minister for Social Security and Disability Sir Stephen Timms. Initial work for this review began in spring 2025. The review will involve experts, stakeholders and disabled people to consider how the PIP assessment can be adapted for the future.

Spotlight on the Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper:



In March the government published its Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper. This paper set out fundamental reforms to the benefits system that the government plans to bring forward and began a consultation to gather views on many of these changes.

The paper outlined reforms to stop people from falling into long-term economic inactivity and remove disincentives to trying work, including:

- plans to replace the Work Capability Assessment and use the Personal Independence Payment assessment to determine entitlement for a new universal credit health element.
- consulting on establishing a new ‘unemployment insurance’ contributory benefit.
- taking steps to remove barriers that stop people trying work.
- rebalancing the Universal Credit standard allowance and health element.
- new pathways to work offer, building on and extending existing employment support provisions and backed by £1 billion of funding by 2029-30.
- the introduction of a support conversation that will provide early intervention to enable individuals to understand what support is available for them.
- the paper consults on the future of access to work.
- there is also consultation on young people and the health and disability benefits system, including delaying access to the Universal Credit health element until 22, and raising the age at which people can claim PIP to 18.

The paper also set out measures to ensure that the system is financially sustainable so that we can continue to provide for those who need it most, including:

- introducing a new requirement to the PIP assessment for people to score at least four points in one daily living activity.
- freezing the rate of the Universal Credit health element for existing claimants
- reducing then freezing the Universal Credit health element for new claimants from April 2026.

Modernising services

The Health Transformation Programme aims to modernise health and disability benefits by providing streamlined, tailored and claimant-focused services.

During 2024-25, the programme delivered:

- the establishment of two learning environment sites which bring together PIP, healthcare professionals and Universal Credit work coaches. The sites in Handsworth, Birmingham (launched July 2024), and Barnet, London (launched September 2024) are working with customers to test and design the most effective approach to employment support.
- on 30 September 2024, we launched our new online application service for PIP, initially supporting a limited number of claimants in selected areas. Since December 2024, the modern digital system has been processing claims from application through to decision and payment. As with the new health assessment service, this system will be gradually rolled out to more claimants as development progresses.
- in January 2025 we introduced an early version of a new case management approach for all customers in the new PIP service. Customers have their needs assessed and are provided with tailored support throughout their application journey, which includes signposting to other benefits and services.
- there was a successful transition to the new Functional Assessment Service in September 2024. This service is used to determine benefit entitlement for PIP and ESA Work Capability Assessments. Two million health assessments will be conducted annually by outsourced professionals. The Functional Assessment Service contracts have replaced the previous multi-provider model with a single provider for all assessments in each of our four geographical areas. The transition was managed with minimal disruption to service levels.

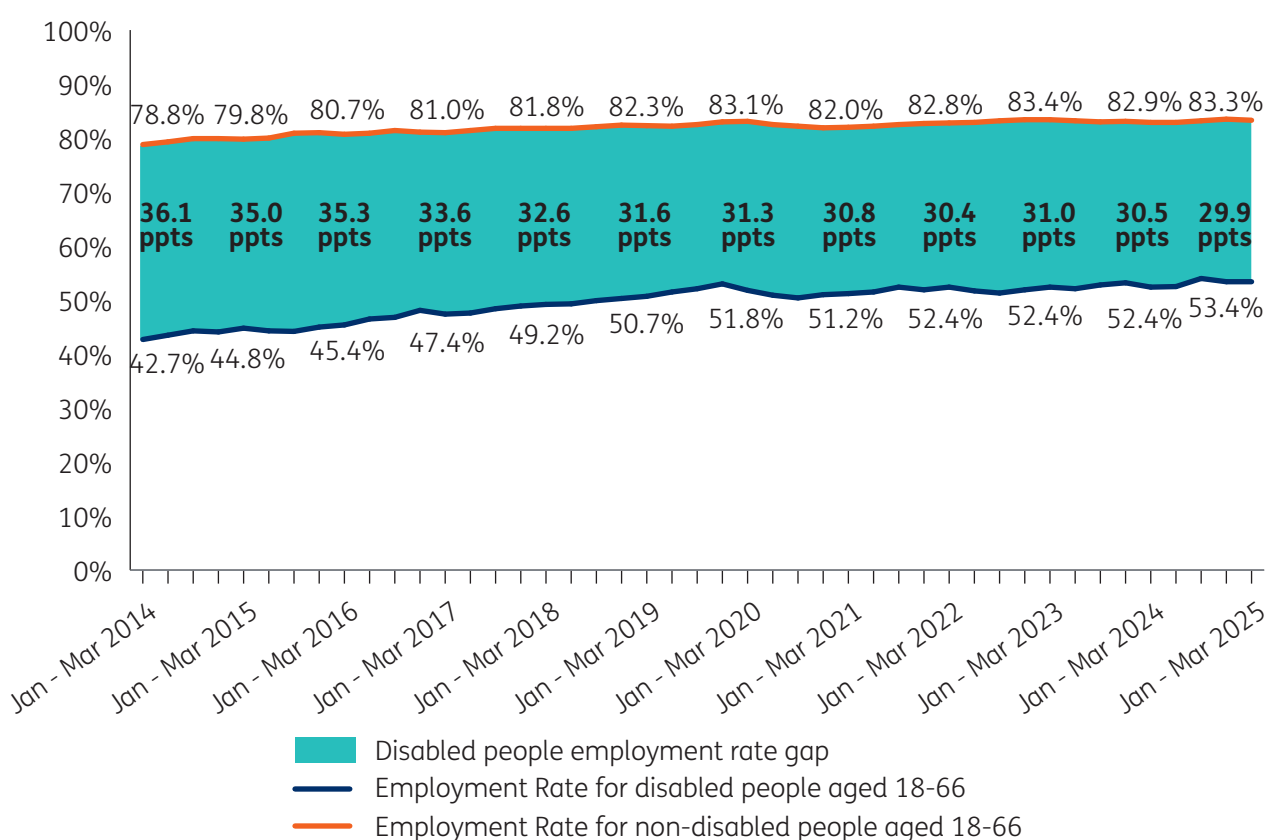
As set out in the Pathways to Work Green Paper, we will continue to improve our services going forward through recording assessments as standard, increasing face-to-face assessments, and developing a new safeguarding approach.

Goal 4 Outcomes

Employment rate of disabled 18–66-year-olds and Disability Employment Rate Gap

In the quarter Jan-Mar 2025 the employment rate of disabled people aged 18-66 was 53.4% compared to 52.4% for Jan-Mar 2024 and 42.7% for Jan-Mar 2014. The gap between the employment rate of disabled people and the employment rate for non-disabled people was 29.9 percentage points (ppts) at March 2025 compared to 30.5ppts at March 2024 and 36.1ppts at March 2014.

Employment Rate for disabled people aged 18-66 and employment rate gap

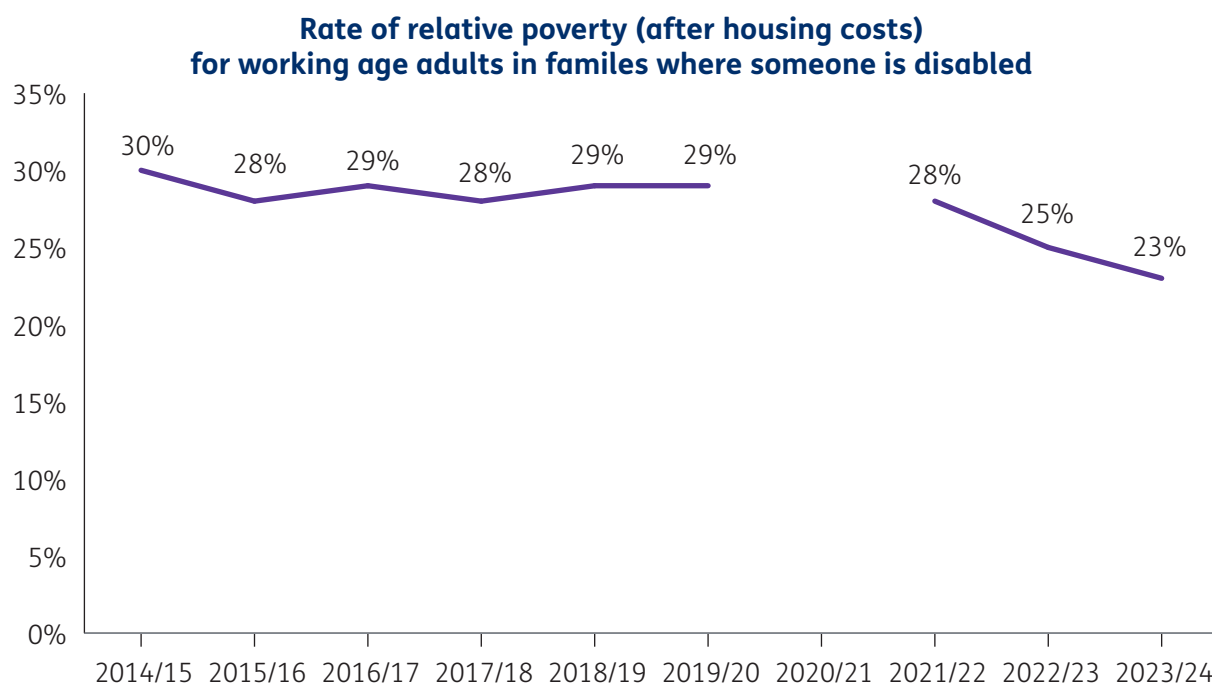


Source: DWP analysis of the ONS Labour Force Survey³⁷

³⁷ Oct-Dec 2018 – Labour Force Survey re-weighting discontinuity

Rate of relative poverty, after housing costs, for individuals in families where someone is disabled³⁸

In 2023-24 the rate of relative poverty after housing costs for individuals in a family where someone is disabled was 23%. This compares to 25% in 2022-23 and 30% in 2014-15.



Source [Households below average income \(HBAI\) statistics – GOV.UK](#)

³⁸ Data relating to 2020-21 is not available due to data quality concerns affecting many of the HBAI estimates calculated below UK (headline) level for that year. Because of this, the changes in low-income numbers and rates for disabled people are reported compared to 2019-20. The latest statistics were published in March 2025 for the year 2023-24 and we provide comparison to the previous year and ten year time period.

Goal
5

Deliver high quality, efficient services, ensuring that people are treated with dignity and respect



Introduction

In this section we will discuss the operational performance of our services during 2024-25, highlighting efforts to deliver high-quality, efficient services while ensuring dignity and respect for all individuals.

This section provides an analysis of performance indicators, including telephony, claim processing, backlog management, and quality improvements. We also highlight specific service areas such as the new online claim service for Attendance Allowance and the impact of increased demand on services like Pension Credit and child maintenance.

Modernising Services

We have continued to replace outdated legacy systems, embedding a culture of innovation and digitally enabled delivery with greater access to services for our customers.

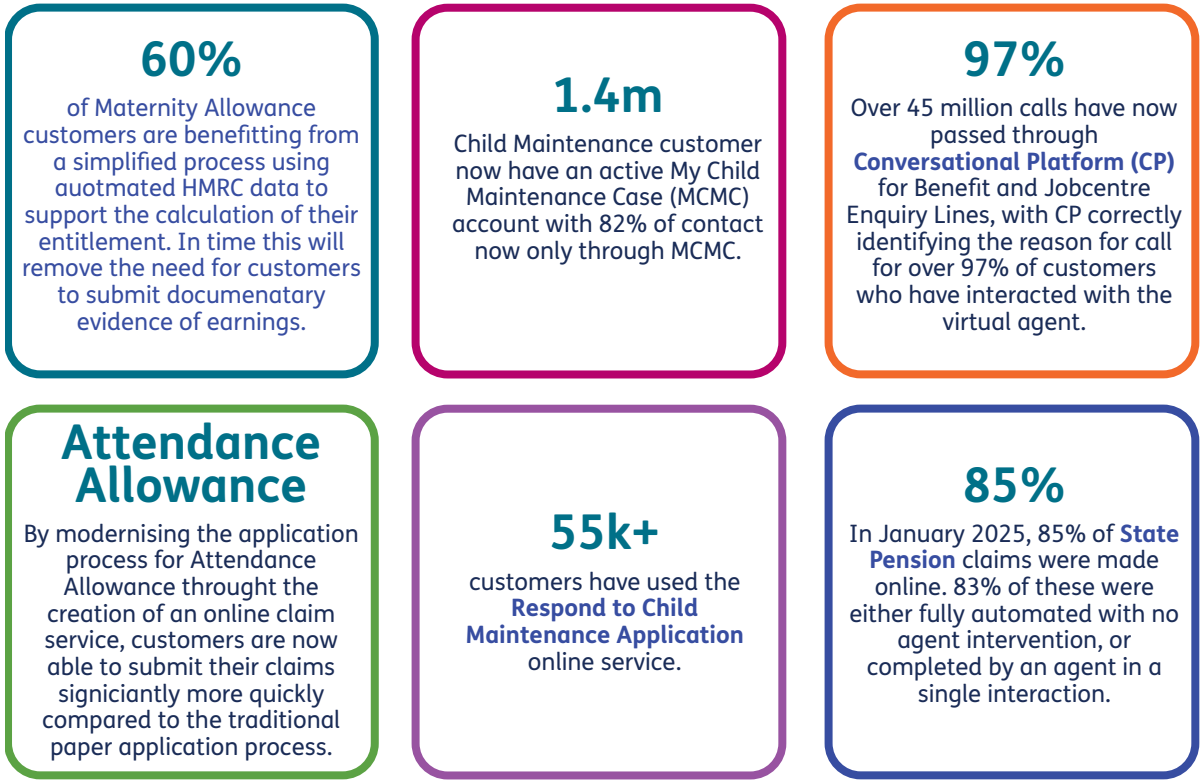
This is allowing more customers to self-serve where they can, helping us to better manage demand on our services and equipping us to deliver an improved service for all customers, including those with additional needs.

We have significantly increased our ability to provide online channels for customers across various services, including Attendance Allowance claims, improvements to child maintenance online services, and enhancements to the Pension Credit online service to improve the customer experience.

Looking ahead, we plan to expand the adoption of improved technology, including automation and artificial intelligence (AI), in more of our services. Continued modernisation will be developed and implemented carefully, with improved customer experience at its heart. We aim to equip frontline colleagues with the tools, systems, and support needed to deliver these enhanced services.

The table below provides examples of some of the services that we have introduced:

We are delivering outcomes across DWP services



Spotlight on Attendance Allowance Online



In May 2024, we introduced an online application channel for Attendance Allowance.

The new online claim service offers an alternative to the previous 32-page paper application form by only asking for information relevant to the customer’s circumstances.

By the end of February 2025, we had received over 110,000 applications online.

The new service has been well received with a 74% customer satisfaction score as of the end of February 2025 and lots of positive customer feedback, including:

“Found it very easy to use, don’t think you could make it easier.”

“I found the questions very straightforward and in straightforward language, so can’t think of any improvements that could make it easier.”

“It’s great that DWP are making advances to being online.”

Our Performance

Telephony

Telephony demand increased for many services, including State Pension and Pension Credit. We answered 43.0 million calls in 2024-25 compared to 36.7 million in 2023-24. Our call answering rate increased to 86.0% (from 84.9%), and the average answering time improved from eight minutes 34 seconds to seven minutes 22 seconds. This includes calls answered by DWP and outsourced partners.

Throughout the year we made a number of improvements to our telephony service. For example, we began rolling out the 'conversational platform' which better routes customers to the right service at the right time by inviting them to say why they are calling at the start of the call. Once fully deployed across all service lines, this will reduce the time callers spend listening to a menu of choices.

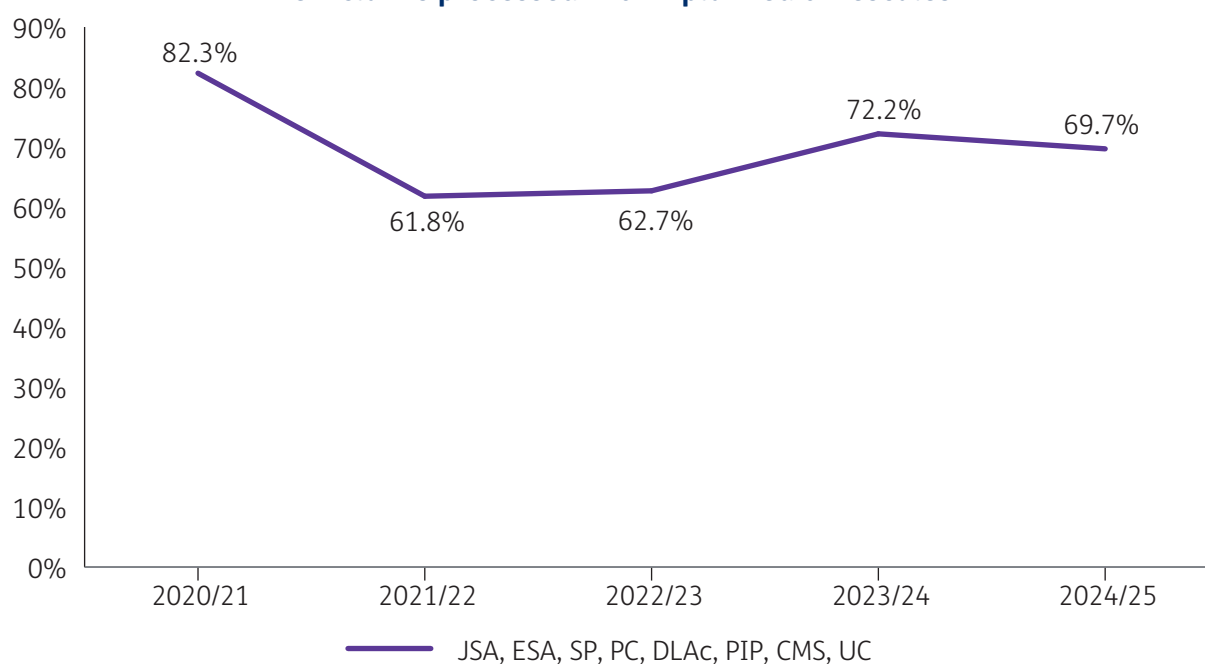
New claims

Reflecting increased demand on our services the Department processed 15% more claims throughout 2024-25 compared to the previous year 2023-24.

The chart below shows that in 2024-25, 69.7% 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 (CMS) were processed within planned timescales.

Due to a delay in the availability of UC new claims household data the latest quarterly UC timeliness performance cannot be included. To provide a comparable aggregated view to previous years, we have used the latest published year (Nov-23 to Oct-24) of UC performance.

New claims processed within planned timescales



Source: internal DWP MI data

The table below shows a breakdown of performance by service line.

New claims timeliness by service

Service	2020/21	2021/22	2022/23	2023/24	2024/25
Jobseeker's Allowance	82.5%	87.1%	67.8%	58.7%	51.5%
Employment & Support Allowance	70.9%	42.5%	47.4%	39.5%	22.8%
State Pension	76.2%	45.6%	72.0%	96.2%	97.0%
Pension Credit	88.2%	74.3%	45.7%	77.7%	62.4%
Disability Living Allowance (Child)	92.1%	35.6%	4.6%	3.5%	3.5%
Personal Independence Payment	23.0%	6.8%	38.4%	51.7%	51.0%
Child Maintenance Service	84.3%	84.3%	79.4%	79.6%	79.3%
Universal Credit	90.9%	85.7%	84.4%	83.6%	80.8%
Overall	82.3%	61.8%	62.7%	72.2%	69.7%

Source: internal DWP management information

The Pension Credit media campaign was aimed at encouraging eligible customers to apply. As a result, we cleared 273,800 Pension Credit claims from 29 July 2024 to 30 March 2025, representing a 90% increase in clearances compared to 144,100 cleared Pension Credit claims for the comparable 2023-24 period (31 July 2023 to 31 March 2024).

Personal Independence Payment (PIP) performance has remained stable despite the continuing upward trend in demand. The PIP caseload in March 2025 was 3.7 million compared to 3.5 million in March 2024 and has significantly increased post-pandemic from 1.9 million in March 2019.

We cleared 849k applications between April 2024 and March 2025 compared to 799k than during the equivalent period in 2023.

In the case of Disability Living Allowance for children (DLAc), timeliness performance remained poor – primarily due to demand being higher than the staffing available. In 2024-25 demand for DLAc continued to trend upwards, with the caseload increasing to 753,000 by August 2024, a 14% increase on the same period in 2023-24 and 44% higher than the pre-pandemic figure of 521,000 (February 2020). Between October 2024 to March 2025, we deployed around 100 case managers to support recovery with an aim to meet timeliness standards of 85% New Claims cleared within 40 working days and aim to recover by Q1 of the New Operational Year. However, lead times for completing training, combined with potential for further growth in demand, represents risks to this recovery plan.

Across the year we continued to process claims in date order to ensure fairness for customers and are continuing to explore options for wider transformational change. The quality of service delivered to customers remains a key priority, with 87% of DLA customers surveyed reporting that they are satisfied with the service they received.

Child Maintenance Service (CMS) maintained its performance, with the percentage of child maintenance applications processed up to the initial calculation stage rising from 87.6% in March 2024 to 93.8% in January 2025.

We are reviewing our timeliness standards and developing an approach for 2025-26 to ensure that the standards reflect the current policy and process and drive the right customer outcomes.

Backlogs in Service Delivery

We will always have work (e.g. claims) pending of varying levels as it is part of the natural administering of our caseload. However, backlogs, which would be where we consider the amount of work outstanding to be higher than would be optimal for efficient throughput, continued to be a challenge during the financial year in some areas including Disability and Retirement Services. As a result, where those levels of outstanding work and/or customer journeys increased beyond optimal levels, we looked to a number of opportunities to improve performance including redeploying resources and introducing modernisation solutions. With that approach, we cleared a number of backlogs including Carer's Allowance claims, Child Maintenance change of circumstance and Personal Independent Payment mandatory reconsiderations.

Quality

During 2024-25 we continued to focus on achieving quality outcomes for customers by getting things right first time and reducing error (see page 92 for our Fraud and Error report).

We have a robust quality assurance framework for all business areas which improves the quality and accuracy of services. This allows us to target areas that cause the most error, examine when, how and why things go wrong, and identify improvement measures to prevent errors happening in the future.

We enhanced the skills of our colleagues through initiatives such as creating training videos to increase knowledge of Identity Verification (IDV) standards. These products were launched and communicated internally, supported by team leader briefings to embed and consolidate learning. Overpayments associated with IDV processes in Universal Credit reduced by 1.8% points to 0.63% for the first assessment period – a near 75% improvement. We also introduced enhancements in the Universal Credit system, to reduce payment errors linked to incorrect assessment of customer capital, reducing the need for benefit recovery and minimising disruption to customers.

In addition, we have piloted process checklists in Pension Credit and Employment and Support Allowance to increase understanding of entitlements to disability premiums, ensuring our customers receive the benefits they are entitled to.

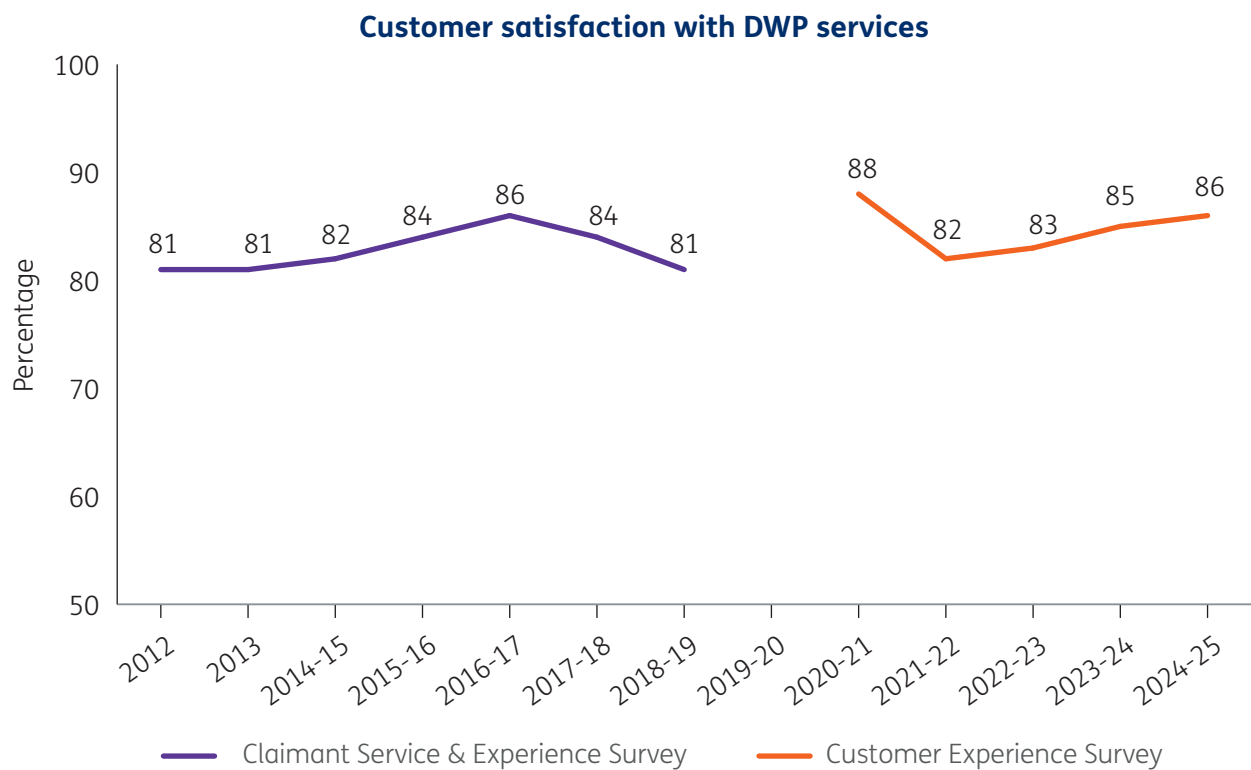
During 2024-25 we have delivered several further improvements to support the quality and delivery of services including:

- producing new quality assurance data segmentation to help service lines identify areas for improvement
- enhancing ‘claimant commitments’ to empower customers to take ownership of their job search activities, fostering a sense of responsibility and motivation, and ensuring they receive the right support to move into work
- developing bite-sized learning products to improve our colleagues’ capability in determining the correct Disability Premiums for customers.

Customer satisfaction and feedback

Our Customer Experience Survey measures customer satisfaction with the overall service they received across eight of DWP’s benefit lines: Universal Credit, Personal Independence Payments, Employment and Support Allowance, Disability Living Allowance (child), Attendance Allowance, Carer’s Allowance, State Pension and Pension Credit.

In the first three quarters of 2024-25 (April to December 2024), overall customer satisfaction with our services remained above our 85% benchmark for good performance. The overall satisfaction score has remained stable, increasing by one percentage point to 86% compared to 2023-24 (not a statistically significant change).



Source: internal DWP MI. This graph shows annual data for all years, except 2024-25, where data for the full year is not yet available. The 2024-25 score is based on the first three quarters of the year only (April to December 2024).

Percentage of customers who were satisfied with the services provided by the Department by benefit

Benefit line	2020-21	2021-22	2022-23	2023-24	2024-25
DWP Overall	88%	82%	83%	85%	86%
Universal Credit	89%	83%	83%	84%	86%
Employment and Support Allowance	83%	78%	81%	81%	78%
Personal Independence Payment	77%	75%	77%	83%	81%
Disability Living Allowance for Children	95%	89%	88%	88%	87%
State Pension	92%	87%	93%	91%	94%
Pension Credit	93%	88%	89%	91%	91%
Attendance Allowance	96%	94%	94%	95%	93%
Carer's Allowance	93%	89%	91%	92%	91%

Source: internal DWP MI. This table shows annual data for all years, except 2024-25, where data for the full year is not yet available. The 2024-25 score is based on the first three quarters of the year only (April to December 2024). Please note none of the changes in scores from 2023-24 to 2024-25 are statistically significant.



Customer complaints

We operate a single-tier complaints service, which focuses on early resolution. If a customer remains dissatisfied with our response, they can escalate their complaint to the Independent Case Examiner (ICE). Following an investigation by ICE, if a customer continues to remain dissatisfied, they can escalate to the Parliamentary and Health Service Ombudsman (PHSO) via their MP.

Total complaints have remained stable year-on-year between 2023-24 and 2024-25, at around 23,700. The number of complaints about our service continue to represent less than 1% of our customer base.

We publish quarterly volumes of complaints³⁹ on GOV.UK. The table below shows the number of complaints every quarter to the end of 2024-25, for each of our business areas for the last two years.

	Retirement Services	Universal Credit (UC)	Working Age (excluding UC)	Disability Services	Child Maintenance Service ⁴⁰	Counter Fraud Compliance and Debt
Apr to Jun 2023	1,340	2,000	340	830	1,285	320
Jul to Sep 2023	1,055	1,845	385	780	1,385	325
Oct to Dec 2023	925	2,085	260	695	1,260	340
Jan to Mar 2024	1,050	2,250	270	845	1,435	380
Apr to Jun 2024	855	2,020	245	775	975	295
Jul to Sep 2024	790	2,200	255	710	980	325
Oct to Dec 2024	1,155	2,755	230	770	1,260	320
Jan to Mar 2025	1,105	2,865	245	1,010	1,240	300

We continue to make significant improvements to our complaints service by making processes simpler and easier for customers. During 2024-25 insight from our quality measures highlighted inconsistent levels of capability within our complaint resolution teams. To improve this, we developed a bespoke accredited learning programme which has enhanced the skills and capability of our complaint handlers and created a professional complaints service.

³⁹ [Complaints about DWP: financial year 2024 to 2025 – GOV.UK](#) In the table, figures are rounded to nearest five and service line figures may not sum to published DWP total due to rounding.

⁴⁰ Complaints regarding the Child Maintenance Service (CMS) are also included within: [Child Maintenance Service statistics – GOV.UK](#)

Independent Case Examiner (ICE)

Customers who have completed our complaint process and remain dissatisfied can ask the ICE to investigate their complaint.

In 2024-25, ICE received 6,960 complaints against the Department and cleared 2,143. ICE continued to experience high intake volumes, with a 24% increase in approaches and a 20% increase in the number of accepted cases on the previous operational year. Of the 2,143 complaints ICE cleared:

- 53 were withdrawn by the complainant
- 629 were resolved or settled with the complainant's agreement
- 879 were upheld, fully or partially by the ICE
- 578 were not upheld by the ICE
- 4 cases where the ICE was unable to reach a finding

ICE also investigates complaints relating to contracted providers, the Department for Communities (DfC) and the Child Maintenance Service in Northern Ireland (NI CMS).

All complaints including DWP, contracted providers, DfC and NI CMS	2023-24	2024-25
Received by ICE	5,824	7,149
Accepted for examination by ICE	1,861	2,214
Cleared by ICE	2,658	2,236
ICE partially/fully upheld	765	893
PHSO partially/fully upheld all complaints	0	0

In addition to investigating case-specific complaints of maladministration, ICE also identifies wider Service Improvement Observations (SIOs) which aim to limit the scope for future service failures and improve the service provided to customers. In 2024-25 ICE highlighted 14 SIOs to us.

For example, ICE identified a need for CMS colleagues to understand better guidance and legislation for same sex parents, following consideration of a case in which, on multiple occasions, CMS misunderstood the difference between parental responsibility and parentage. Once alerted to the issue, CMS acknowledged that although appropriate information and guidance is in place, these can be complex issues which colleagues may not encounter routinely. CMS, therefore, updated relevant guidance so that it directs colleagues to our parentage single point of contact team, who will advise on the correct action to take in such cases.

[The ICE's annual report](#) on complaints from 1 April 2023 to 31 March 2024 is available on GOV.UK providing details of SIOs, along with our response.

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. An update on the PHSO investigation into complaints about women’s State Pension age is at page 58.

PHSO’s annual report and accounts⁴¹ gives details about the complaints they receive. The PHSO publishes its figures a year behind other data.

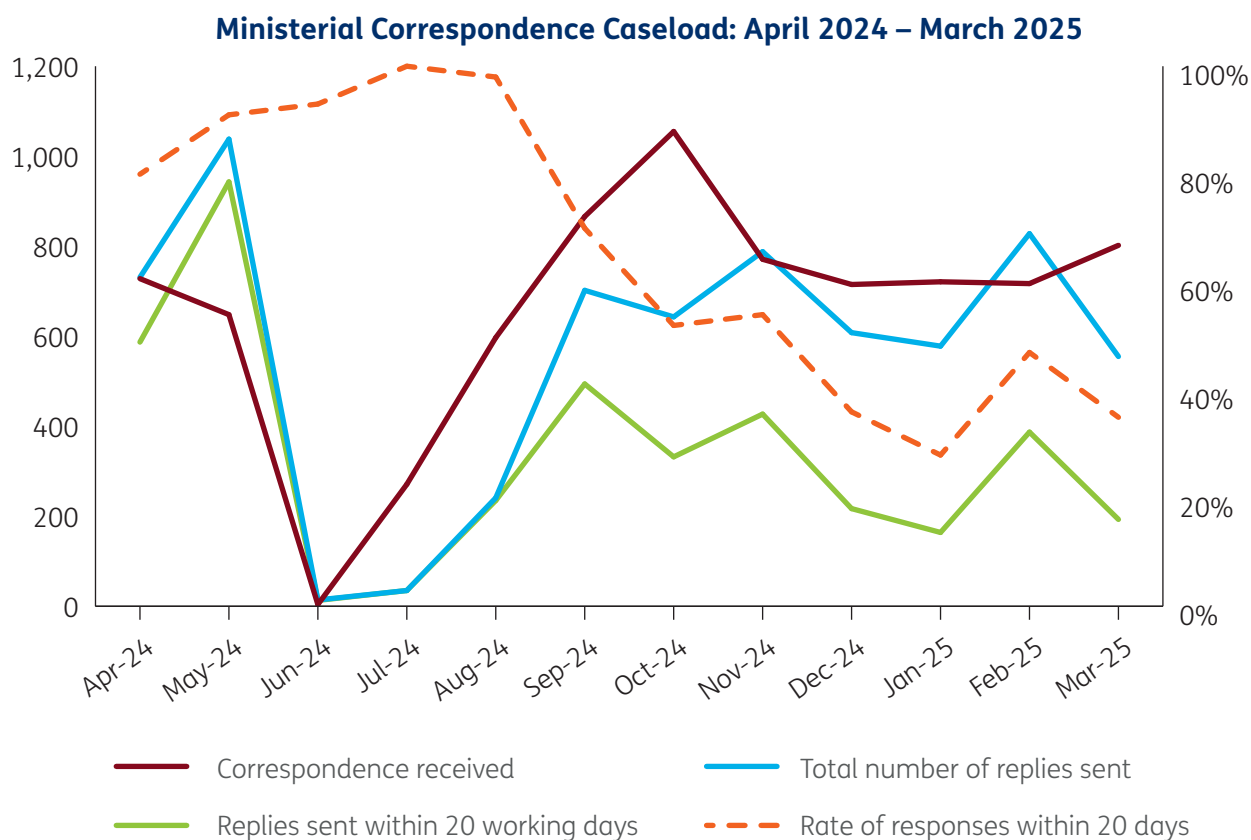
Complaints investigated by the PHSO	2022-2023	2023-2024
Number of complaints investigated	21	27
Number not upheld	10	12
Number partly upheld	7	8
Number upheld	4	7
Number other outcomes	0	0
% not upheld	48%	44%
% partly upheld	33%	30%
% upheld	19%	26%
% other outcomes	0%	0%

Ministerial correspondence

The ministerial correspondence team is responsible for drafting responses from ministers to policy-related correspondence from elected officials and members of the public.

Since the election, the majority of correspondence received reflects policy areas that have had the most media attention, i.e. related to Winter Fuel Payments, the Parliamentary Health Service Ombudsman’s report on State Pension age, and Health and Disability Benefit Reform. The lower-than-average performance reflects an overall increase in letters received across these areas. The Department continues to receive correspondence on other areas including on uprating, the Child Maintenance Service and Fraud.

⁴¹ [PHSO’s annual report and accounts 2023-2024](#)



Real Time Information disputes

Real Time Information (RTI) is the HM Revenue and Customs database that holds Pay As You Earn information. We hold RTI information in our Real Time Earnings database. The calculation of a customer’s earned income for an assessment period in Universal Credit is based on the actual dates and amounts reported by the employer.

Disputes are received when a customer disagrees with the amount of earnings used in their Universal Credit award calculation. The table below shows the RTI disputes data for 2024-25 compared to previous year:

Date range	2023-24	2024-25
Earnings retrieved from RTI ⁴²	78,200,000	89,900,000
RTI disputes raised ⁴³	371,000	386,000
RTI disputes raised as a proportion of RTI earnings retrieved	0.5%	0.4%
RTI disputes processed ⁴⁴	329,000	329,000
RTI disputes processed, and dispute upheld by agent	65,600	77,500
RTI disputes processed, and dispute not upheld by agent	190,200	165,200
RTI disputes processed and dispute outcome unknown ⁴⁵	73,400	86,100
RTI disputes processed and known to be upheld as a proportion of Total RTI earnings retrieved	0.08%	0.09%
RTI disputes processed with dispute outcome unknown as a proportion of Total RTI earnings retrieved ⁴⁶	0.09%	0.10%

Less than 1% of RTI disputes processed are upheld in the customer's favour. RTI remains an efficient and accurate method of calculating Universal Credit payments.

Impact of our policies

Our policies impact a significant percentage of the population. We work hard to understand the impact of proposed changes to policies, to ensure that they are proportionate and effective. We often consult members of the public, trade bodies and other interested parties, through a public consultation process prior to introducing or amending policies. We take any feedback received into consideration when making final policy decisions.

When we modernise our powers, we consider the legal justification for any potential Human Rights infringements. For example, we assessed the compatibility of the Public Authorities (Fraud, Error and Recovery) Bill 2025, with Convention rights such as the right to private and family life. Our lawyers also regularly consider the merits of human rights challenges to our policies and decisions in litigation cases.

Prior to introducing policy changes we also conduct Equality Impact Assessments to test whether our proposed approach is not only proportionate, but to also 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 challenge the legality of our decisions. We scrutinise the decisions of the courts to ensure we understand the human rights impacts of our policies.

⁴² Number of earnings details successfully retrieved from HMRC's RTI system.

⁴³ RTI disputes can be raised manually, or automatically where a claimant's earnings from RTI are higher than expected.

⁴⁴ RTI disputes processed and logged as completed within the Financial Year – following breakdown may not sum due to rounding.

⁴⁵ 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.

⁴⁶ 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.

Equality and Human Rights Commission (EHRC) investigation

On 22 May 2024, the Equality and Human Rights Commission (EHRC) launched an investigation under Section 20 of the Equality Act 2006 into whether we had failed to make reasonable adjustments when making health assessment determinations for disabled customers with mental health impairments.

The EHRC, using their powers under Section 31, has also been assessing whether in developing and implementing the related policy guidance we failed to comply with the Public Sector Equality Duty.

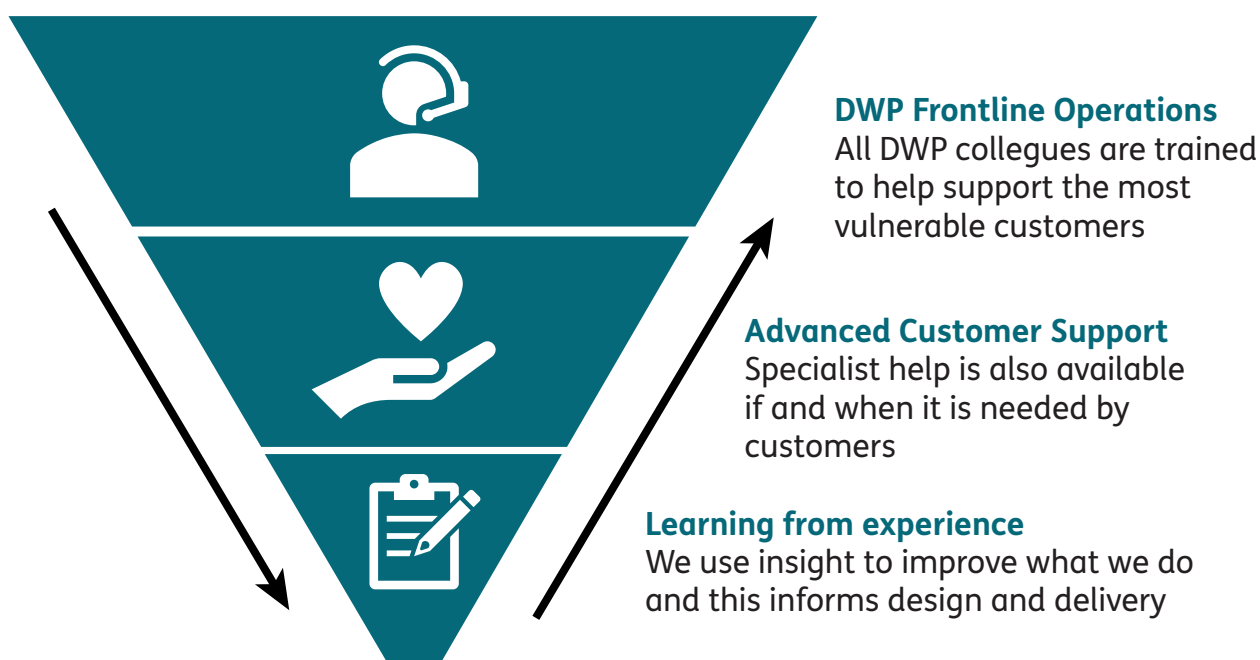
We have worked transparently and constructively with the EHRC as they conduct their investigation and assessment. The Secretary of State and Permanent Secretary met with the EHRC's Chair and CEO in October 2024. This was a welcomed opportunity to express our commitment to putting right any areas the Commission may identify that require improvement.

The Department has responded to all the requests for information received to date from EHRC for the Section 20 investigation and Section 31 assessment and we continue to cooperate fully with the EHRC. We will provide further updates once we have reviewed the Commission's findings and recommendations in due course.

As a learning Department we want to use this investigation, assessment, and the Commission's expertise, to understand where our services can be improved to ensure they meet the needs of our customers who may require reasonable adjustments.

Supporting our most vulnerable customers

Building on our Values, we are embedding a culture and practice that strives to provide the best for the people we serve, ensuring they are treated with dignity and respect. We offer a tiered system of support for our most vulnerable customers. All colleagues are trained to identify vulnerabilities and put in place the right support. We then have specialist help for the most complex cases. We use insight and data to improve the experience of all customers when accessing our services, especially when additional help is needed.



In 2024-25 we have:

- Published fully accessible information explaining the support available to customers when making and managing their benefit claim⁴⁷.
- Worked in partnership with local organisations, testing new ways of working, taking our services out into the local community, addressing barriers to work with plans to extend this work across Great Britain. Working out of places like a library or GP surgery creates a safe and supportive space for customers to talk to us, which helps build trust.
- Created an enhanced Move to Universal Credit support journey for potentially vulnerable ESA and Income Support customers by recruiting 105 complex case coaches to provide additional support, including additional outbound calls, home visits and help with navigating the claim process. We continue to provide support for other Move to Universal Credit customers through our visiting service and Advanced Customer Support Senior Leaders.
- Introduced new systems to monitor the wellbeing and circumstances of customers. For example, the Universal Credit system now displays current and previously declared support needs, giving a holistic view of each customer to tailor the right support.
- Continued to strengthen engagement with multi-agency partnerships that lead and oversee adult safeguarding within local areas (Safeguarding Adult Boards), creating new channels to provide and share information on joint customers. Where appropriate, Advanced Customer Support Senior Leaders support Safeguarding Adult Boards' multi-disciplinary meetings and can escalate any concerns they identify. Advanced Customer Support Senior Leaders now have relationships with more than 80% of Safeguarding Adult Boards across Great Britain.

⁴⁷ [Get extra help and support to manage your benefits or pension - GOV.UK](#)

DWP visiting service and Advanced Customer Support Senior Leaders (ACSSLs)

Our visiting service provides valuable face-to-face support to customers who cannot access our services in any other way because, for example, they have complex needs, are disabled, are a vulnerable person making a claim for the first time, have nobody else to support them, or they cannot claim benefits in any other way.

Across 2024-25, our visiting service received 237,866 referrals, of which 217,145 were from internal colleagues and 20,721 from external partners. These referrals resulted in 146,478 visits and generated 193,824 inbound calls from customers or their representatives. For more information on how we support our existing claimants to understand what they may be eligible for and claim what they are entitled to, please see the section on Unfulfilled Eligibility on page 86.

Our ACSSL network provides advice, coaching and links into external partners (such as local authorities, social services and local charities or support organisations). These external relationships allow ACSSLs to be aware of key issues that may be unique to customers in their own local area, tailoring support with the aim of designing local solutions to support vulnerable customers.

During 2024-25, the ACSSL community formed relationships with 1,620 external partners, creating more referrals and escalation routes to support customers. ACSSLs supported 12,202 customer cases, of which 6,768 were referrals from colleagues and 5,434 from external organisations. Through developing their local relationships, the proportion of external referrals made to ACSSLs has increased to 45% of all referrals in 2024-25 (up from 41% in 2023-24).

A key part of the ACSSL role is to deliver learning and coaching to build capability across the teams who work with our customers, helping them support our most vulnerable customers and those at risk in the best way.

During 2024-25, ACSSLs and their delivery teams delivered 718 learning sessions impacting 27,628 people supporting frontline colleagues on issues including: domestic abuse, modern slavery, identifying vulnerabilities, homelessness, appointees and the importance of professional curiosity.

Customer accessibility

We strive to continuously improve accessibility for customers using our services. During the past operational year, we have:

- implemented changes to call scripts, asking for and recording alternative formats and reasonable adjustment questions earlier in the journey
- made amendments to guidance so colleagues can better support customers
- added additional questions to the Employee and Support Allowance online claim journey to capture alternative format requirements
- developed learning resources to support colleagues' understanding of customer accessibility

- developed and maintained an interactive online community for information and colleague advice, the combined audience of which is over 5,000
- delivered live calls and podcast-style content focusing on areas that colleagues need support with, attracting live audiences of up to 1,000 per month
- made improvements to the process for email as a reasonable adjustment across Employee and Support Allowance, Personal Independence Payment and Jobseeker's Allowance
 - 20 Jobcentres commenced delivery of a VRI service as part of a pilot from 6 January 2025 for UC British Sign Language (BSL) users. This allows us to provide 3-way video calls between customers, DWP users and interpreters. The service was evaluated in March, and we gained agreement to roll this out to a further 40 sites, with the aspiration for full roll-out later in the year.
- used our dedicated BSL YouTube channel to publish content covering important and helpful information including information on benefits and services, becoming one of the departments leading the way on production of BSL public communications. Our BSL social media content has grown by over seven hours in the last year.

Our ambition is to identify and record our customers' additional needs through our systems, making benefits accessible to all. This is a key part of our modernisation strategy to enable us to improve customers' experience.

- we continue to use speech analytics software to transcribe and analyse calls, providing useful insight to improve service delivery and identify where a customer may be at risk of harm
- social media analysis is used to track public online content, conversations, and behaviours, which enables us to identify and analyse trends and emerging topics affecting customers and citizens

Operational Stakeholder Engagement Forum (OSEF)

Each month we host OSEF, a trusted forum that enables us to gather insights and engage with key national organisations representing customers. Over 2024-25 we facilitated over 60 stakeholder insight workshops and more than 70 individual collaboration sessions to better understand how our services impact on customers. This has resulted in improvements, including:

- the introduction of PIP 'how to' guides and Winter Fuel Payment information videos
- improving how customers with both physical and mental health conditions access our services via telephone, recommending 'conversational platform' script changes to ensure a customer's call is routed to the team best placed to support them

Organisational learning

We continue to develop as a learning organisation, notably from serious cases, customer complaints, observations, call listening, ACSSL and visiting service insight,

feedback from external organisations and from ICE reports. This range of evidence is shared with colleagues delivering customer-facing services.

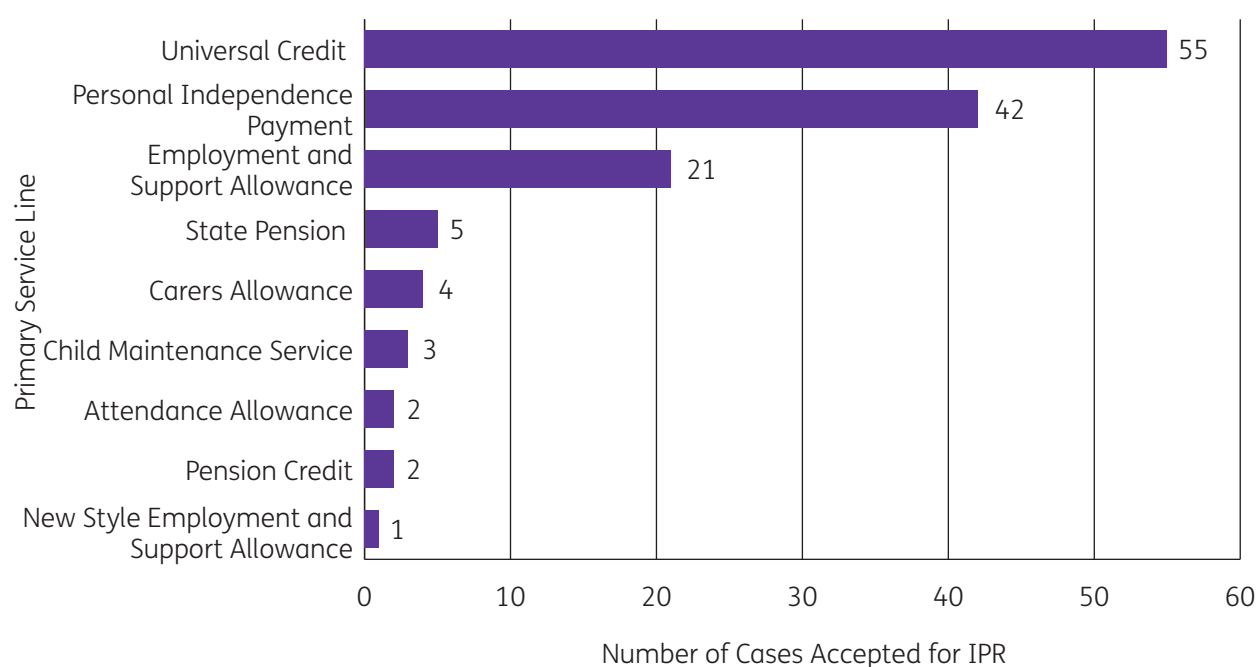
We maintain a dedicated, independent team who undertake **Internal Process Reviews** of serious cases to consider if our processes were followed and, if not, to understand why so that we can improve customers' experience in the future.

Throughout the year, the team have delivered awareness sessions across the Department to increase understanding of IPRs and the learning process from serious cases. This led to an increase in the number of cases referred and accepted for an IPR. During 2024-25 we received 99 IPR referrals from colleagues, of which 90 met the criteria and were accepted for investigation.

Of those referrals accepted, 59 were made following the Department being notified of a customer's death, and 31 where a customer suffered serious harm.

The following chart shows the primary service lines relating to the customers' cases accepted for IPRs across 2024-25.

Accepted IPRs by Primary Service Line 2024-2025



Note that cases received for IPRs can cover more than one DWP service line, as customers may have more than one benefit in payment, meaning they can have more than one primary service line recorded for the IPR.

We identified 211 key findings from IPRs completed across 2024-25, and this learning insight and evidence is shared with product leaders who agree action and ownership for continuous improvement activity. Where there are themes from serious cases, these are referred to the serious case panel for discussion and support in delivering change in the Department.

To strengthen organisational learning across our health and disability benefits, our Chief Medical Advisor established the Clinical Governance and Excellence Board in April 2024. This board focuses on topics and themes arising as a result of clinical governance. Recommendations are then taken forward across both the Department and our assessment providers.

Serious case panel

The serious case panel⁴⁸ continues to consider themes and issues that have been identified from serious cases, agreeing improvement activity and overseeing progress.

In 2024-25 the panel discussed the identification of vulnerabilities and how we could better tailor the support we offer customers based on their needs.

Work to address some of those challenges included:

- strengthening our safeguarding measures as part of the referral and sanctions process, including the assessment of vulnerability before putting a sanction in place
- the introduction of a Customer Additional Needs framework across Universal Credit to update our existing customer support strategies. It promotes an integrated and aligned way of working to ensure appropriate networks and processes are utilised to deliver an effective service, whilst also addressing customers' complex needs, barriers and health conditions, applying a trauma-informed approach.
- in delivery of the first phase of a new digital service which allows over 6,000 colleagues to view customers' records for multiple benefits in one place, with information such as payments and contact history. This enables colleagues to answer simple queries across benefit lines, creating a better experience for our customers.
- the introduction of an Artificial Intelligence tool in December 2023 identified if a customer needed urgent support from the documents and messages they sent us. Following a review by experienced colleagues of communications highlighting potentially at risk customers, 317 were escalated to ensure the customer received the support they needed.

In line with our commitment to be more transparent, the serious case panel endorsed the publication of an annual report detailing how we improved our support for vulnerable customers⁴⁹.

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 about changes to their circumstances which would have resulted in a higher award.

On 15 May 2025 we published our most recent estimates on unfulfilled eligibility⁵⁰.

⁴⁸ [DWP Serious Case Panel - GOV.UK](#)

⁴⁹ [Delivering support and transformation to help DWP customers with additional support needs - GOV.UK](#)

⁵⁰ [Unfulfilled eligibility in the benefit system: financial year 2024 to 2025 estimates - GOV.UK](#)

For information on how we continue to deliver key services to claimants, simplify processes and provide additional support to claimants with complex needs to support individuals to claim what they are entitled to, see supporting our most vulnerable customers on page 81. For information on how we have supported disabled people and those with health conditions see Goal 4. For information on how we are trying to improve take up of benefits see Goal 4. In the 2024-25 unfulfilled eligibility estimates, Disability Living Allowance (DLA), Personal Independence Payment (PIP) and Universal Credit (UC) account for 80% of the total value of unfulfilled eligibility. In particular, PIP and UC account for some of the highest levels of unfulfilled eligibility in the benefits system and therefore additional focus is given on these areas as detailed below.

What have we done to support people claim what they are eligible for during 2024-25?

The following section highlights the approach being taken to reducing levels of unfulfilled eligibility in key benefit areas.

Disability benefits

Disability benefits, including Personal Independence Payment (PIP) and Disability Living Allowance (DLA), are important non-means tested benefits for eligible disabled people and people with long-term health conditions. Our approach to ensuring our claimants get what they are eligible for is underpinned by the principle of treating people with dignity and respect.

Promoting claimant understanding of eligibility criteria and evidence requirements is one of the ways we try to prevent unfulfilled eligibility across disability benefits. In doing this, claimants should be in a better position to inform us when they could be eligible for more entitlement. Claimants are provided with this information from the outset of a claim via GOV.UK, which includes instructions on reporting a change of circumstances. We encourage all claimants to let us know straight away if their needs have reduced or, regarding unfulfilled eligibility, if they have increased. When a claimant reports a change of circumstances, we prioritise their case to ensure they receive the rate of benefit to which they are entitled.

We also promote claimant understanding and awareness of their responsibilities to report changes that could lead to greater entitlement through our letters. They set out these requirements, with a list of the main types of changes provided. PIP letters list change of condition and a claimant becoming terminally ill as examples of when they should contact us.

If a claimant has experienced a change to their circumstances that could make them eligible for increased entitlement, these changes can be reported to us via multiple routes, including by telephone or clerically via postal channels. For more information on the work we are doing to support disabled people and people with health conditions, see Goal 4 from page 63.

Universal Credit

Universal Credit (UC) is an in and out of work benefit that supports people either currently unable to work, looking for work or working on a low income. It is paid in relation to the household, and the household's circumstances.

As in other benefits, for UC we provide information to claimants from the outset of a claim to support their understanding of eligibility requirements and support them in claiming what they are entitled to. This information is reinforced during their claimant commitment interview with a work coach.

Changes to the household are reported through the claimant's UC account, and the claimant is reminded to report any changes every month in their UC statement. This includes as standard a message explaining that the claimant should report any changes to us as well as signposting to other support the claimant may be able to receive. Claimants can receive additional assistance through their UC journal, by contacting a service centre or speaking with their work coach.

UC utilises real time earnings information provided by HM Revenue and Customs to accurately record the correct level of earnings received for the period, raising the UC award where earnings may have dropped and ensuring we are paying the right person the right amount of money at the right time.

Childcare costs support is one example of an area where action has been taken to help support working parents on UC who may be entitled to greater support. A national Childcare Choices advertising campaign recently ran to bring attention to the additional support that could be available to UC claimants as well as information explaining how the UC offer works in conjunction with other government offers, such as the Department for Education's funded childcare hours.

Customer Experience – Visiting Service

As outlined on page 83 our national Visiting Service provides face-to-face support to claimants who cannot access our services in any other way. When it comes to unfulfilled eligibility this service can be used for support with an existing claim for benefit and across 2024-25 there were 28,163 cases referred for a visit to support reviews of existing claims. These visits can include verifying information provided by the claimant, ensuring accurate collection of information, providing the claimant with an explanation of the potential impact on other benefits or a benefit entitlement check being undertaken to ensure the claimant is receiving their full entitlement.

Customer Experience – Operational Stakeholder Engagement Forum

As outlined on page 84 the Operational Stakeholder Engagement Forum (OSEF) gathers insight and engages with key national organisations representing customers across all benefit areas. When it comes to unfulfilled eligibility, the forum gives us an opportunity to promote initiatives to increase the reporting of changes which our members can support our claimants with. Some examples being:

- Improving the wording in Pension Credit claim forms making it as easy as possible for pensioners to claim Pension Credit
- Using the members to promote claiming Pension Credit and explaining the options available to pensioners

Work is currently in train on how our members can support claimants with knowing what and when to notify us of changes and what those changes could mean to our claimants.

Unfulfilled eligibility estimates

We measure unfulfilled eligibility to understand the levels, trends, and reasons behind it – helping us identify what we can do to reduce the level of unfulfilled eligibility in the benefit system.

The total benefit expenditure increased to £292.2 billion in 2024-25, from £266.2 billion in 2023-24. The total unfulfilled eligibility rate for 2024-25 was 1.3% (£3.7 billion) across all benefit expenditure, compared to 1.2% (£3.1 billion) in 2023-24.

The analysis showed for 2024-25, Disability Living Allowance (DLA), Personal Independence Payment (PIP), and Universal Credit (UC) accounted for 80% of the total value of unfulfilled eligibility. DLA was not measured in the 2024-25 Unfulfilled Eligibility statistics and so we have assumed the same rate moving from last year to this year.

Universal Credit

The rate of unfulfilled eligibility in Universal Credit (UC) was 1.5% of UC expenditure compared with 1.4% in 2023-24, with a financial value of £980 million, compared to 1.4% (£730 million) the previous year. The largest source of unfulfilled eligibility in UC for 2024-25 was due to claimants failing to report increases in their rent amount or for not claiming housing costs they were entitled to, equivalent to around 0.5% of UC expenditure.

Personal Independence Payment

The rate of unfulfilled eligibility in Personal Independence Payment (PIP) was 4.1% in 2024-25, compared to 4.0% in 2023-24. The financial value was £1,060 million – accounting for 30% of unfulfilled eligibility – compared to £870 million last year. All unfulfilled eligibility in PIP was due to claimants not informing us that they needed more help or that their conditions had deteriorated.

Disability Living Allowance

Unfulfilled eligibility in Disability Living Allowance was not measured in 2024-25. However, the previous rate of 11.1% measured in 2023-24 has been applied to the expenditure for 2024-25. Disability Living Allowance has the highest unfulfilled eligibility rate but with a relatively low expenditure. This has resulted in a monetary value of £850 million for Disability Living Allowance in unfulfilled eligibility. It accounts for a

similar value of unfulfilled eligibility when compared to Universal Credit and Personal Independence Payment in 2024-25.

Other

Other benefits account for much smaller amounts of total unfulfilled eligibility compared to PIP, DLA, and UC in 2024-25. The drivers of this unfulfilled eligibility were largely due to claimants not informing us of changes in household composition (Pension Credit) and not telling us about changes in housing costs (Housing Benefit).

Devolved governments

We continue to work closely with all three devolved governments.

Scotland

The Scottish Government introduced its Carer Support Payment (which replaces Carer's Allowance) in November 2023, and we have since supported its phased expansion in line with the Scottish Government's timetable, with new claims becoming available across the whole of Scotland in November 2024. The transfer of around 120,000 existing Scottish Carer's Allowance cases from DWP to Social Security Scotland is almost complete.

We have also supported the Scottish Government's introduction of two new disability benefits. In October 2024, the Scottish Government introduced its Pension Age Disability Payment (PADP) this replaced Attendance Allowance (AA) in five local authority areas in Scotland. We introduced legislation that will allow PADP to be treated in the same way as AA for the purposes of accessing reserved premia and additional payments. We supported Social Security Scotland's planned expansion to more local authority areas in March 2025. The transfer of around 169,000 existing AA cases to PADP began in February 2025.

In March 2025, the Scottish Government introduced Scottish Adult Disability Living Allowance (SADLA) to replace DLA for existing claimants aged 18 and over. We launched legislation that will allow SADLA to be treated in the same way as DLA for the purposes of accessing reserved premia and additional payments. In March 2025, the process of transferring existing Scottish DLA cases to Social Security Scotland started.

The remaining PIP cases for people living in Scotland were identified for transfer to Social Security Scotland. We expect all these to be receiving Adult Disability Payment (Scottish Government's replacement for PIP) by April 2025.

We continued to share data to allow Social Security Scotland to determine eligibility for their Winter Heating Payment (replacement for Cold Weather Payment). DWP delivered the Pension Age Winter Heating Payment to 120,000 customers on behalf of the Scottish Government in 2024-25.

We continue to deliver the Industrial Injuries Disablement Benefit and Severe Disablement Allowance on behalf of the Scottish Government under the terms of the respective agency agreements.



Northern Ireland

All our policy areas (apart from the private pensions regulatory regime) are transferred (devolved) in Northern Ireland and decisions about policy and delivery are the responsibility of the Northern Ireland Executive. Historically the Department for Communities has maintained a similar system of social security, child maintenance and pensions to us, in line with the parity principle.

Wales

Most matters covered by DWP are reserved to the UK government, but related areas such as skills, training, health, education, childcare, and social care are devolved to the Welsh Government. We worked closely with the Welsh Government to ensure devolved and reserved provision worked effectively together.



Fraud, Error and Debt report

Introduction

We are committed to reducing fraud and error in the benefits system and to the recovery of debts. Part 1 of the Fraud, Error and Debt (FED) report outlines **what we have done to improve payment accuracy through preventing and detecting fraud and error.**

The chapter starts by focusing on how we are improving payment accuracy through better use of data and continuous improvement activity across our benefits, including Universal Credit. It then reports on performance against our 2024-25 fraud and error target. This includes our core detect activities covering our counter fraud and targeted case review teams, savings from these activities in addition to upfront controls, and reporting on the 2024-25 Fraud and Error National Statistics.

Part 2 of the report looks at **how we are preventing and correcting underpayments** to ensure people are paid their full entitlement.

Finally, when overpayments happen, we commit to recover the money for the taxpayer at the earliest opportunity. We 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 **sets out the management of debt recovery.**

Measuring incorrect payments

Fraud and error is made up of overpayments and underpayments⁵¹ of benefit that fall into one or more of the below three categories. The categories are defined by how an incorrect payment is measured in the Fraud and Error National Statistics.

⁵¹ An overpayment happens when people are paid too much benefit, which happens in instances where fraud is being committed, where we have 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 we have made an error, classified as official error.

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.

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 HM Revenue and Customs, to which no one outside of that department has materially contributed, regardless of whether the business unit has processed the information.

In our 2023-24 accounts, we reported on a new statistical series, Unfulfilled Eligibility in the Benefit System (unfulfilled eligibility was previously classified as claimant error underpayments within the Fraud and Error National Statistics). The statistical series presents how much extra money benefit claimants could be getting if they had told us about their current circumstances correctly. The estimates relating to unfulfilled eligibility in the benefit system are reported on outside of the Fraud, Error and Debt report, but still within Goal 5 of this performance report (page 69).

The Monetary Value of Fraud and Error (MVFE) is the headline statistic for overpayments and underpayments and a recognised National Statistic⁵². Derived from detailed scrutiny of a random sample of benefit cases, this calculates the percentage of the total amount of benefit that is paid incorrectly. The estimated percentage is then applied to the overall benefit expenditure to estimate the monetary amount (in £s) of incorrectness.

Whilst the monetary amounts are more intuitive, it is recommended that the percentage rate of overpayment or underpayment is the better measure to use in any comparisons over time. Monetary amounts are not adjusted for inflation or any changes to benefit rates. For this reason, it is possible for the rate of expenditure overpaid or underpaid to decrease whilst the monetary value increases, and vice versa.

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

- The Fraud and Error National Statistics calculate overpayments and underpayments in accordance with what is due under the law

⁵² [Fraud and error in the benefit system, Financial Year Ending \(FYE\) 2025 - GOV.UK](#)

- This year, the levels of fraud and error, and unfulfilled eligibility have been measured for Universal Credit, State Pension, Pension Credit, Housing Benefit (passport working-age), Personal Independence Payment and Carer's Allowance. Carer's Allowance was last measured in 2019-20. For Housing Benefit, the working-age passported client group was last measured in 2018-19. The make-up of this client group has changed significantly since 2018-19 as it was originally a mixture of passported Jobseeker's Allowance, Income Support and Employment Support Allowance (ESA) cases. This year only passported ESA cases (without Child Tax Credits) and Universal Credit cases were measured (due to managed migration plans and because these cases make up most of the caseload)⁵³.
- To measure the levels, a sample of cases is selected from each benefit (around 13,000 cases were sampled for 2024-25). Benefit records are sampled monthly, for each of the benefits being measured.
- A preview is completed to collate information on the claimant's case and circumstances based on information from the Department and local authority systems. We identify any inconsistencies and areas we would want to check and confirm with the claimant. The claimant is contacted by telephone and their circumstances are reviewed, following up on anything identified at the preview or during the call. At the end of the review the claimant is asked to provide evidence to verify their circumstances. This process identifies where a claimant may have been overpaid, underpaid and whether claimants have unfulfilled eligibility.
- The results from the sample of benefit reviews are used to estimate rates of fraud and error and unfulfilled eligibility in the population. These rates are then applied to the benefit expenditure for the financial year to estimate the monetary amount of fraud and error and unfulfilled eligibility.
- The fraud and error and unfulfilled eligibility estimates need to cover all benefit expenditure administered by us. Some benefits which were not measured this year were measured in previous years. For these benefits, the rate from the last time the benefit was measured is applied to the current year's expenditure, to get an estimate of the monetary value of fraud and error and unfulfilled eligibility. Some benefits have a small amount of expenditure and therefore are unlikely to ever be selected for measurement. For each of the benefits that have never been reviewed, a similar or passporting benefit's rate of fraud and error or unfulfilled eligibility is used as a proxy and applied to the expenditure on that unreviewed benefit to get an estimate of the monetary value of fraud and error or unfulfilled eligibility.

⁵³ Most benefits are measured across Great Britain, but for devolved benefits Scotland is excluded. For Personal Independence Payment and Disability Living Allowance it is England and Wales only.

- This year, the sampling period took place between November 2023 and October 2024 for most of the benefits sampled. The exceptions are for Personal Independence Payment, which took place between September 2023 and August 2024, and Carer’s Allowance which took place between March and September 2024. 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 2025. The sample year and the financial year do not align. This means a proportion of expenditure for benefits reviewed this year cannot be captured by the sampling process.

Parliament decides how benefits are targeted to focus eligibility on those most in need while balancing costs to the taxpayer. The amount of support an individual is entitled to or eligible for depends on their circumstances including, but not limited to, their household composition, earnings and savings. Social security legislation sets the rules for administering benefits, taking account of the inherent complexity of people’s lives. Administering this system is complex and the combination of these factors introduces opportunities for fraud and error.

The National Statistics for Fraud and Error in the Benefit System⁵⁴ show that in 2024-25, the estimated level of overall overpayment expenditure in the benefit system was 3.3%, compared to 3.6% in 2023-24. Fraud is the greatest cause of loss, at 2.2% of overall expenditure, compared to 2.7% the previous year.

Universal Credit has the second largest benefit expenditure (£65 billion in 2024-25), behind State Pension, and is the largest source of overpayments in monetary terms, as shown in Chart A.

Chart A: Fraud and error losses by benefit



Note: Universal Credit (UC), Housing Benefit (HB), Pension Credit (PC), Employment Support Allowance (ESA), Personal Independence Payment (PIP), State Pension (SP), Carer’s Allowance (CA), Attendance Allowance (AA), Disability Living Allowance (DLA).

54 [Fraud and error in the benefit system: financial year 2024 to 2025 estimates - GOV.UK](#)

More details on the levels of fraud and error in the benefit system for 2024-25 can be found on page 97.

Measuring savings in monetary terms

We also measure the **impact of fraud and error controls and activities in terms of Annually Managed Expenditure (AME) savings** – i.e. how much the cost to the exchequer has reduced 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 had not been found). For the purposes of this report, only the savings from future overpayments prevented that would have affected 2024-25 expenditure are included. In addition, some interventions performed in previous years will have had an impact on 2024-25 expenditure and are included in our savings. Interventions this year will also have a further impact on the expenditure of future years, but those savings are not included here. Savings estimates from our controls are calculated by comparing with a counter-factual world where that control does not 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 responses to overpayments. We have been working with the Scottish Government to agree a process for tackling overpayments and to provide solutions for secure and legal two-way sharing of information between the Department 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. Preventing and detecting fraud and error

Management summary

We continue to work on reducing fraud and error levels by preventing and detecting incorrect payments across our benefits both at the point of claim and during the claim lifecycle. Last year we reported on our progress in reducing levels of fraud and error in the benefits system despite wider societal trends, such as worsening social attitudes towards fraud, which are widely acknowledged. For example, the National Audit Office⁵⁵ reported that there had been an increase from 2021 to 2023 in the proportion of people in the UK who had admitted to committing fraudulent conduct against a business or public body.

In 2024-25, we have had successes across our detect activity, exceeding our Annually Managed Expenditure savings target to deliver around £2 billion savings and saving an estimated £25 billion from our up-front controls combined with our detect activity.

We have continued to improve payment accuracy and continued to learn and develop our understanding of the root causes of all types of fraud and error, taking steps to use this learning to ensure payment accuracy. We are making better use of data and continuing to detect and address inaccuracy where it already exists, in an effective and efficient way, to minimise the impacts of debt on our claimants.

This chapter will cover the following:

- a) How we are improving payment accuracy, strengthening preventative controls and building on our continuous improvement activity. This will include the savings we have made through our upfront controls.
- b) How we have exceeded the delivery of our £1.7 billion savings target in 2024-25 by an additional £0.3 billion. This will also include updates on the corrective activity of our Targeted Case Review programme in Universal Credit as well as the activity of our dedicated counter fraud teams.
- c) We will provide detail on the levels of fraud and error reported through the national statistics, the Spring Statement 2025 fraud and error forecast, and our plan to set a multi-year ambition to reduce the monetary value of fraud and error (MVFE).
- d) Some detail on our progress in transforming our future approach through a legislative agenda to modernise our investigative and verification powers to improve payment accuracy and debt recovery.

⁵⁵ [National Audit Office, An Overview of the impact of fraud and error on public funds for the new Parliament 2023-24, see section 10, pg.12](#)

Tackling fraud and error

Delivery of our core controls

We estimate that we have saved around £25 billion this year through preventative activity through frontline controls and detection by counter fraud teams. This is an increase on last year's £22 billion.

This is the third year we have attempted to estimate the level of savings this way. The estimate remains an experimental metric as the methodology continues to be developed and refined. We have made significant enhancements to the analysis which means it is necessary to restate the estimate for 2023-24 from £18 billion to £22 billion. This is largely a result of improving the method for evaluating downward adjustments within Universal Credit.

Chart B below presents the 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
- Other downward adjustments such as the 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 and Targeted Case Reviews.

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

Function		2023-24	2024-25
Dedicated counter-fraud and error resource	Counter Fraud and Compliance Directorate	£1.2bn	£1.4bn
	Targeted Case Reviews	£0.1bn	£0.5bn
	Verify Earnings and Pensions (VEPs)	£0.1bn	£0.1bn
	Subtotal	£1.4bn	£2.0bn
	<i>Of which</i>		
	Expected recoveries from debt referrals	£0.5bn	£0.7bn
	Prevented future overpayments	£0.9bn	£1.3bn
Other downward adjustments to current or past entitlement	Where an overpayment was identified	£3.0bn	£3.2bn
	In advance of an overpayment occurring	£9.6bn	£10.7bn
	Subtotal	£12.7bn	£13.9bn
	<i>Of which</i>		
	Expected recoveries from debt referrals	£0.6bn	£0.7bn
	Prevented future overpayments	£12.0bn	£13.1bn
Specific upfront checks on claimant entitlement	Functional health assessments	£5.4bn	£6.3bn
	Other disallowances	£2.5bn	£2.7bn
	<i>Of which</i>		
	Universal Credit Identity Verification	£0.3bn	£0.3bn
Total expenditure saved		£21.9bn	£24.9bn

Notes

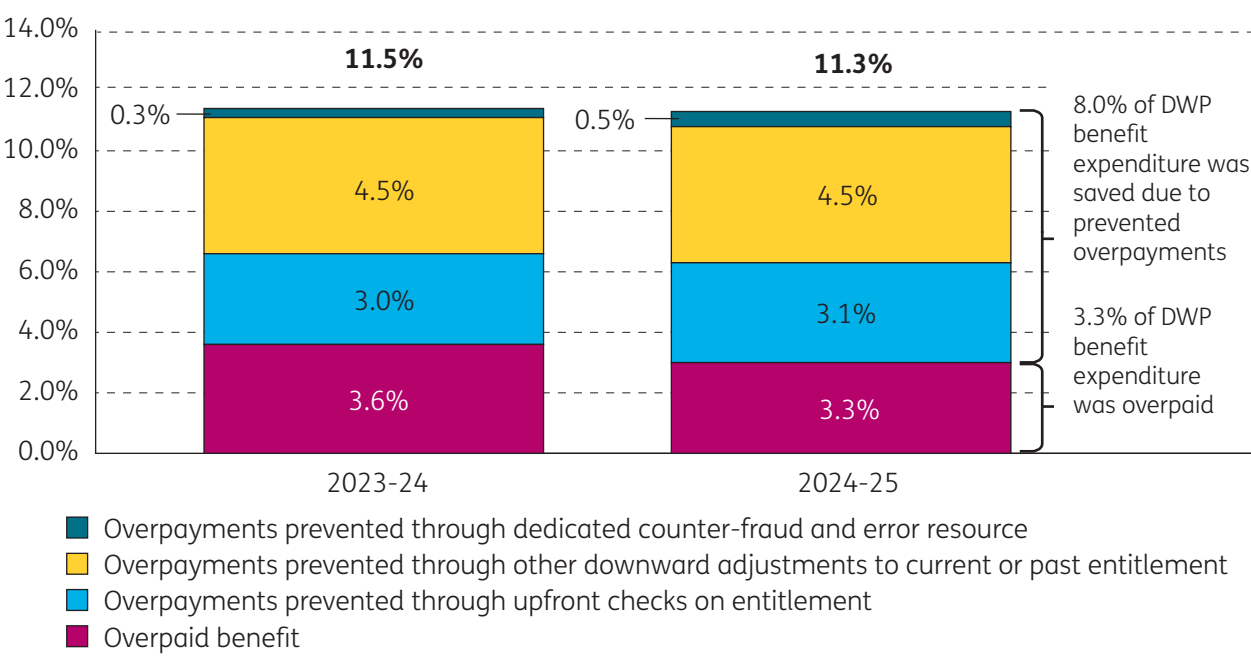
1. Functional health assessments- these are checks done on conditions of entitlement at the start of a disability benefit claim
2. Other disallowances- checks done on conditions of entitlement at the start of a non-disability benefit claim for other benefits, this year Universal Credit (UC) and Pension Credit have been incorporated
3. UC Identity Verification (IDV)- savings associated specifically with the checking of a claimant's identity at the start of a UC claim.
4. 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.
5. The scope of the metric (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. In particular: we are not currently able to accurately measure savings achieved from the verification of claimant-provided information such as the amount of capital and household composition.

- 6. We have 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 we have done and the messages that have been promoted
- 7. The estimate of £21.9 billion for 2023-24 is a restatement of the estimate of £18.4 billion published in last year's Annual Report and Accounts. The majority of the restatement is due to an improvement in the methodology for evaluating the Universal Credit element of the "Other downward adjustments to current entitlement - In advance of an overpayment occurring" line of the table, which increased by £2.4 billion.
- 8. Numbers in the table may not sum due to rounding.

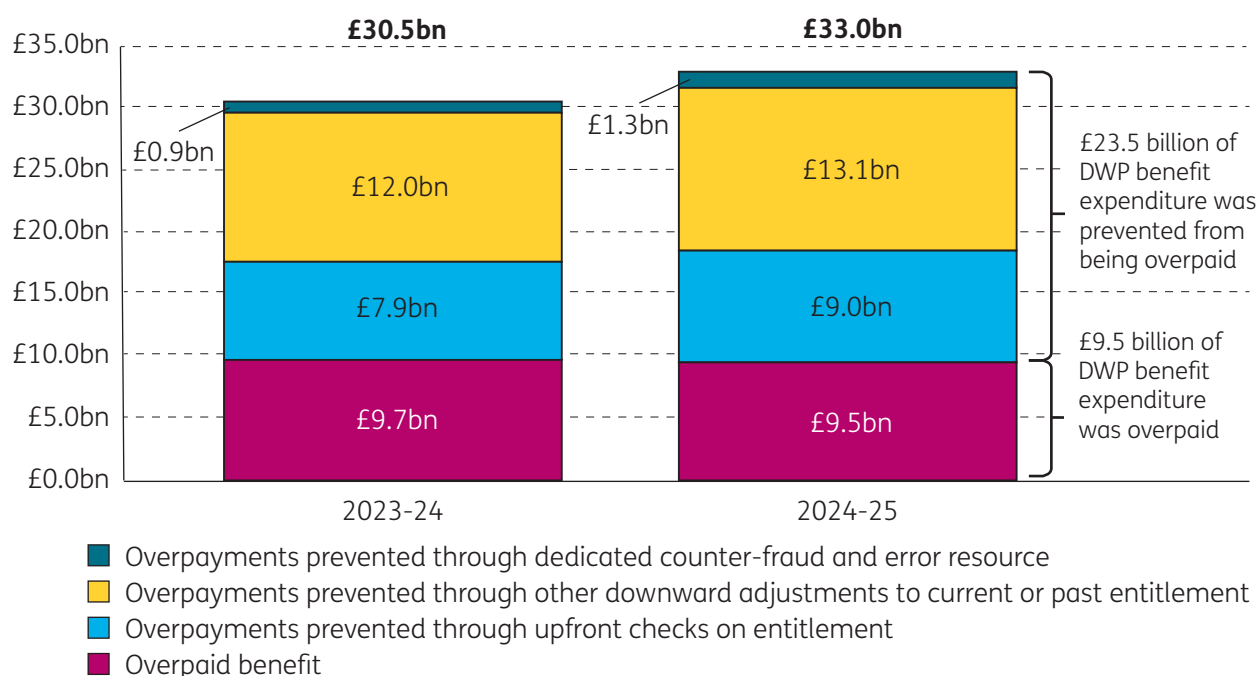
How this relates to the level of overpayments paid out

The published level of overpayments paid out this year was 3.3% of benefit expenditure (£9.5 billion). By considering the amount of estimated savings from Chart B that are from prevention, we estimate that a further 8.0% of expenditure has been prevented from being overpaid as a result of counter fraud activities and controls. Without our efforts, overpayments would have been at least 11.3% (£33.0 billion).

Chart C: Percentage of expenditure overpaid and prevented from being overpaid⁵⁶



⁵⁶ This chart incorporates the savings from prevention from Chart B above. Figures may not sum due to rounding.

Chart D: Amount of expenditure overpaid and prevented from being overpaid⁵⁷

Assessing control effectiveness

We will reduce fraud and error through a system-wide approach, underpinned by the Strategic Controls Framework. As above, we reported that our controls saved the exchequer an estimated £25 billion in 2024-25.

The control measures currently in place are key defences designed to prevent fraud and error entering the benefit system and ensure that we pay everyone their correct entitlement. The Strategic Controls Framework review is an ongoing programme of work that ensures our control measures are consistently assessed for their effectiveness and value for money in mitigating fraud and error. This allows us to identify areas to strengthen and ensure controls remain as robust and cost-effective as possible and responsive to evolving risks.

Data and analytics

This section looks at how we are working to make better use of data and analytics to prevent and detect fraud and error. It also looks at how we make use of our data capabilities and advanced analytics in fraud. The section ends with some details of how we safeguard claimants when using machine learning, to ensure we are being fair.

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

Effective use of data is crucial in identifying and correcting cases, enabling us to take proactive measures to prevent, detect, and correct fraud and error, for example, through the collection of real-time information on Pay As You Earn (PAYE) earnings data

⁵⁷ The chart incorporates the saving from prevention from Chart B above. Figures may not sum due to rounding.

shared by HM Revenue and Customs to verify earnings in Universal Credit. We are also actively pursuing new opportunities, including the Eligibility Verification Measure, which is detailed later in this publication (see section on legislation on page 120), and further investment in resource to action data alerts. This will enable us to more promptly detect and correct under and overpayments, where claimants have not reported changes in their circumstances.

The National Audit Office emphasises the critical role of data in reducing fraud and error, encouraging government to use data to prevent incorrect payments⁵⁸. To support this, we are committed to continuously improving processes and technology to ensure effective use of data. This approach aims to deliver efficient and high-quality services to claimants, while maintaining robust data governance and ethical use of information.

Last year, we collaborated with data experts and industry specialists to explore opportunities to enhance our data capabilities which included considering best practice from the private sector.

Following this, we are now focusing on incorporating data sources earlier in the claimant journey to support upfront eligibility verification, utilising advanced analytics techniques to detect fraud risks sooner and making better use of data that is not in standard format, such as journal messaging.

This will further enhance the accuracy of information used for calculating entitlements and to modernise current processes, thereby improving our ability to effectively and efficiently prevent fraud and error from entering the benefit system.

Current use of data capabilities and advanced analytics in fraud

We are continuing to test, develop, and invest in advanced analytics, including machine learning. Today this activity is only a small part of our overall response to the challenge of reducing fraud but if this approach proves successful it ought to make a significant contribution in the future.

These tools can supplement our efforts in detecting and preventing fraudulent activities to protect public funds as machine learning has the potential to provide the additional tools for us to focus attention on cases that have potential fraud and error risks.

There is currently one fraud and error machine learning model in full deployment on Universal Credit Advances and a small number of others at various stages of testing and development.

Safeguards

When using advanced analytics to tackle fraud and error, we ensure that appropriate safeguards are in place to guarantee the lawful, proportionate, and ethical use of data and technology. These safeguards align with best practices elsewhere, and government standards, codes and working principles. For more information, see the

⁵⁸ [National Audit Office, An overview of the impact of fraud and error on public funds for the new Parliament 2023-24, see section 10, pg.12](#)

digital governance section on artificial intelligence (AI) in the Accountability report from page 201.

There is no automated decision making used in our counter fraud and error activities and our use of advanced analytics does not replace human judgement. Decisions regarding benefit entitlement or payment are made by our colleagues who look at all available evidence before making a decision.

Fairness assessment

At critical stages of model development, we ensure checks and balances are in place and have safeguards to minimise the risk of unfair treatment or detrimental impact on legitimate claimants, irrespective of their protected characteristics. At appropriate times we conduct fairness analyses of our models to identify any unexpected disparities that might require further investigation.

Across the public sector, we are at the forefront of producing fairness assessments regarding the use of advanced analytics to tackle fraud. There is no set standard for statistical analysis of fairness of these tools, therefore we have had to adopt a test and learn approach.

We have reflected on how we can assure Parliament and the public of our processes and have committed to a new approach to fairness assessments of machine learning models designed to tackle fraud. To introduce additional independence and scrutiny into the process, we are:

- Improving upon existing governance around the fairness assessment to determine whether each model is an effective fraud control and remains reasonable and proportionate
- Ensuring assurance of both the statistical analysis and the assessment will be overseen by a team independent of those running the machine learning models, with reference back to the appropriate internal governance board should areas be identified that require further consideration
- Ensuring fairness assessments will be drafted in such a way that they can be published unredacted, setting out the rationale for why we assess the models to be reasonable and proportionate but without divulging the detail of our fraud and error controls that would put public money at risk

In 2024, we set out our position that the fairness analysis on the UC Advances model did not present any immediate concerns of discrimination, unfair treatment or detrimental impact on claimants. This assessment is in the process of being updated with new analysis. We committed at the Work and Pensions Select Committee to publish this fairness assessment and this will therefore be published in the summer.

Spotlight on One Login Digital

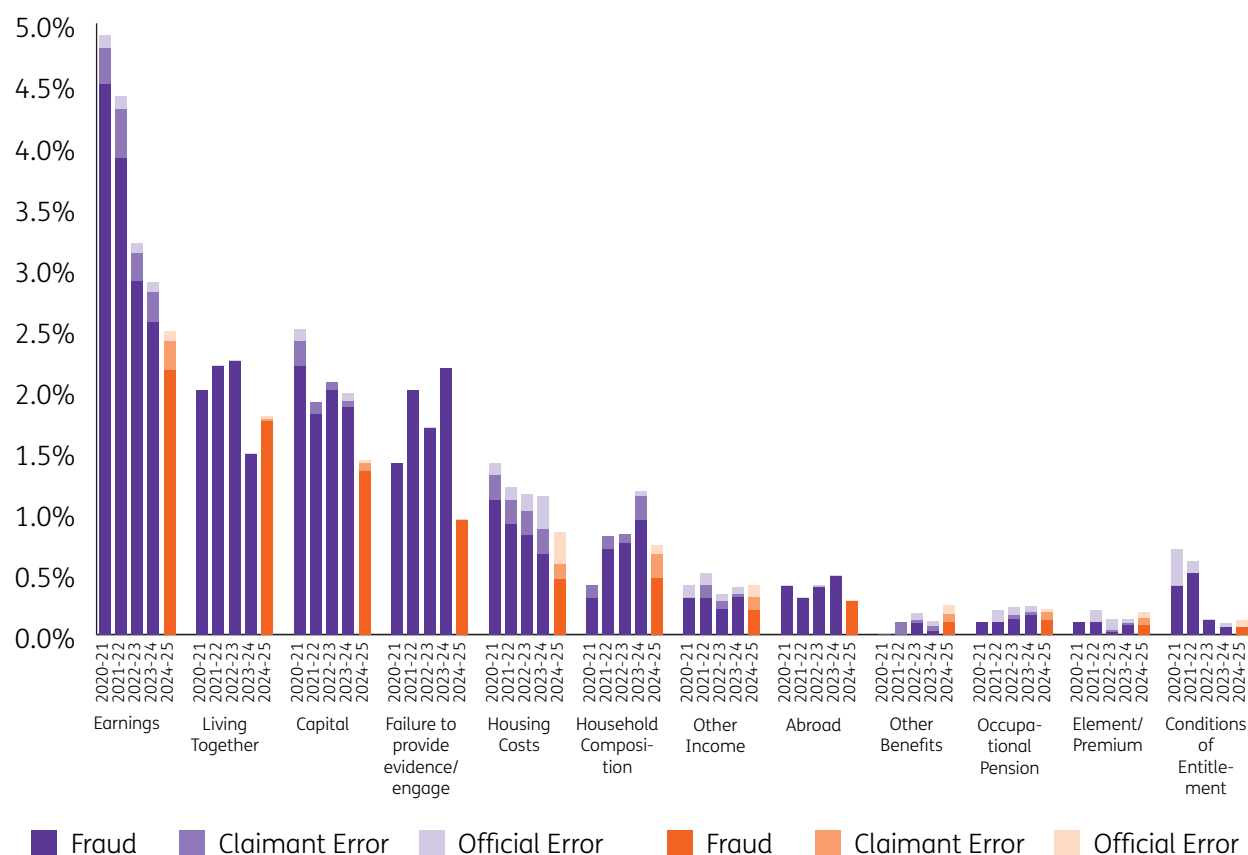


Government Digital Service (GDS) are focused on building a simple, joined-up and personalised experience of government for everyone and have delivered a single sign-on and identity checking system, GOV.UK One Login. It is a centralised identity solution, streamlining entry to a wide range of government digital services. It supports our agenda to prevent fraud and error as through this there are reduced identification failures alongside enhanced security. It does this by allowing users to verify their identity and then subsequently sign in and manage multiple public utilities online through a single-entry point. It provides an improved experience for people with a debt to repay. This is a great example of collaboration with GDS. We have rigorously tested and worked through technical challenges in how we safely integrate our 'Repay and Manage Benefit Monies You Owe' digital self-service tool with One Login. In November 2024, this became our first service to onboard to the platform, and our solution caters for new users, those with an existing DWP Identity Credential and those who have already set up a One Login Identity via another government department.

Driving continuous improvement

Universal Credit

The latest Fraud and Error National Statistics show that we have reduced Universal Credit (UC) fraud and error by 21% and have specifically reduced UC fraud by over a quarter (26%) saving the equivalent of around £1.7 billion. The key loss areas in UC are overpayments caused by undeclared earnings (predominantly self-employed earnings), undeclared partner ('living together'), and undeclared capital. There has been a decrease in the central estimate of most of the key loss areas in 2024-25.

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

We know much of the reduction in the UC overpayment rate is a reflection of improvements we have made to the UC service (please see below table), in addition to increasing the number of internal agents checking claims as part of Targeted Case Review.

Our approach to reducing fraud and error in UC brings together multi-disciplinary teams to focus on activity to reduce the levels of loss. There is a team for each loss area responsible for understanding insight and learning from key activities such as Targeted Case Review to identify the root causes of fraud and error that need resolving to target preventative measures and prevent future losses. This enables Universal Credit to focus on delivering our mission to **pay the right claimant the right amount at the right time**.

To do this we:

- Use a variety of evidence (including seeking advice from frontline colleagues and using data) to identify potential improvements in UC processes
- Go through a testing process to understand whether the proposed changes will be successful and therefore can be implemented across the service
- Focus our proposed changes on prevention of fraud and error entering the system

Examples of continuous improvement initiatives in 2024-25

Throughout 2024-25, we have undertaken several initiatives to enhance the UC service to prevent fraud and error:

Chart F: Continuous improvement initiatives in Universal Credit

Risk Area	Universal Credit continuous improvement activity underway
Earnings (including self-employment) causes overpayments of 2.5% of expenditure.	We have: - Improved information available online to self-employed claimants to assist them to accurately report their expenses and to declare multiple sources of income - Started testing an improved verification process for self-employed claimants by requesting evidence of business activity such as receipts for expenses. This has been trialled and will be introduced over the next financial year. Introduction of this measure is expected to save around £0.6 billion across the next five years.
Capital causes overpayments of 1.4% of expenditure.	We have: - Continued to improve the UC service approach to verifying claimants' savings and investments. We now require claimants to tell us the balance of their bank account that the UC award is paid into and to provide details of other bank accounts including savings. - Started testing an enhanced verification process by asking claimants to provide evidence of their financial assets (bank statements) through either connecting their bank account to UC via Open Banking⁵⁹ or physically in the jobcentre. This new verification process is to support claimants to accurately report their savings and investments. This measure is expected to lead to around £0.1 billion of savings over the next five years.

59 Open Banking is a safe and secure way for claimants to be able to share their balance and transactions with us, when required. The information will be used to automatically verify information on the claim to ensure that the Universal Credit award is accurate.

Risk Area	Universal Credit continuous improvement activity underway
Conditions of Entitlement causes overpayments of 0.1% of expenditure.	To receive UC, claimants must live in the UK. We have improved the UC service by: - Improving reporting – if a claimant is going abroad, they can declare the period of time they will be out of the country and the service will determine the correct pathway for that claimant to report this accurately and be paid correctly - Making better use of data, to confirm UK immigration status and where appropriate move towards greater automation
Housing Costs causes overpayments 0.8% of expenditure.	We have: - Made improvements when claimants tell us about a change to their housing costs - Completed the annual verification check for housing costs in the social rented sector
Household Composition causes overpayments of 0.7% of expenditure.	We have: Maintained the process introduced last year, asking claimants with children/young people between the age range of 16-18 to confirm their education status. This is estimated to have prevented losses of over £300 million this year.
Living Together causes overpayments of 1.8% of expenditure.	We have: - Made improvements to claimant guidance to support them to understand the definition of living together to ensure we have their correct relationship status - Continued to encourage claimants who declare a change to their relationship status, to report other changes in their circumstances

Upcoming UC continuous improvement initiative – periodic redeclaration

We are committed to supporting claimants to manage their claim effectively to ensure they are paid correctly. As part of this we are planning to introduce periodic redeclaration of UC claims which will prompt claimants to review their declared circumstances and report any changes. This will be checked through our verification processes. If a claimant does not engage with this process, we will suspend their claim. After 30 days, if they have not engaged, we will close their claim. The claimant has 30 days to request a reconsideration of this decision if they believe this is an error. We expect to save around £1 billion from this measure over the next five years, whilst preventing claimants building up avoidable debt.

Whilst it remains the claimant’s responsibility to provide us with up-to-date details of their circumstances, these measures will enable us to help claimants keep their account up to date. It will deliver a better service, reducing the number of claimants getting into debt and reduce the numbers of claimants whose incorrect details lead to unfulfilled eligibility. Claims that are selected will be checked for vulnerabilities and the Department has strict controls in place to ensure individuals with particular characteristics are not targeted.

Other benefits

For benefits other than Universal Credit, many of the key losses are specific to each benefit. However, some loss areas are common across multiple benefits with incorrect capital as an important example. As charts G and H below show, the National Statistics for Fraud and Error show undeclared capital as the biggest source of overpayments in the other means-tested benefits and this supports our intention to introduce the Eligibility Verification measure (see section on legislation on page 120) to enable us to identify undeclared capital.

Chart G: Percentage of Pension Credit expenditure overpaid by the key loss area

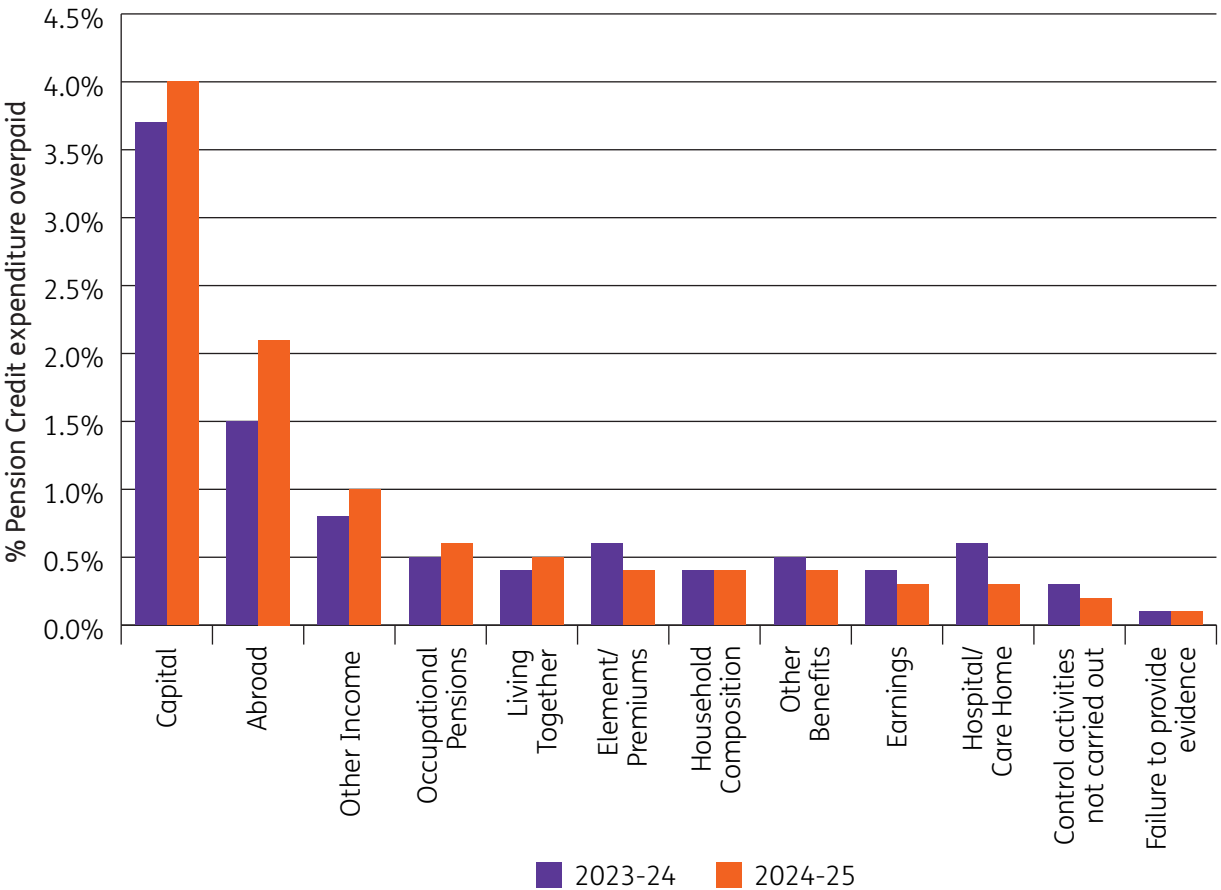
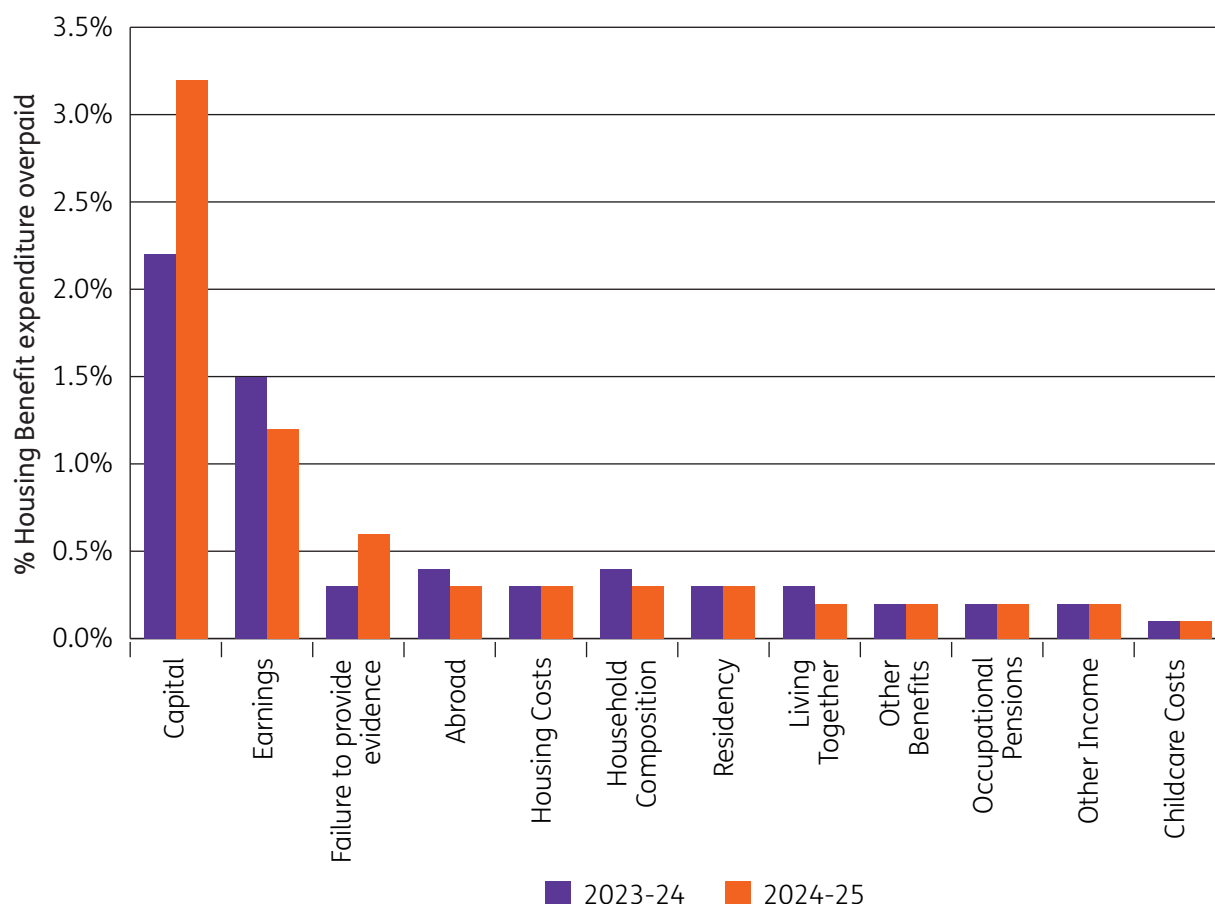


Chart H: Percentage of Housing Benefit expenditure overpaid by the key loss area

The statistics show that overpayments due to Pension Credit claimants going abroad for longer than the permitted duration appears to be a growing problem in addition to not reporting capital changes. Abroad and capital are the two largest reasons for fraud overpayments and account for 76% of fraud overpayments in 2024-25 (and around 60% of all Pension Credit overpayments relate to abroad and capital).

In 2024-25 the Housing Benefit caseload sampled for review included claims in the passported working-age group. The make-up of the working-age caseload for Housing Benefit is becoming increasingly dominated by Universal Credit claimants who are in supported or temporary accommodation. This group are not eligible to claim the Housing Costs element of Universal Credit. These claimants tend to be more prone to moving around than other types of Housing Benefit claimants and this may impact unstable lifestyles. We are therefore seeing higher amounts of overpayments resulting from claimants who are consistently failing to engage with the measurement process. As you will see from Chart I below we are continuing to deliver Housing Benefit Award Accuracy (HBAA) to help local authorities target full case reviews to ensure claims remain accurate.

The Carer's Allowance overpayment rate was 3.9% (£160 million) in 2024-25, compared with 5.2% (£150 million) when it was last measured in 2019-20. This was the lowest recorded level to date. An independent review of earnings-related overpayments of Carer's Allowance is underway. The review is investigating how overpayments of Carer's

Allowance have occurred; what can best be done to support those who have accrued them; and how to reduce the risk of these problems occurring in future. We will carefully consider the findings of the review and its recommendations. Both the report from the independent review and the government’s response will be published.

As in Universal Credit, 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 that have been progressed during 2024-25 as well as upcoming activities:

Chart I: Improvement initiatives in other benefits (excluding Universal Credit)

Improvement area	Key activity
Communications	● For Carer’s Allowance we have improved communications to help carers report change of circumstances. We will continue to review and improve communications, including undertaking trials during 2025, so carers are more aware of what changes they need to report and are regularly reminded to do so in a way that suits them. ● We continue to utilise learning from the current pilot to inform our future communications strategies that remind carers of their obligations to report changes of circumstances to us.
Data alerts	● We have obtained additional funding to increase staffing to action notifications received on changes to earnings and pensions across benefits in a timely way in Carer’s Allowance and Pension Credit. This initiative aims to ensure carers and pensioners receive the correct amount of benefit at the right time, despite not fulfilling their responsibilities to tell us about changes of circumstances. While we expect overpayments to reduce, this improvement will not be immediate as we skill up our teams and work through the backlog of cases. ● We are also continuing to use these notifications for Housing Benefit (HB) claims, exploring how to go further to tackle fraud and error challenges. ● For HB, we are continuing to deliver Housing Benefit Award Accuracy information to help local authorities target full case reviews in the remaining parts of the caseload as working-age claims migrate to Universal Credit. We continue to provide local authorities with support through funding, performance monitoring and data sharing to help keep claims right and tackle fraud and error.

Improvement area	Key activity
Verifying claimant entitlement and changes in circumstances	● The new Public Authorities (Fraud, Error and Recovery) Bill will help us identify incorrect payments in various benefits sooner, by utilising data from banks and financial institutions through the Eligibility Verification measure, ensuring that claimants are paid more accurately, reducing the likelihood of incurring debt. Please see page 120 for more information on our legislative plans. ● Data sharing opportunities are being explored to reduce fraud and error resulting from claimants not meeting residency requirements whilst claiming from abroad or being out of the country longer than the period specified within benefit conditions of entitlement.
Modernising our internal systems and processes	● Get Your State Pension enables people to claim their new State Pension through their channel of choice with most completing their application online. The streamlined application process is more efficient and reduces the opportunity of inaccurate State Pension claims through better use of data and automation.

What has changed?

Delivering £2 billion AME savings

We exceeded our 2024-25 £1.7 billion Annually Managed Expenditure (AME) savings target by achieving savings of £2 billion⁶⁰. This included activities delivered through our Counter Fraud and Compliance function, the Universal Credit Targeted Case Review, and verifying earnings in Housing Benefit, Carer’s Allowance, Pension Credit and Employment and Support Allowance to detect fraud and error, and correct claims.

Chart J: AME savings actuals – broken down by function

Function	2024-25 AME savings actuals ⁶¹
Counter Fraud and Compliance	£1.4 billion
Targeted Case Review	£0.5 billion
Verify Earnings and Pensions	£0.1 billion
Totals	£2.0 billion

60 Figures are rounded to the nearest £100 million. Data sourced from our management information.

61 See footnote above.

Correcting error

Targeted Case Review

Tackling incorrectness in Universal Credit (UC) remains at the forefront of our mission to reducing fraud and error in the social security system. Targeted Case Review (TCR) has continued to support this aim by proactively reviewing the entitlements and circumstances of UC claims that are at risk of being incorrect, detecting unreported changes in circumstances and correcting claims retrospectively to ensure claimants are receiving the right payment and support.

The focus in 2024-25 has remained on continuing to scale and stabilise the operation. This financial year, TCR reviewed over 920,000 claims, finding and correcting almost 188,000 claims, and saving £478 million.

By September 2024, we had completed the recruitment of circa 3,500 internal agents. Following the decision to move to a hybrid delivery model in May 2023, whereby we deliver reviews utilising a blend of our own and external provider agents, we concluded the subsequent tender process. We awarded Teleperformance a contract in June 2024 to assist in scaling up to 5,930 full time equivalent reviewing agents by the end of March 2025. The programme achieved this milestone one month ahead of schedule in February 2025, following the successful onboarding of external provider agents.

The predicted 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 K: TCR performance drivers

Performance drivers	Outturn
<u>Productivity</u> : cases reviewed per day, per FTE ⁶² agent, average monthly productivity rate	1.07
<u>Hit rate</u> : claims reviewed found to be incorrect, annual average	20.3%
<u>AME</u> ⁶³ <u>per hit</u> : average savings per incorrect claim, annual average	£4,788
<u>AME</u> savings achieved in 2024-25	£478.4m

Performance has exceeded expectation in 2024-25, with productivity above profile to achieve almost £78 million more in savings than our scored saving of £401 million⁶⁴. This brings total TCR savings since its inception up to March 2025 to £581 million. This figure attributes the savings to the year in which their impact on the government’s finances is felt. This is necessary to align with the way the Office for Budget Responsibility (OBR) tracks spending and savings.

When including savings that will be realised in future years, TCR has achieved total savings of £1 billion by reviewing over 1 million UC claims.

62 Full Time Equivalent
63 Annually Managed Expenditure
64 Scored savings refer to savings that have been certified by the Office for Budget Responsibility.

These figures include savings from detecting historic errors and preventing future payments that would have been made erroneously had TCR not reviewed the case⁶⁵.

The performance data reflects a period of consolidation and training for new external provider agents. As expected, the rapid recruitment of agents from September onwards has impacted the hit rate. This is because cases without error take on average less time to complete and we expect the hit rate to be lower whilst new agents accumulate a caseload of claims to review.

We committed to a continuation of TCR for a further two years at Autumn Budget 2024. This commitment means TCR is forecast to generate an additional £3.8 billion in savings, totalling £13.6 billion by March 2030 with the majority of savings achieved in later years of the scorecard.

Building on the approach in previous years, TCR will continue to take an agile-based approach to designing the service and iterate processes based on insight. With the operation now at full scale, the programme will examine opportunities to collect more information on customer service in line with other service improvement prioritisations in the next financial year.

TCR is continuing to enhance our understanding of how incorrectness enters UC. This includes a trial to gather insights from reviewing agents after they complete a review. The goal is to learn more about the nature of inaccuracies and their points of entry into UC. Insight from TCR is already helping to shape continuous improvement across UC with changes to new claim applications and testing periodic redeclaration of circumstances.

This will support us in shaping future preventive measures, through changes to policies, service design and operational delivery to minimise future fraud and error in the social security system.

Dedicated counter fraud activity

Counter Fraud and Compliance function

We deploy our Counter Fraud and Compliance (CFC) resources to emerging and high-risk areas, detecting and correcting where needed and pro-actively looking to prevent and disrupt fraud at the earliest opportunity. This approach has seen CFC deliver £1.4 billion savings for 2024-25.

We target work with the highest areas of loss of public funds, using a mixture of early triage and data driven risk-based scoring, or where we suspect criminality, to ensure we have a robust societal deterrent to fraud. In addition to tackling fraudsters, we play an important role in safeguarding vulnerable claimants, for example by stopping human trafficking and modern slavery.

CFC has different approaches to tackling fraud depending on the nature and severity of the fraud. Using a diverse range of expertise, technology and intelligence, the teams

⁶⁵ [Targeted Case Review Management Information – GOV.UK](#)

tackle all types of fraud from non-criminal fraud cases through to sophisticated attacks on our benefits system, correcting benefit where appropriate and bringing the most serious cases to justice (see Chart L below).

Chart L: Counter Fraud and Compliance teams

	Purpose	Outputs 2024-25	Net AME savings 2024-25
Enhanced Review Team (ERT)	Tackle incorrectness through conducting robust and challenging interviews, pre-payment verification and post-payment disruption activity	140,695 cases reviewed and corrected payments on 49,059	£698 million
Interventions	Tackle incorrectness through scripted interviews; cases identified by data matching rules and pre-payment staff referrals	242,185 cases reviewed and corrected payments on 89,253	£281 million
Compliance	Tackle incorrectness through robust and challenging interviews; cases identified by data matching, staff, and public referrals	152,804 cases have been checked and 44,379 of them have had their payments corrected with 13,721 Civil Penalties issued ⁶⁶	£321 million
Investigations	Tackling fraud by delivering criminal sanctions against the most serious cases, bringing criminals to account, and providing a deterrence impact	Fraud Investigations teams reviewed 10,266 cases, securing 272 Administrative Penalties and 639 prosecutions ⁶⁷	£64 million
Economic, Serious and Organised Crime (ESOC)	Tackling serious and organised crime and exploitation of individuals, creating jeopardy for organised crime gangs	ESOC intervention has led to 80 suspects arrested, 35 charged and 26 convictions for serious organised crime. They continue to feed work to ERT for their action.	£1 million ⁶⁸

⁶⁶ Only includes Civil Penalties issued by Compliance teams and not more widely across the Department.

⁶⁷ Prosecutions refer to cases where the prosecuting authority (Crown Prosecution Service in England and Wales, Procurator Fiscal in Scotland) have reviewed the case and have deemed the case suitable for prosecution.

⁶⁸ The majority of ESOC AME savings are claimed in ERT due to cases being actioned there.

	Purpose	Outputs 2024-25	Net AME savings 2024-25
Campaigns	Tackle incorrectness through use of nudges to prompt claimants to report changes of circumstances, cases identified by staff and public referrals	1,546 claimants have closed or amended their Universal Credit contracts following a campaigns prompt	£12 million

Note: Totals may not sum due to rounding.

In addition to the savings shown in the table, CFC also saved:

1. £16 million tackling incorrectness where capital assets are identified
2. £3 million prevented by taking fraudulent documents out of circulation
3. £1 million savings generated within counter fraud testing

Enhanced Review Team (ERT)

The ERT function has evolved, and the team now conducts full reviews of cases that have been identified by either the Integrated Risk and Intelligence Service (IRIS) or operational colleagues as having an increased risk of incorrectness and fraud and then takes corrective action where appropriate.

To do this, ERT conducts fast-paced, robust interventions to prevent and detect fraud and error and through this work ERT has generated in excess of £1.2 billion in savings in 2023-24 and 2024-25.

This year ERT has continued to focus on both expanding the range of benefits that they review and how they respond to the changes in the fraud and error that is encountered.

Outcomes: 2024-25 National Fraud and Error Statistics and forecast

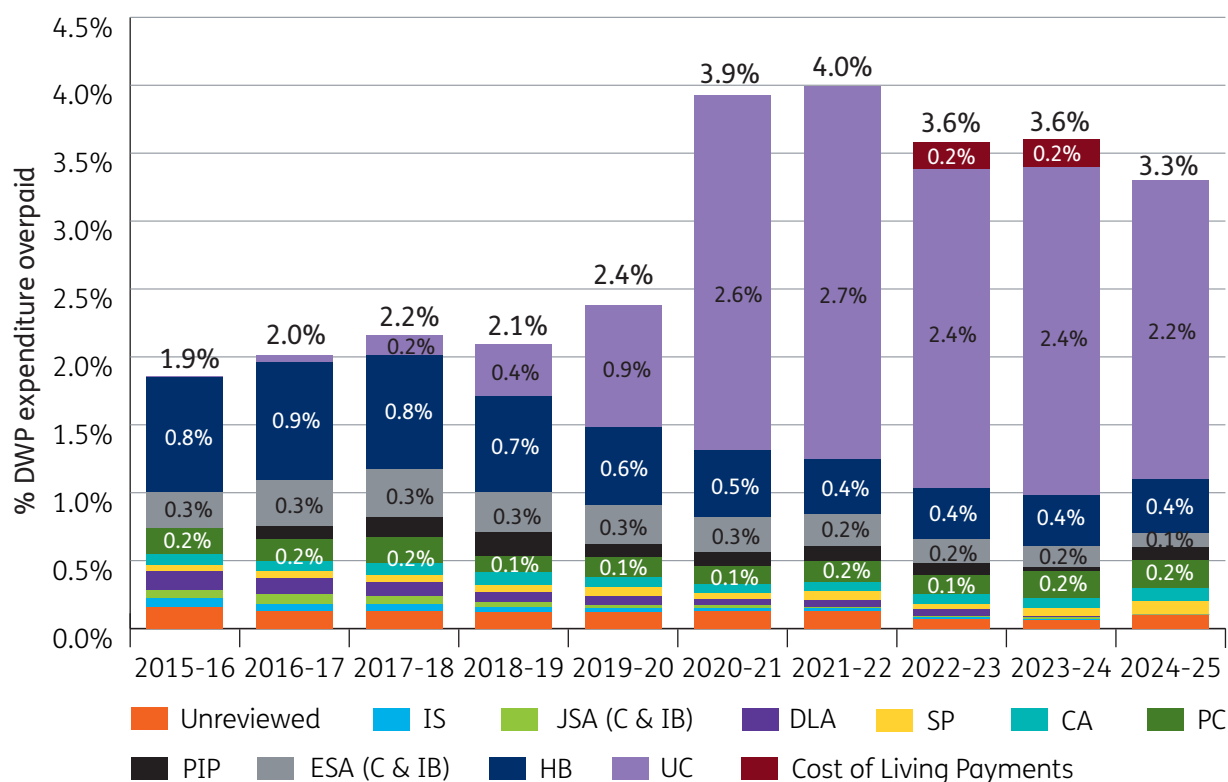
In May 2025 we published estimates of the levels of fraud and error in 2024-25. The overall level of overpayments across all of our benefits was 3.3% (£9.5 billion) of benefit expenditure. This contrasts to the overall level of 3.6% (£9.7 billion) in 2023-24⁶⁹. Overall, the published rate of overpayments due to fraud and error has changed by 10% compared to last year, which equates to a monetary saving of £1.1 billion when applied to total benefit expenditure. As Chart M below shows, the rate of overpayment due to fraud and error within Universal Credit (UC) dropped significantly in 2024-25, from 12.4% to 9.7% of expenditure and it no longer has the highest rate of overpayments. Pension Credit overpayments rose to 10.3% in 2024-25, compared to 9.7% in 2023-24. However, due to the size of its expenditure (£6 billion in 2024-25), Pension Credit is only the third largest source of overpayments in monetary terms.

69 The May 2025 publication of the Fraud and Error National Statistics included a restatement of the figures for 2023-24. The initial estimate for 2023-24, published in May 2024, showed an overall level of 3.7% (£9.7 billion)

Chart M: Overpayments and underpayments by benefit⁷⁰

* Statistically significant difference	Overpayments					Underpayments				
	FYE 2025			FYE 2024		FYE 2025			FYE 2024	
	%	£m		%	£m	%	£m		%	£m
All Benefits	3.3	9,500	▼	3.6	9,700	0.4	1,200		0.4	1,100
Benefits measured in FYE 2025										
Universal Credit	*9.7	6,350	▼	12.4	6,410	*0.6	390	▲	0.3	180
State Pension	0.1	190		0.1	170	0.3	450	▼	0.4	470
Personal Independence Payment	*1.3	330	▲	0.4	90	0.2	40	▼	0.4	80
Housing Benefit	*7.2	1,100	▲	6.4	980	0.4	60		0.4	60
Pension Credit	10.3	610	▲	9.7	530	1.2	70	▲	1.0	50
Carer's Allowance	3.9	160	▼	5.2	150	-	-		-	-

Chart N below shows how the make-up of our overall level of overpayments has changed over the last ten years.

Chart N: Percentage of departmental expenditure overpaid each year, broken down by benefit⁷¹

⁷⁰ This chart includes restated figures from 2023-24.

⁷¹ Note that the absence of Cost of living Payments in 2024-25 affects the overall amount of expenditure as well as the overall amount of overpayments, meaning that the overpayments in 2024-25 are a higher proportion of expenditure than they would have been had Cost of Living Payments existed. This means that the net impact of the absence of Cost of Living payments is to reduce the overall rate of overpayments by only 0.07% of DWP expenditure, not the 0.2% shown here. This chart uses restated figures for 2023-24.

The fall in the level of overpayments in Universal Credit (UC) is the main reason for the drop in our overall level of overpayments in 2024-25. UC has a higher-than-average fraud and error rate and so the growth of UC expenditure relative to the expenditures of the other benefits in 2024-25 could have pushed up the overall level of overpayments. However, as the waterfall chart below (Chart O) shows, that was more than off-set by the significant drop in the UC rate of fraud and error.

If the 2023-24 rate of overpayments in UC of 12.4% had been maintained in 2024-25, the total value of overpayments would have been £1.7 billion higher. We therefore estimate that the totality of our efforts has resulted in a saving of £1.7 billion.

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

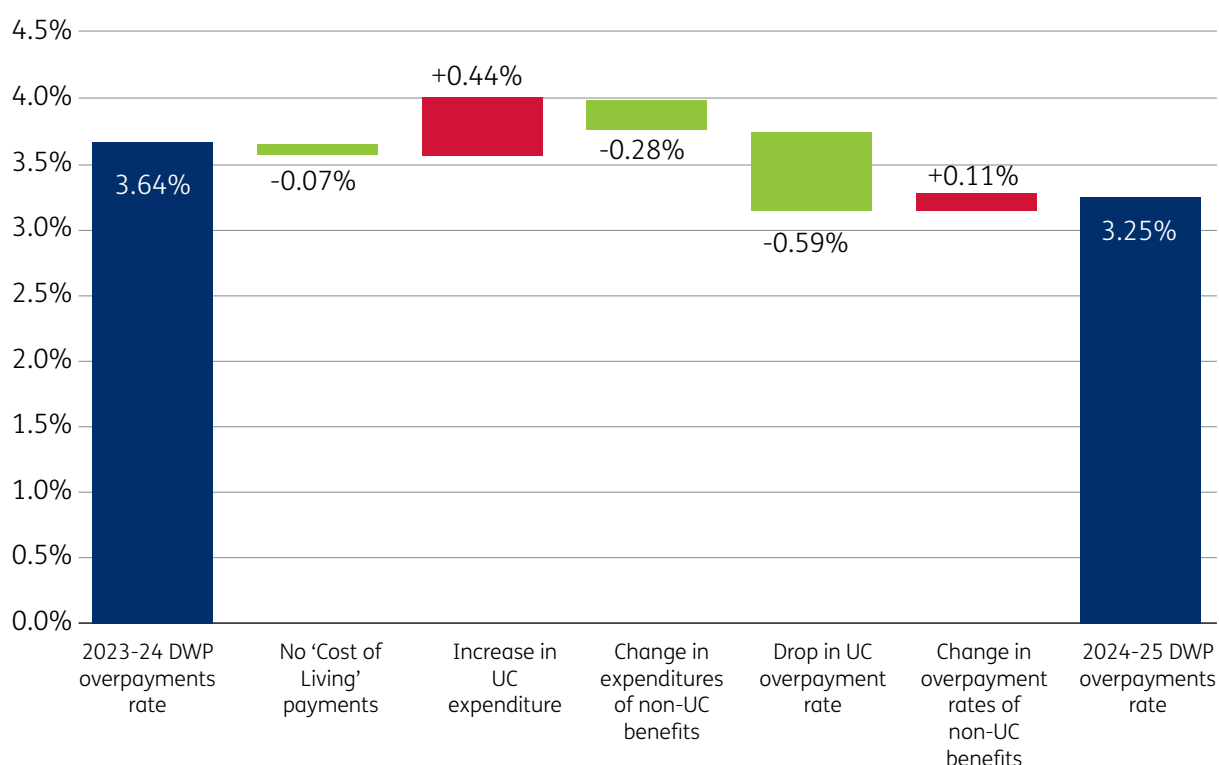
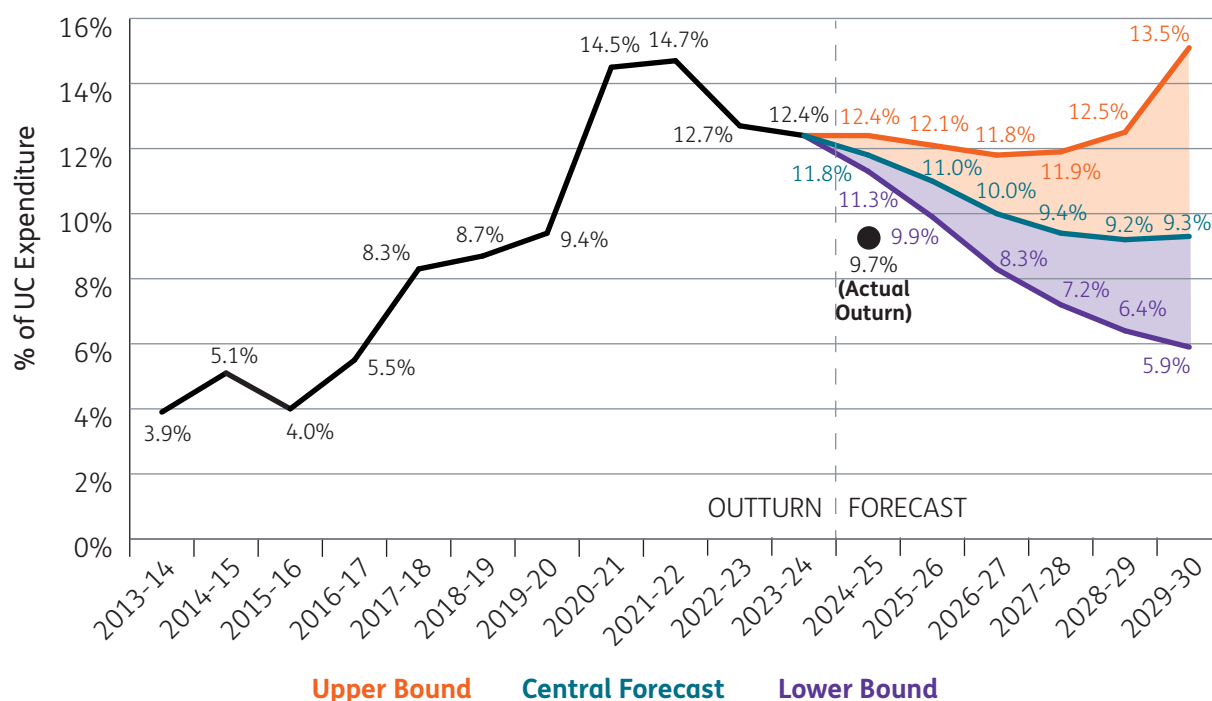


Chart P: Spring Statement 2025 forecast for Universal Credit overpayments

The Spring Statement 2025 central forecast for UC was created before the release of the official 2024-25 fraud and error statistics. It was created by first estimating a baseline level of overpayments that would be expected to occur if we did not introduce any new or expanded measures and then by subtracting the expected savings from the planned additional activities, such as Targeted Case Reviews. The baseline is estimated by applying the latest available fraud and error rate estimates, which at the time of Spring Statement was for financial year ending 2024, to internal forecasts of how the UC caseload composition is expected to change over time. Additionally, the baseline accounts for external factors outside of the Department's control that could lead to an increase in fraudulent activity. We do this by applying a 5% upwards pressure assumption, based on evidence of trends in wider society. The forecast accounts for uncertainty by applying alternative assumptions of 10% and 0% upwards pressure, to create an upper bound and lower bound estimate respectively.

At the time of the 2025 Spring Statement, the rate of overpayments in UC for 2024-25 was forecast to be 11.8% of UC expenditure, with a steady decline in the rate of UC overpayments over the next five years. The outturn UC 2024-25 overpayment rate published in the National Statistics in May 2025 was lower, at 9.7%. This may indicate that some of our forecasting assumptions were too conservative. We will be reviewing our forecasting methodology over the forthcoming year.

MVFE multi-year ambition

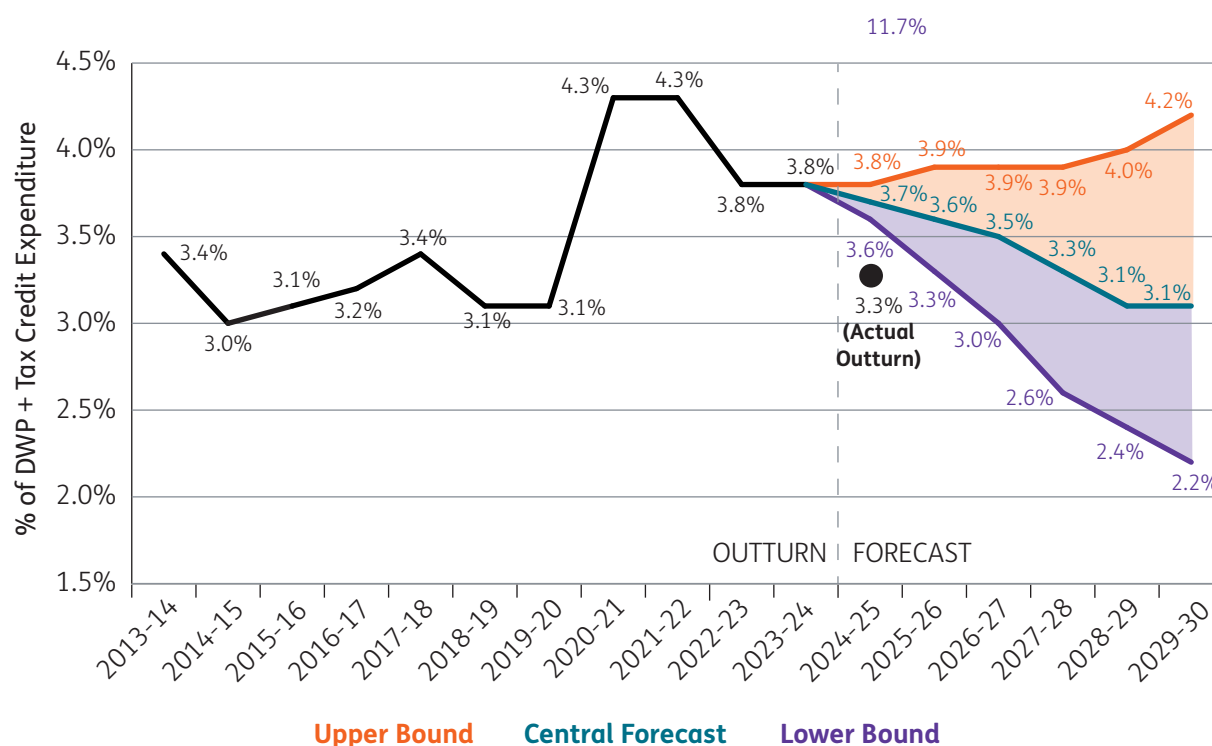
We recognise that there is still work to be done in reducing overpayments resulting from payment inaccuracy across our benefit lines. The Monetary Value of Fraud and Error (MVFE) estimate of the rate of overpayments paid out by the Department is the best outcome measure of our departmental progress with regards to fraud and error in the

benefit system. MVFE is an outcome measure, which reflects the totality of activities across the Department and the residual fraud and error levels in the system. This metric is therefore aligned with our agenda to prevent fraud and error entering the system in the first place, alongside our strong detect and correct functions.

We have an ambition to reduce cross-welfare overpayment levels to pre-pandemic levels. Chart Q below shows that, prior to the pandemic (2019-20), the cross-welfare overpayment level was 3.1% of expenditure. We include Tax Credits expenditure and its error and fraud and overpayment levels in the comparison, to account for the migration of Tax Credits to the Department, as this provides a consistent long-term caseload to compare against⁷².

The Spring Statement 2025 central estimate forecasts that, based on current plans, we will reach pre-pandemic levels by 2028-29. This will be near to historic low levels (3.0%) seen in 2014-15. However, the annual published National Fraud and Error Statistics for 2024-25 shows that our outturn (3.3%) is below the forecast level for 2024-25 (3.7%), and so it may be possible to achieve our ambition sooner than 2028-29. We will continue to publish our annual Spring Statement forecast in the Annual Report and Accounts, to measure our progress against our ambition of reaching pre-pandemic levels of fraud and error.

Chart Q: Spring Statement 2025 forecast for cross-welfare overpayments (DWP benefits plus Tax Credits)⁷³



⁷² A full explanation can be found from page 58 in our Annual Report and Accounts 2021-22 [Annual Report and Accounts 2021-22](#).

⁷³ Note that the forecast level for future years assumes that the rates of overpayments in Tax Credits is unchanged from the last published rates. As Tax Credits represents only a small proportion of the overall welfare expenditure in future years, the cross-welfare forecast is not sensitive to adjustments to that assumption.

In 2023-24 and 2024-25 we published and exceeded our savings targets, delivering £1.35 billion savings against our £1.3 billion target in 2023-24 and £2 billion savings against our £1.7 billion target in 2024-25. We will continue to report on our savings progress on an annual basis in the Annual Report and Accounts.

Looking ahead

External communications campaign

We are developing an external communications campaign, with a view to informing claimants of their responsibility to report changes in circumstance, and the subsequent penalties of not doing that. Research was conducted through the second half of 2024, speaking to Universal Credit claimants, providing insight into the effectiveness of a range of messages.

This insight provided the foundation for a pilot campaign designed to further test messaging, rather than a small-scale test of the full campaign.

The pilot ran from February to March 2025 across Meta platforms only (Facebook and Instagram), concentrating on three messages and four calls to action, alongside a link to a website page. The output of this pilot will be analysed to help develop the focus of a full external communications campaign.

Legislation

The Public Authorities (Fraud Error and Recovery) Bill was introduced to Parliament on Wednesday 22 January. The Bill will help to address the significant challenge of public sector fraud and error, which costs the taxpayer billions of pounds annually.

The Bill will modernise our legislative framework, to help identify, prevent, and deter fraud and to enable better recovery of debt owed to the taxpayer. It will also further help us to protect claimants by stopping errors earlier, minimising debts.

Chart R: Measures proposed in the Public Authorities (Fraud, Error and Recovery) Bill

Bill measure	Purpose
Eligibility Verification	This new measure will help us identify incorrect payments in the social security system sooner by utilising data from banks and financial institutions, ensuring that claimants are paid more accurately, and any questions of incorrectness can be addressed more quickly, minimising debts.
Information Gathering	Modernised powers will enable investigators to gather information more effectively to prove or disprove allegations of fraud, helping us keep pace with the increasingly sophisticated nature of fraud.
Debt Recovery	New powers will bring greater fairness to debt recoveries, allowing us to improve recoveries from those not on benefits or in Pay As You Earn (PAYE) employment who have other income streams and capital. The Bill includes new enforcement powers to be able to recover money directly from the bank accounts of those who can afford to repay but refuse to do so as well as powers to disqualify people from driving as a last resort where people continually evade repayment.
Search and Seizure	New powers will enable our serious organised crime specialist investigators to take greater control of investigations into suspected fraud, reducing the burden on other public services such as the police.
Penalties System	The Bill will broaden the type of cases where an administrative penalty can be offered to include fraud in other payments we make, such as grants (in addition to benefit fraud). The Bill will also remove the loss of benefit penalty where someone remains eligible for benefits and has accepted an administrative penalty, to improve fairness and proportionality. This means the most serious consequences are reserved for the most serious offences.

The Bill includes safeguards, reporting mechanisms and independent oversight to ensure the proportionate and effective use of the powers. Further information on the detail of the Bill can be found on GOV.UK⁷⁴

The Bill is expected to deliver benefits to the taxpayer of £1.5 billion over the next five years. It represents a significant step forward in safeguarding public money and protecting the economic well-being of the country by reducing public sector fraud and error.

⁷⁴ [Public Authorities \(Fraud, Error and Recovery\) Bill 2025: factsheets – GOV.UK](#)

2. Underpayments

Overview

We always look 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. Targeted Case Review (TCR) is detecting underpayments in Universal Credit (UC) claims. By proactively reviewing UC claims and discussing claimant circumstances, TCR identifies and corrects inaccuracies, ensuring that claimants receive their full entitlement.

This section covers in more detail the work 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 claimants can demonstrate that their benefit unit's income and capital fall below a defined financial level).

The overall rate of underpayments in 2024-25 was 0.4% (£1.2 billion), compared with 0.4% (£1.1 billion) in 2023-24. In UC, the underpayment rate in 2024-25 was 0.6% compared with 0.3% in 2023-24. Official error where we have incorrectly underpaid any premiums (Element/Premiums/Components) was the largest reason of underpayments in UC. There was a statistically significant increase seen in the proportion of UC claims underpaid, increasing from 1 in 100 to 2 in 100. We are continuously improving the UC service to reduce the risk of both overpayments and underpayments. Incremental changes will enable us to respond effectively and help reduce official error.

The overall rate of underpayments specifically due to official error in Personal Independence Payment (PIP) was 0.2% (£40 million) in 2024-25 compared with 0.4% (£80 million) in 2023-24. For more information about potential increases in benefit entitlement where a claimant has not notified us of a change in their circumstances, please see the section in the wider Performance report on unfulfilled eligibility from page 86. Underpayments were predominantly caused by us making errors when determining the appropriate award levels. There was a statistically significant decrease in the proportion of PIP claims underpaid, decreasing from 1 in 100 to 0 in 100 claims (with rounding).

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

Official error underpayments

Legal Entitlements and Administrative Practice (LEAP) exercises

Background

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

From time to time we become aware of situations where claimants have not received what they are entitled to or where we have not followed our 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 our claimants
- Or there is an **error in the implementation of guidance**, procedures, or systems which has resulted in groups of claimants being underpaid benefit or not receiving their correct statutory entitlement

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

When we need to undertake a LEAP exercise, we manage it by:

- Changing our approach so claimants receive the correct entitlement going forward
- Agreeing procedures and instructions for carrying out the LEAP exercise
- Conducting an exercise to try to ensure those who have missed out receive what they are entitled to
- On completion, carrying out a lessons learned review to inform future exercises

Progress continues to be made against each of the LEAPs outlined below. Up to 31 March 2025, we have paid arrears of £1.6 billion with administrative costs of £122 million since the commencement of the exercises below.

Corrective **action to address (i) State Pension underpayments and (ii) historic recording of Home Responsibilities Protection** have progressed during 2024–25 and costs are outlined in the table below. Further details can be found from page 127 of this report.

Details relating to the action to address the legacy Employment and Support Allowance Severe Disability Premium (ESA SDP) exercise and explanation relating to publicised figures can be found from page 131 of this report.

Chart S: New LEAP exercises

Name of LEAP Exercise	Nature of the Error	Estimated No. Records to be Reviewed over course of LEAP exercise ⁷⁵	No. of Records Reviewed to 31/3/25	Total Arrears of Benefit Paid to 31/3/25
PIP No National Insurance Number	A PIP claim can be made without a National Insurance number (NINo). A number of claimants without a National Insurance number had not had their application progressed correctly	NA*	455	£0.5m
PIP Suspensions	Transfer of PIP claimants to Adult Disability Payment [Social Security Scotland] led to the identification of a number of cases with a payment suspension leading to a loss of entitlement.	4867	4691	£13m
UC Work Allowance	In June 2021, it was discovered that Universal Credit guidance and processes did not align with the regulations in relation to Work Allowances for people living in Supported Housing leading to the Lower Work Allowance being incorrectly applied to residents of Supported Housing and those in Temporary Accommodation in error since 2018.	17,000	17,000	£5.1m

* Qualifying conditions are advertised on GOV.UK, claimants who potentially fall into scope are being asked to self-present

⁷⁵ This number reflects the total number of records which will be reviewed over the lifetime of a LEAP exercise

Chart T: Ongoing LEAP exercises

Name of LEAP Exercise	Nature of the Error	Estimated No. Records to be Reviewed over course of LEAP exercise ⁷⁶	Total No. of Records Reviewed to 31/03/24	Total No. of Records Reviewed to 31/3/25	Total Arrears of Benefit Paid to 31/3/25
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.	633,338	219,080	308,665	£250m
Disallowed export of non-contributory cash sickness benefits	Court ruling where claimants whose cash sickness benefits were stopped between 2012 and 2020 solely because they had moved to the EEA/Switzerland.	NA*	408	269**	£2.4m
Legacy ESA SDP Premia	Errors identified through national statistics in both under and overpayment of Severe Disability Premia payments for ESA claimants.	167,000	141,000	154,000	£452m
Inherited Pensions	Inherited pensions were not disregarded when claimants made a claim for NSJSA during the COVID-19 pandemic due to easements in processes.	22,000	5,000	22,000	£0.06m

* Qualifying conditions are advertised on GOV.UK, claimants who potentially fall into scope are being asked to self-present

** This number has dropped as previous reporting included reviews which fell outside the scope of the exercise.

⁷⁶ The number reflects the total number of records which will be reviewed over the lifetime of a LEAP exercise

Chart U: LEAP exercises completed during 2024-25

Name of LEAP Exercise	Nature of the error	Claimant Records Reviewed	Total Arrears of Benefit Paid
Irregular Award of Income Support	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	£0.1m
Reg 27	DWP unlawfully restricted the mobility component of Personal Independent Payment for pensioners over State Pension age (SPa) in receipt of the standard rate for mobility, where new medical evidence provided grounds to increase the mobility component to the enhanced rate.	712	£0
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.	877,508	£805m
Home Responsibilities Protection*	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.	21,878	£104m

* For *SPU* and *HRP* there will be a small number of cases that will still progress through business as usual processes following closure of the LEAP exercises

State Pension

Background

State Pension makes up 48% of benefit expenditure. The overwhelming majority of pension expenditure is paid correctly, but a relatively small number of 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 Pension Underpayment (LEAP) exercise, where State Pension underpayments occurred across certain pensioner groups
- Home Responsibilities Protection (HRP) cases, where HRP has not been recorded accurately on National Insurance (NI) records – meaning some people have missed out on additional qualifying years of NI towards their State Pension

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

State Pension Underpayment LEAP exercise

The State Pension LEAP exercise was established to identify where State Pension underpayments may have occurred in respect of the following pensioner 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 NI 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 £105.70 a week (in 2025-26) and may therefore, subject to satisfying the appropriate residency conditions, be entitled to Cat D State Pension of £105.70 a week

The Annual Report and Accounts (ARA) for 2020-21, 2021-22, 2022-23 and 2023-24 contain details on the scope of the exercise, progress to date and plans to address outstanding work. We have regularly published management information on the exercise⁷⁷.

Following completion of the Cat BL and Cat D cases as reported in the 2023-24 ARA, and completion of missed conversions cases in 2024, the State Pension LEAP exercise closed as planned at the end of December 2024.

⁷⁷ [State Pension underpayments: progress on cases](https://www.gov.uk/state-pension-underpayments-progress-on-cases) – GOV.UK (www.gov.uk)

The exercise has been a complex undertaking with around 1,500 staff deployed at its peak to correct cases and pay arrears due. Despite the challenges we have completed the exercise as planned, as outlined in the previous ARA.

We have taken steps to prevent future errors of this type from occurring. We have reviewed and updated our operational instructions and have provided additional learning and development to our employees. Our IT systems have been amended to ensure that prompts to review State Pension awards are prioritised and actioned in a timely manner.

Rules for the General Matching Service, which uses data across several benefit systems to reveal potential overpayments or underpayments of a benefit, have been developed to identify the State Pension Underpayment LEAP error types for timely correction.

There remain a small number of cases where we are awaiting further information from a pensioner or a third-party. We are prioritising these cases on receipt. Pensioners 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 2025 and missed conversions to 2026. We are prioritising these cases on receipt through our business-as-usual processes.

Between 11 January 2021 and the end of March 2025, the checking process has identified 130,948 underpayments, with a total of £804.7 million owed. The table below (Chart V) shows the full position on the cases reviewed and arrears paid, at 31 March 2025.

Chart V: State Pension Underpayment LEAP – position on 31 March 2025

Category	Cases reviewed (notes 1 and 2)	Underpayments identified (note 3)	Average arrears payment (note 4)	Total amount repaid
Married (Cat BL)	321,439	47,004	£5,553	£252.8m
Widowed	465,316	50,261	£11,725	£483.4m
Over 80	90,753	33,683	£2,203	£68.5m

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 include 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 pensioner is deceased, and we have 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 £906 million to 135,000 pensioners and recognised a provision of £92 million, reflecting the outstanding amounts we still expect to repay. Last year it was estimated that we underpaid £970 million to 133,000 pensioners. The final total value of the underpayments will only be confirmed by the end of 2026.

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.

Following the fraud and error exercise for 2021-22, we identified an issue with the historical recording of HRP on some people's National Insurance records. 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 some underpayments of State Pension.

Government has undertaken an extensive exercise to correct the issue. As it is not possible to identify individuals affected or to correct their records automatically, people who may be affected were 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. Since autumn 2023, HM Revenue and Customs has issued over 370,000 letters to potentially affected people, of whom around 257,000 were above State Pension age, to invite them to make a claim for missing HRP and has now moved on to contact those under State Pension age. There have been over half a million hits on the online Eligibility Checker.

This work has been supported by an extensive HM Revenue and Customs-led communications campaign. This is to increase public awareness and encourage those who receive a letter to act and to reach pensioners who have not received a letter as they cannot be identified through the scans.

Government has engaged with consumer champions, secured coverage in national television and local newspapers and radio, and engaged with third sector organisations, disseminating a toolkit to help them reach and support those with missing HRP.

Correction

Correcting HRP is inherently challenging. We have always been clear that our estimates reflect a degree of uncertainty surrounding the value of underpayments and the volume of cases that will be corrected.

The number of people applying to correct their missing HRP has been low. Substantial numbers of people have not responded to government calls for them to apply to add missing HRP and the exercise has resulted in much lower activity levels and State Pension Annual Managed Expenditure spend than previously forecast. Between 8 January 2024 and 31 March 2025, HM Revenue and Customs has corrected records

which has led to the identification of 12,379 State Pension underpayments, these payments made totalling around £104 million.

Research

To better understand the reason(s) for the low number of applications, we commissioned research to understand why people have not applied for missing HRP. This research was published on 22 May 2025⁷⁸.

The research identified that the main reasons for low take up come from the inherent challenges of the exercise that relates to people's lives many decades before. Respondents are also risk averse and worry that letters inviting them to claim HRP are a scam. Some had problems understanding the relevance of HM Revenue and Customs' letter to their current circumstances and using the internet to respond online.

Government anticipated many of these challenges and implemented a number of mitigations. HM Revenue and Customs created a webpage to check that the HRP letter was genuine, letters to potentially affected individuals were user-tested and drafted with internal support from specialists. Government collaborated closely with stakeholders to raise awareness of the exercise and the support available. Pensioners could fill in a paper version of the application.

Continuing support for pensioners with missing HRP

Following considerable operational effort and extensive communications, government decided to close the dedicated exercise to correct affected cases from April 2025 and will manage further HRP cases following business-as-usual processes.

The range of barriers identified in this research make clear that a one-off campaign is less effective in situations such as these, given the need for providing historical information coupled with a complex issue with uncertain outcomes.

We now intend to take a different approach, supporting people on an ongoing basis to apply for missing periods of HRP to be added to their National Insurance record. Government will continue to support people in this, including through the following activities:

- Undertaking regular communications activity throughout the year highlighting the importance of people checking their National Insurance records, including for HRP, Child Benefit and other Credits, signposting people to the routeways and support available
- Revising the materials on GOV.UK, reflecting feedback on the language used from the research work, and maintaining these going forward
- Adding material in our annual uprating letters, using language that reflects the research findings

⁷⁸ [Exploring take-up of missing Home Responsibilities Protection – GOV.UK](#)

- Strengthening ongoing relationships with external stakeholder groups (for example local authorities, primary care practitioners and social housing providers) to enable them to reach and support potentially eligible customers in ways that best work for them

If people think they have missing HRP, they can go to GOV.UK and search 'Home Responsibilities Protection'. There is an online eligibility checker, and they can claim online. We encourage all those who think they could be affected by missing HRP to check on GOV.UK to see if they are eligible to apply.

Legacy ESA SDP Premia

Employment and Support Allowance (ESA) 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, including the Severe Disability Premium (SDP), should be paid automatically once entitlement has been confirmed. But to enable this, claimants are required to provide up-to-date information on their individual circumstances for example, the number of non-dependents living in their household.

Although in some cases the information required can be found on our systems, in practice, there is often a requirement for further information from claimants on their current circumstances to confirm their entitlement. In the cases where further information is required, this can result in these claimants missing out on additional premiums alongside their benefit award, particularly if they have not notified us of changes in their circumstances.

We are working to both correct existing errors and to prevent new errors in the new premiums cases. This work is being undertaken alongside moving income-related ESA claimants to Universal Credit (as part of Move to Universal Credit) to ensure that it is aligned and to ensure no inter-dependencies manifest themselves.

To date there are approximately 13,000 referrals to be cleared. The total arrears paid to claimants as part of this exercise is £452 million and we intend to finish work to correct these errors by September 2025.

Joint working with HM Revenue and Customs on National Insurance records

The Department and HM Revenue and Customs have implemented a senior joint oversight group to oversee the progress of joint audit activities. This group oversees the ongoing work focused on the integrity of National Insurance data and the effectiveness of data shared between both departments. We continue to work together to progress audit activities focused on integrity of data. Regular meetings with internal audit are used to track and agree closure of defined actions. This approach is delivering clarity of data, process and opportunities to streamline processes and deliver cost effective working.

3. Debt recovery

Overview

This section looks at how our Debt Management Unit recovers money.

The Secretary of State has an obligation to protect public funds and to ensure that, wherever legislated, overpayment and penalty debt is recovered.

We continue to have a good track record in recovering debt when it is identified, including benefit overpayments, Tax Credit debt, Universal Credit Advances and Social Fund loans. Debt Management 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).

Debt recovery totals

We recover significant sums of money for the exchequer responsibly, balancing the interests of people with debts and taxpayers through application of the relevant legislation.

Our total recovery in 2024-25 amounted to £3.10 billion (excluding Housing Benefit recovered by local authorities but including £50 million Housing Benefit debt recovered by us).

This figure is up from £2.68 billion in 2022-23 and £2.81 billion in 2023-24. The percentage of cases that are in recovery has risen steadily over the last few years from 64.9% in 2019-20 to 76.9% in 2024-25. Our 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 regardless of their circumstances.

2024 to 2025 recovery

The table below (Chart W) sets out total recoveries for 2024-25 and shows the breakdown between benefit overpayments and other debt types. 73% of the £3.10 billion total recoveries are via deductions from benefit, where there are maximum deduction limits in place – for example, in Universal Credit deductions were limited to 25% of the Standard Allowance in 2024-25.

Chart W: Debt Management recovery 2024-25

Debt Type	Definition	Value (£m)		
		2022-23	2023-24	2024-25
Advances	Recovery of Universal Credit Advances – including Budgeting Advances, New Claim Advances and Benefit Transfer Advances	851	934	1,104
Overpayments	Benefit overpayments including Universal Credit and non-Universal Credit overpayments	692	769	814
Tax Credit	Recovery of Tax Credit debt that has migrated from HM Revenue and Customs	428	390	485
Social Fund	Recovery of Crisis and Budgeting Loans, including Funeral Payments	342	310	244
Compensation recovery	Recoveries from insurance companies for compensation claims made by benefit recipients	303	324	361
Housing Benefit	Housing Benefit overpayments	44	46	50
Recoverable Hardship Payments	Repayment of loans associated with sanction activity	18	26	33
Other	Includes Administrative and Civil Penalties. Also includes sums held in suspense awaiting allocation at the time the data was collected	6	15	9
Total		2,683	2,814	3,101

Note: Totals may not sum due to rounding.

We also recovered debt on behalf of the Home Office and eligible credit unions in 2024-25.

Chart X: Debts recovered on behalf of the Home Office in 2024-25

Debt Type	Definition	Value (£m)
Home Office Integration Loans	Fund to help refugees with the cost of integrating into UK society	1.6
Eligible Loan Deduction Scheme	Government initiative to allow eligible lenders such as credit unions to recover loans from benefits	2.8
Total		4.5 ⁷⁹

Note: Totals may not sum due to rounding.

79 This figure is included in the total £3.1 billion debt recovery figures as part of the compensation recovery amount

Supporting customers with outstanding debts (affordability and safeguarding)

We recognise the importance of safeguarding the welfare of those who have incurred debt and remain committed to supporting people who may be in hardship and struggling with repayments.

We are committed to working with anyone who is struggling with their repayment terms, and our approach balances the need to protect public funds by maintaining recovery levels, whilst providing a compassionate service which considers someone's circumstances. We strive to set affordable and sustainable repayment plans and encourage people to make contact if they are unable to afford the proposed repayment rate.

When someone makes contact because they are experiencing financial hardship through repayment of the money that they owe, the rate of repayment can be reduced or, depending on their financial circumstances, a temporary suspension of repayment can be agreed. Customers are never pressured to pay a set amount. Negotiations are based on individual circumstances and not the amount owed.

We continue to maintain a review period of two years for those with a negotiated affordable repayment rate, recognising that peoples' financial circumstances typically do not change rapidly. Customers may also contact us at any time to re-negotiate affordable repayment terms.

We do not capture data on the reasons why people seek a lower rate of repayment as this is based on their individual circumstances. Typically, a person will advise that they cannot afford the proposed repayments.

Our communications make it clear that someone can request a reduction in their repayment terms. There is no minimum rate of repayment someone 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 very 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.

We seek 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.

We have a network of Advanced Customer Support Senior Leaders who provide additional support to our most vulnerable customers. In addition, we have implemented a process by which agents can refer people directly through the Severe Financial Hardship routeway. We encourage anyone unable to afford the proposed rate of repayment to contact us at the earliest opportunity.

We continue to work in partnership with the Money Adviser Network (MAN) offering free professional independent and impartial money and debt advice. Indebted customers are routinely offered a referral to this service with their consent.

Debt Management have also introduced the Vulnerability Hub as a single source of information relating to vulnerable customers. It contains information, guidance, and tools for Debt Management colleagues to support people in a variety of challenging circumstances where they may need additional support. It ensures vulnerable people or people with complex needs are supported to manage any debts.

We continue to remain committed to HM Treasury's Breathing Space policy, which provides those with problem debt the right to legal protections from creditor action for a period of 60 days to enable them to receive debt advice and enter an appropriate debt solution.

Debt Management continues its longstanding commitment to the Customer Service Excellence Standard which tests customer priority areas, and considers various criteria such as focus on delivery, timeliness and professionalism. This is an external assessment by an independent certification body which compares delivery against the specific criteria of the standard. This year we received its strongest Customer Service Excellence score, being compliant across all measures, with 56% of measures assessed as exemplary.

Whilst debt recovery is key, reaching out to people and having conversations in a compassionate and caring fashion is paramount. The Debt Fairness Charter⁸⁰ makes clear to customers what they can expect. This is demonstrated in desired ethos to get 'people out of debt' rather than 'debt out of people'. Likewise, our outreach to disadvantaged groups was described as impressive. The support provided by the Department's Debt Management to customers and liaison with charitable groups such as Citizens Advice, Christians Against Poverty and Money Advice is consistently insightful and beneficial to understanding people's needs and preferences.

Means of debt recovery

Recovery from benefit is the most efficient means of recovery

In 2024-25, 73% of the £3.10 billion total recoveries were made through deductions from benefit, up from 71% in 2023-24.

The overall amount we 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.

Our Debt Enforcement team is aimed at people with debt who are not in receipt of benefit or in Pay As You Earn employment, and are not making repayments, who can repay but decline to do so. The service was set up in February 2022; to date 110,779 customers have been contacted and 18,025 plans have subsequently been set up with

⁸⁰ [Debt Fairness Charter – GOV.UK](#)

recoveries worth £36.6 million. In 2024-25, 44,484 customers were contacted, and 9,546 plans set up with recoveries worth £19.1 million.

Out of a total of 5.8 million accounts held by Debt Management, the number of customers currently in active recovery is 4.5 million (76.9%) compared to 3.9 million (75.3%) last year.

Chart Y: Recovery breakdown

Recoveries by Method	Value (£m)		
	2022-23	2023-24	2024-25
Deductions from Universal Credit	1,385	1,520	1,878
Deductions from other benefits	185	205	187
Direct Earnings Attachments (deduction from earnings)	137	112	106
Private sector suppliers	15	3	0
Voluntary repayments	378	383	368
Repayments from benefits via Social Fund Computer System (SFCS)	279	267	200
Recovery from awards of compensation	303	324	361
Total	2,683	2,814	3,101

Notes: Totals may not sum due to rounding.

Debt stock totals

The debt stock increased in 2024-25 as a result of continued focus on high-risk fraud and error, as well as due to the migration of Tax Credit debt to us. Tax Credit migration ended in March 2025. During 2024-25 the total debt stock has increased by £1.2 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 £1.8 billion of detected overpayments added to the debt stock in 2024-25.

The balance of the 5.8 million accounts held by Debt Management at the end of 2024-25 totalled £10.6 billion. This included outstanding Universal Credit Advances of £1.9 billion and 0.1 million accounts on the Social Fund system with a balance of £0.03 billion. The debt stock continues to increase as the value of new debt recorded is higher than the amount of debt recovered.



Chart Z: Summary of debts referred to Debt Management

New Debts Referred						
Financial Year	2022-23		2023-24		2024-25	
	Debts	Values	Debts	Values	Debts	Values
Debt Mgt. core recovery	4.7m	£3.2bn	5.0m	£3.0bn	6.5m	£4.0bn
Social Fund	0.1m	£0.02bn	0.4m	£0.06bn	0.2m	£0.05bn
Total	4.8m	£3.2bn	5.5m	£3.1bn	6.7m	£4.1bn

Notes: Totals may not sum due to rounding.

Chart AA: Summary of debt stock

Debt Stock						
Date	March 2023		March 2024		March 2025	
	Debtors	Values	Debtors	Values	Debtors	Values
Debt Mgt. core recovery	4.9m	£8.9bn	5.2m	£9.4bn	5.8m	£10.6bn
Social Fund	0.3m	£0.1bn	0.3m	£0.1bn	0.1m	£0.0bn
Total	5.2m	£9.0bn	5.4m	£9.5bn	6.0m	£10.7bn

Note: Totals may not sum due to rounding.

Chart AB: Debt stock breakdown

Debt Stock Breakdown			
Date	March 2023	March 2024	March 2025
Debt Type	Value (£bn)		
Overpayments	£4.4bn	£4.9bn	£5.7bn
Advances and Hardship	£1.5bn	£1.7bn	£2.0bn
Tax Credit	£2.5bn	£2.4bn	£2.5bn
Housing Benefit	£0.3bn	£0.3bn	£0.3bn
Social Funds (DM)	£0.1bn	£0.1bn	£0.1bn
Social Fund (SFCS)	£0.1bn	£0.1bn	£0.0bn
Other Debts	£0.0bn	£0.0bn	£0.0bn
Total	£9.0bn	£9.5bn	£10.7bn

Notes: Totals may not sum due to rounding.



Tax Credits debt transfer

HM Revenue and Customs Tax Credits has closed with eligible claimants moving to Universal Credit or Pension Credit. The transfer of Tax Credits overpayments from HM Revenue and Customs to the Department ceased on 31 March 2025. Tax Credit debts can still transfer in future, when someone with a debt makes a Universal Credit claim or as procedural appeals are resolved.

At the end of 2024-25, the debt stock included £2.5 billion of Tax Credit debt, which is an increase from £2.4 billion at the end of 2023-24. In 2024-25 a total of £0.6 billion Tax Credit debt was transferred to the Department for recovery.

We continue to work closely with HM Revenue and Customs to safeguard public funds after transfer and recover overpaid Tax Credits. We also support people to understand and repay their Tax Credit debt.

Legislative impacts on future efficiency of debt recovery

The Public Authorities (Fraud Error and Recovery) Bill is proposed to become operational in 2026. The debt recovery powers would have an incentive effect, encouraging people to repay voluntarily without the need for them to actually be applied. However, where all other attempts to negotiate an affordable and sustainable repayment plan have not been successful, the powers will be applied as a last resort. Further detail on the Bill can be found in our legislation section from page 120. We have published a factsheet with further information specifically on the Debt Recovery Measure⁸¹.

Spotlight on continued Debt Self-Service expansion



We continue to invite customers to use the self-service channel (Repay and Manage Benefit Money You Owe), which is a new customer-facing service allowing people to manage their debt online providing a more efficient and cost-effective service. The service continues to be developed and is currently available to people who are no longer in receipt of a benefit and includes functionality that allows people to view their debt, set up repayment plans, and where appropriate manage their repayments without needing to make contact. This year we have had 201,691 off-benefit customers use the service with £61.13 million recovered. The service has now been expanded to support eligible Universal Credit claimants. An income and expenditure feature has been developed to enable people to understand their disposable income and, in turn, what they could afford to repay. The service also incorporates the relevant help and support for people, including a dedicated Debt Management telephone number and signposting to relevant external support.

81 [DWP Debt recovery powers in the Public Authorities \(Fraud, Error and Recovery\) Bill: Factsheet - GOV.UK](#)

Corporate performance

Our enabling functions support the Department’s frontline staff to deliver our goals.

Our People

The Department is dedicated to supporting its people and our people strategy continued to support the delivery of our priorities. We have continued to invest in our future talent and enhanced our workforce through targeted outreach. Our commitment to continuous learning and modernising services has led to significant improvements in efficiency and employee experience in 2024-25.



We have filled over 11,000 vacancies this year to deliver our organisational priorities and support our customers

On 31 March 2024 the Department had 81,679 FTE colleagues, supplemented by contingent labour and outsourcing. With the renewed focus on economic growth and expanding opportunities for all, and in the face of increased demand for our services, our workforce grew to 84,413 FTE on 31 March 2025 – an increase of 3.3% (2,735 FTE).

Launch of 657 campaigns for 1204 roles in Corporate Functions and 434 campaigns for 7,120 operational roles in 2024-25.

Filled approximately 11,205 vacancies across operational areas and corporate functions in the Department, with a healthy pipeline of 2,127 offers accepted.

2024-25 Workforce Plans (WFPs) set out affordable supply ambitions linked to operational demand and departmental priorities, this included some planned growth. At March 2025 we were at 84,413 FTE – which fell slightly below the 85,554 planned position in WFPs.

Overall Corporate Functions finished 2024-25 at 11,858 FTE which is c250 FTE or 2.1% below planned supply at March 2025. The largest planned growth within corporate functions was within Corporate Transformation, this growth was primarily required to deliver Synergy Programme for the Synergy cluster group (corporate technology programme spanning DWP, Home Office, Ministry of Justice and Department for Food,

Environment and Rural Affairs) (240 FTE 2024-25), the headcount for which is funded separately via a dedicated budget from HMT.

We are continuing to invest in our talented staff in junior grades through leadership schemes and apprenticeships

This includes developing a strong and diverse pipeline of future leaders. In 2024, more than 150 colleagues took part in two internal talent development programmes: 'Leaders Like You', a one year initiative providing targeted career support to middle-manager colleagues from diverse groups; and 'Summer School', our flagship programme aimed at talented staff in junior grades.

Summer School is sponsored by the Permanent Secretary and has run since 1955. Participants engaged in both residential and virtual learning designed to support their development and prepare them for future leadership roles. Applicants were overwhelmingly positive about their experience and their confidence to progress within the Department.

Going forward we will track the progression of participants to ensure these talent offers are positively impacting our talent pipeline.

In 2024-25 we expanded our leadership training, including on coaching techniques across senior leaders, middle leaders and entry-level leaders. Approximately 7,500 colleagues participated in our facilitated core leadership essentials webinars, and over 800 colleagues engaged with our advanced leadership offer.

Additionally, we piloted a systems leadership programme for Senior Civil Servants to support mission-led government. We are embedding the Civil Service Line Manager Standards in various ways, including by trialling the line manager development tool.

Overall, our apprenticeship numbers have declined from 5,070 in 2023-24 to 3,527 in 2024-25 as we prioritised improving the quality of our apprenticeship programmes and secured new training provider contracts. This year we achieved 11th place in the Top 100 Apprenticeship Employers (2024) and were recognised as the top public sector employer for the fourth consecutive year. 40% of our apprentices come from low socio-economic backgrounds. We have also successfully seen the initial cohort of the school leaver social mobility apprenticeship pilot transition to permanent contracts. Currently, 2.4% of our colleagues are apprentices, just below the civil service average of 2.6%.

We delivered 273,569 delegate days of learning during 2024-25, reflecting a small decrease in learning demand of 16,335 compared to the 289,904 days delivered in 2023-24. This included delivery of technical learning to 9,126 DWP new starters, of which 3,962 were work coaches. 6,000 colleagues completed the Targeted Case Review learning contributing to our commitment to reduce fraud and error.

We continue to support departmental priorities, including the migration of working-age benefit claimants from Employment and Support Allowance to Universal Credit through the Move to UC programme. 22,000 colleagues have undertaken Move to UC learning.

In addition to our technical learning, 18,165 of our customer-facing colleagues also completed mental health learning. This ensures colleagues are better equipped to support and respond to the needs of our most vulnerable customers and signpost appropriately.

To enhance the skills of our customer-facing colleagues engaging with vulnerable customers, we have collaborated with our psychologists, clinical experts, and external subject matter experts from academia to develop a consistent, department-wide training programme. 98% of colleagues had completed this at the end of March 2025 and, while there will always be new people joining, we are on target to achieve 100% completion by the end of quarter 1 2025-26.

Our one-day digital confidence course delivers core digital learning to new entrants, and 10,418 colleagues completed the course in 2024-25. Our network of around 900 digital workplace champions provides face-to-face local digital learning and support. Additionally, our new 'essential digital skills checker' identifies learning needs and creates a bespoke learning plan. Over 10,000 colleagues signed up to our digital upskilling week held in March 2025.

As our capability strategy 2021-25 concludes, the Department's vision of a culture of continuous learning remains integral to delivering an organisation where people work across service and product lines. Within the Service Modernisation programme, we have created an 'excellence in customer service' learning product which has wider application across our customer operation. We have also developed training for the new Service Modernisation colleague view service, which supports colleagues to handle basic queries across multiple service lines.

Over 60,000 colleagues participated in the Cabinet Office's One Big Thing 2024 initiative, building their skills of innovation as part of their continuous learning.

Modernising our colleague services and improving experience

From 1 March 2024, we streamlined the annual leave process by implementing a common leave year and launching MyHR, a modern self-service HR platform. This user-friendly platform has improved the management of annual leave, increased resource visibility for customer service demand, enhanced compliance and reduced accruals.

We also asked colleagues to centrally record their profession and function to give a clearer picture of our professional skills. 94% of colleagues shared their data which has resulted in more accurate reporting and highlighted learning requirements for colleagues in the Department. Our professions hub, an online resource available to all colleagues, showcases all aspects of professional capability building in one place and receives an average of 17,000 visits each month.

We have developed and tested a bespoke generative Artificial intelligence tool, GAIL (Generative AI in Learning), to improve efficiency in extracting information from our systems, allowing learning designers to focus on creativity and enhanced learner engagement. GAIL launched as a minimum viable product in March 2025. See page 201 for further detail on how we use AI.

We launched the people change community in June to help colleagues working on people change collaborate better. People change consultants supported programmes, including Health Transformation and Service Modernisation, to develop people impact analyses, identifying changes impacting colleagues and developing mitigations to support them.

Enhancing our workforce through targeted outreach and supportive workplace adjustments

We continue to tailor onboarding to help colleagues from a wide range of backgrounds into work. The Cabinet Office has an ambition that we will fill 5% of all suitable Administrative Officer and Executive Officer civil service vacancies using Life Chances schemes, including direct temporary recruitment and social mobility apprentices, targeting those furthest from the labour market. In 2024-25 we achieved 8%.

We surpassed our 2024 commitment to deliver 1,800 Movement to Work placements by 43%, providing 2,576 opportunities. These placements support young people aged 16-30 facing barriers to work. We offered 58 of these individuals fixed term appointments in the Department. After receiving 65 nominations at the Movement to Work Youth Employability Awards 2024, we won Employer of the Year.

We have an established employer brand, supporting colleagues with recruitment campaigns and outreach activities. We also recently published an AI candidate guide on the Civil Service Careers website to support candidates in using AI appropriately.

DWP is a Disability Confident Leader (level 3) and is recognised as a Visibly Better Employer by the Royal National Institute of Blind People (RNIB). We partner with Vercida, an online jobs board that targets applicants with protected characteristics to reach underrepresented groups and were shortlisted for seven awards in Vercida's Employer Excellence Awards 2025, winning 'Most Inclusive Job Ad'.

In the 2024 people survey, 78% of disabled colleagues reported positive managerial support for workplace adjustments, 5% above the civil service average. We launched our centralised workplace adjustments team in January 2024 to streamline the process for making adjustments. Previously complex and time consuming, the new approach has reduced wait times for adjustments such as specialist furniture, building modifications, and flexible working arrangements. Developed in collaboration with employees, managers, and external experts, the service has improved employee experience and service delivery across the Department.

Health, Safety and Environment Performance Overview

Our health and safety practices continually evolve, aiming to be consistent with assessment frameworks for other functions (ISO9001 Quality Management and ISO14001 Environmental Management). Senior leaders benefit from a coherent view of performance across all functions across the department. Our approach reflects ISO45001 Occupational Health and Safety Management, which we use as the primary benchmark for safety compliance and improvement.

We have a health and safety management system comprising our policy, standards, procedures and guidance. Designed to help colleagues work safely and avoid harm, it sets out how we manage safety and helps colleagues understand their role and responsibilities.

The table below presents the health and safety data recorded between April 2023 and March 2024, and between April 2024 and March 2025.

	2023-24	2024-25
Incidents (both major and minor)	1607	1768
Accidents	3623	4222
Near Miss	550	300
RIDDORs ⁸²	20	15

While accidents were trending upwards earlier in 2024, we have seen a decline the last quarter of the year. Of our 47 recorded accident categories, slips, trips and falls remains our most common cause, accounting for 16% of all accidents – notably lower than the national figure reported by the Health and Safety Executive (31%).

Anti-bribery and corruption

We have established protocols, policies, and commercial agreements with suppliers and providers to prevent, detect, and respond to fraud, bribery, and corruption. We investigate any allegations and take appropriate action including legal and disciplinary measures.

We foster a culture that actively combats fraud through ongoing education and training for all staff, as well as regular fraud awareness initiatives and themed events. All colleagues participate in annual security and data protection training and Fraud and Error awareness training events.

The Government Internal Audit Agency provides specialised counter fraud services to the Department, including investigations and engagement with senior leaders and other internal stakeholders, to understand our vulnerability and exposure to fraud and enhance our counter fraud response through robust preventative action. For further information, please see the whistleblowing section on page 197.

82 Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

Digital, innovation and data

We have continued to deliver high-performing, sustainable, and accessible digital services for colleagues and customers by leveraging cutting-edge technology and data analytics. This has led to improved service efficiency, security, and flexibility, with a strong emphasis on continuous innovation, placing humans at the heart of our digital-first transformation agenda.



Transforming the use of data and analytics

Throughout 2024-25, we focused on delivering our multi-faceted data strategy. We have started to help shape digital government reform by collaborating with the Department of Science, Innovation and Technology (DSIT) on development of the 'Government Digital and AI roadmap', DSIT's plan for digital reform, which aims to join up services, harness the power of AI and strengthen and extend our digital and data public infrastructure.

To set the foundations for delivery of this strategy, we completed a multi-year upgrade of our data warehouse to a new, supportable infrastructure of over 400 servers that provides improved security and resilience for the data used across DWP, other government departments and private sector partners. This provides a stable foundation to build our next generation data platforms to better use data in decision-making and our services.

This year we created a central data hub to support the Department in meeting our data demands and ensuring business areas can obtain data. This gives colleagues more flexibility in developing their own insights and data products.

We delivered new data sets and extended the use of existing data to meet critical user needs, including ministerial requirements. We have expanded the range of data sets being regularly shared between departments under updated data sharing agreements.

Exploiting AI technology

We continued to enhance our AI capability through several proof of concepts to explore, in a safe and secure test environment, possibilities for applying this technology in the Department. We developed DWP Ask, our first generative AI application for frontline staff to enable them to better serve their customers through more focused conversations. In addition, learning designers have started using Generative AI for Learning (GAIL) to assist with generating training material – see page 201 for detail.

We take a responsible and ethical approach to AI, deploying this technology safely and in a way that maximises value for money. We have put in place appropriate governance



arrangements to assure this and the detail can be found on page 180 in the Governance Statement.

Supporting reduction of fraud, error and debt

In 2024-25, our new Counter Fraud and Error Management System replaced the old Fraud Analysis and Intervention Management System, automating fraud referrals and increasing operational effectiveness.

Debt self-service uses OneLogin, the cross-governmental solution which provides a secure and streamlined way for citizens to access multiple applications and services using a single set of credentials. OneLogin also supports fraud and error reduction by enhancing the security of identity checks and therefore preventing fraudulent claims.

Delivering high quality, efficient services

Throughout 2024-25, we delivered secure and available services, recovering efficiently following any loss of online service to provide continuity of service for colleagues and customers. Despite increased demand, service availability remained strong, outperforming our target of less than 0.25% hours lost of total service hours available with an end of year loss of 0.13%.

To address the impact of our outdated IT services, we developed plans to take a new risk-based approach to identify legacy services where 70% of current benefit and pension caseload is processed. This forms the focus for future, targeted investment in years ahead. Moving to a stable and secure Cloud environment further reduced our reliance on outdated IT, reduced costs and enhanced flexibility, with around 80% of services now hosted in the Cloud.

The introduction of the Common Service Data Model, a leading best practice standard, provided us with an improved enterprise-wide view of our services, maximising opportunities for service efficiency and automation.

In 2024-25, we defined how a digital-first culture can prioritise the use of technology to solve problems that improve customer experiences and support the shift to digital channels. This activity has united Digital Group and the Department under one agreed, future focused mission – looking to technology first in solving our problems to improve services to customers.

To enable us to be more innovative, we reviewed wider government service ownership models and co-designed proposals for how we can apply this in DWP, bringing sole accountability for delivery of an end-to-end service model. We have applied this service ownership model to Working Age Services.

We improved how we operate in Digital Group this year to better support departmental priorities whether through partnering with wider business counterparts, enhancing how demand on the group is received, assessed and managed, or becoming involved in commercial opportunities earlier to determine whether we build internally or buy, and supporting efficiencies with new resourcing and capability models.

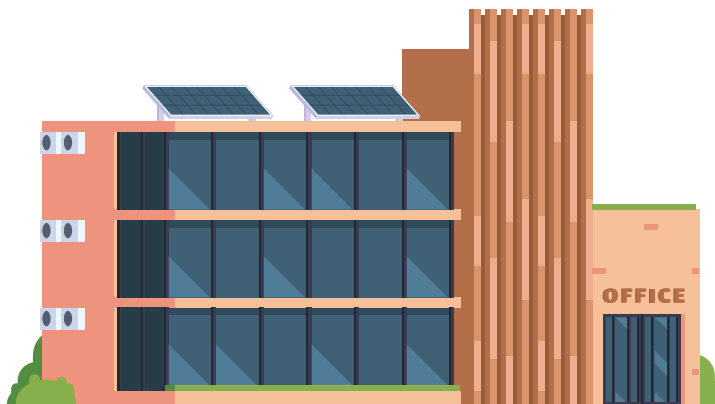


Evolving how we design IT solutions has led to the reuse of common componentry rather than repeatedly building new solution from new. This has provided a springboard for our digital transformation programmes to further exploit reusable componentry enabling us to better meet future business demand with greater speed and lower cost.

Place and property

The Department is currently based in more than 770 buildings, a reduction from the post-pandemic peak of over 900.

With our Workplace Transformation programme, over the year we have continued to deliver a smaller, better and greener estate with improved use of space, creating a better experience for both colleagues and customers whilst ensuring we remain open, safe and accessible. This also provides better value for money.



This year we have:

- continued to decommission temporary jobcentres, returning the jobcentre network to its pre-pandemic size. In total, 175 sites have now been exited and closed to the public.
- exited two jobcentres moving colleagues and services to better premises.
- made improvements at seven Service and Support Centres, while work has commenced at 31 jobcentres, creating better environments for both customers and colleagues.
- opened a new, high-quality and sustainable Service and Support Centre in Blackpool, known as Fylde View, which will create long-term financial savings. Over 3,000 colleagues who were previously based at Warbreck House, Blackpool are moving into the new site.
- announced plans to vacate our headquarters in Caxton House, London. We will move to Sanctuary Buildings, joining the Department for Education. This will provide an opportunity to share space with another department that has close links with much of our social policy agenda and create financial savings across the government estate.
- announced plans to exit Benton Park View and Tyneview Park in Newcastle and relocate the majority of affected colleagues to Pilgrim Place in Newcastle city centre by 2027. This will make better use of space, has good public transport links and will create financial efficiencies.

The Workplace Transformation programme has delivered net recurrent cashflow savings of £35.2 million through to 2023-24 and further estimated net recurrent cashflow savings of £36.5 million per annum from 2024-25.



Supporting the government's missions of kickstarting economic growth and breaking down barriers to opportunities, the programme worked closely with colleagues to undertake extensive modelling on proposals to transform jobcentres and the National Careers Service into a unified service.

Our estate is entirely leasehold. By engaging early and negotiating with landlords around lease renewal expectations, we aim to reduce the risk of unmanageable lease peaks, secure better value for money, mitigate unanticipated relocations and delivery disruptions, and bring us closer to our customers.

Essential works

In addition to the Workplace Transformation programme, we are implementing a structured programme of essential works to ensure our buildings remain open, safe and fit for purpose for both customers and colleagues.

Throughout the year we continued to deliver our ongoing preventative lifecycle works programme to mitigate the effects of an aging estate. By addressing aging assets now, we minimise rising repair costs, and the service disruption associated to major incidents such as heating failure and roof repairs.

Taking a proactive approach ensures that we maintain safety standards and protect our reputation and legal standing, while targeting improvements on long-term sites, addressing equality and diversity requirements and avoiding potential legal challenges.

We continued to deliver our critical security infrastructure programme, which replaces obsolete technology and introduces new alternatives to help keep people and places safe in modern, efficient ways. In March 2025, we completed the initial three year programme, introducing new technology at 460 sites. Evaluation found the majority of respondents felt the new installations positively improved safety at their buildings.

Workplace services

We have designed, procured, and awarded major new facilities management contracts, prior to the existing contracts ending. These new contracts ensure that our premises remain secure, open, and safe. These contracts safeguard continued frontline delivery, ensure value for money, and facilitate social savings through the employment support provided through jobcentres. Our current focus is on ensuring relevant supporting systems, processes and business practices are in place and tested for when the new contracts go live.

Places for Growth

We continued to make progress against our Places for Growth targets in 2024-25.

Target 1: Less than 50% of SCS roles to be based outside of London and the South-East.

We continued to increase the percentage of Senior Civil Service (SCS) roles outside of London. In March 2025, 57.6% of SCS roles were based out of London and the South-East. In the last 12 months, 61% of new SCS appointments have been outside of London.



Target 2: Reduce SCS roles in functional areas based in London to below 40%.

We achieved this target by December 2022 and in March 2025, 36.9% of functional SCS are based in Caxton House, London.

Target 3: We announced a headquarters location outside of London by designating Quarry House in Leeds as our second headquarters.

Target 4: We committed to moving 400 jobs out of London and the South-East by 31 March 2025. We delivered this and up to March 2025, we have relocated an additional 870 job roles out of London.

89% of our total workforce is based outside of London. We have continued to develop our talent and enable career progression in the regions, using our Service and Support Centre sites in Glasgow, Treforest, Birmingham, Leeds, Sheffield, Newcastle, Manchester and Blackpool. This further supports delivery of Places for Growth.

ARA Spotlight – Fylde View



As Blackpool seeks to regenerate its town centre in a bid to create more jobs and opportunities for local people, we have worked closely with Blackpool council to deliver over 15,000 square metres of Class A office space in a new civil service hub, known as Fylde View. Construction of the new site began in January 2023 and completed in March 2025.

Fylde View will become home to over 3,000 colleagues from sites in and around Blackpool, bringing local Service Delivery teams together in one modern building located centrally within the town. Colleagues are moving into the new building in phases. The first phase of colleagues moved into Fylde View on 31 March 2025 with all phases completed by June 2025.

The design of the new office space incorporates several energy efficient technologies and includes new pedestrian and cycle paths and cycle storage. The office is also located just a few minutes' walk from public transport links including bus, train and tram.

The project has achieved the Building Research Establishment Environmental Assessment Methodology (BREEAM) 'excellent' rating. This illustrates the project's commitment to minimising its environmental impact and incorporating innovative solutions to ensure long-term sustainability. As a result, the building delivers a reduction in utilities costs of more than £470,000 per year, alongside annual savings of 968 tonnes of carbon and 6,198 cubic metres of water.

The project has created over 220 employment construction opportunities for citizens alongside 548 weeks of apprentice training, directly benefiting people who live in Blackpool and the surrounding area. In addition more than £27.4 million of contracts have been awarded to companies through the project, supporting jobs in the community and the local economy.

Sustainability report

This provides a summary of the Department's sustainability performance across our operations, and delivery against the Greening Government Commitments (GGC). Performance against the GGC framework is published by the Department of Environment, Food and Rural Affairs⁸³. Throughout the year, our Estates sustainability team has made significant strides towards net zero by 2050, with projects such as LED lighting replacements, solar installations, and heating system decarbonisation.

We have also focused on climate change adaptation, ensuring our governance and risk management frameworks incorporate climate-related considerations. Our compliance with the Taskforce on Climate-Related Financial Disclosures underscores our commitment to transparency in managing climate risks.

This report details our efforts in sustainable procurement, rural proofing, digital sustainability, and policy development. By working collaboratively, we aim to support the transition to a greener economy and contribute to the government's broader sustainability goals.

Estates sustainability

Over the past year, we continued to deliver against the Greening Government Commitments. Key projects delivered by our estates sustainability team to support the UK's commitment to **Net Zero by 2050** include:

- LED lighting replacements with smart controls at **46** sites.
- Solar installations at **three** sites.

⁸³ <https://www.gov.uk/government/collections/greening-government-commitments>



- **Three** heating system decarbonisation projects, with a further **eight** in progress.
- In addition, we have successfully centralised Building Management Systems (BMS) across another **57** sites, giving us enhanced control and optimisation of heating and ventilation systems.

To support future low carbon initiatives, we have completed option appraisal surveys for heating solutions at **14** additional sites.

Other projects aligning with the Greening Government Commitments 2021-2025, include:

- **Minimising waste and promoting resource efficiency**

Working with our waste collector to comply with the 'Simpler Recycling'⁸⁴ legislation in England and maximise the opportunity to recycle, we have added food and glass recycling at all sites, arranging bins in a waste station set-up to improve bin accessibility. To ensure consistency across our estate, we are applying these changes in Scotland.

- **Reducing consumer single use plastics**

In the estates sustainability team, this year we have continued to reduce consumer single use plastics (CSUP) across our estate. Following the success of our reusable coffee cup trial, we swapped disposable coffee cups to reusable, loanable cups in our main hub sites. We have also swapped out plastic bottles across our vending machines and replaced them with aluminium can alternatives which can be infinitely recycled. We have removed single use plastic cutlery and have also swapped out 10% of items from our core stationary list for non-plastic more sustainable alternatives. We will continue to explore opportunities to reduce CSUP year-on-year.

- **Reducing water use**

We have surpassed our 8% water target during this GGC period with a reduction of 32% across the estate. All water supplies on the DWP corporate contract are metered water supplies and we are transitioning to automated meter readings across the estate to better identify uncontrolled consumption. Through staff engagement mission campaigns we continue to promote mindful water use and encourage staff to report leaks when spotted.

- **Nature recovery and biodiversity action planning**

We have a largely urban estate with no landholdings; however, we continue to identify sites where we can support the government's commitment to improve nature by enhancing biodiversity on our estate. In 2024-25, four new nature spaces were installed which included bug hotels that supported native species.

- **Procurement of food and catering**

All food and catering services are provided through our facilities management contract and comply with the government buying standards for food and catering.

⁸⁴ [Simpler recycling: workplace recycling in England – GOV.UK](#)

Our catering supplier is a signatory of the 'Step up to the Plate' pledge, UK Food Waste Roadmap and WRAP Courtauld Commitment 2025.

● Sustainable construction

Sustainability is embedded into the delivery of significant construction and refurbishment projects. Environmental performance requirements are incorporated into the selection and contracting processes to ensure alignment with our sustainability objectives and DWP design standards. For qualifying projects, we applied the Building Research Establishment Environmental Assessment Method (BREEAM) in line with Government Buying Standards, helping to ensure that our projects meet recognised benchmarks for environmental performance and contributed to our broader sustainability commitments.

● Adapting to climate change

We have developed a flood risk baseline for the estate. Additionally, we have started to identify sites with other climate related risks such as extreme heat and drought.

Climate change adaptation

Climate change adaptation is embedded within our overall governance, decision making and assurance processes as detailed in the **Taskforce on Climate-Related Financial Disclosures (TCFD) disclosure of governance arrangements** section on page 154.

We comply with the Environmental Principles Duty and Green Book guidance on the effective use of evidence in policy making, which includes adaptation and is discussed further on page 153. Our Strategy and Transformation Group provides guidance for projects and programmes that includes sustainability impact assessment and reporting. In 2024-25, we have:

- Undertaken a series of workshops run with change programmes, to assess their requirements and enable better sustainability reporting and monitoring of environmental impact assessments.
- Worked to consider how the Environmental Principles Duty has been embedded in our policy making to enable the Department to mature its approach.

Cross-departmental sustainability

Across the Department, teams continue to own and deliver against sustainability targets. In 2024-25 this included:

● Workplace Transformation programme

To read more about how the programme is delivering a 'smaller, better, greener' estate, see pages 146. The programme is also contributing to the delivery of the government fleet commitment by continuing to install electric vehicle charging infrastructure, see page 153.

● Sustainable procurement

We apply Procurement Policy Note 06/21: Taking account of Carbon Reduction Plans in the procurement of major government contracts⁸⁵ to procurements over £5 million, ensuring all suppliers in this category provide a carbon reduction plan at the point of bidding. Our contracts also include an obligation for suppliers to provide a sustainability plan, to confirm how impacts will be reduced. Additionally, we comply with Government Buying Standards (GBS) in our procurement practices. In May 2024, our application of PPN06/21 was included in a Government Internal Audit Agency review and compliance was confirmed with no risks or recommendations raised. Our Small Medium Enterprise (SME) plan will be updated and republished in May 2025, including details of:

- What we are doing to tackle the barriers to small business becoming part of our supply chain
- New departmental self-set spend targets in line with new Cabinet Office requirements

The Department embeds compliance with Government procurement policy evidenced by compliance with Commercial Functional Standard (GovS 008) using the Commercial Continuous Improvement Assessment Framework (CCIAF), engagement with Cabinet Office and cross-government policy groups and internal commercial assurance.

As well as complying with GBS, we are actively working towards strengthening our sustainability strategy with measurable outcomes, including embedding sustainability-focused clauses into contracts, and business-led sustainability requirements. We also measure and report wider Scope 3 greenhouse gas emissions arising from supply chain to identify high-impact areas, continue to engage with suppliers and support learning and development across commercial and procurement teams.

● Rural proofing

We have worked closely with local councils and teams to deliver local minibuss services to customers living in rural areas, as well as launching outreach services to young people.

Local jobcentres have the flexibility to work alongside organisations to help meet the needs of their communities and determine how best to engage customers, including video appointments. Our employer and partnership teams also support businesses of all sizes operating in rural areas to fill vacancies.

● Embedding sustainability impact assessments into programmes

In 2024-25 our sustainability team begun working closely with our Departmental Change Portfolio Office and programmes to develop guidance on sustainability impact assessments and processes for including the results of these assessments in

⁸⁵ [Procurement Policy Note 06/21: Taking account of Carbon Reduction Plans in the procurement of major government contracts – GOV.UK](#)

programme/project gateway reviews. This work is ongoing and being aligned with HM Treasury Greenbook guidance.

Ultra Low Emission Vehicles

We continue to make progress in the transition to a zero-emission fleet. As of January 2025, 89% of our fleet is either Ultra Low Emission Vehicles (ULEVs) or in the process of being transitioned from internal combustion engine vehicles to ULEV. 21% of the fleet are now fully Battery Electric Vehicles (BEVs). To support this transition, petrol and diesel vehicles are being replaced with BEVs as leases expire and we installed 180 charge points in 2024, prioritising high-use sites.

Digital

This year we have continued to work collaboratively across government to engage our supply chain through the Government Digital Sustainability Alliance (GDSA). Additionally, we have taken steps internally to:

- Ensure the largest of our digital suppliers meet social value requirements.
- Improve data quality of digital sustainability reporting.

Our digital sustainability team ran a series of engagement sessions to educate colleagues across government, and in the Department. A variety of resources have been developed which include:

- Tools such as a prototype of a web-based work-related carbon calculator and a print dashboard for colleague use.
- Learning resources aimed at digital colleagues, including an e-learning module and digital sustainability induction session.

Policy

Following the implementation of the Environmental Legal Duty in 2023, we continue to support ministers to consider any environmental effects when making policy.

Policy Group supports our objectives on sustainability and the environment through work on green jobs and private pensions, examples include:

- The ability to connect jobseekers looking for roles with employers requiring workers at the right time and in the right places. This is vital to support the transition to net zero.
- Jobcentre Plus offers a flexible and demand-driven package of support for employers and jobseekers, which will respond to the growing demand for green jobs. This package benefits both jobseekers and employers by ensuring the roles are filled effectively. The broad suite of support available, from work coach time, skills interventions such as Sector-based Work Academy Programmes (SWAPs), jobs fairs, funding, and the Find a Job website, are all applicable to green jobs.

- Establishing support for our claimants to apply for green jobs. The strategic relationship team has utilised 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.
- Showcasing the government's support to businesses, and how to access this to grow and upskill the workforce through collaborative work with the Office for Clean Energy Jobs that published the Clean Energy Employer handbook in January 2025.

On private pensions, building on TCFD reporting requirements, the government committed to require listed companies and financial institutions, including pension schemes, to disclose and implement credible transition plans that align with the Paris Agreement. We have drafted a contribution on pensions and the government plans to consult on the way forward in the first half of 2025-26.

Taskforce on Climate-Related Financial Disclosures (TCFD) compliance statement

We have 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, including:

- Governance – recommended disclosures (a) and (b) – see section on governance **page 154**
- Risk management – recommended disclosures (a) to (c) – see section on risk management arrangements, **page 155**
- Metrics and targets – recommended disclosures (b) – see section on Greening Government Commitments (GGCs), **page 155**

While we have implemented dedicated governance arrangements since 2023 to manage climate-related risks, they have not featured in our principal risk set which has tended to focus on near-term delivery risks that we can influence. Climate risks are routinely assessed in DWP through specific capabilities, risk assessments and plans which provide a high degree of confidence in controls for events with the potential to cause significant service disruption. As we do not hold climate change as a principal risk, we are not required to report on metrics and targets recommended disclosures (a) and (c) and are compliant with TCFD Phase 2.

We continue to track and identify emerging risk themes and have revised our assessment of the principal risks for 2025-26 to reflect challenges which include sustainability, net zero and reporting obligations.

Taskforce on Climate-Related Financial Disclosures (TCFD) disclosure of governance arrangements

Our governance arrangements on sustainability and climate align with departmental governance statement found on **page 180** and are as follows:

- our Senior Civil Servant-level 'Sustainability Leadership Forum', and its working group, are convened on a quarterly basis and focus on sustainability and climate strategy, performance and risk

- there are dedicated sustainability teams, who have active roles in managing sustainability and climate-related issues, within Corporate Transformation and Digital Group
- 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
- there is also ministerial oversight for climate change, with the Minister for Transformation's portfolio including sustainability in areas such as estates and workplace transformation
- at departmental board level, one of our non-executive directors includes sustainability, net zero and climate within their portfolio.

Taskforce on Climate-Related Financial disclosure of risk management arrangements

Our risk management arrangements for sustainability and climate are as follows:

- Climate risk is managed as part of our overall risk management framework. Sustainability and climate risk is reported on monthly by the sustainability strategy team as a 'keep-in-view' risk.
- Climate risks are assessed according to their likelihood and impact in-line with our risk framework and scoring processes. Decisions are made on whether to mitigate, transfer or accept or control those risks.
- Information from various sources is used to assess risks, including the Cabinet Office national security risk assessment, Climate Change Committee's UK Climate Change Risk Assessment (UKCCRA), DEFRA's National Adaptation Plan (NAP), and Cabinet Office briefing rooms unit six-monthly forward look. This intelligence is used to develop and review resilience and response planning for risks such as flooding, storms, snow and ice, heatwaves and droughts.
- We also work 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.
- We are planning to improve and expand our climate related risk identification, prioritisation and materiality assessment process over the next 12 months in order to disclose our full risks in next year's Annual Report and Accounts.

United Nations (UN) Sustainable Development Goals

Please see the Performance Overview for more information (page 14) on how our goals map against the UN Sustainable Development Goals.

Greening Government Commitments (GGC): assessing our progress

We continue to support the government's commitment to reduce its impact on the environment. The table below gives a summary of our progress since 2017-18 baseline (as set by the Department for Environment Food and Rural Affairs (DEFRA) within the GGC reporting framework) and reports against the new government targets published

in 2021. Note that this data excludes arm's length bodies (ALBs) and is for DWP only. Our full GGC return to DEFRA includes both DWP and ALBs. Metrics are calculated by DEFRA in their GGC reporting template based on raw data provided by DWP.

Table 1 – DWP performance against Greening Government Commitments⁸⁶

	2017-18 Baseline	2021-22 Performance	2022-23 Performance	2023-24 Performance	2024-25 Performance	Reduction against baseline year
Target: 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.						
Sub-target: Reduce the emissions from domestic business flights by at least 30% from a 2017 to 2018 baseline and report the distance travelled by international business flights, with a view to better understanding and reducing related emissions where possible.						
Note: Green shading indicates targets or sub targets achieved. Amber shading indicates targets or sub-targets that have not been met but are being monitored.						
Total greenhouse gas emissions TCO ₂ e	108,167	78,543	74,852	63,203	59,068	-45%
Scope 1 carbon emissions – direct emissions from owned or controlled source TCO ₂ e	41,345	44,631	40,072	31,926	30,428	-26%
Emissions from domestic flights (tonnes)	303	21	104	208	209	-31%
Distance travelled by international business flights (km)	817,234	44,861	716,558	810,978	786,444	-4%
Supporting Indicators						
Gas consumption kWh	196,603,589	239,458,080	210,262,556	163,743,017	157,897,901	-20%
Oil consumption kWh	4,579,998	2,542,519	2,617,387	2,253,006	1,482,378	-68%

⁸⁶ All figures supplied are still subject to DEFRA Greening Government Commitments quality assurance checks, which will follow later.

	2017-18 Baseline	2021-22 Performance	2022-23 Performance	2023-24 Performance	2024-25 Performance	Reduction against baseline year
Scope 2 carbon emissions – indirect emissions from the generation of purchased electricity consumed TCO ₂ e	50,839	29,757	28,154	23,950	21,922	-57%
Electricity consumption kWh	144,511,209	139,594,282	145,586,579	14,780,963	104,932,833	-27%
Purchased heat via district heat networks kWh	246,141	3,224,085	5,405,999	5,066,079	5,572,109	+2164%
Scope 3 carbon emissions – other indirect emissions that occur in DWP's value chain TCO ₂ e (GGCs cover Scope 3 business travel + electricity transmission and distribution only)	15,983	4,156	6,627	7,327	6,718	-58%
Distance travelled by domestic business flights (km)	2,142,833	164,998	803,050	1,292,246	1,296,739	-39%
Total number of domestic business flights ⁸⁷	No data	No data	1,798	1,982	2010	N/A
Distance travelled by international business flights (short haul, km)	265,159	22,598	100,684	262,679	167,171	-37%
Distance travelled by international business flights (long haul, km)	552,075	22,263	615,874	548,298	619,273	+12%

⁸⁷ 2022-23 data is now available through internal reporting systems and has therefore been restated.

	2017-18 Baseline	2021-22 Performance	2022-23 Performance	2023-24 Performance	2024-25 Performance	Reduction against baseline year
Targets: Meet the government fleet commitment for 25% of the government car fleet to be Ultra-Low Emission Vehicles (ULEV) by 31/12/22, and for 100% of the government car and van fleet to be fully zero emissions at the tailpipe by 31/12/27.						
Fleet percentage categorised as ultra-low emission vehicles (includes vehicles on order)	0%	0%	33%			
This data is as at 31 December 2022	67%	89%	N/A			
Target: Reduce the amount of waste we generate by 15% from a 2017-18 baseline by 2024-25. Sub-targets: Reduce the amount of waste going to landfill to less than 5% of overall waste. Increase the proportion of waste which is recycled to at least 70% of overall waste.						
Total waste arising (tonnes) ⁸⁸	10,121	5,872	6,995	7,058	5,827	-42%
Percentage of total waste to landfill	32%	1%	4%	3%	2%	N/A
Percentage of total waste recycled ⁸⁹	67%	56%	62%	65%	69%	N/A
Supporting indicators						
Total waste recycled (tonnes) ⁹⁰	6,774	3,300	4,310	4,574	4,036	N/A
Total ICT waste recycled, reused and recovered externally (tonnes) ⁹¹	No data	No data	49	52	124	N/A
Total waste composted/food waste (tonnes)	No data	12	10	14	32	N/A

88 2023-24 figures have been restated due to improved data accuracy from supplier.

89 Due to the paper reduction target which we have exceeded, paper represents a much lower proportion of our total waste which in turn impacts the proportion of our waste recycled. This is compounded by policies on confidential waste which is sorted into a different waste stream. Additionally, 2023-24 figure has been restated due to improved data accuracy from supplier.

90 2023-24 figures have been restated due to improved data accuracy from supplier.

91 Figures include End User Computing laptop and desktop devices only. Large increase in 2024/25 was due to two large device refreshes.

	2017-18 Baseline	2021-22 Performance	2022-23 Performance	2023-24 Performance	2024-25 Performance	Reduction against baseline year
Total waste incinerated for energy recovery (tonnes)	No data	2,505	2,417	2,293	1,675	N/A
Total waste incinerated without energy recovery (tonnes) ⁹²	No data	0	0	0	0	N/A
Total waste to landfill (tonnes) ⁹³	3,347	67	268	192	116	-97%
Target: Reduce the amount of paper used by 50% from a 2017-18 baseline by 2024-25						
A4 (Reams)	600,101	147,360	167,864	167,667	169,315	-72%
A3 (Reams)	2,165	555	1,245	892	807	-63%
Target: 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	458,669	-32%

92 2023-24 figures have been restated due to improved data accuracy from supplier.

93 2023-24 figures have been restated due to improved data accuracy from supplier.

Table 2 – DWP sustainability related financial disclosures

Financial information	2021-22 Performance	2022-23 Performance	2023-24 Performance	2024-25 Performance
Performance				
Gross expenditure on the purchase of energy	£28,804,079	£40,800,265	£36,585,285	£38,778,384
Reported areas of energy gas	£6,869,380	£13,243,435	£7,584,354	£8,644,158
Reported areas of energy oil	£195,982	£291,568	£200,438	£109,835
Reported areas of energy electricity	£21,464,200	£26,954,889	£28,414,786	£29,559,878
Reported areas of energy heat	£274,517	£310,373	£385,706	£464,512
Expenditure on accredited offset purchases	£0	£0	£0	£0
Total expenditure on official business travel ⁹⁴	£6,233,777	£16,249,489	£22,702,087	£23,409,409
Total expenditure on waste ⁹⁵	£1,697,080	£2,265,402	£2,295,468	£2,488,023
Total expenditure on waste recycled ⁹⁶	£1,000,751	£1,366,706	£1,505,937	£1,574,820
Total expenditure on waste sent to landfill	£78,111	£69,628	£53,678	£45,273
Total expenditure on composted/food waste	No data	£3,573	£3,367	£10,337
Total expenditure on waste incinerated	£614,561	£807,581	£727,649	£796,281
Total expenditure on ICT waste recycled, reused and recovered (externally) ⁹⁷	no data	£198,980	£208,954	£1,372,729
Paper costs (inc. vat)	£362,429	£543,376	£666,141	£626,728
Total water cost (inc. water and sewerage costs)	£2,750,275	£2,375,458	£2,203,265	£2,211,758

Sir Peter Schofield KCB
Permanent Secretary

3 July 2025

94 2022-23 and 2023-24 figures for Business Travel Expenditure have been restated due to improved methodology.

95 2022-23 and 2023-24 figures have been restated due to improved data accuracy from supplier.

96 2022-23 and 2023-24 figures have been restated due to improved data accuracy from supplier.

97 Figures include End User Computing laptop and desktop devices only. Large increase in 2024/25 was due to two large device refreshes.



ACCOUNTABILITY REPORT

Lead Non-executive Director's report

Last year, the general election gave us a new government with clearly defined missions. I am very pleased that the team of non-executives have continued to have the opportunity to provide support, insight and healthy challenge to the Department. We've worked closely with the Rt. Hon. Liz Kendall, Secretary of State and her team of ministers while also continuing collaboration with the Permanent Secretary and Executive Team Committee.



After a busy year of public appointment recruitment, we welcomed Taalib Shaah as a new non-executive director and member of the Departmental Audit and Risk Assurance Committee (DARAC), as well as five new non-executive members to various committees and boards: Richard Newsome, Gayle Sparkes, Oliver Rowlands, Martin Duggan and Professor Malcolm Morley OBE. Each of them brings valuable external expertise to provide supportive challenge and advice to DARAC, the Transformation Advisory Committee and the Workplace Transformation Programme Board respectively.

Since July 2024, the non-executives have pivoted their focus to challenging and supporting the Department as it creates a strategic approach to support the Government's five missions for the UK.

Valerie Hughes-D'Aeth, with her extensive knowledge of human resources, continues to work with the Labour Market Policy Directors General and the Minister for Employment to build on the vision and approach set out in the 'Get Britain Working' White Paper in November 2024. Gina Radford, who has had a long career in public health, and David Bennett, who has over 40 years in retail banking and financial services, are both working with the Minister for Social Security and Disability and the Minister for Lords to support the government's commitment to reform the health and disability benefits system, while also protecting our most vulnerable customers.

Arabel Bailey brings experience of technology-driven transformation. Charlie Steel, Chief Financial Officer of IWG, brings extensive knowledge of transformation and finance. They ensure we continue to manage our resources effectively in the here-and-now while supporting the Minister for Transformation to transform delivery of the welfare system to be fit for purpose, efficient and modernised. Taalib Shaah, Group Chief Risk Officer at Barclays has driven a refreshed approach to our management of enduring risk and dynamic risks across the Department. As the Department looks for efficiencies and to continue to improve how it runs its services, I led a panel of external experts working with HM Treasury officials to undertake a zero-based review of the department's budget and to gain ideas, expertise, and innovation from the private sector to drive reform and value for money.

While each of us bring different experiences into the Department and have different perspectives on it; we strive to work together to be more than the sum of our parts, and always aim to be inquisitive, open and honest in how we support and challenge the Department.

Ashley Machin
Lead Non-executive Director



Accountability report 2024-25

The Accountability report sets out how we meet 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 our 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.

Directors' report

Our ministers

Ministers at 31 March 2025

The Rt Hon Liz Kendall MP



Secretary of State for Work and Pensions

(from 5 July 2024)

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

The Rt Hon Sir Stephen Timms MP



Minister of State (Minister for Social Security and Disability)

(from 8 July 2024)

Portfolio:

- Disability policy and cross-government responsibility for disabled people
- Universal Credit and legacy benefits delivery
- Contributory benefits, Personal Independence Payment, Disability Living Allowance and Employment and Support Allowance
- Access to Work
- Carer's Allowance
- Housing
- Serious Case Panel
- Uprating and Benefit Cap
- Oversight of Disability Unit
- Conditionality/sanctions
- Arm's length body: Health and Safety Executive

Alison McGovern MP



Minister of State (Minister for Employment)

(from 8 July 2024)

Portfolio:

- Labour Market – including employer engagement
- Jobcentre Plus/National Jobs and Careers Service reform
- Poverty
- Addressing economic inactivity
- Locally led employment support
- Skills and In Work Progression
- Occupational Health and Statutory Sick Pay
- Childcare and Parental Employment
- Youth Guarantee
- Disability employment

Torsten Bell MP



Parliamentary Secretary and Parliamentary Under-Secretary of State (Minister for Pensions)
(from 14 January 2025)

Portfolio:

- State Pension
- Pensioner benefits
- Private pensions
- Social Fund
- Net Zero
- Shadow Lords (including Child Maintenance Service and Disadvantaged Groups)
- HM Treasury responsibilities
- Arm’s length bodies: Money and Pensions Service, National Employment Savings Trust, The Pensions Ombudsman, Pension Protection Fund and The Pensions Regulator

Andrew Western MP



Parliamentary Under-Secretary of State (Minister for Transformation) (from 9 July 2024)

Portfolio:

- Fraud, error and debt
- Digital, AI and Service Modernisation
- Devolution (National)
- International
- Customer experience
- Deputy for Ministers of State/Legislation in Parliament
- Arm’s length bodies: Industrial Injuries Advisory Council and the Office for Nuclear Regulation

Baroness Sherlock OBE



Minister of State (Minister for Lords)
(from 17 December 2024)

Portfolio:

- Estates
- Departmental oversight including Commercial and Research
- Legislation coordination
- Disadvantaged Groups
- Shadow Fraud in the House of Lords
- Social Security Advisory Committee oversight
- Child Maintenance, Family Test and Reducing Parental Conflict

Our executives

Executives at 31 March 2025.

 Sir Peter Schofield KCB Permanent Secretary and Principal Accounting Officer Appointment January 2018 - Executive Team Committee (Chair) - Departmental Board - Executive Leadership Board	 Debbie Alder CB Director General, Corporate Transformation Appointment January 2014 Executive Team Committee	 Neil Couling CB CBE Director General, DWP Services and Fraud Appointment October 2014 Executive Team Committee
 Amanda Reynolds⁹⁸ Director General, Strategy and Transformation Appointment February 2021 - Executive Team Committee - Transformation Advisory Committee	 Katie Farrington⁹⁹ Director General, Social Security, Disability and Pensions Policy Appointment March 2021 Executive Team Committee	 Barbara Bennett Chief Executive and Director General, Jobs and Careers Service Appointment June 2022 Executive Team Committee

98 Amanda Reynolds left the Department on 25 April 2025
99 Katie Farrington left the Department on 31 May 2025



Catherine Vaughan CB
Director General, Finance
Appointment

November 2022

- Executive Team Committee
- Departmental Board
- Departmental Audit and Risk Assurance Committee



Sophie Dean and Katherine Green
(job sharing)
Director General, Labour Market and Poverty Policy
Appointment

December 2022

- Executive Team Committee



Julie Blomley
Director General, People and Capability
Appointment

1 April 2024

- Executive Team Committee
- Departmental Board
- Executive Leadership Board (Talent and succession planning conversations only)



Helen Wylie¹⁰⁰
Interim Director General, Chief Digital and Information Officer
Digital Group
Appointment

1 November 2024

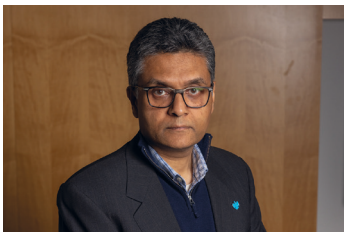
- Executive Team Committee
- Transformation Advisory Committee

100 Helen Wylie was appointed Director General, Chief Digital and Information Officer Digital Group on 7 May 2025

Our non-executive board members

Non-executives at 31 March 2025

 Ashley Machin Lead non-executive Appointment September 2022 ● Departmental Board ● Executive Leadership Board	 Valerie Hughes-D'Aeth Reappointment February 2024 ● Departmental Board ● Executive Leadership Board	 David Bennett Reappointment May 2024 ● Departmental Board ● Serious Case Panel (Chair)
 Charlie Steel Appointment March 2023 ● Departmental Board ● Departmental Audit and Risk Assurance Committee (Chair)	 Reverend Professor Gina Radford Appointment March 2023 ● Departmental Board ● Health Transformation Board (Chair) ● Clinical Governance and Excellence Board (Chair)	 Arabel Bailey Appointment February 2024 ● Departmental Board ● Transformation Advisory Committee (Chair)



Taalib Shaah

Appointment

August 2024

- Departmental Board
- Departmental Audit and Risk Assurance Committee (vice Chair)

Other non-executives at 31 March 2025

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 Reappointment September 2024
Richard Newsome	Departmental Audit and Risk Assurance Committee Appointment December 2024
Gayle Sparkes	Departmental Audit and Risk Assurance Committee Appointment December 2024
Oliver Rowlands	Transformation Advisory Committee Appointment December 2024
Martin Duggan	Transformation Advisory Committee Appointment December 2024
Professor Malcom Morley OBE	Workplace Transformation Programme Board Appointment January 2025

A comprehensive list of directors and non-executive board members’ interests as of 31 March 2025 is available on www.gov.uk

Department board and committee attendance 2024-25, by member, of meetings eligible to attend

Name of board	Departmental Board	Departmental Audit and Risk Assurance Committee	Nominations Committee / Executive Leadership Board	Transformation Advisory Committee
Number of meetings held	4	6	2	8
Ministerial Team¹⁰¹				
The Rt Hon Liz Kendall MP	1/3	–	–	–
Alison McGovern MP	2/3	–	–	–
The Rt Hon Sir Stephen Timms MP	2/3	–	–	–
Andrew Western MP	2/3	–	–	–
Torsten Bell MP (Feb 2025)	0/1	–	–	–
Baroness Sherlock OBE	2/3	–	–	–
Emma Reynolds MP (July 2024 -Feb 2025)	2/2	–	–	–
Ministerial Team – up to 4 July 2024				
The Rt Hon Mel Stride MP	1/1	–	–	–
Mims Davies MP	1/1	–	–	–
Viscount Younger	1/1	–	–	–
Paul Maynard MP	0/1	–	–	–
Jo Churchill MP	1/1	–	–	–
Non-executives				
Ashley Machin	4/4	–	2/2	–
Valerie Hughes-D'Aeth	4/4	–	2/2	–

101 Four Departmental Board meetings were scheduled; however, the Ministerial Team was unable to attend the meeting on 18 March 2025 due to being called to Parliament for urgent business.

Name of board	Departmental Board	Departmental Audit and Risk Assurance Committee	Nominations Committee / Executive Leadership Board	Transformation Advisory Committee
David Bennett	4/4	–	–	–
Reverend Professor Gina Radford	4/4	–	–	–
Charlie Steel	4/4	6/6	–	–
Arabel Bailey	3/4	–	–	7/8
Taalib Shaah	1/2	3/3	–	–
Sally Cheshire CBE	–	6/6	–	–
Ian Wilson	–	6/6	–	–
Simon Sear	–	–	–	8/8
Richard Newsome	–	1/1	–	–
Gayle Sparkes	–	1/1	–	–
Oliver Rowlands	–	–	–	3/3
Martin Duggan	–	–	–	3/3
Executives				
Sir Peter Schofield KCB	4/4	1/1	2/2	–
Amanda Reynolds	–	–	–	5/8
Catherine Vaughan CB	4/4	6/6	–	–
Richard Corbridge	–	–	–	2/4
Helen Wylie	–	–	–	4/4
Julie Blomley	4/4	–	–	–

Changes to our board and executives in 2024-25

Following the general election on 4 July 2024, the ministers listed below left the Department on 4 July 2024.

Secretary of State for Work and Pensions	The Rt Hon Mel Stride MP
Minister of State (Minister for Employment)	Jo Churchill MP
Parliamentary Under Secretary of State (Minister for Disabled People, Health and Work)	Mims Davies MP
Parliamentary Under Secretary of State (Minister for Pensions)	Paul Maynard MP
Parliamentary Under Secretary of State (Minister for Work and Pensions in the Lords)	Viscount Younger

In addition, the following changes took place between 1 April 2024 and 31 March 2025:

Role	Name	Change
Ministerial changes		
Secretary of State for Work and Pensions	The Rt Hon Liz Kendall MP	Appointed 5 July 2024
Minister for Social Security and Disability	The Rt Hon Sir Stephen Timms MP	Appointed 8 July 2024
Minister for Employment	Alison McGovern MP	Appointed 8 July 2024
Minister for Pensions	Emma Reynolds MP	Appointed 9 July 2024
Minister for Transformation	Andrew Western MP	Appointed 9 July 2024
Parliamentary Under Secretary of State	Baroness Sherlock OBE	Appointed 9 July 2024 until 17 December 2024
Minister for Lords	Baroness Sherlock OBE	Appointed 17 December 2024
Minister for Pensions	Emma Reynolds MP	Left the Department on 14 January 2025
Minister for Pensions	Torsten Bell MP	Appointed 14 January 2025
Executive level changes		
Director General, People and Capability	Julie Blomley	Appointed 1 April 2024
Interim Director General, People and Capability	Helen Pickles	Stepped down 19 April 2024

Role	Name	Change
Interim Director General, Chief Digital and Information Officer Digital Group	Helen Wylie	Appointed 1 November 2024
Director General, Chief Digital and Information Officer Digital Group	Richard Corbridge	Left the Department on 15 November 2024
Non-executive level changes		
Non-executive director	Taalib Shaah	Appointed 12 August 2024
Non-executive member	Richard Newsome	Appointed 2 December 2024
Non-executive member	Gayle Sparkes	Appointed 2 December 2024
Non-executive member	Oliver Rowlands	Appointed 2 December 2024
Non-executive member	Martin Duggan	Appointed 2 December 2024
Non-executive member	Professor Malcolm Morley OBE	Appointed 6 January 2025
Direct appointment changes		
Universal Credit Programme Board Chair	John McGlynn	Left the Department 31 March 2025

The departmental group

At 31 March 2025, our departmental group includes the core Department (DWP) and ten public bodies¹⁰². A public body is an organisation that delivers a public service but is not a ministerial government department. Our 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 our public bodies have a net expenditure of around £487 million¹⁰³.

The Department manages our relationships with our public bodies in accordance with the Cabinet Office’s Arm’s Length Body Sponsorship Code of Good Practice¹⁰⁴ – which ensures a consistent approach.

The table below sets out our 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

102 The Pensions Ombudsman is a single public body which supports the two legally separate roles of the Pensions Ombudsman and the Pension Protection Fund Ombudsman. Both Ombudsman roles are held by the same person. A further body, the Disabled People’s Employment Corporation (GB) Ltd dissolved in June 2024.

103 Excluding public corporations which fall outside our accounting boundary.

104 <https://www.gov.uk/government/publications/arms-length-body-sponsorship-code-of-good-practice>



Data Incidents

During 2024-25, we notified 14 Personal Data related incidents to the Information Commissioner’s Office (ICO). The table below sets out the detail:

Category	Number of breaches reported to the ICO		
	2022-23	2023-24	2024-25
Alteration of personal data	1	2	1
Failure to redact	0	0	0
Loss/theft of paperwork or data left in insecure location	1	2	0
Verbal/written disclosure (including Postal Security Incidents)	4	3	6
Processing of wrong citizen’s personal data	2	2	2
Unauthorised access (staff member)	2	2	3
Other	3	8	2
Total	13	19	14



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 2024 No.295 together known as the 'departmental group', consisting of the Department and sponsored bodies listed on page 176.

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 our 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 our 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 2024-25 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

3 July 2025



Governance statement

Our 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 Estimate¹⁰⁵. 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 any changes made to increase the robustness and efficacy of governance through 2024-25 and to the date of certification of these accounts. 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 and challenges for 2025-26.

The system of control

The Department is governed by:

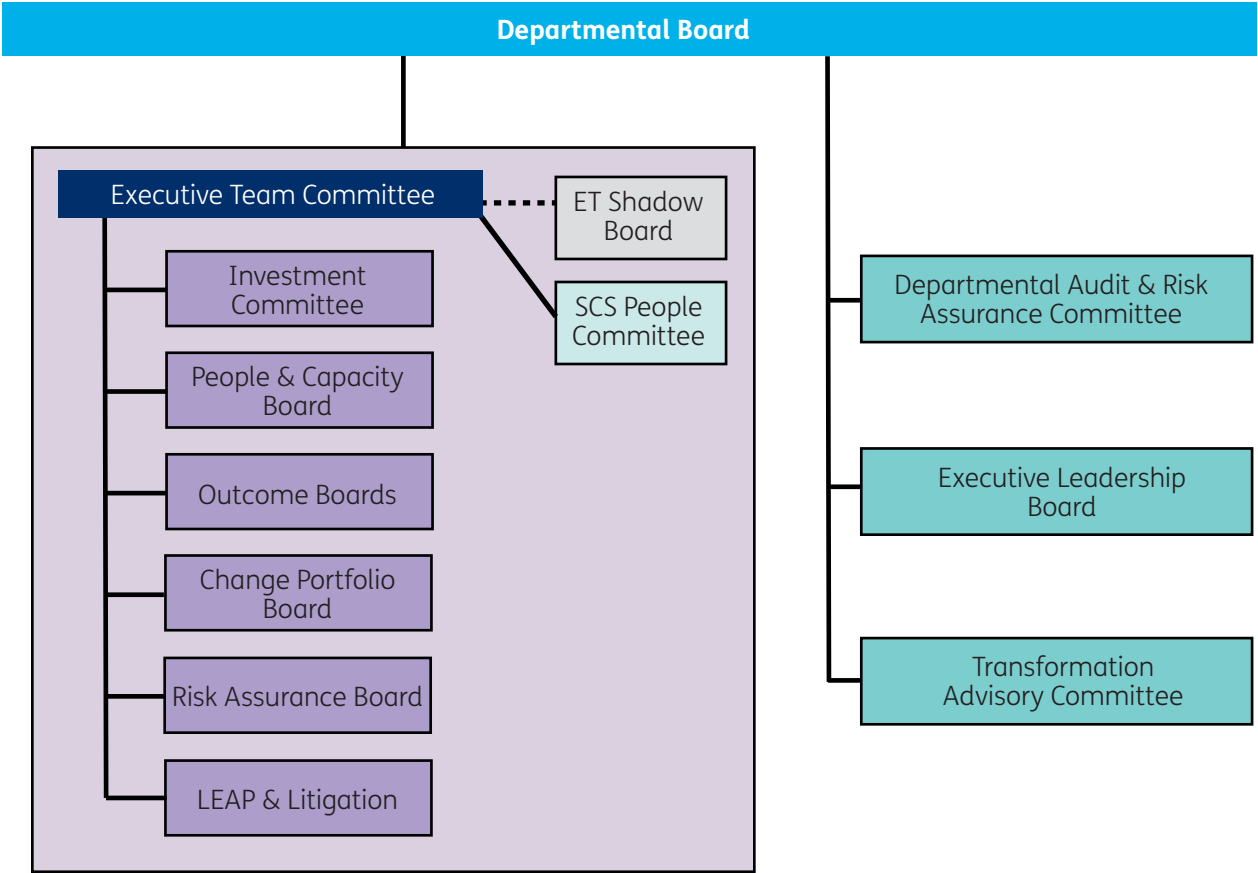
- The Secretary of State's overall responsibility for the Department and its public bodies,
- The Permanent Secretary's responsibility, both to the Secretary of State and directly to Parliament, as the Accounting Officer for the Department's expenditure and management, and
- The Departmental Board's 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 Committee and its sub-committees, along with our control framework which is supported by internal and external assurance processes.

Senior governance boards' structure

The chart below sets out the structure of the Department's senior boards for 2024-25. These are the cross-cutting boards and committees that enable the Department's senior leadership to set the strategic direction of the Department, manage performance and risk, and prioritise the allocation of resources against key priorities. This structure, and board/sub-committee terms of reference and membership, are kept under regular review.

¹⁰⁵ A document outlining a government Department's proposed maximum spending for a specific financial year.



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.

Departmental Board	
Chair	The Rt Hon Liz Kendall, Secretary of State
Meetings in 2024-25:	4
Purpose: Comprising the collective strategic leadership of the Department, its purpose is to provide strategic advice to achieve the Department’s goals effectively. The Departmental Board acts in compliance with the main principles in ‘Corporate governance in central government departments: code of good practice’.	
Activities/Focus in 2024-25	
● Assessment and review of progress against the Outcome Delivery Plan, including performance and delivery critical milestones. The Departmental Board received data through good quality systems; it scrutinises performance via a dashboard containing clear, consistent, and comparable information. ● Reflection on departmental priorities with a new Ministerial Team ● Understanding the financial envelope for 2025-26 ● Alignment of transformation and people vision with broader strategic initiatives to deliver our outcomes ● Overview of strategic risks for next 12 months ● Board induction for new ministers including overview of how the Department is governed and lines of accountability	
Board effectiveness	
A board effectiveness evaluation was conducted at the end of the year by the Lead Non-executive Director. Early insights suggest that the Board is generally effective in providing strategic clarity, with positive feedback on the performance information received. The roles within the Board are well-defined, contributions are valued, and relationships among board members are described as positive and collaborative. The Board recognised the need for a more structured and comprehensive approach to risk management. DARAC led a review to better reflect the enduring nature of risk, and this has been shared with Departmental Board members.	

**Executive Leadership Board/Nominations Committee**
(Departmental Board sub-committee)

Chair

Valerie Hughes-D'Aeth,
Non-executive director

Meetings in 2024-25:

2

Purpose: To provide a forum for strategic discussions and decisions on talent, succession planning, pay and performance of directors general.

Activities/Focus in 2024-25

- Executive Team development, performance and accountabilities
- Reviewed both end of year reward arrangements and refreshed director general succession plans to provide appropriate scrutiny

Following a review of people governance, this sub-committee was renamed from Nominations Committee to the Executive Leadership Board and guided by strengthened terms of reference.



Departmental Audit and Risk Assurance Committee (Departmental Board sub-committee)

Chair

Charlie Steel,
Non-executive Director

Meetings in 2024-25:

6

Purpose: To support the Accounting Officer by providing an independent view as to the appropriateness, integrity, adequacy and overall value for money of the governance, risk, control, audit, accounting and reporting and associated assurance processes that are in place in the Department and its public bodies.

Activities/Focus in 2024-25

- Every meeting has received updates on departmental risks, internal audit from the Government Internal Audit Agency, external audit and value for money from the National Audit Office, risk, and progress of the Annual Report and Accounts preparation
- Non-executives have challenged the Department to understand the aggregated view of risk, how we categorise and prioritise risks and their governance
- Specific focus has been given to the following risks, incidents or policy change impacts:
 - transition to Functional Assessment Service
 - changes to Winter Fuel Payments/Pension Credit
 - the Department's use of reinforced autoclaved aerated concrete
 - Change Portfolio's status
 - Government Internal Audit Agency's recommendations on Life Certification and National Insurance credits
 - Spending Review updates
- Ongoing focus from previous years included:
 - assurance on arm's length bodies
 - legal entitlement and administrative practices (LEAP) updates, including State Pension underpayments and Home Responsibility Protection
 - fraud, error and debt strategy
 - whistleblowing processes

Three non-executives were recruited in 2024-25 to strengthen the committee's skills and membership, as advised in the 2023-24 effectiveness review.

Transformation Advisory Committee (Departmental Board sub-committee)	
Chair	Arabel Bailey, Non-executive Director
Meetings in 2024-25:	8
Purpose: To provide independent expert advice to explore and guide the potential for transformation of the Department’s service delivery through digitalisation and alignment with departmental strategy to 2030.	
Activities/Focus in 2024-25	
• Advised on a broad focus of transformation, guiding the creation of the departmental strategy. • Supported the aims of the departmental strategy while preparing for the Spending Review. • Guided and scrutinised the Service Modernisation Programme and Data Strategy	

Executive Team Committee	
Chair	Sir Peter Schofield KCB, Permanent Secretary
Meetings in 2024-25:	51
Purpose: To provide executive leadership and management of the Department. As the senior decision-making body of the Department, it sets the strategic direction for the Department by overseeing strategy, fiscal events, performance and risk.	
Activities/Focus in 2024-25	
● Prepared for the 2024 general election ● Agreed the departmental strategy through to 2030 and supporting strategies for delivering new ministerial objectives such as ‘Get Britain Working’ and the new Jobs and Careers Service ● Took key decisions on future departmental spending to meet the efficiencies/ savings required from the period covered by the 2025 Spending Review, while ensuring alignment with the Department’s 2030 Strategy ● Agreed departmental funding allocations and assessed deliverability against the Departmental Plan ● Managed performance against the Department’s strategic goals ● Signed off key people matters, such as the 2024 colleague pay award, operational delivery working hours and resourcing ● Reflected on the results of the 2024 People Survey and provided steers on where further work should be undertaken with a view to improve colleague engagement ● Scrutinised the Department’s digital and data strategies, capability and technical debt ● Reviewed and agreed a refreshed set of Principal Risks	

People and Capacity Board/Capacity Board (Executive Team Committee sub-committee)

Chair	Julie Blomley, Director General, People and Capability
Meetings in 2024-25:	5

Purpose: Maintain strategic oversight of the Department's people agenda and cross-cutting issues, commission and approve the annual workforce plans and five year strategic workforce plans, guide actions impacting workforce capacity and capability, and monitor performance with the new people dashboard.

Activities/Focus in 2024-25

- Approved supply and recruitment levels at the start of the year and reviewed the in-year workforce plans progress, aligned to financial allocations.
- Discussed and steered development of strategic planning up to 2030, including the challenges and priorities of capacity issues, headcount controls and service delivery planning to demand.
- Reviewed the new people strategy to drive ambition for how the Department will attract, engage, develop, support, retain and reward colleagues
- Addressed contingent labour use, advocating a strategic approach to reduce reliance on contingent workers
- Monitored performance against desired people outcomes, using the new people dashboard
- Other matters discussed include people survey results, colleague pay, employee relations, diversity and inclusion

Following a review of people governance, Capacity Board was expanded to People and Capacity Board to provide greater oversight of the full people agenda and cross-cutting people issues.

Change Portfolio Board (Executive Team Committee sub-committee)

Chair	Neil Couling CB CBE, Director General, Change and Resilience to October 2024 Nagesh Reddy, Chief Portfolio Officer from November 2024 to date

Meetings in 2024-25:	7

Purpose: To oversee all change activity within the Department, providing a single view of change that is aligned with departmental priorities. It is responsible for performance, deliverability, resource allocation and risk management of the change portfolio.

Activities/Focus in 2024-25

- Regularly reviewed the status and updates of various programmes and projects, highlighting operational risks, delivery confidence, and the impact of external factors like elections
- Detailed updates on several programmes, including the Health Transformation Programme, Counter Fraud and Error Management System, and the Pensions Dashboard Programme were provided
- Insights on programme board effectiveness, business case governance, and changes to approval processes for non-business-as-usual business cases were provided
- Updates on financial positions, audit recommendations, and spending reviews were provided
- Updates on the change gateway and support for new change initiatives through structured discovery processes were discussed
- Maintained close links with 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

Investment Committee (Executive Team Committee sub-committee)

Chair	Catherine Vaughan CB, Director General, Finance Group
Meetings in 2024-25:	17

Purpose: To provide assurance on large-scale investments, taking decisions on the prioritisation and commencement of new activities and business-as-usual investments that exceed Investment Committee approval limits. It also oversees the Department's in-year financial position, balancing affordability and delivery considerations.

Activities/Focus in 2024-25

- Considered and approved 27 business cases to modernise and transform DWP services, and for programmes to help individuals find work and support vulnerable people
- Created an internal review panel with financial, analytical, and commercial experts to advise Investment Committee on complex business cases, ensuring value for money and effective programme delivery and evaluation
- Supported re-prioritisation where planned activity has exceeded programme budgets
- Effectively managed the Department's Central Risk Reserve budget, overseeing and scrutinising expenditure plans, and providing formal governance approval for allocations and new claims throughout the year
- Embedded the pipeline process to give Investment Committee early visibility of commercial, digital, and estates activities, clarifying the level of scrutiny required for approval by Investment Committee

LEAP and Litigation Board (Executive Team Committee sub-committee)	
Chair	Catherine Vaughan CB, Director General, Finance
Meetings in 2024-25:	3
Purpose: To monitor and proactively manage legal entitlement and administrative practices (LEAP) and litigation activity across the Department.	
Activities/Focus in 2024-25	
● Monitored active litigation high risk cases and ensured lessons learned from litigation cases are captured and implemented ● Oversaw departmental LEAP activity, encompassing financial management and resource allocation. Emphasised analysing lessons learned from completed exercises to enhance future LEAPs. Specifically concentrated on uptake of Home Responsibilities Protection and the successful conclusion of the State Pension Underpayment exercise. Strengthened the governance and communication structures for new LEAP exercises ● Considered the implications of investigations by the Equality and Human Rights Commission on disabled benefits claimants and by the Parliamentary and Health Service Ombudsman on State Pension age Following a review, this board closed in March 2025. LEAP and litigation activities will utilise other relevant existing governance routes.	

Risk Assurance Board

Chair	Nicholas Hamer, Chief Risk Officer

Meetings in 2024-25:	9

Purpose: To ensure there is an effective risk management process in operation across the Department. It considers and agrees new and emerging risks which should be escalated to the Executive Team Committee and de-escalates risks back to the business where the criticality of a risk is reduced.

Activities/Focus in 2024-25

- Provided scrutiny and oversight of the effectiveness of risk management through:
 - deep dives into Principal Risks and emerging risk themes, seeking assurance on the effectiveness of controls to reduce exposure and bring risks to an acceptable level
 - reviews of risk management maturity assessments
 - identification of delivery risks and challenges through election transition, budget and Spending Review settlements
 - tracking and assurance of recommendations from internal audit and assurance activity
- Provided assurance to the Executive Team Committee and the Departmental Audit and Risk Assurance Committee that senior responsible risk owners are managing risks effectively

Following a review, this board was replaced in March 2025 by a refreshed Departmental Risk Board with an increased management focus on scrutiny and challenge of mitigation plans to ensure that they make a difference to the risk position.

Outcome Boards (Executive Team sub-committee)	
Purpose: To drive the progress and achievement of the departmental outcomes. There are four Outcome Boards aligned to each of the strategic outcome pillars: Labour Market – chaired by Sophie Dean/Katherine Green, Director General, Labour Market and Poverty Standards of Living – chaired by Sophie Dean/Katherine Green, Director General Labour Market and Poverty Health and Disability – chaired by Katie Farrington, Director General, Social Security, Disability and Pensions Later Life – chaired by Katie Farrington, Director General, Social Security, Disability and Pensions	
Activities/Focus in 2024-25	
● Development of strategy and policy options during the pre-election period to support an incoming government ● Drove prioritisation in preparation for the Autumn Budget and Phase one and two of the Spending Review. Proposed departmental funding allocations for 2025-26 and assessed the deliverability of the Departmental Plan for the period ● Developed the performance approach and metrics to support delivery and monitoring of the government’s objectives	
Labour Market (15 meetings)	Standards of Living (9 meetings)
● Oversaw work to build the new labour market programme, including development and delivery of Get Britain Working White Paper ● Ensured policy thinking supports operational delivery across our jobcentre network ● Provided input to Universal Credit prioritisation phases for Labour Market outcomes	● Steered longer-term approach to local welfare ● Discussed the scope of the Child Poverty Strategy and how that links with other key departmental priorities ● Monitored a wide range of poverty metrics including data gathered from external organisations

Health and Disability (11 meetings)	Later Life (28 meetings)
- Supported the new government to develop their priorities of support for individuals, pathways to work, and fiscal sustainability - Oversaw the development of the Pathways to Work Green Paper	- Ensured means-tested Winter Fuel Payments were delivered at pace: managing resourcing, finance, and fraud and error risks - Supported stakeholder engagement and communications activities to increase eligible citizens' uptake of Pension Credit - Hosted a meeting with all pension-related arm's length bodies to steer priorities for improving support to address common issues and challenges

Clinical Governance

The Chief Medical Advisor has delegated responsibility for clinical governance within the Department.

The Department is responsible for over 5,500 registered clinicians. They are either directly employed, loaned to or contracted by the Department. They provide leadership, policy and innovation advice, clinical audit, health assessments and support colleagues in our jobcentres. Some are employed by the health assessment providers who undertake over two million health assessments per year.

During 2024-25, following an external review of our Clinical Governance processes we have aligned the Department's clinical governance to NHS best practice. Clinical training has been strengthened, we have appointed a Caldicott Guardian¹⁰⁶ and Clinical Safeguarding lead and improved the governance of all policies and procedures relating to clinical governance.

We have established a new Clinical Governance and Excellence Board convened by the Chief Medical Advisor and chaired by a non-executive director. The board guides the clinical governance strategy, monitors performance, advises on significant risks and provides assurance.

In 2024, our Chief Medical Advisor was formally appointed to the role as responsible officer. The Responsible Officer is supported by a multidisciplinary team with external expertise who hold the Department to account to ensure our processes align with best practice.

¹⁰⁶ A Caldicott Guardian is a senior role within a health and social care organisation responsible for protecting the confidentiality of patient and service user information and ensuring its appropriate use.

Change governance

We maintain a single view of all change across the Department on the Departmental Change portfolio. Prospective initiatives for joining the Change portfolio are routed through a single gateway, helping to provide a pipeline view of activity. During 2024-25, we strengthened our approach to on-boarding projects and programmes that require a period of discovery activity, providing a more structured approach to request change support and in a way that helps ensure the sound management of the portfolio.

The Change Portfolio Board provided high-level oversight of programme closures, helping to ensure a smooth transition to new ways of working and cascade the lessons learned. In March 2025, the Universal Credit programme – part of the Government's Major Projects Portfolio – was formally closed. The Building Safety Regulator (delivered by Health and Safety Executive programmes) also closed in March 2025. With that, the Department currently now has five programmes on the Government's Major Projects Portfolio:

- Health Transformation Programme
- Service Modernisation Programme
- Workplace Transformation
- Connect to Work (formerly Universal Support)
- Pensions Dashboards Programme (delivered by the Money and Pensions Service)

In addition, the Department's Permanent Secretary is the Accounting Officer for the Synergy Shared Services Programme on behalf of four departments in the cluster. During the year, the Change Portfolio Board were asked to increase their support and oversight of Synergy as part of strengthening assurance to the Accounting Officer. (Further information on Synergy is on page 211)

To support the successful delivery of these, and other, programmes, we have continued to build the expertise and professionalism of the project profession. Notably, around 150 colleagues are now accredited through the Infrastructure Projects Authority Accreditation Scheme. We have also established 10 Communities of Practice to share skills, knowledge and experience across programmes.

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. We meet regularly throughout the year to monitor AME spend and its trajectory against the welfare cap. See the Chief Finance Officer report on page 31 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

- The Director General, Social Security, Disability and Pensions Policy holds executive level accountability around the welfare cap, monitoring longer term risks to AME spend providing policy leadership to 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, Social Security, Disability and Pensions. The board oversees all departmental activity related to management of AME spend, including the monitoring of all risk to AME spend. The board also reviews liabilities in relation to benefit expenditure for reasons such as judicial reviews, legal cases and appeals as provisions. Further details are shown on page 372.

Management of interests

All of our colleagues are bound by the Civil Service Code – the framework on which the Department’s standards of behaviour are built. 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 a conflict of interest or the potential for a perceived conflict of interest with their official role and they must not bring the Department into disrepute.

Our Senior Civil Servants and non-executive directors and 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 the Departmental Audit and Risk Assurance Committee. A list of Senior Civil Servant outside remuneration as at 31 March 2025, agreed through the process of declaration and management of outside interests, is reported at [DWP register of senior civil servants’ secondary paid employment – GOV.UK](#) in accordance with The Code of Good Practice and HM Treasury Public Expenditure System (PES) guidance.

At the beginning of every Departmental Board and its sub-committees 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 was only one conflict of interest registered during board meetings in 2024-25.

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 there are no relevant interests to be published.

Additionally, none of our ministers held directorships that conflicted with their management responsibilities in 2024-25.

Management of business appointments

The government’s Business Appointment Rules require any employee wishing to accept a job offer made by a person, company or firm with whom they formed a relationship during their official duties to seek permission. The Business Appointment Rules are published internally, on GOV.UK, and individuals leaving the Department must be made aware of them under the department’s leaving procedures. Applications under these rules are initially 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.

Our People and Capability team scrutinise countersigned applications for assessment and ensure consistency between applications that are approved (either unconditionally or with conditions) or rejected. Any restrictions are proportionate to the grade and previous role(s) of the applicant and can apply for up to two years after the employee has left.

In compliance with Business Appointment Rules (BARs), the Department is transparent in the advice given to individual applications for senior staff, including special advisers. Advice regarding specific business appointments has been published on www.gov.uk

During 2024-25 the number of requests made is contained in the table below.

	SCS3	SCS2	SCS1	Total
Number of Senior Civil Service exits from DWP	1	9	22	32*
Number of exits where Business Appointment Rules applications were required	1	4	0	5
Number of exits that did not require a Business Appointment Rules	0	5	22	27
Number of exits where Business Appointment Rules conditions were set	0	4	0	4
Number of applications that were found to be unsuitable	0	0	0	0
Number of breaches of the rules in the preceding year	0	0	0	0

*15 of these exits were to other government departments

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

In 2024-25 Richard Corbridge, Chief Digital and Information Officer left the Department and has disclosed through a statement made to ACOBA that he did not follow the exit rules after his appointment with Segro plc. Details of this were published by ACOBA on www.gov.uk

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).

Following the cross-government review of whistleblowing carried out by the NAO and discussed at a hearing of the Public Accounts Committee in April 2024, we worked with the Government People Group (GPG) at the Cabinet Office to identify improvements to whistleblowing for 2024-25. The Department has appointed a new senior whistleblowing champion to help raise the profile of whistleblowing further.

In 2024-25, our communications to our 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 2024, involving over 60,800 respondents, showed 92% of our colleagues understand the standards set out in the Civil Service Code, 74% understand how to raise a concern and 73% are confident that if they raised a concern, it would be thoroughly investigated. This success in maintaining relatively high awareness resulted in 60 whistleblowing cases being registered up to 31 March 2025, consistent with the previous year's 56 cases.

In 2024-25 we closed 57 whistleblowing cases. 13 cases were found to have a case to answer with six breaching the Civil Service Code. Nine cases resulted in disciplinary action against individuals and four cases were to do with organisational approach/culture, which could lead to change to a policy or some promotional work on the Civil Service Code.

Once outstanding investigations have been completed to determine outcomes, anonymous details of all 60 cases will be reported internally to the Departmental Audit and Risk Assurance Committee and externally to the Cabinet Office.

Controls and assurances

Functional Standards

A function is a group aligned across government to manage functional work such as human resources, commercial, or finance. Functions are embedded in departments and arm's length bodies (ALBs). 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.

Each central function (primarily in Cabinet Office or HM Treasury) is responsible for managing its own standards and commissioning departments and ALBs to demonstrate their compliance.

In 2024-25, the Department supported the Cabinet Office to pilot an assessment framework for GovS001, the overarching functional standard which sets expectations for the direction and management of functions across government and within organisations. The pilot enhanced our understanding of function management, highlighting strengths such as the Capability and Skills function (rated 'Good') and identifying areas for improvement, particularly in cross-functional consistency. The Department continues to support development and application of the framework across government. Our central team oversees compliance, promotes best practices, including through our cross-functional working group, and provides an annual assurance letter for the Permanent Secretary. Functions are increasingly adopting continuous improvement assessment frameworks (CIAFs) to measure their adherence to standards. Notable updates in 2024-25 include the Finance function fully embedding the CIAF, with most areas scoring Better or Best, and the DWP Grants function improving from 'Good' to 'Better'. We remain committed to driving consistency and continuous improvement with robust performance data.

Risk management

DWP's approach to managing risks aligns with HM Treasury's guidance – 'The Orange Book'. The Accounting Officer System Statement available on www.gov.uk describes the risk management and internal control systems that are in place across the department and outlines our approach to managing risks across DWP over the reporting period.

The principal risk themes for 2024-25, affecting delivery of departmental objectives, are summarised in the Performance Report on page 26.

The department continues to operate in a complex environment with both external uncertainty and internal challenges. Many of our risks are enduring, driven by the nature of the organization, external factors or shifts in policy, for example demand pressures such as the increase in Pension Credit applications. We have continually monitored and worked to mitigate these enduring risks throughout the year, revising our plans as appropriate.

Despite this, we have effectively mitigated several risks this year - for example prolonged strike action by employees of a supplier and the transition of a major service contract. The department continues to seek assurance that new and emerging risks are being effectively identified and managed, through planned controls that will reduce their severity.

Risks relating to people safety and our IT infrastructure have been escalated to principal risks during the year, however these are not new risks and have been previously managed and monitored across the Department. New accident and incident reporting systems have been introduced to enable effective benchmarking and analysis, driving continuous improvement, staff training and awareness activities in health and safety management. Our IT infrastructure is being modernised to meet increasingly complex demands. Where IT systems cannot be replaced, we are prioritising remediation of legacy IT infrastructure through a programme of work to improve our systems and support delivery of departmental priorities.

The challenging operating environment requires continuous strengthening of the assurance regime and rigorous testing to ensure that risk assessments are realistic and that risk management plans will bring them within tolerance and appetite.

As a result, we have re-assessed our risk management approach - alongside wider reviews of departmental governance and are working towards a full refresh of our principal risk set to better reflect the enduring nature of risk, ministerial priorities and more clearly align with the Orange Book.

Security and information management

Departmental security is managed and overseen by the Chief Security Officer (CSO), who reports to the Director General, Finance and attends both the Risk Assurance Board and the Departmental Audit and Risk Assurance Committee (DARAC). The CSO provides DARAC six monthly reports focussed on our progress with agreed security priorities. Deep dives on the potential impact of Artificial Intelligence on fraud and our approach to supply chain assurance have also been presented to DARAC members outside of formal meetings.

During 2024-25, we have focussed on five key priorities, which were endorsed by our audit committee, to improve our departmental security further:

- **Supplier Assurance:** Joint assurance is undertaken with our commercial colleagues pre and post contract award building on targeted education and changes to commercial governance. Alongside this we've worked with Business Continuity colleagues to improve understanding of the Department's supply chain in the context of our most critical services.
- **Physical Security:** We've implemented a revised physical security operating model to improve the management of physical security risk and controls. We've met targets to complete physical security assurance assessments across 50% (circa 425 sites) of our estate, including 100% of our highest impact sites.

- **Critical National Infrastructure (CNI) and Internet Facing (Citizen) Services:** We've extended our comprehensive controls-based approach, by testing our preparedness for a severe cyber-attack against our systems. Testing included table-top exercises with several business areas on CNI systems and related critical services. We've enhanced the automation of our controls to keep our defences current against the growing global threat. This aligns with National Cyber Security Centre threat reporting on attack methodologies.
- **Personnel Security:** We've had a strong focus on Insider Threat joining up insight across operational activities, investigations and a range of data and intelligence sets. In 2025 we achieved an independently assured rating of level three 'competent' for our implementation of The National Protective Security Authority (NPSA) Personnel Security Maturity Model, which has established a framework for assessment of the Department's Personnel Security operations and its continued maturity in building resilience against Insider Risks and Threats.
- **Capability:** We've established a cross-government Security academy which will provide the Department all the benefits of the DWP Academy at a reduced cost to us. Graduates will join the Department with greater cross-government security knowledge.

These priorities were developed and informed by results from the Departmental Security Health Check and the Cyber Assessment Framework to enable the Department to focus on areas of greatest risk. These priorities are under constant review as we continue to analyse the threats and risks.

We continue to support cross-government work in several areas, most notably during 2024-25, in providing the cross-Government Security Academy but also in continuing to provide security education and awareness for civil servants across departments.

The Department also holds the chair of the Vetting Executive Challenge Board, the principal customer Board for vetting transformation and is a member of the Ministerial Vetting Oversight board chaired by Cabinet Office and Home Office Ministers.

During 2024-25, the Data Protection Officer reported 14 incidents to the Information Commissioner's Office, details of which are recorded in the table on page 177.

During 2024-25 the Department received 30,389 Subject Access Requests (SARs) with 29,600 completed. We completed 20,624 (71%) within the statutory UK General Data Protection Regulations deadline. In 2023-24 we completed 21,231 (80%) within the statutory deadline. The decreased performance was addressed in year with the deployment of a recovery plan and in the longer term, digital transformation of the DWP's SAR Service is expected to deliver further performance improvements.

We continued to review many of the Department's historical corporate records with 22,731 records being processed. This activity helps to preserve the Department's most significant corporate memory and fulfils our obligations under the Public Records Act.

Freedom of Information (FOI) performance within the Department remains strong. There has been another increase in the volume of new requests received consistent with the trend experienced over recent years. We exceeded the Information

Commissioner's Office monthly 90% minimum target, for replying to responses within 20 working days, in every month, achieving an overall yearly performance score of 98%.

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 \(www.gov.uk\)](https://www.gov.uk/freedom-of-information-statistics)

Departmental Security Health Check and Cyber Assessment Framework (CAF)

The Department continues to engage with the mandatory Departmental Security Health Check (DSHC) and the Cyber Assessment Framework. These two programmes of work are designed to give departments insight, learning and assurance with regards to their security activities. We have now put a total of four CNI systems through the CAF process and have taken forward the learning to focus our activities for the following year.

Artificial Intelligence (AI)

The Department has established an overarching governance and assurance framework approach that can assure cross-cutting technology and capability.

Within this, we are developing a Responsible AI Framework which will be used to assure applicable specific AI initiatives. The Responsible AI Framework has governance in place to ensure we are using AI in a safe, ethical and transparent way. The Department's use of AI adheres to six principles:

- Explainable
- Mitigated
- Controlled
- Understood
- Value-led
- Governed

The **AI Delivery Board** allows for a holistic view of proposed AI projects before granting approval for development to begin or continue. The board is responsible for:

- Providing advice, assurance, and support for the delivery of all elements within the scope of the AI and Innovation unit.
- Championing the project, supporting its successful and safe delivery, ensuring that effective risk management is applied and provide continuing assurance and compliance with the Department's policies, procedures, and guidance.

The **AI Independent Advisory Group** is chaired by the Department's Deputy Chief Data Officer. The focus of the advisory group is to enable the Department to comply with Government Digital Service's requirements relating to the Algorithmic Transparency Recording Standard (ATRS). This enables the Department to provide clear information about the algorithmic tools it uses. The first ATRS record was published in February 2025, following approval by the AI Independent Advisory Group.

The Department records all AI developments in an AI and Algorithmic Register that includes the project, a description of what is being built, its usage and its possible effects. This inventory has been aligned to the Department for Science, Innovation and Technology's Algorithmic Transparency Recording Standard.

AI initiatives are taken to **Digital Design Authority** advisory and approvals which is part of existing digital governance. The authority 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.

The Department continues to review and iterate its AI governance and assurance framework so that it remains relevant, robust and includes expert representatives from across key areas (data, legal, cyber, risk, etc.) for advice, oversight and assurance throughout the development lifecycle.

For more information, see the section on data and analytics Fraud, error and debt report page 101.

Commercial and contract management

2024-25 saw implementation of the Procurement Act 2023 and a new National Policy Procurement published in February 2025. Alongside maximising the opportunities presented by the flexibilities introduced in the new regulations, we are conscious of the increased risk of an extended period of dual running with procurements under Public Contract Regulations 2015 and Procurement Act 2023. To mitigate this risk, our commercial team has completed an internal re-structure to create a dedicated compliance function focussed on assurance of key risk areas. The team will be fully operational later in the year.

Commercial Standards Contract Management

The commercial function is assessed against Government Functional Standards at regular intervals. The most recent assessment completed in January 2025 was peer reviewed by the Ministry of Justice providing independent assurance. We achieved increased performance against a substantial number of metrics when comparing 2025 to 2022; these two data points have been selected as both of these assessments were externally peer reviewed, and therefore a valid basis for comparison. This resulted in an overall average rating of 90% in March 2025, equating to an overall rating of 'Best'. The average for the cohort was 72%.

Given that high performance, we have only a limited number of improvement metrics, including contract management capability accreditation levels. Early in 2024-25 the Cabinet Office Contract Management Capability Programme paused for a refresh, slowing progress in this area during the year. We will renew focus in this area with improved data supporting identification of relevant contract managers and targeted focus on enrolment and accreditation.



Commercial Controls

Late in 2023-24 the Department raised its Commercial Approval Board entry threshold from £100,000 to £400,000, introducing a light touch procurement commissioning template for transactions between £100,000-£400,000, and reducing the volume of commercial decisions requiring full board approval by approximately 50%. This change was subject to assurance throughout 2024-25 and the date these accounts are certified, with iterative changes to the process made to ensure it continues to provide robust control. The change has introduced consistency in decision making and audit trails, at the same time as releasing capacity to focus on more complex activity.

We have introduced an explicit declaration in the governance process to attest to the checks undertaken to manage potential conflicts of interest, strengthening controls in this area.

Assurance

During 2024-25 we completed a pilot of external assurance reviews, concluding they add value to complex procurements, particularly at invitation to tender and evaluation outcome stage.

The commercial team completed assurance of its contract portfolio against applicable contract management standards as part of a sampling exercise throughout 2024-25 and the date these accounts are certified. For the most critical contracts, compliance with standards was high. Compliance levels were lower for less critical contracts, particularly in respect of compliance with contract management products such as contract management plans. Improvement plans are in progress, including a more proportionate product set for contracts in the lower risk categories. Government Internal Audit Agency have reviewed the approach and closed the related outstanding recommendations.

Analytical Models Management

In line with the Macpherson recommendations the Department continues to use a quality assurance framework that is embedded in our processes which covers our business-critical models within the Analytical Community and Finance Group. The relevant deputy directors are accountable for the quality of the models and forecasts in their area, and we continue to develop and provide best practice guidance and training to all staff developing models. We have a list of business-critical models which are owned by the analytical community and Finance Group includes information on quality assurance, ownership and impact.

Our Policy Costings Scrutiny Committee and Review Scrutiny Panels, scrutinise the different aspects of costings for each fiscal event. The Office for Budget Responsibility (OBR) examine our forecasts, costings and wider economic impacts of changes to policy. We work 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 we conduct lessons learned exercises to identify what works, and



areas we can improve on in the future. We also continue 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.

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.

We award 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.

We have 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, Challenge, Oversight, Governance and Strategic Support Division Directorate has responsibility for ensuring that new schemes and grant extensions, equal to or above £100,000, are compliant with the Government Grants Functional Standard. The board ensures that grant owners demonstrate how all aspects of the functional standard are met before a scheme is approved. In 2024-25 18 new grants and extensions were considered by the Grants Approval Board totalling £2.6 billion. The reason for the significant increase in the value of grants this year is mainly due to the new government's focus on boosting employment and tackling economic inactivity through the introduction of the "Get Britain Working" initiative.

Assurance from Executives

The Accounting Officer issues a formal letter to each director general setting out their delegated accountabilities and authority. The Executive Team Committee 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 2024-25, 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. This year we have enhanced the scrutiny of the returns to further test their controls and processes, providing an extra layer of assurance to the Accounting Officer. In addition, to support this process, we continue to apply a risk management assessment 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 business areas 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 tackling levels of fraud, error and debt, and the move to prevention, managing capacity and capability pressures, alongside growing demand for our services.

Assurances covering our public bodies

For 2024-25 the Director General, Disability, Health and Pensions policy provided assurance on the governance and control arrangements for the public bodies which deliver outcomes on our behalf. Our Arm's Length Bodies Partnership Division was responsible for holding relevant public bodies to account and ensuring that they worked to the high standards expected of them¹⁰⁷. We have a range of oversight activity in place to provide assurance that each body is working effectively through robust governance arrangements.

Our annual assurance assessment involves a deep dive into each of our public bodies, with input from functional colleagues across the Department and other government department policy areas where relevant, to assess the level of risk posed by each to the Department. The outcome of this assessment is reported into the Departmental Audit and Risk Assurance Committee, and we additionally provide a light touch quarterly dashboard to update progress throughout the year. Our ongoing programme of engagement and assurance activity includes our quarterly accountability reviews with the bodies, our attendance at the bodies' audit and risk assurance committees and ongoing senior day to day engagement with the bodies. This ensures that we have proportionate oversight and understanding of the risks and opportunities that our bodies present to the Department.

Our risk management approach is written into the framework documents that govern our relationship with our 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. Our Arm's Length Bodies Partnership Division reviews risk as part of the quarterly accountability review process, with functional expertise provided by the Department's Risk Management Directorate. Our 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 Committee and the Departmental Audit and Risk Assurance Committee that we have a good overview of our public bodies and meet HM Treasury and Cabinet Office expectations of assurance.

¹⁰⁷ Partnership responsibility for Nest Corporation moved to Automatic Enrolment and Defined Contribution Pensions Policy Division as part of a trial in June 2024 but returns from April 2025. Responsibility for partnership of the Industrial Injuries Advisory Council and Social Security Advisory Committee moved to Disability and Health Support Directorate in February 2025.

We have strengthened arm’s length bodies’ links to our own governance arrangements. For example, arm’s length bodies delivering Government Major Projects Portfolio programmes where the Department is the policy sponsor will be required to regularly attend the Change Portfolio Board, as well as the Investment Committee.

Our public appointments team, within the Arm’s Length Bodies Partnership Division, conducts our public bodies’ appointments exercises (chairs, most non-executive directors and members, and the Pensions Ombudsman and Deputy Pensions Ombudsman) on behalf of ministers. 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 our ministers are fully compliant with the Cabinet Office governance code on public appointments. All public body appointments activity for 2024-25 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 directors Catherine Mackay Terms signed on 30/09/24 and the appointment began on 1/10/24 Christopher Johnson Terms signed on 28/09/24 appointment began on 1/10/24	Chair Sarah Newton 2 years extension Terms signed on 4/02/25 appointment begins on 1/08/25	
Money and Pensions Service	Non-executive directors Jaspal Dhillon Terms signed on 20/05/24 and appointment began on 8/06/24 Richard Harvey Terms signed on 17/05/24 and the appointment began on 1/06/24		

Public body	New appointment (up to 5 years)	Reappointment (up to 5 years)	Extension (up to 12 months)
Industrial Injuries Advisory Council	Chair Professor Gillian Leng Terms signed on 21/03/25 and appointment begins on 1/04/25	Members Lesley Francois Terms signed 17/06/24 and appointment began on 1/09/24 Dr Jennifer Hoyle Terms signed 20/06/24 and appointment began on 1/09/24 Dr Daniel Shears Terms signed 20/06/24 and appointment began on 1/09/24	
Social Security Advisory Committee		Members Carl Emmerson Terms signed 12/09/24 and appointment began on 1/02/25 Phil Jones Terms signed 12/09/24 and appointment began on 1/02/25	Members Carl Emmerson extended to 31/01/25 Phil Jones extended to 31/01/25
The Pensions Ombudsman	New Deputy Ombudsman – Camilla Barry Terms signed on 1/11/24 and appointment began on 9/12/24 ¹⁰⁸	Non-executive director Emir Faisal 01/05/2024–30/04/2027	Interim Chair – Anthony Arter: extended until 30/06/2025 Non-executive director Robert Branagh Extended until 30/04/26 Myfanwy Barrett Extended until 30/04/26

108 On 19 June 2025 Deborah Evans was announced as the new chair of The Pensions Ombudsman

Public body	New appointment (up to 5 years)	Reappointment (up to 5 years)	Extension (up to 12 months)
The Pensions Regulator	N/A – no regulated appointments for TPR		
The Office for Nuclear Regulation	Chair Dr Nicola Crauford Terms signed on 21/12/24 and appointment began on 1/03/25	Non-executive director Janet Wilson Terms signed on 31/10/24 appointment begins 1/04/25	Non-executive director Tracey Mathews Extended until 1/06/25
National Employment Savings Trust	Board Members Michael Gordon Terms signed on 24/10/24 and appointment began on 25/11/24 Stuart White Terms signed on 24/10/24 and appointment began on 25/11/24 Catherine Howarth Terms signed on 30/10/24 and appointment began on 25/11/24 Faith Reynolds Terms signed on 28/10/24 and appointment began on 25/11/24 Howard Walpole Terms signed on 5/11/24 and appointment began on 25/11/24		

Assurance from HM Revenue and Customs

HM Revenue and Customs has provided the Department a letter of assurance that has been approved by its 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 record and real time information shared with the Department for the year ended 31 March 2025.

Two areas of assurance risks were raised in the letter of assurance: the accuracy of data provided to HM Revenue and Customs from third parties, including employers and the DWP and, the effectiveness and accuracy of the HM Revenue Customs systems (people, process, and technology) that record, process and transmit data.

A joint oversight group, jointly chaired by the Director of Operational Excellence (HMRC) and Director of Retirement Services (DWP) continues to support internal assurance activities across our departments. The group oversee the management of risks and issues impacting on the National Insurance record, including missing Home Responsibilities Protection, payment and recording of voluntary National Insurance contributions. Further detail on these areas is contained in the fraud and error section of the Annual Report and Accounts page 372 and the Performance Report page 92.

Additionally, the group continue to oversee the recommendations from a joint internal audit review. Significant progress has been made on the four joint recommendations from HM Revenue and Customs Internal Audit. Three of these recommendations are now closed. Plans are in place to complete the outstanding recommendation later this year. Two HM Revenue Customs only recommendations have also been closed. Furthermore, a review relating to missing Home Responsibilities Protection is underway. There is still work to do to review and ensure that all necessary controls are in place to maintain the integrity of the National Insurance account. However, good progress has been made in 2024-25 and will continue under the supervision of the Joint Oversight Group.

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 (SOP) system including its data, hosting, infrastructure management support, application management support, service management and performance management.

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 these various sources of assurance in the 2024-25 Letter of Assurance as follows:

- PwC provided reasonable assurance based on six government specific reviews. This is consistent with the opinion provided for 2023-24. Governance, risk management and control in relation to business-critical areas is generally satisfactory but with some areas of weakness and/or non-compliance. There are no DWP specific findings, the findings are related to generic framework level provision.
- The Government Internal Audit Agency completed three end-to-end audits and have provided a moderate opinion. This is an improved opinion from the previous years limited opinion. The main concern is:
 - staff overpayments and recovery audit and the requirement for improved management information to provide a high-level overview of total overpayment balances and recoveries.

Most findings are generic to services provided by SSCL for all government departments, including DWP.

The Department is content with the consistent level of assurance from last year regarding the governance, risk management and control environment operating within SSCL based on the PwC audit activity during 2024-25.

We also acknowledge the improved overall assurance rating from the Government Internal Audit Agency from limited last year to moderate this year, based on their audit work relative to both Departments and SSCL.

The findings provide the Department with sufficient assurance of the effectiveness of the controls employed by SSCL that were examined during 2024-25. There are no DWP specific concerns apparent that are likely to materially impact the statements included in the Annual Report and Accounts.

Assurance opinion of the DWP Group Chief Internal Auditor

The Department's Group Chief Internal Auditor (GCIA) provides independent assurance to the 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 Committee 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 2024-25. This opinion has been presented in accordance with the areas of the Risk Control Framework set out in the Orange Book¹⁰⁹ and reflects the Department's governance, risk management and controls, with concerns remaining over people issues and risk management.

¹⁰⁹ [Orange Book - GOV.UK](#)

The overarching themes covered by the GCIA's report including key feedback were:

Risk management processes across the Department: We've recognised this as a priority and good progress has been made towards the development and implementation of a refreshed approach.

Cyber resilience remains a key priority for the Department, and we're progressing towards achievement of the 'adaptive' tier of the NIST Cyber Security Framework.

The level of **complexity in processing claimant commitments** is impacting on the delivery of policy intent, for example the Government Internal Audit Agency identified issues in both Universal Credit and Job Seekers Allowance.

In May 2025 the Department published estimates of the levels of **fraud and error** in 2024-25. In Universal Credit (UC) rates dropped significantly in 2024-25, from 12.4% to 9.7% of expenditure and it no longer has the highest rate of overpayments. In addition to this DWP reported on its successes across core detect activity, exceeding their Annually Managed Expenditure savings target to deliver around £2 billion savings.

Transitioning programmes: We've successfully transitioned programmes from change into live running, most notably UC for tax credit customers.

A review into **Management of Overtime** identified a need to strengthen controls in relation to the governance and oversight of processes in place to manage overtime working.

Capacity and capability remain an ongoing concern. We need to prioritise staff training and development to embed a true learning culture.

Revised operating procedures in Pension Credit: We managed the response to changes in eligibility to Winter Fuel Payments, supported by a robust risk and impact assessment. Revised operating procedures will be reviewed to identify and correct any resultant fraud, error, and debt.

We also need to tighten our current procedures for **Access to Work** to effectively manage expenditure levels and ensure support is appropriately targeted.

Governance and oversight of key Departmental Change Programmes: A greater focus on governance, benefits management and lessons learned will safeguard success. The Synergy Programme, which was reviewed by the National Infrastructure and Service Transformation Authority in both December 2024 and March 2025, has since made significant progress. The GCIA has noted improvements in governance, leadership and planning.

Assurance from other sources

The National Audit Office

During 2024-25, the National Audit Office (NAO) undertook value for money (VFM) studies and investigations and published four reports. It completed one VFM study specific to the Department: DWP customer service, published on 23 July 2024. The NAO also published an investigation into the Pensions Dashboards Programme on 10 May

2024, a report on Carer's Allowance on 11 December 2024, and a report on Supporting people to work through jobcentres on 31 March 2025. The NAO also published its annual Departmental Overview on 11 October 2024.

DWP customer service report noted that there was increasing demand for DWP services, and that call handling performance, customer satisfaction levels and uptake of digital channels varied across services. The report on the Investigation into the Pensions Dashboards Programme, found that multiple factors had contributed to delivery problems, and that DWP had identified a need to clarify accountabilities with arm's length bodies on programme delivery and consider how bodies could be appropriately supported while remaining at arm's length. The Carer's Allowance report found that the amount of total outstanding overpayment debt had increased since 2018-19, and that the amount of debt recovered by DWP had increased, while the average value of new overpayments identified had fallen. The report on Supporting people into work through jobcentres found that demand for support from work coaches had increased. More than half of jobcentres have used a flexibility framework to reduce the support provided to Universal Credit claimants when demand is too high.

We engage with several reports that are cross-government studies and insight reports identifying good practice and lessons learned across government, including for example: Making public money work harder, An Overview of the impact of fraud and error on public funds for the new Parliament 2023-24, Maintaining public service facilities, Estimating and reporting fraud and error in annual reports and accounts, Good practice in annual reporting, and Overcoming challenges to managing risks in government. NAO reports on the Department are available at www.nao.org.uk

The NAO's reports are presented to Parliament. The Public Accounts Committee may hold an inquiry on the NAO reports and invite the Department to answer questions on it. The Public Accounts Committee will produce its own report with recommendations and the Department responds to HM Treasury as appropriate.

During 2024-25, the Department attended three Public Accounts Committee oral evidence sessions. The Public Accounts Committee subsequently published reports on Progress in implementing Universal Credit in April 2024 as well as a report on DWP Customer Service and Accounts 2023-24 in December 2024. Cross government reports with DWP participation include Whistleblowing in the Civil Service and Tackling Homelessness. PAC reports are available at: [PAC publications](#).

National Infrastructure and Service Transformation Authority (NISTA)

We continue to work closely with NISTA (formerly known as the Infrastructure Projects Authority) and HM Treasury who provide independent assurance of our GMPP (Government's Major Projects Portfolio) projects and programmes, including potential new programmes.

During 2024-25, NISTA (the Infrastructure Projects Authority) undertook seven independent reviews of the following programmes¹¹⁰:

¹¹⁰ The most recent results are published in the annex of [IPA Annual Report on Major Projects 2023-24](#)

- Synergy
- Workplace Transformation
- Universal Credit
- Health Transformation
- Connect to Work
- Pensions Dashboard
- Building Safety Regulator

These reviews support the approvals and assurance of business cases and provide assurance to senior responsible owners and accounting officers. With regards to Synergy areas of significant risks were identified.

The Synergy Programme's aim is to improve the way HR, payroll, finance and procurement are done across four departments and their arm's length bodies, to enable better data sharing, better decision-making and simpler processes. The complexity in delivering business transformation across multiple departments to challenging timescales has caused early delays to the Programme.

In October 2024, the previous senior responsible owner reported significant risks. As a result, a remedial plan was developed in consultation with the National Infrastructure and Service Transformation Authority. A new senior responsible owner and programme director are now in post and are delivering a plan to resolve key delivery issues. One critical issue is the agreement of a fully costed and deliverable integrated plan in summer 2025 following work to extend common design and rephase and replan the release dates for departments to move over to Synergy services.

Government Banking

The Department accesses its domestic and overseas money transmission services through contracts operated by Government Banking. A memorandum of understanding between the Department and Government Banking acts as the agreement through which services are delivered. To meet the obligations of the agreement, Government Banking provides us with an annual letter of assurance on the suppliers' performance, including service quality, cost effectiveness, continuous improvement, security accreditation and sustainability. The letter is received after the publication of the Annual Report and Accounts, however, there are no indications of any material concerns about how the contracts have been delivered 2024-25, which is consistent with previous years' letters.

Accounting Officer's assessment of the system of control and challenges for 2025-26

Following in-year discussions with my Executive Team, Chief Risk Officer, Group Chief Internal Auditor, and assurances I have received; I share the Group Chief Internal Auditor's view that the controls provide moderate assurance.



As shown throughout this document, our system of control encompasses clear Ministerial priorities and established accountabilities. Running through this is strong and transparent governance, sound risk management, and a robust approach towards functions and compliance. All of this is underpinned by our values of we care, we deliver, we work together, we adapt, and we value everybody. We apply this internally, through the wider department, and with the increasing range of partners we work with.

As we enter 2025-26 against a challenging operating environment, the Department will continue to focus on providing employment support and payment of benefits including the State Pension. Supporting disabled people and those with health conditions to live independently will also be a priority. We will continue to focus on achieving government priorities and improving the customer experience by simplifying and modernising our services. We will pay particular attention to the following areas.

Policy and welfare reform

The Department is working towards reforming our employment support and welfare delivery, in an uncertain economic environment. To enable the Department to move closer to our ambition of an 80% employment rate, we will make our plan to Get Britain Working a reality and rebalance social security spending to better support people into work and reduce the risk of long-term inactivity.

We will support disabled people and people with health conditions by breaking down barriers to work and creating more opportunities, building a fairer, more modern health and disability benefits system and streamlining the assessments process.

We will strengthen a pensions system that prioritises savers and pensioners, ensuring decent, secure retirement incomes for all, reviewing the private pensions system and continuing to drive take-up of Pension Credit.

We are also committed to reducing and alleviating child poverty and improving children's lives through a cross-government Child Poverty Taskforce. In 2025, we will publish an ambitious cross-government Child Poverty Strategy to improve financial security and create better opportunities for children and families.



People and capability

The demands on our people continue, given budget constraints and increased demand for our services. We are aligning our workforce capacity in a flexible way to support our priorities. Learning and development will continue to remain a focus to ensure that the workforce is readily adaptable to deliver as we reform our services.

Capability will also be supported through redesigning our reward strategy and progressing the Synergy Programme, which will streamline and modernise our HR, Finance, Payroll, and Procurement systems.

Fraud and Error

Although we have made good progress this year in detecting and preventing fraud and error, we still need to go further, investing in preventative activity alongside our existing strong detect functions to ensure we are stopping incorrect payments from the outset or correcting them as quickly as we are able. Our Public Authorities (Fraud Error and Recovery) Bill will modernise our legislative framework, helping identify, prevent, and deter fraud; and enabling better recovery of debt owed to the taxpayer. Further information is set out in the Fraud, error and debt report page 92.



Remuneration and staff report

The remuneration report provides details on our policies as well as the cost of our leadership team and staff. This section also includes details of our staff engagement and diversity and inclusion information.

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 our 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 £91,346 (from 1 April 2024)¹¹¹ 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

¹¹¹ [MPs' pay & pensions | IPSA \(theipsa.org.uk\)](https://theipsa.org.uk)

allowances to which they are entitled, is paid by the Department, and is therefore shown in full in the figures on page 218.

Bonuses

Bonuses are non-consolidated variable performance related payments awarded to our 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 2024-25 relate to performance between 1 April 2023 and 31 March 2024.

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 'Exceeding' or 'High Performing' 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

We keep a register of our directors' interests. This contains details of company directorships and other significant interests held by those members. None of our directors or ministers held directorships that conflicted with their management responsibilities in 2024-25.

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)

Ministers	2024-25					2023-24				
	Full year		Severance		Pension benefits to nearest £1,000 ¹¹²	Total to nearest £1,000 ¹¹³	Full year		Severance	
	Salary equivalent payments	£	£	£			Salary equivalent payments	£	£	Pension benefits to nearest £1,000 ¹¹²
Rt Hon Liz Kendall MP from 5 July 2024	49,903	67,505	–	13,000	63,000	–	–	–	–	–
Rt Hon Sir Stephen Timms MP from 8 July 2024	23,164	31,680	–	6,000	29,000	–	–	–	–	–
Alison McGovern MP from 8 July 2024	23,164	31,680	–	6,000	29,000	–	–	–	–	–
Emma Reynolds MP from 9 July 2024 Left 15 January 2025	–	–	–	–	–	–	–	–	–	–
Andrew Western MP from 9 July 2024	16,300	22,375	–	4,000	21,000	–	–	–	–	–
Baroness Sherlock OBE from 9 July 2024	34,215	81,485	–	5,000	39,000	–	–	–	–	–
Torsten Bell MP from 15 January 2025	–	–	–	–	–	–	–	–	–	–

112 To calculate the pension benefits accrued during the year, we first take the real increase in pension and multiply it by 20 and add the real increase in any lump-sum. Then we subtract 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.

113 Totals may not sum due to rounding on pension and totals column.

Ministers	2024-25					2023-24				
	Full year		Pension		Total to nearest £1,000 ¹¹³	Full year		Pension		Total to nearest £1,000 ¹¹³
	Salary £	Severance equivalent payments £	benefits to nearest £1,000 ¹¹²	benefits to nearest £1,000 ¹¹³		Salary £	Severance equivalent payments £	benefits to nearest £1,000 ¹¹²	benefits to nearest £1,000 ¹¹³	
Rt Hon Mel Stride MP from 25 October 2022 Left 5 July 2024	17,784	67,505	16,876	4,000	39,000	67,505	67,505	–	18,000	86,000
Mims Davies MP from 27 October 2022 Left 5 July 2024	8,036	31,680	7,920	1,000	17,000	22,375	22,375	–	6,000	28,000
Viscount James Younger from 1 January 2023 Left 5 July 2024	28,276	107,335	–	2,000	30,000	107,335	107,335	–	58,000	165,000
Jo Churchill MP from 13 November 2023 Left 5 July 2024	8,346	31,680	7,920	2,000	18,000	11,248	31,680	–	3,000	14,000
Paul Maynard MP from 13 November 2023 Left 5 July 2024	5,894	22,375	5,593	1,000	13,000	8,577	22,375	–	2,000	11,000
Guy Opperman MP from 27 October 2022 Left 12 November 2023	–	–	–	–	–	20,655	31,680	–	5,000	26,000
Tom Pursglove MP from 27 October 2022 Left 6 December 2023	–	–	–	–	–	23,760	31,680	–	5,000	29,000
Laura Trott MBE MP from 27 October 2022 Left 12 November 2023	–	–	–	–	–	14,917	22,375	–	3,000	18,000

Emma Reynolds MP was an unpaid minister by the Department until her departure in January 2025. Torsten Bell MP joined in January 2025 and is an unpaid minister by the Department. Baroness Sherlock OBE was an unpaid minister until December 2024.

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 received and not salaries entitled to.

No minister received any benefit in kind.

Executive directors' pay

(This information is subject to audit)

Executive directors	2024-25					2023-24				
	Salary £000	Bonus payments £000	Pension benefits to nearest £1,000 ¹¹⁴	Benefit in kind to nearest £100	Total (£'000) ¹¹⁵	Salary £000	Bonus payments £000	Pension benefits to nearest £1,000 ¹¹⁶	Benefit in kind to nearest £100	Total (£'000) ¹¹⁵
Sir Peter Schofield KCB from 18 July 2016	205-210	10-15	55	-	280-285	195-200	10-15	118	-	330-335
Debbie Alder CB from 1 January 2014 ¹¹⁷	105-110 (FYE 2014 ¹¹⁷ 170-175)	-	57	-	160-165	120-125	10-15	48	-	185-190
Neil Couling CB CBE from 1 October 2014	190-195	-	127	-	315-320	180-185	0-5	58	-	240-245
Amanda Reynolds from 1 February 2021	175-180	10-15	70	-	260-265	170-175	0-5	65	-	235-240
Katie Farrington from 15 March 2021 ¹¹⁸	130-135 (FYE 2021 ¹¹⁸ 145-150)	0-5	78	-	215-220	130-135	10-15	65	-	210-215
Barbara Bennett from 20 June 2022 ¹¹⁹	170-175 (FYE 2022 ¹¹⁹ 185-190)	0-5	66	-	235-240	165-170	-	65	-	230-235
Catherine Vaughan CB from 1 November 2022	160-165 (FYE 2022 ¹¹⁹ 165-170)	10-15	53	-	230-235	160-165	10-15	62	-	235-240

114 To calculate the pension benefits accrued during the year, we first takes the real increase in pension and multiplies it by 20 and add the real increase in any lump-sum. Then we subtract 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.

115 Totals may not sum due to rounding.

116 The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 based on alpha membership for the period between 1 April 2015 and 31 March 2022 have been reported since 2023-24 based on PCSPS membership for the same period

117 Debbie Alder works 0.58 FTE.

118 Katie Farrington works 0.9 FTE.

119 Barbara Bennett works 0.9 FTE.

Executive directors	2024-25					2023-24				
	Salary payments £000	Bonus £000	Pension benefits to nearest £1,000 ¹¹⁴	Benefit in kind to nearest £100	Total (£'000) ¹¹⁵	Salary payments £000	Bonus £000	Pension benefits to nearest £1,000 ¹¹⁶	Benefit in kind to nearest £100	Total (£'000) ¹¹⁵
Sophie Dean from 5 December 2022 ¹²⁰	90-95	10-15	59	-	160-165	85-90	-	60	-	145-150
Katherine Green from 5 December 2022 ¹¹⁷	90-95	10-15	60	-	160-165	85-90	-	63	-	145-150
Julie Blomley ¹²¹ from 1 April 2024	160-165	0-5	48	-	210-215	-	-	-	-	-
Helen Pickles from 1 August 2023 Left 19 April 2024	10-15 (FYE 130-135)	-	9	-	15-20	90-95 (FYE 130-135)	10-15	145	-	250-255
Richard Corbridge from 11 April 2023 Left 15 November 2024	135-140 (FYE 205-210)	-	-	-	135-140	190-195 (FYE 195-200)	0-5	75	-	270-275
Helen Wylie from 1 November 2024	70-75 (FYE 175-180)	-	29	-	100-105	-	-	-	-	-
Simon McKinnon CB CBE from 1 January 2019 Left 30 June 2023	-	-	-	-	-	40-45 (FYE 160-165)	-	16	-	60-65

All pension benefits for 2024-25 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.

Caroline Croft (appointed May 2023) holds the role of Director General, Employment with Economic Recovery and UK Governance and is our legal advisor. Prior to Caroline's appointment Mel Nebhrajani (appointed October 2021 to May 2023) held the role. Our legal services are provided by the Government Legal Department (GLD) and as such, their remuneration is disclosed in GLD's Annual Report and Accounts 2024-25.

120 Sophie Dean and Katherine Green job share, working 0.6 FTE each. The FYE of the post is £150,000-£155,000.

121 During the year, Julie Blomley received a reimbursement of £0-5,000 for benefit in kind related to her previous employment at another Government Department. The full amount was still outstanding from the other government department as at 31 March 2025.

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 2024-25 was £220,000 to £225,000 (2023-24: £210,000 to £215,000). This was 7.16 times (2023-24: 6.82) the median remuneration of the workforce, which was £31,075 (2023-24: £31,150).

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
2024-25	7.69:1	7.16:1	6.22:1
2023-24	7.36:1	6.82:1	5.96:1

The increase in the ratios at the 25th, median and 75th centiles is due to:

- The increase in total remuneration of the highest paid director being greater than the increase of the employees at these centiles.
- Additionally, the increase in the 75th centile is not as great as the 25th and median centiles due to the split of the pay award amongst delegated grades. SEO and Grade 7 received consolidated uplifts of 6 % whilst colleagues between AA-EO who make up 80 % of the headcount received between 4 – 5.5 %.
- In 2023-24 the majority of colleagues at delegated grade were eligible for a non-consolidated, pro-rated, payment of £1,500 which was not repeated in 2024-25

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
2024-25	£28,927	£28,576	£31,075	£30,975	£35,778	£35,678
2023-24	£28,866	£27,223	£31,150	£29,500	£35,629	£33,979

In 2024-25 and 2023-24 no employees received remuneration in excess of the highest-paid director. Banded remuneration ranged from £22,000 – £22,500 to £220,000 – £225,000 (2023-24: £22,000 – £22,500 to £205,000 – £210,000).

Percentage change in remuneration from 2023-24

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	Total remuneration
Highest paid director	5%	0%	5%
Employees	6%	-87%	2%

On average, employees, including the highest paid director, had a pay and benefits increase of 5% in accordance with Civil Service Pay Remit 2024-25, Senior Civil Service Pay Award 2024-25 and PSRC guidance. In 2023-24, colleagues in delegated grades in DWP received a one-off, non-consolidated, 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 decrease in Performance pay and bonuses payable to employees.

The highest paid director had an increase in total remuneration in line with the pay award.

The employees had an increase in total remuneration due to an increase in salary and allowances and a decrease in performance pay and bonuses as the 2023-24 cost of living payment was not repeated.

Non-executive directors' fees

(This information is subject to audit)

Non-executive directors	Board	Fees 2024-25 to the nearest £1,000	Benefit in kind 2024-25 to the nearest £100	Fees 2023-24 to the nearest £1,000	Benefit in kind 2023-24 to the nearest £100
Ashley Machin re-appointed 13 January 2024 re-appointed to 11 July 25	Departmental Board, and Executive Leadership Board	20,000	–	20,000	–
Sally Cheshire CBE re-appointed 10 August 2023 re-appointed to 9 August 2026	DARAC	15,000	–	15,000	–
Ian Wilson re-appointed from 10 August 2023 re-appointed to 9 August 2026	DARAC	15,000	–	15,000	–
Valerie Hughes-D'Aeth re-appointed 9 February 2024 re-appointed to 8 Feb 2027	Departmental Board, Executive Leadership Board	20,000	–	20,000	–
David Bennett re-appointed 2024 February 2023 to 23 May 2024 re-appointed to 12 May 2027	Departmental Board, Serious Case Panel (Chair)	20,000	–	20,000	–

Non-executive directors	Board	Fees 2024-25 to the nearest £1,000	Benefit in kind 2024-25 to the nearest £100	Fees 2023-24 to the nearest £1,000	Benefit in kind 2023-24 to the nearest £100
John McGlynn re-appointed 5 August 2024 re-appointed to 31 May 2025 Left 31 March 2025	UC Programme Board Chair	Fee waived	–	Fee waived	–
Charlie Steel from 03 September 2021 to 02 September 2024 re-appointed to 26 March 2026	DARAC (Chair), Departmental Board	20,000	–	20,000	–
Simon Sear from 03 September 2021 to 02 September 2024 re-appointed to 02 December 2027	Transformation Advisory Committee	15,000	–	15,000	–
Arabel Bailey from 03 September 2021 to 02 September 2024 re-appointed to 18 February 2027	Transformation Advisory Committee (Chair)	20,000	–	20,000	–
Reverend Professor Gina Radford from 30 March 2023 to 29 March 2026	Departmental Board, Health Transformation Board (Chair), Clinical Governance and Excellence Board (Chair)	20,000	–	19,000	–
Taalib Shaah from 12 August 2024 to 11 August 2027	DARAC (vice Chair)	10,000	–	–	–

Non-executive directors	Board	Fees 2024-25 to the nearest £1,000	Benefit in kind 2024-25 to the nearest £100	Fees 2023-24 to the nearest £1,000	Benefit in kind 2023-24 to the nearest £100
Martin Duggan from 02 December 2024 to 01 December 2027	Transformation Advisory Committee	5,000	–	–	–
Richard Newsome from 02 December 2024 to 01 December 2027	DARAC	5,000	–	–	–
Oliver Rowlands from 02 December 2024 to 01 December 2027	Transformation Advisory Committee	5,000	–	–	–
Gayle Sparkes from 02 December 2024 to 01 December 2027	DARAC	5,000	–	–	–
Professor Malcolm Morley OBE from 06 January 2025 to 05 January 2028	Workplace Transformation Programme Board	4,000	–	–	–
Total		198,000	–	163,000	–

Totals may not sum due to rounding of individual figures.

Ministers' and executive directors' pensions

(This information is subject to audit)

	Total accrued pension at age 65 as at 31 March 2025	Real increase in pension at age 65	Cash equivalent transfer value at 31 March 2025	Cash equivalent transfer value at 31 March 2024	Real increase in cash equivalent transfer value
Ministers	£000	£000	£000	£000	£000
Rt Hon Liz Kendall MP	0-5	0-2.5	14	0	9
Alison McGovern MP	0-5	0-2.5	6	0	3
Rt Hon Sir Stephen Timms MP	15-20	0-2.5	327	326	5
Andrew Western MP	0-5	0-2.5	4	0	2
Baroness Sherlock OBE	0-5	0-2.5	7	0	4
Rt Hon Mel Stride MP	0-5	0-2.5	87	81	3
Mims Davies MP	0-5	0-2.5	43	41	1
Viscount James Younger	20-25	0-2.5	379	374	1
Jo Churchill MP	0-5	0-2.5	50	47	2
Paul Maynard MP	0-5	0-2.5	27	25	1
Tom Pursglove MP	-	-	-	24	-
Laura Trott MBE MP	-	-	-	5	-
Guy Opperman MP	-	-	-	68	-

Where a minister joined or left our 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 2025 £000	Real increase in pension and related lump-sum at pension age £000	Cash equivalent transfer value at 31 March 2025 £000	Cash equivalent transfer value at 31 March 2024 £000¹²²	Real increase in cash equivalent transfer value £000
Sir Peter Schofield KCB	95-100 plus a lump-sum of 175-180	2.5-5 plus a lump-sum of -2.5-5 ¹²³	2,013	1,877	32
Debbie Alder CB	55-60	2.5-5	991	864	46
Neil Couling CB CBE	90-95 plus a lump-sum of 235-240	5-7.5 plus a lump-sum of 5-7.5	2,187	2,060	118
Amanda Reynolds	15-20	2.5-5	251	178	46
Katie Farrington	45-50 plus a lump-sum of 105-110	2.5-5 plus a lump-sum of 2.5-5	980	875	62
Barbara Bradley	10-15	2.5-5	158	97	40
Sophie Dean	40-45	2.5-5	791	711	47
Katherine Green	35-40 plus a lump-sum of 95-100	2.5-5 plus a lump-sum of 2.5-5	794	716	45
Catherine Vaughan CB	35-40	2.5-5	563	479	34
Helen Pickles	50-55	0-2.5	927	915	7
Helen Wylie from November 2024	25-30	0-2.5	347	324	17
Julie Blomley from April 2024	10-15	2.5-5	154	108	30
Richard Corbridge resigned November 2024	-	-	-	63	-

122 The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 based on alpha membership for the period between 1 April 2015 and 31 March 2022 have been reported since 2023-24 based on PCSPS membership for the same period.

123 Taking into account inflation, there has been a decrease in the value of the lump-sum.

Executive directors	Accrued pension at pension age as at 31 March 2025	Real increase in pension and related lump-sum at pension age	Cash equivalent transfer value at 31 March 2025	Cash equivalent transfer value at 31 March 2024	Real increase in cash equivalent transfer value
	£000	£000	£000	£000¹²²	£000
Simon McKinnon CB CBE Left 30 June 2023	-	-	-	1,113	-

All pension benefits for 2024-25 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 our department part way through the year, the 'cash equivalent transfer value' column refers to the value at the date of joining or leaving.

Richard Corbridge resigned in November 2024 leaving the civil service with less than two years in the pension scheme. Under the terms of the scheme, two years' is the minimum qualifying service. Any benefits built up will have either been refunded or transferred to another pension arrangement.¹²⁴

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

¹²⁴ [Leaving with less than two years' service – Section 04A – Civil Service Pension Scheme](#)

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 (the “McCloud judgment”).

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 remedy¹²⁵ is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active

¹²⁵ www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

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.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

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 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 have 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 2025.

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 composition¹²⁶

(This information is subject to audit)

The average number of whole-time equivalent people employed during the year is shown in the table below.

	2024-25				2023-24
	Permanent staff	Others	Ministers	Special Advisers	Number Total
Number of staff	86,240	2,988	5	3	89,236
Staff engaged on capital projects	224	9	0	0	233
Total	86,464	2,997	5	3	89,469
Of which:					
Core Department	82,099	2,792	5	3	84,899
Arm's Length Bodies	4,365	205	0	0	4,570
Total	86,464	2,997	5	3	89,469

126 The figures in the table above show the average number of whole-time equivalent people employed during the year, in the Performance report we disclose both the number of whole-time equivalent people employed at the end of the year (as at the 31 March).

Senior Civil Servants

Our executive directors are all Senior Civil Servants. In total there were 302 individual Senior Civil Servants, totalling 294.3 whole-time equivalents, as at 31 March 2025.

Senior Civil Servant headcount by pay band	March 2020	March 2021	March 2022	March 2023	March 2024	March 2025
Permanent Secretary	1	1	1	1	1	1
SCS3	5	7	7	9	9	9
SCS2	46	46	55	61	57	55
SCS1	165	186	205	215	235	237
Total	217	240	268	286	302	302

Staff expenditure

(This information is subject to audit)

	Permanently employed staff	Others	Ministers	2024-25 Total	2023-24 Total
	£000	£000	£000	£000	£000
Wages and salaries	3,045,366	245,142	253	3,290,761	3,080,207
Employers' National Insurance	317,081	1,804	24	318,909	301,600
Superannuation and pension costs	856,996	(0)	(0)	856,996	720,959
Total	4,219,443	246,946	277	4,466,666	4,102,766
Less recoveries in respect of outward secondments	(414)	(0)	(0)	(414)	(581)
Total net costs	4,219,029	246,946	277	4,466,252	4,102,185

	Charged to staff budgets	Charged to Capital budgets	Total
	£000	£000	£000
Core Department	4,129,529	13,990	4,143,519
ALBs	337,137	977	338,114
Total	4,466,666	14,967	4,481,633

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 our 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 2024-25, we paid employer contributions of £850 million to the PCSPS and the CSOPS (2023-24: £715 million). This was at one rate of 28.97% from 1 April 2024 (2023-24: 4 rates between 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 2024-25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Outstanding contributions of £86 million (2023-24: £75 million) were payable to the Civil Superannuation Vote at 31 March 2025 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 we paid employers contributions of £3.8 million (2023-24: £3.3 million) to appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. We also match 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 £0.4 million. There were no prepaid contributions at that date.

In 2024-25, 107 people (2023-24: 108 people) retired early on ill-health grounds. The total additional accrued pension liabilities in the year were £508,465 (2023-24: £537,002).

Reporting of Civil Service and other compensation schemes – exit packages

(This information is subject to audit)

Table 1: 2024-25

Exit package cost band	Core Department			Departmental group		
	¹²⁷ 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	57	2	59	57	7	64
£10,001-£25,000	29	0	29	36	4	40
£25,001-£50,000	42	0	42	49	2	51
£50,001-£100,000	26	0	26	27	2	29
£100,001-£150,000	2	0	2	3	0	3
£150,001-£200,000	0	0	0	0	0	0
Total number of exit packages	156	2	158	172	15	187
Total cost £000	4,286	4	4,290	4,864	343	5,207

¹²⁷ All of the compulsory redundancies relate to Inefficiency Dismissal With Compensation (IDWCs) cases.

Table 2: 2023-24

Exit package cost band	Core Department			Departmental group		
	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
£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

We've 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 2024-25 was £5.2 million (£14.1 million in 2023-24). We account 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 we've agreed early retirements, we, 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 us 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.

We continuously review the way we employ appointees to ensure our processes are robust. We have the right to request assurances, and do so, from the appointees. We can terminate the individual's contract if these assurances are not provided. The tables below outline the off-payroll arrangements for 2024-25.

Off-payroll

Table 1: Highly paid off-payroll worker engagements as at 31 March 2025, that were paid £245 per day or greater

	Core Department	ALBs	Departmental group
No. of existing engagements as of 31 March 2025	1,440	107	1,547
Of which:			
No. that existed < 1 year at time of reporting	667	80	747
No. that have existed for between 1 and 2 years at time of reporting	337	19	356
No. that have existed for between 2 and 3 years at time of reporting	181	8	189
No. that have existed for between 3 and 4 years at time of reporting	113	0	113
No. that have existed for 4 or more years at time of reporting	142	0	142

Table 2: All highly paid off-payroll workers engagements engaged at any point during the year ended 31 March 2025, earning £245 per day or greater

	Core Department	ALBs	Departmental group
No. of temporary off-payroll workers engaged during the year ended 31 March 2025	2,223	177	2,400
Of which:			
No. of appointments to which the off-payroll legislation does not apply	2,178	107	2,285
No. assessed as caught by IR35 (In scope)	39	64	103
No. assessed as not caught by IR35 (Out of scope)	6	6	12
No. of engagements reassessed for consistency/assurance purposes during the year	1	53	54
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

During 2024-25 DWP operated additional governance over external resource approvals, including the External Resources Approvals Board (ERAB) and Strategic Resource Oversight Board (SROB). During this period the number of external resource working in the Department for more than two years has reduced.

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025

	Core Department	ALBs	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.	69	15	84

These are our most senior officials who hold the highest levels of delegated financial authority.

Consultancy and temporary staff

We occasionally use professional service providers to help with specialist work – including consultancy and contingent labour where it is necessary and prudent to do so.

Consultancy (£ million)	2024-25	Restated 2023-24
Core Department	8.9	5.6
Arm’s Length Bodies	0.3	3.7
Departmental group	9.2	9.3

Temporary (off-payroll) staff (£ million)	2024-25	2023-24
Core Department	169.2	154.9
Arm’s Length Bodies	17.7	19.0
Departmental group	186.9	173.9

We have restated the position of consultancy spend in 2023-24 following a detailed exercise examining spend allocated to the consultancy account code. In some cases, spend had been incorrectly classified as consultancy. In most of these instances, spend was for professional services rather than consultancy.

Staff absence and sickness

We recognise the costs associated with high levels of employee absence. Our wellbeing approach to sickness absence is focused on health promotion and absence prevention, while supporting employees who are absent to return to work.

We develop policies, standards, procedures, and guidance covering Health and Safety issues to ensure our employees remain safe.

At end of March 2025 there were 5,203 open absences in the Department (including all sickness and non-sickness categories). This represents 5.5% of the Department's workforce which is slightly higher than at end March 2024 at 5.1%. Whilst we have no concerns at this time, we continue to monitor and report all sickness absence data at departmental and director level.

For sickness absence only, at end of March 2025 there were 3,507 absences representing 3.7% of the workforce. This has increased slightly from 3.5% in March 2024.

Staff Engagement

In 2024 the People Survey provided an important opportunity for us to hear about the things that matter to colleagues. Just over 60,800 colleagues shared their views, the most colleagues we have had complete the survey. This gives us a stronger understanding of how colleagues are feeling and where we need to act to improve the employee experience.

Our staff engagement score remains high and improved this year from 61% to 62%.

The 2024 People Survey core themes showed improvement in 8 out of the 9 theme scores, including My work (74%), My team (84%), Learning and development (63%), My manager (79%), Inclusion and fair treatment (81%), and Leadership and managing change (52%).

For 'Organisational objectives and purpose', we achieved 87% (+1 percentage point) which indicates many of our colleagues feel connected to the Department and the difference we make to people's lives. We did see a drop in 'Pay and benefits' to 30%, although it should be noted that the survey took place before this year's pay award was announced.

For 2025-26 we will continue to build upon our 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 our customers) they continue to face cost of living pressures.

This year, the Bullying, Harassment, and Discrimination (BHD) scores have reduced to 9% and 10% respectively, down from 10% and 11% in previous years. The Department is committed to developing a preventative approach to reduce BHD, guided by evidence and insights. Achieving a successful reduction in BHD relies on good practices and behaviours within teams, strong and visible leadership, and being supported by clear policies and processes, as well as consistent and effective messaging. Additionally, we



have a community of trained Ambassadors for Fair Treatment who can guide individuals experiencing BHD.

Amidst the increasing demand that our services are seeing – particularly with regards to our wellbeing offer – the Department’s scores for PROXY stress and PERMA indices (which measure factors associated with stressful or flourishing workplace environments) have improved slightly from last year at 27% (civil service overall 27%) and 75% (civil service overall 75%) respectively. These results show that the Department is responding well, noting the Civil Service 2024 scores overall. The People Survey question in relation to my organisation provides support for employee health, wellbeing and resilience is up 2 percentage points from 2023 to 71% and 11 percentage points higher than the civil service overall.

We continue to offer comprehensive wellbeing support and financial resources including our Occupational Health and Employee Assistance Programme, with a new three year contract awarded in July 2024, driving best practice and innovation. During 2024 we continued to focus on our refreshed Wellbeing Strategy and the 7 key priorities. We have continued to refresh the ‘My Wellbeing’ button, Wellbeing Hub and Wellbeing Calendar and delivered further Mental Health First Aid training to strengthen resources for our colleagues. We have also put into place a programme to support workplace adjustments which was a success and is now being rolled out across the Department in 2025-26.

The survey gives us vital insight on what more we need to do to make sure that everyone who works in the Department feels supported and valued. As part of our ongoing listening programme, we will continue to undertake regular pulse and insight activities to measure colleague experience and inform actions to continue its improvement.

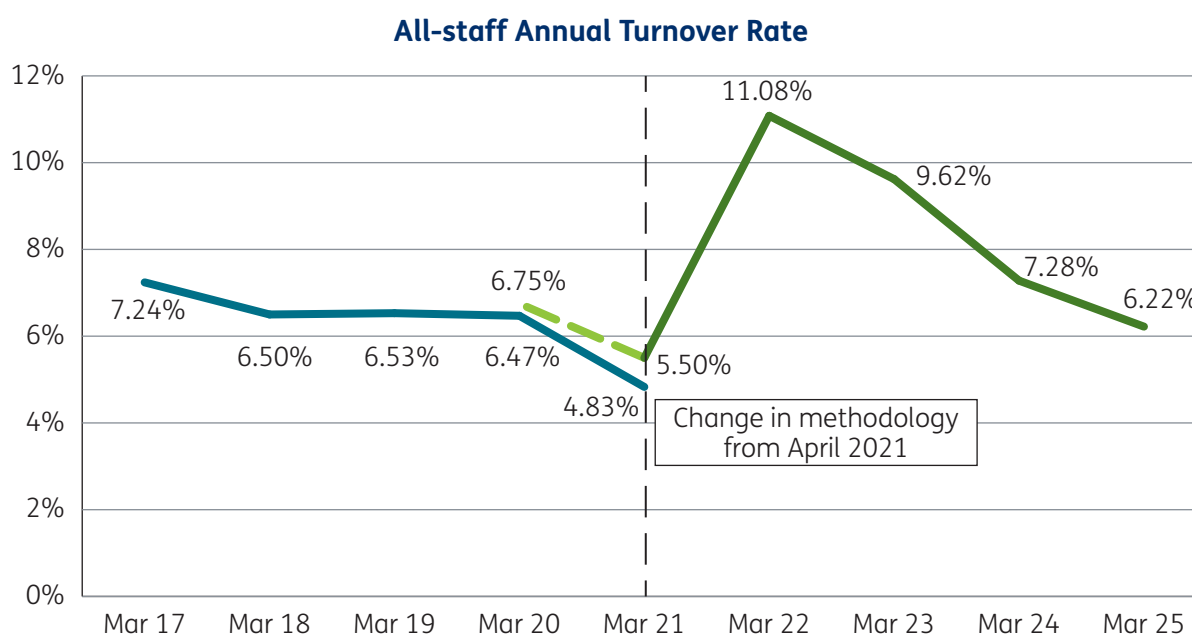


Staff Turnover

The all-staff 12-month moving average turnover rate for the Department at March 2025 was 6.22%, down from 7.28% in March 2024, and is now at levels similar to those pre-pandemic. DWP continues to provide a broadly competitive staff offer and continues to regularly monitor this rate closely.

The turnover rate had been historically high in the years from March 2022 to March 2024 because, during the COVID-19 pandemic, the proportion of the Department's 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 Department's 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 2025. The rate reduction in the year to March 2025 has primarily been driven by a lower rate of staff leaving the Department on transfers to other government departments.

Note that there was a methodological change from April 2021; the methodology was changed to better align with the turnover definition used by Cabinet Office.



Trade union facility time

DWP Facility Time

Number of trade union representatives	1,014
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)	1,014
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)	87,679
Cost of facility time (£)	936,412
Total paybill (£)	3,940,838,722
Facility time as a percentage of the Department's annual pay bill	0.02%
Time spent on paid trade union activities as a percentage of total paid facility time hours	0%

HSE Facility Time

Number of trade union representatives	72
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)	72
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
Cost of facility time (£)	207,964
Total paybill (£)	192,982,856
Facility time as a percentage of the Department's annual pay bill	0.11%
Time spent on paid trade union activities as a percentage of total paid facility time hours	0%

The number of trade union representatives (1,014) is the total headcount of representatives in DWP from the PCS, FDA and Prospect trade unions. This equates to 929 FTE.



Accountability report

In addition some representatives hold multiple roles, so included in the total figure of 1,014 are 360 Health and Safety Representatives and 77 Union Learning Representatives (ULR).

DWP recognises three Trade Unions, PCS, FDA and Prospect. Exact membership levels are not known although PCS are the largest of the three unions. Each Union has a different target membership which reflects their different priorities. The Trade Unions represent approximately 49% of the workforce in DWP.

The relationships with DWP's three Trade Unions remain professional and the Employee Relations team manage the relationship. There is extensive engagement with the Trade Unions about Departmental matters and there is also extensive engagement at the local level.



Staff seconded and loaned

The Department made a small number of secondments and loans of members of staff to other government departments during 2024-25. The numbers of secondments into and from external organisations is quite evenly balanced but there are significantly more outward loans to Other Government Departments (OGDs) than loans into the Department. This could be due to increased cross-government working, and/or advertised short term career development opportunities in OGDs for colleagues to develop their skill set in another area outside of the Department.

Outward Secondments (from DWP to outside the Civil Service)	Grade									
	AO	EO	HEO	SEO	G7	G6	SCS1	SCS2	NK	Total
1. Number who went on secondment since 1 April 2024	–	5	1	–	1	1	–	–	–	8
2. Number who were already on secondment prior to 1 April 2024 and are expected to be throughout this year (beyond 31 March 2025)	–	3	1	1	6	4	1	2	–	18
3. Number who were already on secondment prior to 1 April '2024 and have or are expected to end this year (up to 31 March 2025)	–	4	–	–	–	–	–	–	–	4
Grand Total (All outward secondments)	–	12	2	1	7	5	1	2	–	30

Inward Secondments (from outside the Civil Service to DWP)	Grade									
	AO	EO	HEO	SEO	G7	G6	SCS1	SCS2	NK	Total
1. Number who are seconded to DWP since 1 April 2024	–	1	2	7	9	1	–	1	–	21
2. Number who were already on secondment to DWP prior to 1 April 24 and are expected to be throughout this year	–	–	–	1	1	–	–	–	–	2
3. Number who were already on secondment to DWP prior to 1 April 2024 and have or are expected to end this year	–	–	–	1	3	1	–	–	–	5
Grand Total (All inward secondments)	–	1	2	9	13	2	–	1	–	28

Outward Loans (from DWP to OGD/NDPB)	Grade									Total
	AO	EO	HEO	SEO	G7	G6	SCS1	SCS2	NK	
1. Number who went on loan since 1 April 2024	1	6	8	5	3	3	1	1	1	29
2. Number who were already on loan prior to 1 April 2024 and are expected to be throughout this year (beyond 31 March 2025)	–	5	4	1	3	–	–	–	–	13
3. Number who were already on loan prior to 1 April 2024 and have or are expected to end this year (up to 31 March 2025)	–	2	1	–	2	1	–	–	1	7
Grand Total (All outward loans)	1	13	13	6	8	4	1	1	2	49

Inward Loans (from OGD/NDPB to DWP)	Grade									Total
	AO	EO	HEO	SEO	G7	G6	SCS1	SCS2		
1. Number on loan to DWP since 1 April 2024	–	–	–	–	–	–	–	–	1	1
2. Number who were already on loan to DWP prior to 1 April 2024 and are expected to be throughout this year (beyond 31 March 2025)	–	–	–	–	–	–	–	–	–	–
3. Number who were already on loan to DWP prior to 1 April 2024 and have or are expected to end this year (up to 31 March 2025)	–	1	–	–	–	–	–	–	–	1
Grand Total (All inward loans)	–	1	–	–	–	–	–	–	1	2

Diversity and inclusion

The Department is committed to providing services which embrace diversity and promotes equality of opportunity for all. As an employer we are also committed to equality and valuing diversity within our workforce. Our goal is to ensure that these commitments, reinforced by our Values, are embedded in our day to day working practices with all our customers, colleagues and partners. Our diversity and inclusion ambition continues to be to:

- increase the representation of currently under-represented groups to make the Department more reflective of the citizens and communities we serve
- build an inclusive environment, where our 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

Our 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 our people capabilities
- drive a performance culture that delivers improved outcomes for our 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 since 2020. Disability representation has increased from 15.1% in March 2020 to 22.4% as of 31 March 2025, above the economically active population in Great Britain representation (of 20.4%). We are 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 11.6% on 31 March 2020 to 20.7% as of 31 March 2025 (against the economically active population of 17.2%) with increases across all grades, particularly at the EO grade.

The representation of female staff has remained over 60%, with 62.6% as of March 2025. The percentage of Senior Civil Servants (SCS) who are female has increased from 50% in March 2021 to 55.6% in March 2025.

We continue 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).

We have also seen improvements in many areas of representation where we are beginning to look and feel much more like an organisation that mirrors the communities we serve. Ethnic minority representation exceeds UK working population average in all regions with the exception of Scotland, Wales and North East. Disability representation exceeds UK working population average in all regions with the exception of Scotland, Yorks and Humber and North East.

To ensure a greater understanding of our Public Sector Equality Duty and personal responsibilities in relation to both our staff and customers, we have developed and rolled-out mandatory e-learning to all our employees. As of 31 March 2025, 94.5% of employees have completed the learning.

Representation Data

We continue to have an increasingly diverse staffing group when compared to the national average. We encourage individuals to voluntarily share their personal diversity information and promote the benefits of gathering this through communications and new starter induction. Not every member of staff is willing to share their details and in previous years we have only included data from those colleagues who have shared their details with us (positively declared). This year, for consistency across characteristics, we are reporting representation figures for all colleagues, including those who have not recorded their information or have preferred not to say. The trend data from previous years has been updated to reflect all declarations and not just those who have positively declared.

Although the Department’s figures are above the Economically Active Population and are steadily growing, there is still much more work to do. As part of this, we have launched a new DWP Equity, Diversity and Inclusion approach, including a new EDI Steering Group and partnership forum linking all our networks and EDI experts.

Representation of female staff, ethnic minority staff and disabled staff

Year (March)	Total Number of Staff	Gender	Ethnicity		Disability	
		Female	Ethnic Minority	NR/PNTS**	Disabled	NR/PNTS
Economically Active Population in Great Britain (2024)*		47.9%	17.2%	N/A	20.4%	N/A
2025	93,803	62.6%	20.7%	9.4%	22.4%	7.6%
2024	90,779	63.0%	18.3%	9.1%	21.0%	7.6%
2023	84,944	64.3%	15.9%	9.9%	20.1%	7.6%
2022	91,452	64.6%	15.6%	10.7%	17.3%	8.1%
2021	92,690	65.2%	14.8%	11.3%	16.7%	7.9%
2020	75,590	65.9%	11.6%	14.0%	15.1%	7.6%

*Source ONS Annual Population Survey January to December 2024 data, published April 2025.

**Not recorded and prefer not to say (NR/PNTS) merged percentages.

Annual communications campaigns to promote declaration of characteristics on SOP have led to significant increases in the number declaring. The Department's efforts have led to significant progress in increasing representation across these groups. The representation of female staff has remained over 60%, with a notable increase in the percentage of Senior Civil Servants who are female. Similarly, ethnic minority representation has risen significantly, particularly at the EO grade, and disability representation has also seen a substantial increase. These achievements are a result of the Department's continuous efforts to create a workplace that mirrors the communities it serves and supports all employees in being their authentic selves at work.

Representation by Sex (Gender)

Staff Diversity – % Women	March 2021	March 2022	March 2023	March 2024	March 2025
Workforce	65.5%	64.6%	64.3%	63.0%	62.6%
Senior Civil Servants	50.0%	53.2%	54.0%	55.4%	55.6%
Executive Team	33.3%	37.5%	63.7%	72.7%	81.8%

Representation by Age

Percentage of DWP Workforce by age range	March 2021	March 2022	March 2023	March 2024	March 2025
16 – 24	4%	5%	3%	3%	3%
25 – 34	14%	15%	15%	17%	18%
35 – 44	20%	20%	19%	20%	20%
45 – 54	31%	28%	28%	26%	25%
55 – 64	28%	29%	31%	30%	29%
65 +	3%	3%	4%	4%	4%

Representation by caring responsibilities

As of March 2025, 20.8% of staff declared that they had caring responsibilities and 53.6% did not. 25.6% of staff either did not declare or preferred not to say.

Key Achievements in 2024-25

Inclusion

- **Inclusion Team:** Transformed ways of working to focus on delivering targeted and data-led interventions
- **Sexual Harassment Prevention:** Delivered targeted project outcomes to proactively prevent sexual harassment
- **Employee Engagement:** Increased engagement with the available support for inclusion and wellbeing
- **Learning and Development:** Provided continuous learning to increase confidence and capability in supporting colleagues

Ethnicity

- **Progress:** Consistent improvement in ethnic minority representation across all grades, with notable progress at the EO grade (24.5%) and HEO grade (15.7%)
- **Race Plan:** Continued support for the departmental Race Plan 2023-25, focusing on joining, developing, and leadership behaviour

Disability

- **Disability Confident Leader:** Commitment to retaining and supporting colleagues with disabilities through a comprehensive approach
- **Strategic Priorities:** Focus on optimising an inclusive workplace, building capability, and raising awareness of disability in the workplace

Faith and Belief

- **Support Network:** Continued support for the DWP Faith and Belief Network, providing a safe space for colleagues to connect and share experiences
- **Listening Circles:** Ran a series of listening circles to understand colleagues' concerns and challenges

Gender

- **Health and Wellbeing:** Initiatives such as DWP Man Down sessions, DWP Dad's United sessions, and the Women's Health Hub
- **Support and Development:** Ongoing promotion of coaching, mentoring, and progression opportunities, including the Crossing Thresholds Programme and Women into Leadership

Age

- **Mid-Life MOT:** Developed a tool providing advice on wellbeing, finances, retirement, and learning opportunities
- **Flexible Working:** Promoted flexible working options, including partial retirement

Caring Responsibilities

- **Carer's Passports:** Promotion and adoption of Carer's Passports and Line Managers toolkit
- **Wellbeing Toolkit:** Introduction of a Carer's Wellbeing toolkit.

LGBT+

- **Support Network:** Active LGBT+ staff network delivering successful events and communications
- **Declaration Increase:** Positive increase in the declaration of sexual orientation, rising from 57.9% in June 2020 to 81.1% in March 2025

Social Mobility

- **Events and Community:** The Social Mobility Network organised events and supported a growing community of allies
- **Development Programmes:** Continued promotion of initiatives to support development and progression, including the Leaders Like You programme

Gender pay gap

Organisations with 250 or more employees are required to report annually on their gender pay gap. Government departments are covered by the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 which came into force on 31 March 2017. These regulations underpin the Public Sector Equality Duty and require relevant organisations to publish their gender pay gap annually.

This includes:

- the mean and median ordinary gender pay gaps
- the mean and median gender bonus gaps
- the proportion of men and women who received bonuses
- the proportions of men and women employees in each pay quartile

For 2023 to 2024, the Gender Pay Gap figures were published in the Annual Civil Service Employment Survey (ACSES) on 31 July 2024. These figures provide an overall picture across government for the reporting period 1st April 2023 to 31st March 2024- updated 2024-25 data will be published in July. This report fulfils the Department's reporting requirements and sets out the actions we are taking in relation to addressing the

gender pay gap and improving gender parity. This information is published on GOV.UK and the Government Equality Office (GEO) portal. Where any percentage figures in this report do not add to 100%, this is due to rounding.

In March 2024:

- The Department's mean ordinary GPG: 4.8% (decreased by 0.7 percentage points (ppt) since 2023)
- The Department's median ordinary GPG: 0.0% (unchanged since 2023)
- The Department's mean bonus GPG: 8.8% (decreased by 3.1 ppt since 2023)
- The Department's median bonus GPG: 12.5% (increased by 2.4 ppt since 2023)

We are one of the largest government departments. In the 2024 report, 90,306 individuals are included in the ordinary pay gap figures and 91,745 individuals are included in the bonus gap figures, as per the government guidance on scope. There is a positive story for the Department this year, with many of the headline figures improving:

- The Department continues to perform favourably when compared to the wider civil service, where the overall ordinary mean GPG is 7.4%
- The Department also compares favourably with the mean bonus GPG for the civil service of 25.7%, and the median bonus GPG of 22.4%
- Women represent 63% of the Department's workforce and we have continued to make positive progress in female representation at the most senior grades. At SCS, female representation has continued to increase to 55.6% at March 2024.

Mean ordinary GPG (decreased by 0.7 ppt)

Our mean gender pay gap has decreased due to changes in our grade distribution, women represented within each grade and changes to mean salaries due to pay awards, as well as joiners and leavers.

Median ordinary GPG (unchanged)

The median pay gap remains at 0.0%. This is primarily due to the existence of an Executive Officer (EO) grade spot rate (rather than a pay scale with a minimum and maximum rate of pay per grade and pay zone, a spot rate means that everyone within the same grade and pay zone is on the same rate of pay). As of March 2024, 50.4% of all males were EO grade and 53.8% of females were at EO grade and most were on the spot rate. As a result, the median employee fell within the EO range for both genders.

Mean bonus GPG (decreased by 3.1 ppt)

There has been a notable decrease in the mean bonus pay gap, mainly due to an improvement to our end of year only bonus gap in delegated grades where there is a greater proportion of women.



Median bonus GPG (increased by 2.4 ppt)

The median bonus gap is heavily influenced by end of year bonuses, which vary by grade and are pro-rated for part-time employees. The median end-year bonus for men was the full-time EO rate, for women this was below full-time EO due to more women working part-time. This resulted in an increase in the bonus gap in favour of men.

Overall, we are confident that our pay strategy is non-discriminatory in its design. Our analysis demonstrates the pay gap to be largely attributed to the grade distribution of the workforce, specifically lower representation of women in higher grades. The GPG will continue to be a key consideration as we develop our future reward strategy.



Parliamentary accountability disclosures

Statement of Outturn against Parliamentary Supply (SOPS)

(This information is subject to audit)

Introduction

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires us 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.

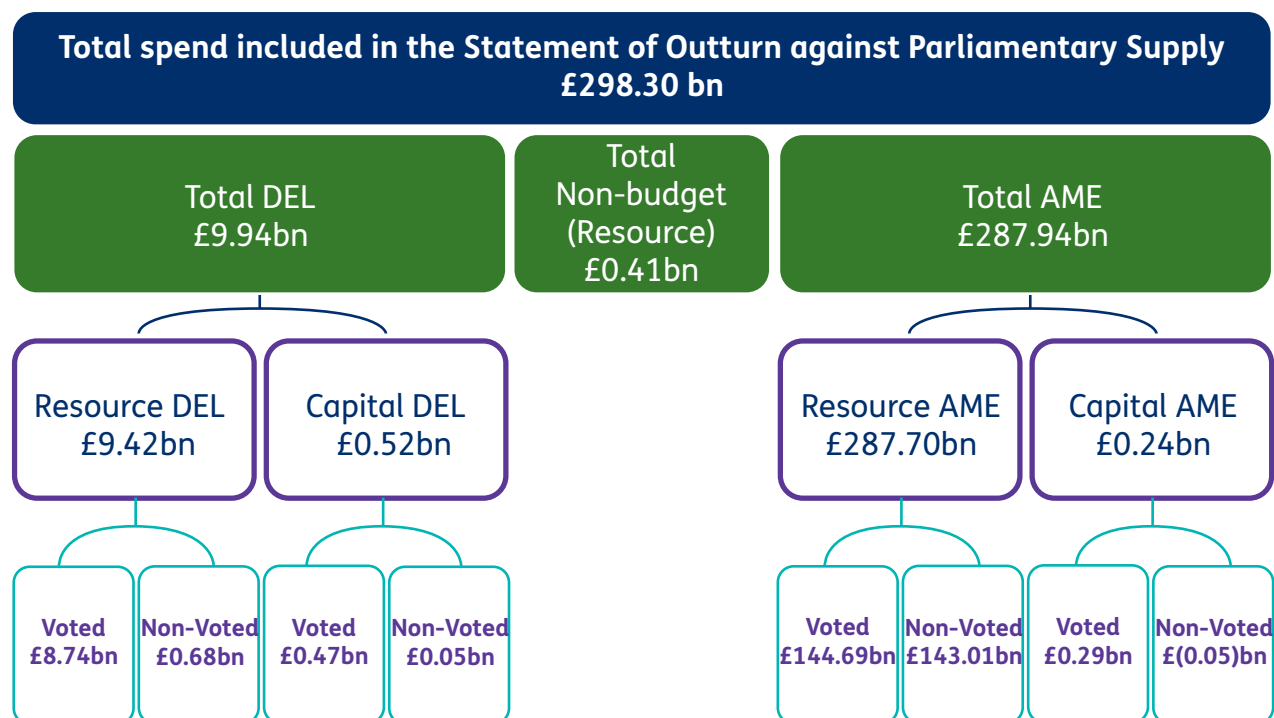
The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

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 Statement of Consolidated Net Expenditure (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 £154.61 billion¹²⁸ is funded by Parliament from the Consolidated Fund
- Voted expenditure funded from the Consolidated Fund includes £0.41 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 £143.28 billion is funded by the National Insurance Fund
- Values may not sum due to rounding

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review, in the Performance Report, provides a summarised discussion of outturn against Estimate and functions as an introduction to the SOPS disclosures.

¹²⁸ This figure includes the voted non-budget amount of £0.41 billion

Statement of Outturn against Parliamentary Supply

(This information is subject to audit)

	Note	2024-25								2023-24
		Outturn			Estimate			Outturn vs Estimate Saving/(excess)		Prior Year Outturn
		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	8,742,156	677,738	9,419,894	8,916,389	674,600	9,590,989	174,233	171,095	8,956,592
– Capital	1	473,138	48,919	522,057	567,889	57,000	624,889	94,751	102,832	632,445
Total DEL		9,215,294	726,657	9,941,951	9,484,278	731,600	10,215,878	268,984	273,927	9,589,037
Annually Managed Expenditure										
– Resource	1	144,690,236	143,010,700	287,700,936	147,877,456	146,384,714	294,262,170	3,187,220	6,561,234	265,923,224
– Capital	1	290,301	(49,602)	240,699	440,327	20,053	460,380	150,026	219,681	157,096
Total AME		144,980,537	142,961,098	287,941,635	148,317,783	146,404,767	294,722,550	3,337,246	6,780,915	266,080,320
Total Budget										
– Resource		153,432,392	143,688,438	297,120,830	156,793,845	147,059,314	303,853,159	3,361,453	6,732,329	274,879,816
– Capital		763,439	(683)	762,756	1,008,216	77,053	1,085,269	244,777	322,513	789,541
Total Budget Expenditure		154,195,831	143,687,755	297,883,586	157,802,061	147,136,367	304,938,428	3,606,230	7,054,842	275,669,357
Non-budget										
– Resource	1	412,649	–	412,649	908,255	–	908,255	495,606	495,606	4,661,139
Total Budget and Non-budget		154,608,480	143,687,755	298,296,235	158,710,316	147,136,367	305,846,683	4,101,836	7,550,448	280,330,496

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 2024-25

SoPS Note	2024-25 Outturn £000	2024-25 Estimate £000	Outturn vs Estimate: Saving/(excess) £000	2023-24 Outturn £000
3	152,533,297	158,613,940	6,080,643	145,018,749

Administration Costs 2024-25

SoPS Note	2024-25 Outturn £000	2024-25 Estimate £000	Outturn vs Estimate: Saving/(excess) £000	2023-24 Outturn £000
1	1,004,895	1,096,612	91,717	979,637

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

(This information is subject to audit)

SOPS 1. Outturn Detail, by Estimate Line

1.1 Analysis of Resource Outturn by Estimate Line¹²⁹

	2024-25										Outturn vs Estimate saving/ (excess)	2023-24
	Outturn							Estimate				Outturn
	Administration			Programme			Total	Virements	Total including virements	Total		
	Gross	Income	Net	Gross	Income	Net						
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Spending in Departmental Expenditure Limit												
Voted:												
A Core Department	964,247	(35,116)	929,131	6,156,284	(737,812)	5,418,472	6,347,603	6,455,529	(3,005)	6,452,524	104,921	6,251,621
B Health and Safety Executive (Net)	57,345	–	57,345	122,266	–	122,266	179,611	176,046	3,565	179,611	–	181,312
C Money and Pensions Service (Net)	–	–	–	164,139	–	164,139	164,139	171,005	3,063	174,068	9,929	164,850
D Other Arm’s Length Bodies (Net)	18,419	–	18,419	100,058	–	100,058	118,477	113,096	5,381	118,477	–	116,240
E Employment Programmes	–	–	–	765,353	44	765,397	765,397	806,926	(11,875)	795,051	29,654	753,432
F Support for Local Authorities	–	–	–	212,104	–	212,104	212,104	209,233	2,871	212,104	–	205,814
G Funding for Public Corporations	–	–	–	28,814	(51,025)	(22,211)	(22,211)	(21,707)	–	(21,707)	504	(20,074)
H Other Benefits	–	–	–	1,030,869	(53,833)	977,036	977,036	1,006,261	–	1,006,261	29,225	979,473
Total Voted DEL	1,040,011	(35,116)	1,004,895	8,579,887	(842,626)	7,737,261	8,742,156	8,916,389	–	8,916,389	174,233	8,632,668
Non-voted:												
I National Insurance Fund – Core Department	–	–	–	646,687	–	646,687	646,687	646,687	–	646,687	–	300,703
J Social Fund	–	–	–	31,051	–	31,051	31,051	27,913	–	27,913	(3,138)	23,221
Total Non-Voted DEL	–	–	–	677,738	–	677,738	677,738	674,600	–	674,600	(3,138)	323,924
Total spending in DEL	1,040,011	(35,116)	1,004,895	9,257,625	(842,626)	8,414,999	9,419,894	9,590,989	–	9,590,989	171,095	8,956,592
Spending in Annually Managed Expenditure												
Voted:												
K Severe Disablement Benefit	–	–	–	53,809	–	53,809	53,809	54,701	–	54,701	892	56,453

129 Estimate lines N Employment and Support Allowance (Non-Contributory) and Y Jobseekers Allowance (Non-Contributory) were renamed Employment and Support Allowance (Income-Related) and Jobseekers Allowance (Income-Related) as part of the 2025-26 Main Estimate

Accountability report

	2024-25										Outturn vs Estimate saving/ (excess)	2023-24
	Outturn							Estimate				Outturn
	Administration			Programme			Total	Virements	Total including virements	Estimate saving/ (excess)	Total	
	Gross	Income	Net	Gross	Income	Net						Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
L Industrial Injuries Benefits Scheme	-	-	-	752,049	-	752,049	752,049	767,890	-	767,890	15,841	735,743
M Universal Credit	-	-	-	66,545,527	-	66,545,527	66,545,527	68,636,692	(40,065)	68,596,627	2,051,100	52,038,557
N Employment and Support Allowance (Income-Related)	-	-	-	7,169,362	-	7,169,362	7,169,362	7,321,918	-	7,321,918	152,556	7,445,650
O Income Support	-	-	-	280,078	(233)	279,845	279,845	285,700	-	285,700	5,855	647,286
P Pension Credit	-	-	-	6,007,695	-	6,007,695	6,007,695	6,204,561	-	6,204,561	196,866	5,467,138
Q Financial Assistance Scheme	-	-	-	162,371	-	162,371	162,371	147,252	15,119	162,371	-	(270,726)
R Attendance Allowance	-	-	-	7,766,559	-	7,766,559	7,766,559	7,802,377	-	7,802,377	35,818	6,695,944
S Personal Independence Payment	-	-	-	25,897,564	-	25,897,564	25,897,564	26,159,208	-	26,159,208	261,644	21,689,145
T Disability Living Allowance	-	-	-	7,722,582	-	7,722,582	7,722,582	7,803,208	-	7,803,208	80,626	6,862,281
U Carer's Allowance	-	-	-	4,239,296	-	4,239,296	4,239,296	4,274,731	-	4,274,731	35,435	3,737,836
V Housing Benefit	-	-	-	14,677,486	-	14,677,486	14,677,486	14,851,356	-	14,851,356	173,870	15,161,615
W Statutory Maternity Pay	-	-	-	3,054,000	-	3,054,000	3,054,000	3,029,668	24,332	3,054,000	-	2,881,000
X Christmas Bonus (Non-Contributory)	-	-	-	50,570	-	50,570	50,570	51,004	-	51,004	434	45,524
Y Jobseekers Allowance (Income Related)	-	-	-	91,051	(11)	91,040	91,040	106,034	-	106,034	14,994	144,717
Z State Pension (Non-Contributory)	-	-	-	229,447	-	229,447	229,447	266,772	-	266,772	37,325	223,649
AA Support for Mortgage Interest	-	-	-	9,743	(5,252)	4,491	4,491	3,877	614	4,491	-	2,498
AB Cost of Living support payments	-	-	-	(66)	-	(66)	(66)	1,465	-	1,465	1,531	551
AC Other Expenditure	-	-	-	(3,907)	-	(3,907)	(3,907)	106,421	-	106,421	110,328	7,792,366
AD Other Expenditure EALBs (Net)	-	-	-	(9,484)	-	(9,484)	(9,484)	2,621	-	2,621	12,105	(1,536)
Total Voted AME	-	-	-	144,695,732	(5,496)	144,690,236	144,690,236	147,877,456	-	147,877,456	3,187,220	131,355,691
Non-voted:												
AE Social Fund: Winter Fuel	-	-	-	301,685	-	301,685	301,685	346,906	-	346,906	45,221	4,654,575
AF Incapacity Benefit	-	-	-	894	-	894	894	431	-	431	(463)	(908)
AG Social Fund: Other	-	-	-	78,492	-	78,492	78,492	523,470	-	523,470	444,978	79,569
AH Employment and Support Allowance (Contributory)	-	-	-	5,168,019	-	5,168,019	5,168,019	5,337,322	-	5,337,322	169,303	4,911,445
AI Maternity Allowance	-	-	-	402,552	-	402,552	402,552	413,838	-	413,838	11,286	412,197
AJ Bereavement Benefits	-	-	-	349,439	-	349,439	349,439	380,365	-	380,365	30,926	330,259
AK Christmas Bonus (Contributory)	-	-	-	130,278	-	130,278	130,278	133,828	-	133,828	3,550	127,978

	2024-25									Outturn vs Estimate saving/ (excess)	2023-24	
	Outturn						Estimate				Outturn	
	Administration			Programme			Total	Virements	Total including virements		Total	
	Gross	Income	Net	Gross	Income	Net						
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
AL Jobseekers Allowance (Contributory)	-	-	-	222,372	-	222,372	222,372	230,885	-	230,885	8,513	168,576
AM State Pension (Contributory)	-	-	-	136,356,969	-	136,356,969	136,356,969	139,017,669	-	139,017,669	2,660,700	123,883,842
Total AME Non-voted	-	-	-	143,010,700	-	143,010,700	143,010,700	146,384,714	-	146,384,714	3,374,014	134,567,533
Total spending in AME	-	-	-	287,706,432	(5,496)	287,700,936	287,700,936	294,262,170	-	294,262,170	6,561,234	265,923,224
Non-budget resource:												
Voted:												
AN Cash paid in to the Social Fund	-	-	-	412,649	-	412,649	412,649	908,255	-	908,255	495,606	4,661,139
Total spending in Non-budget	-	-	-	412,649	-	412,649	412,649	908,255	-	908,255	495,606	4,661,139
Total Resource	1,040,011	(35,116)	1,004,895	297,376,706	(848,122)	296,528,584	297,533,479	304,761,414	-	304,761,414	7,227,935	279,540,955

1.2 Analysis of Capital Outturn by Estimate Line¹³⁰

	2024-25						2023-24	
	Outturn			Estimate			Outturn vs Estimate saving/ (excess)	Outturn
	Programme			Total	Virements	Total including virements		Total
	Gross	Income	Net					
	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit								
Voted:								
A Core Department	526,051	(56,778)	469,273	532,661	(1,200)	531,461	62,188	474,698
B Health and Safety Executive (Net)	9,032	–	9,032	20,044	–	20,044	11,012	25,544
C Money and Pensions Service (Net)	11,516	–	11,516	13,251	–	13,251	1,735	5,569
D Other Arm's Length Bodies (Net)	(17,883)	–	(17,883)	1,933	–	1,933	19,816	12,486
G Funding for Public Corporations	1,200	–	1,200	–	1,200	1,200	–	63,000
Total Voted DEL	529,916	(56,778)	473,138	567,889	–	567,889	94,751	581,297
Non-voted:								
I National Insurance Fund – Core Department								
J Social fund	49,743	(824)	48,919	57,000	–	57,000	8,081	51,148
Total Non-Voted DEL	49,743	(824)	48,919	57,000	–	57,000	8,081	51,148
Total spending in DEL	579,659	(57,602)	522,057	624,889	–	624,889	102,832	632,445
Spending in Annually Managed Expenditure								
Voted:								
M Universal Credit	580,805	(314,188)	266,617	336,511	(183)	336,328	69,711	129,212
AA Support for Mortgage Interest	55,230	(8,802)	46,428	47,881	–	47,881	1,453	30,324
AC Other Expenditure	(22,927)	–	(22,927)	55,935	–	55,935	78,862	46,287
AD Other Expenditure EALBs (Net)	918	(735)	183	–	183	183	–	–
Total Voted AME	614,026	(323,725)	290,301	440,327	–	440,327	150,026	205,823

130 Estimate lines N Employment and Support Allowance (Non-Contributory) and Y Jobseekers Allowance (Non-Contributory) were renamed Employment and Support Allowance (Income-Related) and Jobseekers Allowance (Income-Related) as part of the 2025-26 Main Estimate.

	2024-25						2023-24	
	Outturn			Estimate			Outturn vs Estimate saving/ (excess)	Outturn
	Programme			Total	Virements	Total including virements		Total
	Gross	Income	Net					
	£000	£000	£000	£000	£000	£000	£000	£000
Non-voted:								
AG Social Fund: Other	(49,602)	–	(49,602)	20,053	–	20,053	69,655	(48,727)
Total AME Non-voted	(49,602)	–	(49,602)	20,053	–	20,053	69,655	(48,727)
Total spending in AME	564,424	(323,725)	240,699	460,380	–	460,380	219,681	157,096
Total Capital	1,144,083	(381,327)	762,756	1,085,269	–	1,085,269	322,513	789,541

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

(This information is subject to audit)

			2024-25	2023-24
			Outturn	Outturn
	Note		£000	£000
	Budget	1.1	297,120,830	274,879,816
Total resource outturn in Statement of Parliamentary Supply	Non-budget	1.1	412,649	4,661,139
	Total resource outturn		297,533,479	279,540,955
Add:	Capital Grants		(324,010)	(140,581)
	Capital Research and Development		16,222	11,698
	Service Concession Adjustments		15,859	(1,498)
			(291,929)	(130,381)
Less:	Income payable to the Consolidated Fund	4	(25,195)	(22,389)
	Cash paid to the Social Fund – Voted Non-budget		(412,649)	(4,661,139)
			(437,844)	(4,683,528)
Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure			296,803,706	274,727,046

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 (Statement of Financial Position) 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

(This information is subject to audit)

		2024-25	2024-25	Outturn v Estimate:
		Outturn	Estimate	saving/ (excess)
	Note	£000	£000	£000
Total Resource outturn	SoPS 1.1	297,533,479	304,761,414	7,229,006
Total Capital outturn	SoPS 1.2	762,756	1,085,269	322,513
Adjustments for ALBs:				
Remove voted resource and capital		(465,010)	(496,840)	(32,901)
Add cash grant in aid		505,260	400,120	(105,140)
Adjustments to remove non-cash items:				
Non-cash items		(1,102,136)	(1,405,183)	(303,047)
Adjustments to reflect movements in working balances:				
Changes in working capital other than cash		(1,400,565)	1,000,000	2,400,565
Use of provisions		387,268	405,527	18,259
Non-Voted Budget		(143,687,755)	(147,136,367)	(3,448,612)
Net Cash Requirement		152,533,297	158,613,940	6,080,643

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

(This information is subject to audit)

In addition to income retained by the Department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics).

	Outturn 2024-25		Outturn 2023-24	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
	£000	£000	£000	£000
Income outside of the ambit of the Estimate	25,195	25,458	22,389	22,906
Excess cash surrenderable to the Consolidated Fund	1,654	1,654	351,487	351,487
Total amount payable to the Consolidated Fund	26,849	27,112	373,876	374,393

Income payable to the Consolidated Fund is excluded from our 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 2024-25 of £26.8 million are costs recovered from the automatic enrolment fines collected by The Pensions Regulator (£11.9 million), income received in respect debt recoveries (£1.1 million) and collection of civil penalties (£3.3 million).

In 2023-24, excess cash surrenderable to the Consolidated Fund included £350.0 million surplus cash from the Social Fund which had been returned to HM Treasury. This had arisen due to recoveries exceeding new loans paid out, as claimants migrate to Universal Credit.

Consolidated Fund income shown above does not include any amounts we collect 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 2025, FAS collected income totalling £7.8 million, consisting of annuity and other income of £7.8 million and scheme transfer income of £nil (2023-24: £8.3 million, consisting of annuity and other income of £8.2 million, scheme transfer income was £0.1 million). £8.0 million was paid over to the Consolidated Fund during the year (2023-24: £8.4 million). At 31 March 2025, FAS illiquid assets were valued at £83.5 million

(2023-24: £90.4 million) and FAS held cash awaiting transfer to the Consolidated Fund of £0.3 million (2023-24: £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 2024-25 with the final net outturn figure for 2024-25. These variances are calculated prior to virements.

SOPS 1.1 and 1.2

Voted Expenditure – DEL

A – Core Department – Capital

Outturn is £63.4 million below the Supplementary Estimate, which was due to rent uplifts being negotiated below forecast and agreement of some other lease commitments moving to the following year.

B – Health and Safety Executive (Net) – Capital

Outturn is £11.0 million lower than the Supplementary Estimate because of final changes made in the HSE accounts for 23-24 following closure of the 23-24 DWP accounts for changes in the capitalisation treatment of intangible assets and the treatment of PFI property charges.

D – Other Arm's Length Bodies (Net) – Capital

Outturn is £19.8 million lower than the Supplementary Estimate because of a change in the capitalisation of Microsoft Licenses in The Pensions Regulator for prior years.

AME

The Office of Budget Responsibility forecasts of benefit expenditure, on which our Estimate are based, are central estimates. Each year we apply a margin to reflect the inherent uncertainty that these forecasts are equally likely to go up or down.

Voted Expenditure – AME

M – Universal Credit – Capital

Outturn is £69.9 million lower than the Supplementary Estimate because we did not use the margin included to take account of uncertainty around the take up and average award for Budgeting Advances, and the rate of repayments against all advances.

Q – Financial Assistance Scheme – Resource

Outturn is £15.1 million higher than the Supplementary Estimate predominately due changes in actuarial assumptions, which has reduced the estimate compared to the figure used at Supplementary Estimate.

Y – Jobseeker’s Allowance (Income-Related) – Resource

Outturn is £15.0 million lower than the Supplementary Estimate because we did not use the margin included to take account of the uncertainty of the move to Universal Credit timeline.

Z – State Pension (Non-contributory) – Resource

Outturn is £37.3 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 was recorded in the contributory State Pension.

AB – Cost of Living support payments – Resource

Outturn is £110.3 million lower than the Supplementary Estimate because we did not use the margin included to take account of the uncertainty of the number of remaining Cost of Living payments to be made, and the impact of higher than forecast recovery of overpayments.

AC – Other Expenditure – Resource and Capital

Resource outturn is £12.1 million lower than the Supplementary Estimate due to a reduction in provisions held for the cost of Estates dilapidations forecast to be settled at the end of the lease term.

Capital outturn is £78.9 million lower than the Supplementary Estimate forecast because we reached a settlement on some dilapidations in 2024-25, reducing the value of our Estates Dilapidation provision.

Non-voted Expenditure – AME

AE – Social Fund: Winter Fuel – Resource

Outturn is £45.2 million lower than the Supplementary Estimate. Although there was a significant increase in successful Pension Credit claims, and therefore eligibility for Winter Fuel Payment, there were still fewer pensioners receiving Winter Fuel Payments than we estimated at Supplementary Estimate on the basis of the OBR Autumn Budget 2024 forecast.

AG – Social Fund: Other – Resource and Capital

Resource outturn is £445.0 million lower than the Supplementary Estimate because we did not use the large margin that was included in the Supplementary Estimate to account for the unpredictable nature of Cold Weather Payments.

Capital outturn is £69.7 million lower than the Supplementary Estimate because we did not use the margin included to take account of volatility in new loan demand and recoveries. Whilst DWP aims to fund new loans from recoveries, a margin was applied to the net position to ensure the Department can continue to support vulnerable citizens in times of financial hardship. In addition, budgeting and crisis loans recoveries exceeded the value of new loans issued.

Non-budget

AN – Cash paid into the Social Fund

Cash paid into the Social Fund is £495.6 million lower than Supplementary Estimate due to the large margin for Cold Weather Payments included in Supplementary Estimate that was not utilised in outturn, and the variance in Winter Fuel Payments explained above.

SOPS 3

Total net cash requirement was £6.1 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

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£million	£million	£million	£million	£million	£million
Resource DEL²						
Section A: Core Department	4,667	5,990	6,044	6,252	6,348	7,767
Section B: Health and Safety Executive (Net)	165	162	157	181	180	179
Section C: Money and Pensions Service (Net)	139	150	156	165	164	210
Section D: Other Arm's Length Bodies (Net)	106	105	108	116	118	133
Section E: Employment Programmes	293	790	815	753	765	790
Section F: Support for Local Authorities	237	214	212	206	212	203
Section G: Funding for Public Corporations	(13)	(1)	(9)	(20)	(22)	(8)
Section H: Other Benefits	344	813	978	979	977	864
Section I: National Insurance Fund – Core Department	687	714	211	301	647	516
Section J: Social Fund	36	34	26	23	31	22
Total Resource DEL	6,661	8,972	8,696	8,957	9,420	10,677
<i>Of which:</i>						
Staff costs	3,499	3,865	3,756	4,096	4,458	4,607
Purchase of goods and services	2,237	2,504	2,324	2,528	2,722	3,840
Income from sales of goods and services	(294)	(229)	(222)	(192)	(191)	(283)
Current grants to local government (Net)	640	1,106	1,236	1,224	1,257	983
Current grants to persons and non-profit bodies (Net)	464	1,672	1,520	1,279	1,341	1,160
Current grants abroad (Net)	(186)	(283)	(556)	(541)	(538)	–
Subsidies to public corporations	48	48	39	35	35	6
Rentals	54	18	34	42	17	80
Depreciation ³	185	264	565	558	416	448
Take up of provisions	8	8	–	–	3	–
Change in pension scheme liabilities	27	–	–	–	–	–
Other resource	(23)	(1)	1	(73)	(100)	(164)

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£million	£million	£million	£million	£million	£million
Resource AME⁴						
Section K: Severe Disablement Benefit	72	62	58	56	54	49
Section L: Industrial Injuries Benefits Scheme	723	705	695	736	752	737
Section M: Universal Credit	38,082	40,592	41,170	52,039	66,546	75,993
Section N: Employment and Support Allowance (Income-Related)	8,817	8,182	7,561	7,446	7,169	2,679
Section O: Income Support	1,074	768	866	647	280	–
Section P: Pension Credit	5,071	4,834	4,935	5,467	6,008	5,948
Section Q: Financial Assistance Scheme	281	945	(1,664)	(271)	162	177
Section R: Attendance Allowance	5,345	5,307	5,668	6,696	7,767	8,307
Section S: Personal Independence Payment	13,692	15,209	17,637	21,689	25,898	28,519
Section T: Disability Living Allowance	5,808	5,696	5,975	6,862	7,723	8,017
Section U: Carer's Allowance	3,039	3,075	3,250	3,738	4,239	4,469
Section V: Housing Benefit	17,027	15,545	14,876	15,162	14,677	11,552
Section W: Statutory Maternity Pay	2,594	2,569	2,629	2,881	3,054	3,167
Section X: Christmas Bonus (Non-contributory)	36	37	41	46	51	53
Section Y: Jobseeker's Allowance (Income-Related)	435	300	225	145	91	–
Section Z: State Pension (Non-contributory)	135	160	179	224	229	214
Section AA: Support for Mortgage Interest	6	3	2	2	4	(1)
Section AB: Cost of Living Support Payments	–	–	5,665	7,792	(4)	5
Section AC: Other Expenditure	(49)	6	29	(2)	(9)	–
Section AD: Other Expenditure EALBs (Net)	(1)	–	–	1	–	–
Section AE: Social Fund: Winter Fuel	1,957	1,974	4,566	4,655	302	316
Section AF: Incapacity Benefit	5	(9)	12	(1)	1	–
Section AG: Social Fund: Other	145	10	192	80	78	86
Section AH: Employment and Support Allowance (Contributory)	4,567	4,507	4,527	4,911	5,168	4,975
Section AI: Maternity Allowance	384	362	390	412	403	424
Section AJ: Bereavement Benefits	498	341	399	330	349	311
Section AK: Christmas Bonus (Contributory)	123	124	126	128	130	132
Section AL: Jobseeker's Allowance (Contributory)	611	190	108	169	222	249
Section AM: State Pension (Contributory)	101,901	104,533	110,355	123,884	136,357	145,404
Total Resource AME	212,378	216,030	230,471	265,923	287,701	301,780

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£million	£million	£million	£million	£million	£million
<i>Of which:</i>						
Current grants to local government (Net)	17,027	15,545	14,876	15,162	14,677	11,552
Current grants to persons and non-profit bodies (Net)	194,051	198,889	217,830	251,524	273,993	290,271
Depreciation ³	(107)	224	(1,476)	137	96	392
Take up of provisions	1,555	1,504	(399)	(512)	(811)	177
Release of provision	(394)	(498)	(750)	(774)	(704)	(953)
Change in pension scheme liabilities	(26)	2	2	2	2	–
Other resource	271	364	389	385	448	342
Total Resource Budget	219,039	225,002	239,167	274,880	297,121	312,457
<i>Of which:</i>						
Depreciation ³	78	488	(911)	695	512	840
Capital DEL⁵						
Section A: Core Department	279	442	231	475	469	678
Section B: Health and Safety Executive (Net)	11	17	14	26	9	13
Section C: Money and Pensions Service (Net)	1	–	12	6	12	15
Section D: Other Arm's Length Bodies (Net)	8	6	8	12	(18)	1
Section G: Funding for Public Corporations	108	113	140	63	1	–
Section J: Social Fund	62	49	46	51	49	50
Total Capital DEL	468	626	450	632	522	756
<i>Of which:</i>						
Staff costs	2	3	3	6	9	10
Purchase of goods and services	3	14	8	6	8	20
Capital grants to private sector companies (net)	–	–	3	9	(3)	12
Capital support for public corporations	108	110	138	61	48	86
Purchase of assets	319	457	286	621	462	580
Income from sales of assets	(25)	(2)	(34)	(125)	(48)	–
Net lending to the private sector and abroad	62	49	46	51	49	50
Other capital	–	(4)	–	3	(2)	–

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£million	£million	£million	£million	£million	£million
Capital AME						
Section M: Universal Credit	168	70	110	129	267	462
Section AA: Support for Mortgage Interest	29	18	16	30	46	71
Section AC: Other Expenditure	–	–	7	46	(23)	45
Section AG: Social Fund: Other	(51)	(58)	(63)	(49)	(50)	(60)
Total Capital AME	146	30	70	157	241	518
<i>Of which:</i>						
Net lending to the private sector and abroad	443	475	197	263	578	554
Other Capital	(298)	(445)	(134)	(156)	(314)	(82)
Take up of provisions	–	–	7	50	3	45
Capital Grants to Private Sector Companies (Net)	–	–	–	–	(5)	–
Release of provision	–	–	–	–	(20)	–
Total Capital Budget	614	656	520	790	763	1,274
Total departmental spending	219,574	225,170	240,598	274,975	297,371	312,892
<i>Of which:</i>						
Total DEL	6,944	9,334	8,581	9,031	9,526	10,985
Total AME	212,630	215,836	232,017	265,943	287,845	301,906

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 March 2025, OSCAR reflects the planned Main Estimate 2025 position, with plan year 2025-26 reflecting Spending Review 2025 Phase 1 and updates from the subsequent fiscal events. 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
11. Estimate lines N Employment and Support Allowance (Non-Contributory) and Y Jobseekers Allowance (Non-Contributory) were renamed Employment and Support Allowance (Income-Related) and Jobseekers Allowance (Income-Related) as part of the 2025-26 Main Estimate.

Table 2: Administration budget for the Department for Work and Pensions

Table 2: Administration budget, 2020-21 to 2025-26

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£million	£million	£million	£million	£million	£million
Resource DEL						
Core Department	832	841	800	907	929	1,265
Health and Safety Executive (Net)	61	60	57	55	57	61
Other Arm's Length Bodies (Net)	17	19	17	17	18	1
Total administration budget	911	920	874	980	1,005	1,328
<i>Of which:</i>						
Staff costs	524	519	554	589	620	236
Purchase of goods and services	436	392	297	389	400	1,074
Income from sales of goods and services	(114)	(38)	(41)	(47)	(39)	(39)
Rentals	15	(7)	9	10	4	–
Depreciation	34	41	43	33	26	55
Other resource	15	13	13	6	(7)	2
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 March 2025, OSCAR reflects the planned Main Estimate 2025 position, with plan year 2025-26 reflecting Spending Review 2025 Phase 1 and updates from the subsequent fiscal events. 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)

We are custodian of taxpayers' funds and have a duty to Parliament to ensure the regularity and propriety of our activities and expenditure. We manage public funds in line with HM Treasury's Managing Public Money¹³¹.

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 our 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 our 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, we operate the three lines of defence model, which also forms part of our risk management framework.

In 2024-25, we did not breach any of our control totals, details are provided in the Statement of Outturn against Parliamentary Supply on page 254.

Our 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. More details on this control issue can be found in our Accounting Officer's assessment of the system of control and the significant control challenges on page 214.

¹³¹ HM Treasury's Managing Public Money

Parliamentary Accountability Disclosures

Losses and Special Payments¹³²

(This information is subject to audit)

These losses and special payments relate to the running of the departmental group.

2024-25				2023-24			
	Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group	Departmental group
	£000	£000	Cases	Cases	£000	£000	Cases
Losses	478,584	480,319	1,099,417	1,100,830	417,997	419,092	1,023,564
Special Payments	6,069	6,099	11,638	11,640	31,334	31,335	65,669

Overpayments due to fraud and error are not considered losses until recovery options have been exhausted, for more information please see note 1.11

(i) Losses arising from benefit overpayments, grants and subsidies

	2024-25 £000
Non-recoverable benefit overpayments	365,636
During the year we write off non-recoverable overpayments of benefit and tax credits. These are where we can't legally enforce repayment or it's not in the public interest to do so.	
Customer Fraud	5,807
We write off overpayments resulting from customer fraud once we've exhausted our debt recovery processes.	
Duplicate Christmas bonus	873
We sometimes pay 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.	

132 [HM Treasury's Managing Public Money \(with annexes\)](#)

	2024-25 £000
Social Fund We make 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 we write them off when there are not enough assets in the estate. This year we wrote off 23,245 funeral expense payments with a total value of £46.8 million. Budgeting and crisis loans which can't be recovered are written off subject to strict criteria. This year we wrote off 16,626 of these loans with a total value of £2 million. We also wrote off £1.9 million of irrecoverable overpayments. £1.7 million relates to Winter Fuel Payments of which £0.9 million relates to official error. £0.6 million relates to Cold Weather Payments.	51,438
Hijacked Identities Losses are attributed to fraudulent Universal Credit, New Style JSA and New Style ESA claims made using a hijacked identity, predominantly during the pandemic. Criminals exploited the Trust & Protect easement introduced to the identity verification process to ensure access to welfare benefits was maintained throughout. DWP believes it has done all it reasonably can to identify the criminals. Counter fraud have conducted in-depth investigations leading to numerous arrests, 3 recent convictions and in some cases the disruption of sophisticated Organised Crime Groups. The Department will continue to work with the Crown Prosecution Service to recover as much debt as possible through the Proceeds of Crime Act. Any funds subsequently recovered will be remitted to HM Treasury. Alongside this, work continues to cleanse the innocent citizens' data records including the disassociation of any debts.	32,130

(ii) Cash losses

	2024-25 £000
Bad debts – Staff Costs Bad debts written off in respect of staff costs where value is less than DWP threshold (£500) or the age of debt is greater than 6 months.	1,971
Flexible Support Fund Losses 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.	1,647

(iii) Realised Exchange Rate Fluctuation

	2024-25 £000
European Social Fund (ESF) Exchange Rate Loss	4,905
We carry 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 2024-25, a net loss on foreign exchange of £4.905 million materialised.	

(iv) Special Payments

	2024-25 £000
Personal Injury Legal costs staff/contractors	1,120
These are legal costs arising from personal injury payments suffered by civil servants or contractors, £0.310 million of which relates to a payment to a widow of a former DWP employee who was diagnosed with mesothelioma as a result of asbestos exposure in the course of his work duties.	
Consolatory Payments	860
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.	
Employment Tribunal Awards	399
Payments to employees, contractors and others, as a result of an Employment Tribunal.	
Special Severance	370
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.	
There have been 21 Special Severance payments made in this financial year. The total amount paid out this year was £370,000. The maximum payment was £96,000, minimum was £125 and median value of all payments made was £10,000.	
Legal Settlements	1,588
These are payments for ex gratia out of court legal settlements.	

	2024-25 £000
Loss of Statutory Entitlement Payments 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.	452
Compensation Payments These are ex gratia payments to claimants in receipt of non-contributory benefits not funded by the National Insurance Fund for compensation resulting from departmental failure or delay including the erosion of monetary value.	317
Legal Payments on Account Interim payments on account to the customer's legal representative when a case has gone to court and DWP is ordered to pay the litigant's legal costs.	352

(v) Constructive Losses

	2024-25 £000
Decommissioned Sites This loss is the total amount of rent DWP has paid relating to vacant property. This is linked to the planned decommissioning of a series of properties following 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 five 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. The lease liability for the decommissioned sites in 2024-25 paid out is £7.9 million.	7,935
Temporary Jobcentre Sites To meet the regulations and increased demand on services during the COVID-19 pandemic DWP took leases for some temporary Jobcentres Plus properties. These sites contained assets that were added to the Asset Register with a Useful Economic life to the end of the lease(s). With landlord agreement, we have also been able to surrender some sites earlier than anticipated before the lease-end date including the assets within. This early return of sites including the assets to the Landlord(s) led to a loss on disposal as these assets were not fully depreciated.	1,967

	2024-25 £000
Employment Vacancy Data Provider Product	344
The Employment Vacancy Data Provider Product (a developed software) was created to bring job vacancy data into DWP. This is part of the infrastructure and common data services called Data Access Layer (DAL) and this was needed to deliver useable, accessible and governed data products so that we can deliver intelligence products. When the Employment Vacancy Data Provider (EVDP) Product was completed, it was to serve a specific user need. The Local Labour market Intelligence Tool that was delivered through DWP MI had negated the need for the EVDP Product.	

(vi) Other Accountability Issues

	2024-25 £000
Counter Fraud and Investigation – DWP Other Accountability Fraud Data 2025	1,758
1 April 2024 to 31 March 2025 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: 22 investigations were completed, resulting in proven losses of £43,886.76 Benefit related losses e.g. employee benefit fraud or diversion of payments: 25 investigations were completed, resulting in proven losses of £1,713,809.18 In one case an employee abused customer ID verification processes, and approved payments by circumventing existing controls. The employee was arrested by the police and dismissed. In the second investigation, detection controls identified that an employee verified multiple customer identities and claims, with no evidence to support them. The employee was dismissed and the criminal investigation is ongoing. The Department is cooperating fully with the ongoing criminal proceedings and have initiated a review of the internal controls featured in both investigations.	

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 our 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.



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.

Universal Credit Payments to Customers Above State Pension Age

The Department is aware of a cohort of customers who have continued to receive Universal Credit beyond their State Pension age, despite no longer being eligible.

The Department is investigating to determine the correct course of action to regularise these payments and put right any shortfall. State Pension cannot be automatically paid to customers who reach pension age as it must be claimed, and claims for State Pension, Pension Credit and Pension Age Housing Benefit cannot be backdated beyond 12 and 3 months respectively. It is anticipated the net impact will be minimal however further investigation is required. An automated process has since been introduced to move State Pension age customers off Universal Credit at the appropriate time, which has stopped this issue from growing.

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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)
Legal Cases¹³³	£275,000,000	£372,000,000	(£97,000,000)
Document and Data Management Services Contract	£1,880,000	£1,900,000	(£20,000)
National Employment Savings Trust (NEST)	£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	No	Liability revised after supply estimate submission
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	Yes	Yes	N/A
Bauer Judgement (FAS)	Yes	Yes	N/A
Employment programmes – Access to Work	No	Yes	Liability revised after supply estimate submission
Occupational Health Contract	No	Yes	Liability revised after supply estimate submission

133 Liability revised after submission of the Supply Estimate

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 exercise (Remote)	Yes	No	Liability revised after supply estimate submission
Dormant Employment and Support Allowance (ESA) Severe Disability Premium underpayments (Remote)	Yes	Yes	N/A
Universal Credit Payments to Customers Above State Pension Age	No	Yes	Remote Contingent liability confirmed after submission of 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

3 July 2025

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 2025 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 2024. The financial statements comprise: the Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2025;
- 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 and the Departmental Group's affairs as at 31 March 2025 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 2025 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 £290.8 billion in 2024-25¹³⁴. Within note 19 to the accounts, the Department estimates the level of overpayments and underpayments in the benefit system. There are:

- overpayments of £9.31 billion (6.2% of related expenditure) excluding State Pensions;
- underpayments due to official error of £0.75 billion (0.5% of related expenditure) excluding State Pension.

Where fraud, claimant error and official error results in overpayments and official error results in underpayments, the transactions do not conform to the relevant primary legislation specifying benefit entitlement and calculation criteria. 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 £0.2 billion (0.1% of related expenditure); and
- underpayments due to official error of £0.5 billion (0.3% of related expenditure).

In my opinion, I consider these levels of overpayments and underpayments to be immaterial to 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, claimant error and official error where payments have not been made for the purposes intended by Parliament; and
- the estimated level of overpayments and underpayments due in such benefit expenditure which do not conform to the relevant authorities.

My report, which follows on pages 305 to 315, 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 (2024)*. My responsibilities under those

¹³⁴ Total expenditure on benefits in 2024-25 was £290.8 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 £292.2 billion, which represented the latest available forecast for 2024-25 at the time DWP produced the fraud and error estimates.

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 2024*. 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.

Except for the matter described in the Basis for Qualified Opinion on regularity section above relating to the regularity of benefit expenditure and covered more fully in my report on pages 305 to 315, I have determined that there are no other key audit matters to communicate in our certificate and report.

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 significant audit risk on the potential for 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 no longer consider there to be a key audit matter in respect of the completeness and accuracy of the Incorrect Payments Note which resulted from the Department's amendments to the format of the fraud and error statistics in 2023-24. The Department's revised general processes for preparing the note, which were introduced to remove claimant error underpayments from the statistics and to present them as a separate series of statistics, are now established.
- I have identified a new significant risk which has resulted from the revisions to the fraud and error statistics. There is a significant risk of material misclassification between Official Error underpayments, which I consider to be irregular, and which are disclosed in the Incomplete Payments Note and Unfulfilled Eligibility underpayments, which I consider to be regular, and which are excluded from the Incomplete Payments note and disclosed in a separate note.

Misstatement of benefit and State Pension expenditure arising from IT complexity (Department)

Description of risk

The Department reported £290.8 billion of benefit and pension related expenditure for the period to 31 March 2025. 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 23 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**

My IT audit specialists conducted work to improve our understanding of the Department's systems and data interfaces and to assess the complexity of the information system it operates. These specialists have 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. They have also supported me in testing the operational effectiveness of these controls and assessing the operation of wider IT processes and controls which are directly relevant to the key reconciliations.

My substantive audit procedures included:

- For a sample of transactions recorded in the payments system, agreeing them to assessed benefit entitlements recorded in benefit systems and to bank payments;
- For a sample of payment reconciliation controls performed by the Department, re-performing them based on the underlying reports of payment instructions sent to the payment system through to the batches sent for payment; and
- Undertaking completeness and cut off testing of the expenditure recognised in year by testing transactions pre and post year end to confirm that they have been recorded in the correct financial year.

Key observations

The results of my testing of the completeness and accuracy of benefit expenditure were satisfactory and I did not identify any observations to report.



Measurement of expected credit losses (Department)

Description of risk

The Department holds £10.3 billion of benefit-related receivables and has recognised £2.4 billion of expected credit losses in respect of these as at 31 March 2025. 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, including an assessment of reconciliations between the debt, payment and benefit entitlement records;
- 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 I used an auditor’s expert to evaluate the modelling and conclusions reached by the Department to inform our judgement; and
 - 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, including fully testing all calculations with a significant impact on the value of expected credit losses, 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. This included independently calculating 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 transparent disclosure of 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 (Core Department)

Description of risk

The Department has recognised a provision for £29.8 million at 31 March 2025, a significant reduction from £1.2 billion in prior year for State Pension customers who have been underpaid due to errors in recording Home Responsibilities Protection (HRP). See note 17d in the financial statements.

Where the Department identifies a potentially widespread error in administering benefits or pensions leading to underpayments it undertakes a programme of investigation and corrective action. It recognises provisions or contingent liabilities in its financial statements based on the expected value of underpayments resulting from the anticipated corrective action. In 2021-22 DWP identified State Pension underpayments caused by gaps in the National Insurance records of some parents and carers. These individuals should have received Home Responsibilities Protection which reduced the number of qualifying years needed for a full basis State Pension while they were claiming Child Benefit. Both Child Benefit and National Insurance records are administered by HM Revenue and Customs (HMRC).

HMRC began a communications campaign to increase public awareness from September 2023 and wrote to people it thought may be missing HRP to invite them to make a claim which would result in DWP paying any State Pension arrears due. DWP recognised a provision for expected liabilities which at 31 March 2024 amounted to £1.2 billion. Nearly all individuals identified by HMRC have now been contacted and the volume of responses and individuals eligible for payment has been significantly lower than forecast.

Management information produced during the exercise, including research on the reasons why people have not responded, has informed the Department's assessment of the remaining population at risk of underpayment and the expected value of arrears. This updated information has had a significant impact on the balance of the liability recognised in the Department's financial statements, which has reduced from £1.2 billion in the prior year to £29.8 million. This was primarily due to revised assumptions being used for the 2024-25 valuation, in particular the lower numbers of people expected to apply for their missing HRP to be correct than DWP had estimated when preparing the original provision. The variation in valuation between these years indicates the high degree of estimation uncertainty that exists in relation to the liabilities.

For these reasons I have identified a significant risk that the HRP provision could be materially misstated through inappropriate assumptions within the model being used to calculate the provision. I also consider there to be a significant risk that estimation uncertainty disclosures are not sufficient or accurate.

**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 assumptions for the valuation of the provision; including any quality review or change controls;
- 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 Department’s assumption that the number of people it will be able to reach and correct the records of has reduced from 90% of the people it suspects to have missing HRP to 8% (“take-up”) during 2024-25.

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 noted that it still remains possible that a higher number of people will apply for their records to be corrected than is reflected in the Department’s provision and that there are therefore contingent liabilities in respect of HRP as set out in note 21 to the financial statements.

Financial Assistance Scheme provision (Core Department)

Description of risk

At 31 March 2025, the Financial Assistance Scheme provision was valued at £3.7 billion (see note 17a).

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 discount rates and inflation rates.

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; 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 of the Financial Assistance Scheme provision were satisfactory and I did not identify any observations to report.

Unfulfilled Eligibility – regularity and classification of claimant error underpayment (Core Department)

Description of risk

The Department reported £3.7 billion of claimant error underpayments, which it classifies as Unfulfilled Eligibility, in note 20 to the financial statements.

In 2023-24, the Department removed Claimant Error underpayments from the Fraud and Error statistics and reclassified these as ‘Unfulfilled Eligibility’, published in separate statistics. I have previously considered Unfulfilled Eligibility payments to be irregular and included them within the scope of my regularity qualification along with underpayments due to official error and all types of overpayments resulting from error and fraud.

I was provided with additional evidence in support of the legal position of Unfulfilled Eligibility and have evaluated this during 2024-25. I have assessed the evidence provided by DWP and it is my judgment that the legislation requires individuals to provide DWP with full and accurate information when claiming benefits and requires them to keep DWP updated about any change in their circumstances that would impact on the value of the benefits to which they are entitled. I am satisfied that in view of the additional legal evidence provided, these payments are compliant with the relevant legislation, are in accordance with intentions of Parliament and therefore are regular.

I consider that this creates a significant risk to the regularity of expenditure, arising from potential misclassification of underpayments between the Official Error and Unfulfilled Eligibility categories within the fraud and error statistics. There is also a misclassification risk in relation to the disclosures that provide context to the user of the financial statements on the impact of fraud and error in the financial statements.

How the scope of my audit responded to the risk	My response to addressing the risk of material misstatement in this area included: ● Reviewing the design and implementation of the regularity controls in place over benefit expenditure; ● Earning the right to rely on in-year benefit case testing performed by the Department by re-performing a sample of their work; ● Sample testing of cases assessed by the Department as including Unfulfilled Eligibility to test their classification between underpayment categories; ● Assessing the reasonableness of statistical models used to produce the Department’s estimate of the total value of Unfulfilled Eligibility through reviewing the reasonableness of assumptions, data cleansing and extrapolation methodology involving our statistical experts; and ● Reviewing the accuracy and completeness of fraud and error disclosures in the financial statements based on the underlying statistics. Key observations The results of my testing of the classification of claimant error underpayments (‘Unfulfilled Eligibility’) was 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 parent
Materiality	£2.75 billion	£2.75 billion
Basis for determining materiality	1% of prior year gross expenditure of £275.8 billion	1% of prior year gross expenditure of £275.8 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. For both Departmental group and Department parent performance materiality was set at 75% of materiality for the 2024-25 audit (2023-24: 75%).

In determining performance materiality, I have also 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 report to the Departmental Audit and Risk Assurance Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Assurance Committee have increased net expenditure and decreased net assets by £3.3 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's gross expenditure. I considered whether additional audit work was required over the remaining 0.1% of the Departmental Group in line with ISA 600 (Revised) *Special Considerations – Audits of Group Financial Statements*. Due to the minimal transactions and balances within these components compared to materiality, no further procedures above testing the journals posted by the Department to eliminate intra group transactions were considered necessary.

This work, 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.

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; and
- 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;
 - detecting and responding to the risks of fraud; and
 - 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.

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, classification of underpayments in benefit expenditure between official error and claimant error, 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 Government Resources and Accounts Act 2000,

Managing Public Money, Supply and Appropriation (Main Estimates) Act 2024, relevant employment law, pensions legislation 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, classification of underpayments in benefit expenditure between official error and claimant error, Home 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 Department Audit and Risk Assurance Committee and 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 a 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, classification of underpayments in benefit expenditure between official error and claimant error, 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

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

8 July 2025

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 welfare, pensions and child maintenance policy. It is required to pay benefits and State Pension to claimants and pensioners on time, and in full, in accordance with legislation and the related regulations.

2 In 2024-25, DWP spent £290.8 billion on benefits and State Pension payments to claimants and pensioners.¹³⁵ Of this, £137.4 billion was spent on State Pension, £137.5 billion was on other benefits paid directly by DWP and £15.9 billion on grants paid by DWP to local authorities, the largest element of which was £14.7 billion for Housing Benefit paid on DWP's behalf. Benefit and State Pension expenditure represented 98% of DWP's total operating expenditure of £298.0 billion. The remaining expenditure related to DWP's running costs such as staff remuneration.

3 This report sets out:

- how DWP estimates the levels of fraud and error in benefit expenditure;
- the reasons and context for my qualified regularity opinion in relation to fraud and error in benefit expenditure and for the removal of Unfulfilled Eligibility from my qualified opinion; and
- the estimated levels and causes of fraud and error in the benefit system.

4 Alongside my annual audit of DWP's financial statements, I am also carrying out a study on DWP's approach to tackling benefit overpayments due to fraud and error, with a view to publishing a report later in 2025.

How DWP estimates the levels of fraud and error in benefit expenditure

5 DWP sets out how it measures the levels of fraud and error in benefit expenditure on pages 92 to 95 of its Performance Report. The estimates are published annually

¹³⁵ Audited total expenditure on benefits in 2024-25 was £290.8 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 £292.2 billion, which represented the latest available forecast for 2024-25 at the time DWP produced the fraud and error estimates.

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 Carer's Allowance. Overall, 87% of benefit expenditure for 2024-25 was subject to sampling.

6 DWP reports fraud and error in the benefit system across four categories, three relating to overpayments and one to underpayments.

- Fraud (overpayment): Fraud is where DWP considers a claimant should reasonably have been aware they were receiving money that they were not entitled to. Estimated to be £6.5 billion in 2024-25.
- Claimant Error (overpayment): 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. Estimated to be £1.9 billion in 2024-25.
- Official Error (overpayment): 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). Estimated to be £1.0 billion in 2024-25.
- Official Error (underpayment): As above. Estimated to be £1.2 billion in 2024-25.

7 DWP sets out its definition of these categories on page 93 of its Performance Report. I consider expenditure in all four categories to be irregular on the basis that, where payments have been made 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.

8 Unfulfilled eligibility, which was estimated to be £3.7 billion in 2024-25, was previously a fifth category within the fraud and error statistics known as 'Claimant Error underpayments'. DWP decided to remove these from its fraud and error reporting in 2023-24. It now separately publishes information on these underpayments under the name 'unfulfilled eligibility in the benefit system'. DWP removed Claimant Error underpayments from the fraud and error statistics 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. I consider this category of expenditure to be regular as I discuss further in paragraph 13.

The Comptroller and Auditor General's audit opinion on the regularity of benefit expenditure

My qualified regularity opinion

9 I have qualified my opinion on the regularity of DWP's 2024-25 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 37th year in which the Department's accounts have been qualified due to material fraud and error.

10 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.

11 Legislation specifies the eligibility 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 both to deliberate fraud by individuals and to organised crime attacks. 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 overpayment or underpayment does not conform with Parliament's intention and is irregular.

My consideration of State Pension in my qualification

12 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% (£190 million), and underpaid 0.3% (£450 million), of State Pension payments in 2024-25. I continue to regard the combined value of £640 million of irregular payments as immaterial in the context of the £137.4 billion of State Pension expenditure in the accounts. As a result, I exclude State Pension expenditure from my qualified opinion on the account.

Removal of unfulfilled eligibility (previously Claimant Error underpayments) from my qualified regularity opinion

13 In 2023-24, DWP made representations to me that, in addition to unfulfilled eligibility no longer being reported as fraud and error, it should be removed from the scope of my regularity qualification on legal grounds. I was provided with additional evidence in support of the legal position of unfulfilled eligibility and have evaluated this during 2024-25. I have assessed the evidence provided by DWP and it is my judgment that the legislation requires individuals to provide DWP with full and accurate information when claiming benefits and requires them to keep DWP updated about any change in their circumstances that would impact on the value of the benefits to which they are entitled. I am satisfied that, in view of the additional legal evidence provided, these payments are compliant with the relevant legislation and are, in accordance with intentions of Parliament and therefore regular.

14 I have carried out sample testing to ensure that I agreed with DWP's classification of cases as unfulfilled eligibility or Official Error and its resulting calculations of both in the National Statistics. Judgement is frequently involved in deciding whether a claimant receiving less than what they were entitled to or eligible for has been caused by Official

Error or Claimant Error. While I did not agree with DWP's judgement in every case of unfulfilled eligibility that I reviewed, I did not consider that these disagreements materially impacted on the total value of expenditure that has been classified as unfulfilled eligibility. Therefore, I have removed £3.7 billion of unfulfilled eligibility from my qualified regularity opinion for 2024-25.

15 Although DWP has removed underpayments resulting from claimant error (now known as unfulfilled eligibility) from its fraud and error statistics, and I have removed unfulfilled eligibility estimates from my qualified regularity opinion, I continue to include these payments in my reporting on the estimated level of fraud and error in benefit expenditure, as I consider that they continue to be relevant to an understanding of the overall performance of the benefits system.

16 I have previously reported on how Claimant Error – 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. I would expect DWP to develop an understanding of these errors and translate them into changes. Unfulfilled eligibility continues to represent instances where the system is not delivering benefits to claimants of the value to which they are eligible, and so I still consider that the payments form part of the level of error in the system. There are also opportunities for DWP to strengthen its procedures in respect of classifying these cases and I will make recommendations to management to set out the changes I would expect to see in future, which I will follow up in future audits.

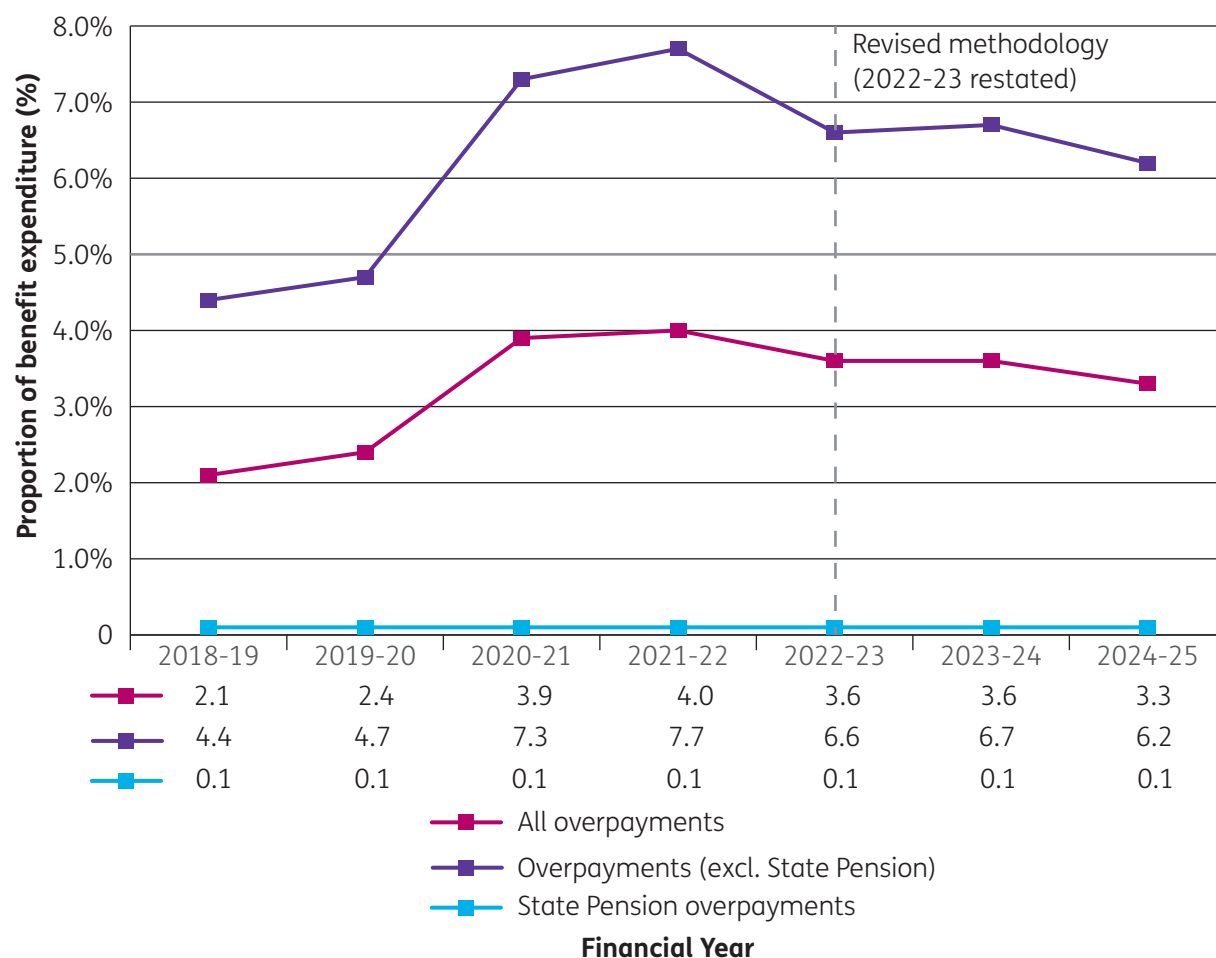
17 I have not removed overpayments due to Claimant Error from my qualified regularity opinion, as these result in irregular payments to which the claimant was not eligible for or entitled to, either in full or in part. This is not in accordance with legislation or Parliament's intent. DWP told me that 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.

The estimated level of fraud and error in benefit expenditure

18 DWP sets out its estimates of the overall level of fraud and error in benefit expenditure on pages 115 to 118 of the Performance Report and note 19 of the financial statements (summarised in **Figure 1**). Because the rate of overpayments from fraud and error in State Pension remains low, I report the level of fraud and error overpayments in benefit expenditure across all DWP benefits both including and excluding State Pension. This 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 2024-25

Overpayments of benefit expenditure excluding State Pension decreased in 2024-25 but 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 restated 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.
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.
5. During the period covered by this figure, Universal Credit replaced tax credits for people of working age, and there was a gradual migration of claimants from Tax Credits (administered by HM Revenue & Customs) to Universal Credit (administered by DWP). We note that DWP use a blended overpayment rate as a result which takes into account fraud and error recorded in both DWP administered benefits and Tax Credits. These rates are shown on page 119 of the Performance Report.

Source: National Audit Office analysis of the Department for Work & Pensions' fraud and error statistical data

Overpayments

19 Excluding State Pension, DWP estimates that it overpaid a total of 6.2% (£9.3 billion) of benefit expenditure, which has decreased from 6.7% (£9.5 billion) in 2023-24 (Figure 1). DWP has said that its ambition is to reduce overpayments resulting from fraud and error to pre-pandemic levels and that, based on its current plans, this will be achieved by 2028-29.

20 DWP categorises benefit overpayments into Fraud, Claimant Error, and Official Error per the definitions set out in paragraph 6. The estimated 6.2% (£9.3 billion) (2023-24 6.7%, £9.5 billion) of expenditure that was overpaid across all benefits (excluding State Pension) comprised the following.¹³⁶

- Fraud accounted for 4.3% (£6.5 billion) (2023-24 5.1%, £7.3 billion).
- Claimant Error accounted for 1.2% (£1.8 billion) (2023-24 1.1%, £1.5 billion).
- Official Error accounted for 0.6% (£890 million) (2023-24 0.5%, £780 million).

21 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 in some instances DWP classifies improperly declared income from other benefits as Claimant Error, 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 2024-25, DWP estimated it overpaid £73 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.

Overpayments of Universal Credit

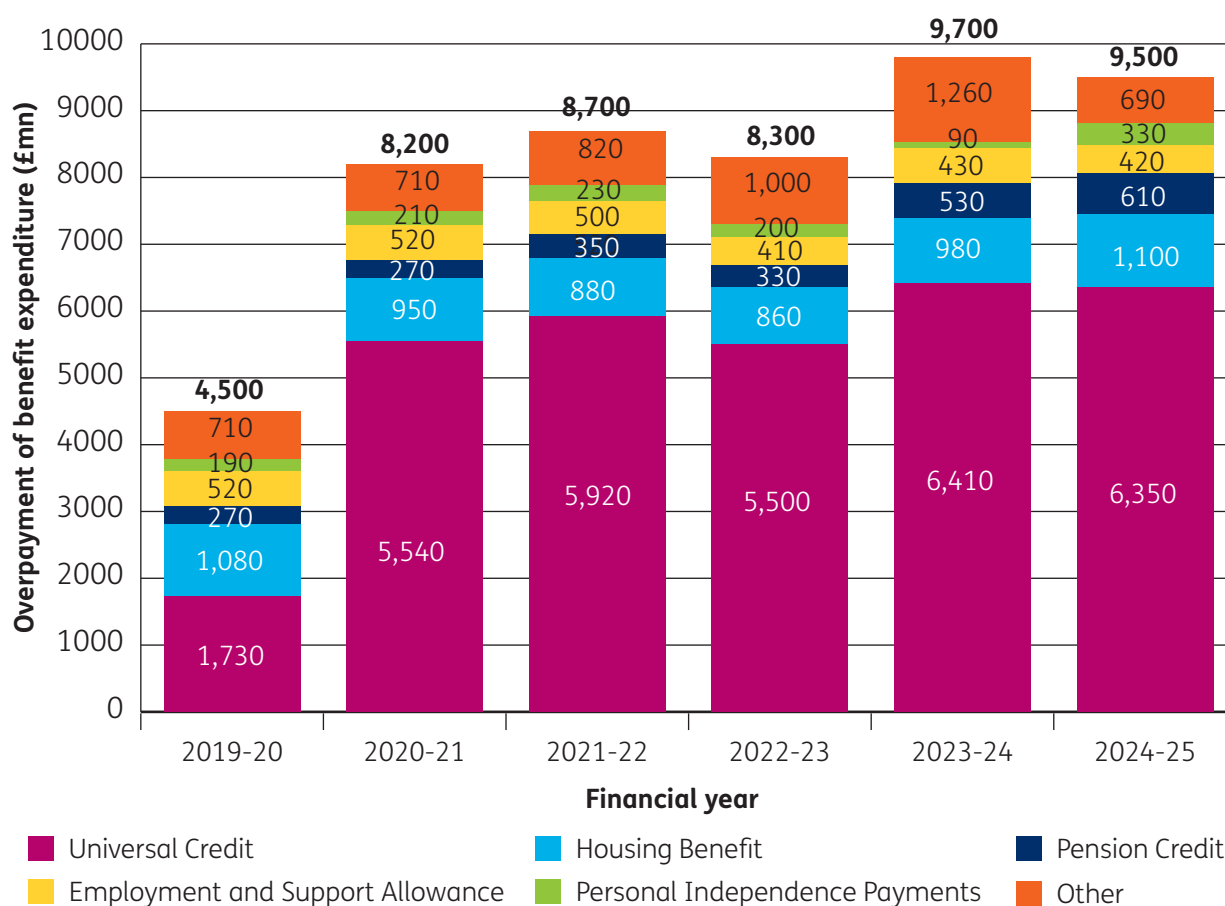
22 Two-thirds of all overpayments by value in 2024-25 relate to Universal Credit (**Figure 2**). DWP sets out in the fraud and error statistics its categorisation of Universal Credit overpayments, which fell to 9.7% of expenditure on this benefit in 2024-25 from 12.4% in the previous year. The value of Universal Credit expenditure as reported in the National Statistics increased from £51.9 billion to £65.3 billion over the same period. Most of the fall in overpayments was due to reductions in claimants not engaging with the review process. Overall, Universal Credit overpayments due to fraud decreased from 10.8% to 8.0%.

23 Levels of Universal Credit overpayments have decreased in 2024-25 but not yet to the levels seen before the COVID-19 pandemic. In 2019-20, the overpayment rate for Universal Credit was 9.4%, of which 7.6% was due to fraud. Further reductions will be required if DWP is to achieve its aims of reducing overpayments to pre-pandemic levels by 2028-29 as set out in the 2025 Spring Budget forecast. The rate DWP is aiming to return to is a 3.1% overpayment rate for all benefits as shown on page 119 of the Performance Report.

¹³⁶ Figures may not sum due to rounding.

Figure 2
Estimated benefit overpayments due to fraud and error, 2019-20 to 2024-25

Universal Credit accounted for £6.4 billion (67%) of overpayments by value in 2024-25 (£6.4 billion, 66% in 2023-24)



NOTES

1. The 'Other' category contains (in order of largest to smallest overpayment in 2024-25): State Pension, Attendance Allowance, Carer's Allowance, Disability Living Allowance, Income Support, Jobseeker's Allowance, and a number of unreviewed benefits.
2. The 'Other' category includes different benefits in different years. In 2022-23 and 2023-24 it included Cost of Living Payments for which there was £410 million and £550 million of overpayments respectively. This payment stream has been discontinued in 2024-25, which has contributed to the reduction in Other Benefit Overpayments.
3. Data relates 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.
4. During the period covered by this figure, Universal Credit replaced tax credits for people of working age, and there was a gradual migration of claimants from Tax Credits (administered by HM Revenue and Customs) to Universal Credit (administered by the Department for Work and Pensions (DWP)). We note that DWP use a blended overpayment rate as a result, which takes into account fraud and error recorded in both DWP-administered benefits and Tax Credits. These rates are shown on page 119 of the Performance Report.

Source: National Audit Office analysis of the Department for Work & Pensions' fraud and error statistical data

Overpayments of other benefits

24 Pension Credit now has the highest overpayment rate, at 10.3% of expenditure on this benefit (9.7% in 2023-24). Over half of the overpayments in Pension Credit were caused by under-declaration of capital,¹³⁷ or claimants remaining abroad for longer than permitted.

25 Overpayment of PIP increased from 0.4% to 1.3%. The main reason for the increase was an increase in claimants not reporting an improvement in their needs, which increased from 0.3% to 0.8%.

26 Housing Benefit overpayments increased from 6.4% to 7.2%. The main reason for the increase was an increase in the under-declaration of capital.

Underpayments and unfulfilled eligibility

27 DWP estimates that claimants received 1.7% (£4.9 billion) less than they were eligible for in 2024-25, up from 1.6% (£4.2 billion) in 2023-24 (**Figure 3**).¹³⁸ This comprised the following.

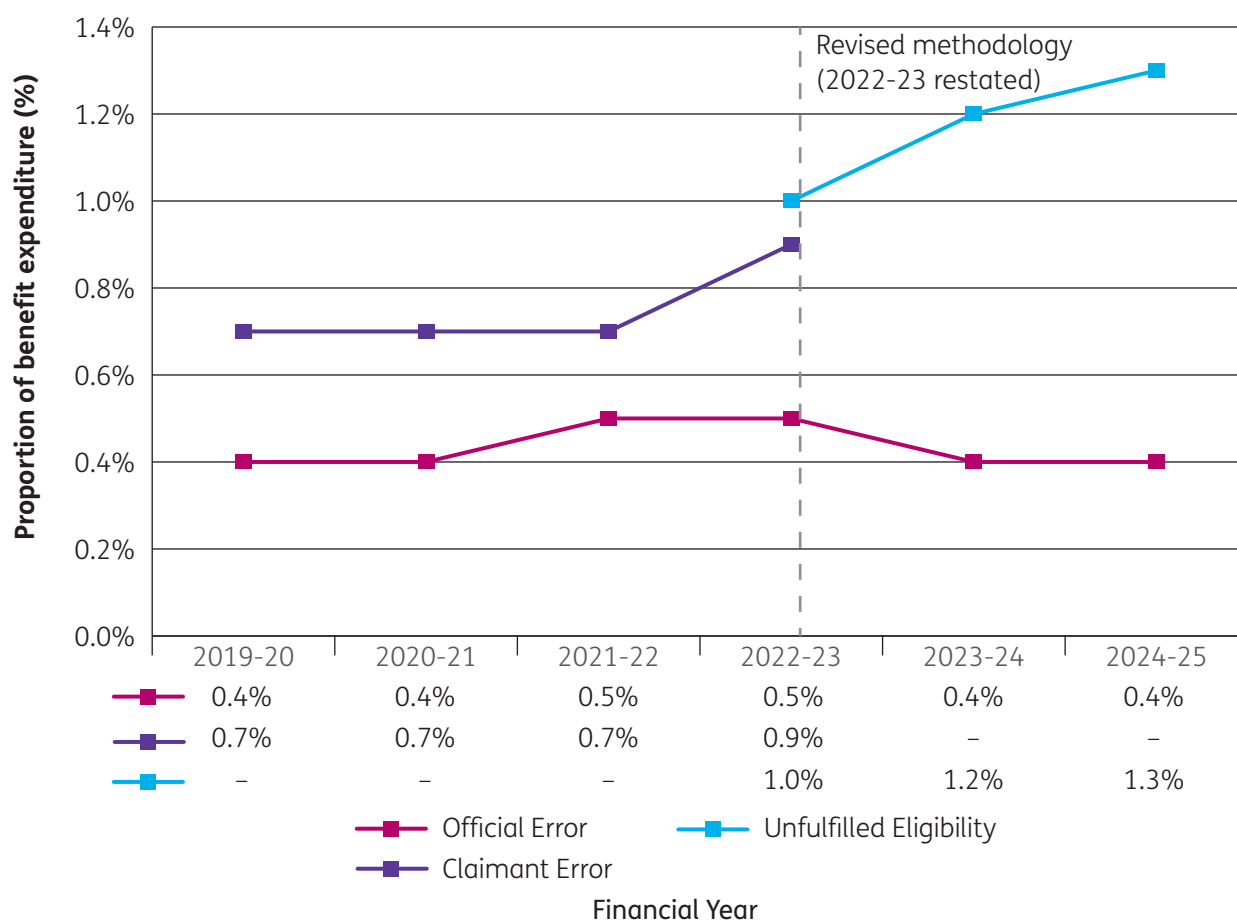
- Official Error accounted for £1.2 billion.
- Unfulfilled eligibility accounted for £3.7 billion. Unfulfilled eligibility was referred to as Claimant Error by DWP until 2023-24.

¹³⁷ 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.

¹³⁸ 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, 2019-20 to 2024-25

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 restated 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 2019-20.
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.
6. Estimates of unfulfilled eligibility before 2024-25 are not directly comparable with previous estimates of Claimant Error underpayments published in the fraud and error statistics, though the two calculation methodologies are very similar

Source: National Audit Office analysis of the Department for Work & Pensions' fraud and error statistical data

Unfulfilled eligibility of disability benefits

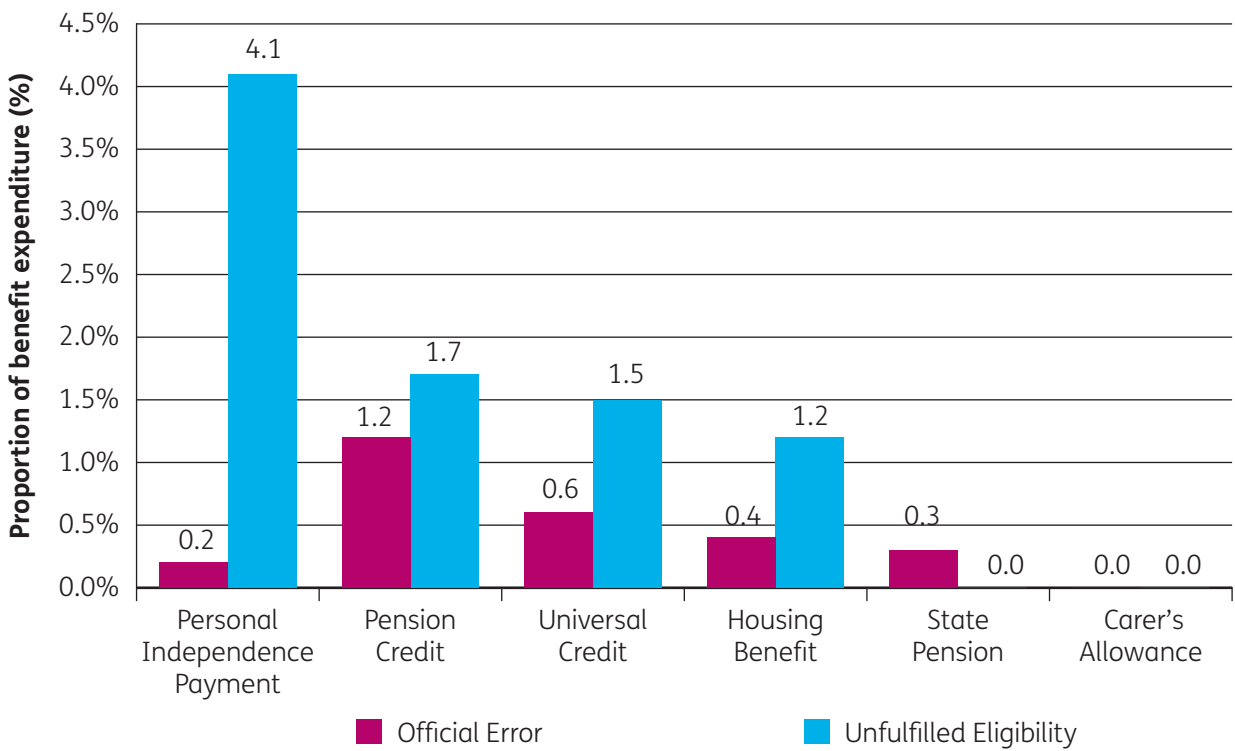
28 The highest rates of unfulfilled eligibility are for PIP and Disability Living Allowance (DLA). DWP's estimate of unfulfilled eligibility was 4.1% (£1.06 billion) and 11.1% (£0.85 billion), respectively.

- For PIP, unfulfilled eligibility was due to claimants failing to inform DWP they needed more help, or their condition had deteriorated.
- For DLA, the unfulfilled eligibility monetary value has been calculated from the previous rate of 11.1% measured in 2023-2024. This rate was also due to claimants failing to inform DWP of the worsening of their condition.

29 DWP's statistics suggest that over one-tenth of PIP claimants and over one-quarter of DLA claimants are receiving less benefit than they are eligible for. As shown in **Figure 4**, levels of unfulfilled eligibility are significantly higher for the disability benefit measured in 2024-25 (PIP) than for working-age or retirement benefits.

Figure 4
Estimated levels of Official Error underpayments and unfulfilled eligibility as a percentage of total benefit expenditure, for benefits measured in 2024-25

Personal Independence Payment had the highest level of unfulfilled eligibility of the benefits measured in 2024-25



- 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. Underpayments of Carer's Allowance would not be expected to occur as the benefit is paid at a single fixed rate. A test of Carer's Allowance cases that are in payment is therefore extremely unlikely to identify an eligible claimant who was receiving less than they were entitled to.
 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



Accountability report





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 2025.

In addition to our functions of paying benefits for welfare and pensions, our accounts include the following areas of spending:

National Insurance Fund (NIF)

HM Revenue and Customs is responsible for the NIF. We administer the benefits funded from the NIF (see note 5b) on HM Revenue and Customs's behalf. We include these in our 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 our Statement of Cash flows.

Social Fund

We're 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, we include these in our SoCNE and any related receivables in the Statement of Financial Position (SoFP).

Child Maintenance Service (CMS)

We have 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. We record the expenditure and income related to ESF programmes in our 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 which will be delivered by Ministry of Housing, Communities and Local Government.

Other expenditure

This includes other expenditure that is voted to us 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 our arm's length bodies are recorded as expenditure.

Arm's length bodies

Our arm's length bodies are shown on page 176. They are administered separately from the Department and they produce their own Annual Reports and Accounts. Excluding public corporations which fall outside of our 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 2025

The notes from page 328 form part of these accounts.

	Note	31 March 2025		31 March 2024	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Staff expenditure	3	4,129,529	4,466,666	3,785,503	4,102,766
Purchase of goods and services	4	3,441,131	3,159,330	3,334,668	3,041,602
Benefit and Social Fund expenditure	5	290,769,165	290,769,165	268,516,641	268,516,641
Depreciation and impairment charges	6	504,701	515,615	676,630	692,597
Provision expense	6	(812,360)	(812,332)	(508,853)	(508,787)
Total operating expenditure		298,032,166	298,098,444	275,804,589	275,844,819
Operating income	7	(872,900)	(998,509)	(869,919)	(981,397)
Total operating income		(872,900)	(998,509)	(869,919)	(981,397)
Finance income	7	(38,877)	(39,511)	(36,299)	(37,002)
Finance expense	4	15,690	57,470	15,440	49,077
Net expenditure for the year		297,136,079	297,117,894	274,913,811	274,875,497
Donated assets	8	(314,188)	(314,188)	(148,451)	(148,451)
Net operating costs for the year		296,821,891	296,803,706	274,765,360	274,727,046

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)
Revaluation of intangibles	(53,618)	(52,969)	(56,628)	(56,875)
Revaluation of pension fund	(1,932)	(1,932)	(1,766)	(1,766)
Total comprehensive net expenditure for the year ended 31 March 2025	296,766,341	296,748,805	274,706,966	274,666,165

All income and expenditure is derived from continuing operations.

Consolidated Statement of Financial Position

as at 31 March 2025

The notes from page 328 form part of these accounts.

	Note	31 March 2025		31 March 2024	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Non-current assets:					
Property, plant and equipment	9	1,246,347	1,376,763	1,247,714	1,382,388
Intangible assets	10	566,345	601,291	517,508	558,880
Trade receivables, financial and other assets	14	7,550,390	7,553,106	6,757,775	6,760,015
Total non-current assets		9,363,082	9,531,160	8,522,997	8,701,283
Current assets:					
Trade receivables, financial and other assets	14	3,601,220	3,680,633	3,867,838	3,929,881
Cash and cash equivalents	13	643,149	647,303	379,949	382,251
Total current assets		4,244,369	4,327,936	4,247,787	4,312,132
Total assets		13,607,451	13,859,096	12,770,784	13,013,415
Current liabilities:					
Trade payables and other liabilities	15	(13,636,587)	(13,709,512)	(10,783,912)	(10,866,000)
Provisions for liabilities and charges	17	(1,034,351)	(1,034,351)	(1,186,618)	(1,186,743)
Total current liabilities		(14,670,938)	(14,743,863)	(11,970,530)	(12,052,743)
Total assets less current liabilities		(1,063,487)	(884,767)	800,254	960,672
Non-current liabilities:					
Provisions for liabilities and charges	17	(3,636,744)	(3,637,294)	(5,024,166)	(5,024,712)
Other payables	15	(746,768)	(893,313)	(956,222)	(1,044,748)
Pension liability	18	–	(860)	–	(887)
Total non-current liabilities		(4,383,512)	(4,531,467)	(5,980,388)	(6,070,347)
Assets less liabilities		(5,446,999)	(5,416,234)	(5,180,134)	(5,109,675)
Taxpayers' equity and other reserves:					
General fund		(5,543,044)	(5,551,708)	(5,241,356)	(5,210,975)
Revaluation reserve		96,045	135,474	61,222	101,300
Total equity		(5,446,999)	(5,416,234)	(5,180,134)	(5,109,675)

Sir Peter Schofield KCB
Permanent Secretary

3 July 2025

Consolidated Statement of Cash flows

for the year ended 31 March 2025

	Note	31 March 2025		31 March 2024	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Cash flows from operating activities					
Net cost for the year		(296,821,891)	(296,803,706)	(274,765,360)	(274,727,046)
Adjustments for non-cash transactions	6,7	(302,862)	(291,603)	170,422	188,464
Adjustments for Capital Grant in Kind transfers	8	(314,188)	(314,188)	(148,451)	(148,451)
Decrease/(increase) in trade and other receivables	14	(525,997)	(543,843)	(102,009)	(111,849)
<i>Movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		300,844	293,840	111,557	109,885
Increase/(decrease) in trade and other payables	15	2,407,744	2,456,496	1,423,919	1,409,173
<i>Movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(94,998)	(145,177)	(7,453)	(6,705)
Utilisation of provisions	17	(724,863)	(724,958)	(777,919)	(778,613)
Net cash outflow from operating activities		(296,076,211)	(296,073,139)	(274,095,294)	(274,065,142)
Cash flows from investing activities					
Purchase of property, plant and equipment	9b	(188,639)	(194,185)	(189,722)	(198,559)
Purchase of intangible assets	10a	(122,902)	(115,986)	(109,818)	(130,257)
Proceeds of disposal of property, plant and equipment and intangible assets		206	341	-	7
Proceeds of disposal of asset held for resale		10,827	10,827	-	-
Loans to other bodies – repayments		7,654	7,654	1,508	1,508
Loans to other bodies		(55,308)	(55,308)	(63,000)	(63,000)

	Note	31 March 2025		31 March 2024	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Net cash outflow from investing activities		(348,162)	(346,657)	(361,032)	(390,301)
Cash flows from financing activities					
From the Consolidated Fund (supply) current year		152,670,821	152,670,821	145,073,905	145,073,905
Net financing from the National Insurance Fund		143,991,287	143,991,287	129,998,803	129,998,803
Capital element of payments in respect of leases and on-Statement of Financial Position PFI contracts		(185,827)	(188,656)	(239,092)	(246,816)
Net financing		296,476,281	296,473,452	274,833,616	274,825,892
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		51,908	53,656	377,290	370,449
Payments of amounts due to the Consolidated Fund		(24,185)	(24,185)	(371,915)	(371,915)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	13	27,723	29,471	5,375	(1,466)
Cash and cash equivalents at the beginning of the period	13	(1,206,581)	(1,204,355)	(1,211,956)	(1,202,889)
Cash and cash equivalents at the end of the period¹³⁹	13	(1,178,858)	(1,174,884)	(1,206,581)	(1,204,355)

The notes from page 328 form part of these accounts.

139 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 2025

The notes from page 328 form part of these accounts.

	Note	General Fund		Revaluation Reserve		Total Reserves	
		Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group
		£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

	General Fund		Revaluation Reserve		Total Reserves		
	Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group	
	Note	£000	£000	£000	£000	£000	
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)	–	–
Balance at 31 Mar 2024		(5,241,356)	(5,210,975)	61,222	101,300	(5,180,134)	(5,109,675)

	Note	General Fund		Revaluation Reserve		Total Reserves	
		Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group
		£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)
Net parliamentary funding drawn down (current year)		152,670,821	152,670,821	–	–	152,670,821	152,670,821
Repayments to the Consolidated Fund	SOPS 4	(1,654)	(1,654)	–	–	(1,654)	(1,654)
Net parliamentary funding – deemed		88,583	88,583	–	–	88,583	88,583
Funding from National Insurance Fund		143,991,287	143,991,287	–	–	143,991,287	143,991,287
Supply payable adjustment	15	(226,107)	(226,107)	–	–	(226,107)	(226,107)
CFERS payable to the Consolidated Fund	SOPS 4	(25,195)	(25,195)	–	–	(25,195)	(25,195)
General Fund – Other		–	(57,230)			–	(57,230)
Net costs for the year		(296,821,891)	(296,803,706)	–	–	(296,821,891)	(296,803,706)
Non-cash adjustments:							
Non-cash charges – Auditor's remuneration	6	1,741	1,741	–	–	1,741	1,741
Actuarial revaluation on pension	18	1,932	1,932	–	–	1,932	1,932

	General Fund		Revaluation Reserve		Total Reserves		
	Core Department	Departmental group	Core Department	Departmental group	Core Department	Departmental group	
	Note	£000	£000	£000	£000	£000	
Movements in reserves:							
Recognised in Statement of Comprehensive Net Expenditure		–	–	53,618	52,969	53,618	52,969
Transfers between reserves		18,795	18,795	(18,795)	(18,795)	–	–
Balance at 31 March 2025		(5,543,044)	(5,551,708)	96,045	135,474	(5,446,999)	(5,416,234)

- e) 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.
- f) 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 2024-25 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 lets us choose an accounting policy, we've selected the one that we think is the most appropriate to our circumstances and which gives a true and fair view. The policies we've adopted are set out below. We've applied them consistently in dealing with items that we consider are material to the accounts.

As well as preparing the primary statements under IFRS, we are required under the FReM to prepare the Statement of Outturn against Parliamentary Supply. This statement is shown on page 254 and shows outturn against estimate in terms of our net resource requirement and net cash requirement.

These accounts have been prepared on a going concern basis. In common with other government departments, the Department's obligations and liabilities are expected to be met by future grants of supply approved annually. Parliament has demonstrated its commitment to fund the Department (and its bodies) for the foreseeable future.

1.2 Accounting standards, interpretations and amendments

We've 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 2025. We've also taken into account the specific interpretations and adaptations included in the FReM.

IFRS 17 (Insurance Contracts) effective from 1 April 2025

IFRS 17: Insurance Contracts replaces IFRS 4: Insurance Contracts and is effective from 1 April 2025. It is included in the FReM for mandatory implementation from 2025-26.

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. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard.

This standard is unlikely to have an impact on the financial statements or budgets of DWP.

Social Benefits

From 2025-26 the FReM will include new guidance on accounting for social benefits. The 2025-26 FReM will define social benefits as ‘current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances.’

The 2025-26 FReM clarifies that expenditure in respect of social benefit payments should be recognised at the point at which the social benefit claimant meets the eligibility requirements to receive the benefit. Only the expenditure for the period of entitlement that falls within the accounting year should be recognised.

The Department continues to assess this impact on the current approach for accounting for social benefits as disclosed in note 1.7. The Department does not anticipate a material impact on the overall net expenditure.

IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) effective from 1 April 2025

DWP is reviewing and preparing to adopt changes to the valuation of non-investment assets, particularly intangible assets effective from 1 April 2025. These changes are included in FReM and follow HM Treasury’s Thematic Review of Non-Investment Asset Valuation. The revised valuation approach will be applied prospectively, with no restatement of prior year figures.

This change is not expected to have a material impact on the financial statements or budgets of the Department.

1.3 Accounting convention

We’ve prepared these financial statements 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 our functional currency.

1.4 Basis of consolidation

These statements cover the whole departmental group. By this, we mean the core department, which is supply financed (parliament has given statutory authority to utilise funding), plus all of our arm’s length bodies that fall within the departmental boundary (as shown on page 176). We’ve eliminated all material transactions between entities included in this consolidation.

1.5 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements

In preparing the financial statements, we have 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 our assets and liabilities, income and expenditure.

Incorrect payments

We're responsible for paying claimants the right benefit at the right time. However, administering 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 our estimation strategy can be found at GOV.UK (within the latest National Statistics publication, and the accompanying background information and methodology document).

Last year, 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, from 2023-24, 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 the Unfulfilled Eligibility publication and in note 20.

We estimate the level of overpayment and underpayments in benefit expenditure each year based on a sample of benefit records, and these are reported in our incorrect payments note (note 19). It is estimated that 96% of £292.2 billion of benefit payments were made correctly in this reporting 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. We correct all individual cases sampled where we identify overpayment or underpayments.

Benefit expenditure

As there are no specific IFRS or FReM regulations currently in effect regarding benefit expenditure, the 2024-25 financial statements have been produced in alignment with the relevant legislation, using the Departments long standing accounting policy in relation to benefit expenditure.

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 our 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 2025. 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 our impairment for benefit overpayments, we continue 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. We group debts by benefit and age then forecast recoveries and write-offs in a model which considers historical data. We've provided more detail 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. We don't 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, we disclose a contingent liability in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) (see note 21).

State Pension underpayments

We disclose 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)

We comply with IFRS 15 (Revenue from Contracts with Customers) for income streams and recognise revenue when earned. For the European Social Fund, where we act as an agent, we recognise income in the accounting periods in which the EU sponsored projects are funded.

1.7 Benefit expenditure

For 2024-25, 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. Future changes to accounting for social benefits are outlined in 1.2.

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 is made in April 2025, and where an element of the entitlement period falls in March 2025, we've accrued expenditure relating to 2024-25 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, we've 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 £5,000 (threshold for Leasehold Improvements has changed since April 2024 post decision made in the Capital board meeting)
- 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

We measure 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	BNP Paribas Real Estate Advisory & Property Management UK	31 March 2025
HSE Health and Safety Laboratory, Buxton	NPS Property Consultants	31 March 2025

1.9 Intangible assets

Whether we acquire intangible assets externally or generate them internally, we measure 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, we revalue assets using appropriate indices to indicate depreciated replacement cost as an alternative for fair value.

We revalue internally developed software and software licences using the most recent Office for National Statistics published indices.

Purchased software licences

We capitalise 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. We later revalue these using appropriate indices as a proxy for fair value. As we own so many software licences, we account 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 IP address market.

Spending on annual software licences is charged to the SoCNE when incurred.

Internally developed software

We capitalise internally developed software if it meets the criteria in IAS 38 (Intangible Assets). We classify development costs as assets under the course of construction until the asset is available for use. At that point, we transfer it to the relevant asset class.

Website development costs

We capitalise website development costs in line with the requirements of Standard Interpretations Committee (SIC) 32 (Intangible Assets – Web Site Costs).

1.10 Depreciation and amortisation

We charge 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 are 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), we recognise financial assets and liabilities when we become 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. Our 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.

We hold 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. We seek to recover all benefit overpayments where we have the legal basis to do so unless it would cause financial hardship or would not be cost-effective. Where recovery isn't cost-effective, we write off overpayments, with the exception of fraud cases which are exhausted as far as possible. Our write-off policy has been agreed with HM Treasury. Debts are normally recovered through deductions of voluntary agreements with debtors or deductions from earnings.

We do 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 275.

In addition to the above, the balance of gross benefit overpayments does not include all 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.

We hold 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, we 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 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.

The transfer of Tax Credits overpayments from HM Revenue and Customs to the Department ceased on 31 March 2025. Tax Credit debts can still transfer in future, when a debtor makes a Universal Credit claim or as procedural appeals are resolved.

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 us 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.

We hold 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 we have debts relating to Support for Mortgage Interest, other government departments, payroll overpayments and recovery of administrative penalties (Ad Pen).

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.

We have 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.

Our impairment calculation considers the expected recoveries over the lifetime of the debt and impairs the debt balance. We further discount using the HM Treasury provided discount rate. The Department's 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. We include 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 2025 relating to entitlement weeks within 2024-25 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

We recognise 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, we discount the estimated risk-adjusted cash flows 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 our 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.

We apply 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 we can calculate the value of historic official error corrected in year, to support an overall quantification of the outstanding liability. We therefore disclose a contingent liability, see Note 21.

State Pension underpayment provisions

These are specific liabilities relating to underpayment of benefit. As such, we adopt 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, we recognise the contributions payable for the year.

Full information about civil service pension arrangements can be found at www.civilservicepensionscheme.org.uk

For information regarding our 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 4.72% for leases entered into prior to 31 December 2024, or 4.81% after 1 January 2025.

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 as 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 has separated lease and service components [maintenance, security etc.] and have only capitalised amounts relating to lease components)

1.15 Contingent liabilities

We disclose 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.

We apply 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, we disclose these for parliamentary reporting and accountability purposes in the Remote Contingent Liabilities section within the accountability report on page 280.

1.16 Grant in aid

Grants in aid to our arm's length bodies are treated as expenditure in our 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

Our 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 our operating segments align with the SOPS.

We have two types of expenditure – **Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME)**.

DEL: spending which is generally within our control and managed in fixed multi-year limits. Some elements may be demand led.

Our Investment Committee is the chief decision-making body within the Department for DEL expenditure and receives updates on our monthly management accounts. The monthly management accounts are based on our DEL operating segments and detail our spending and any financial issues they need to be aware of.

This year we have disclosed our DEL segments as:

Fraud, Disability and Health – Incorporates Counter Fraud Compliance and Debt, Accessibility, Disability Services, Disputes and Resolution, Customer Experience and Service Planning and Delivery.

Operations Group – this brings together Child Maintenance, Retirement Services, Deployment, Working Age and Universal Credit Operations.

Corporate functions as follows:

Finance Group – our 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 our DEL spend for local authorities.

Digital Group – our IT Contracts and digital services for colleagues and customers.

Policy Group – our policy functions support our 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 – our core HR functions.

Corporate Transformation – corporate function incorporating Estates contract management and Synergy.

Other corporate functions – Communications; Central Analysis, Science, Ministers, Governance and Strategy.

Strategy and Transformation – our investment programmes and projects. In 2024-25 the largest programmes were Universal Credit, Workplace Transformation, Health Transformation and Service Modernisation. Also included were Fraud, Error and Debt, Enhanced Customer Support, Universal Support, New Style Transformation, Customer Experience and Synergy.

Arm's length bodies – the expenditure incurred by the bodies within our accounting boundary on page 176.

	2024-25 (reclassified) ¹⁴⁰	2023-24	2023-24
	£000	£000	£000
Service Delivery: ¹⁴¹			
Fraud, Disability and Health	1,223,312	1,126,938	
Operations	2,418,990	2,241,988	
Service Excellence			753,477
Work and Health Services			2,615,449
Corporate:			
Finance Group ¹⁴²	2,436,409	2,388,763	139,237
Contract Management and Partner Delivery (CMPD)			2,222,701
Digital Group	955,171	996,500	996,500
Policy Group	226,625	166,649	166,649
People and Capability	202,312	198,505	198,505
Corporate Transformation	1,222,199	1,360,971	1,360,971
Other corporate (Communications; Central Analysis, Science, Ministers, Governance and Strategy)	(4,995)	(47,708)	(29,176)
Strategy and Transformation ¹⁴³	797,019	650,430	
Change and Resilience			658,723
Arm's Length Bodies	464,909	506,001	506,001
Total resource and capital DEL	9,941,951	9,589,037	9,589,037

AME: spending which is generally less predictable and controllable than spending in DEL. This covers expenditure on benefits for welfare, pensions and Social Fund.

140 2023-24 figures have been reclassified to reflect the restructuring of Service Delivery, Finance Group and Strategy & Transformation.

141 Service Excellence and Work and Health Services have been restructured into Fraud, Disability & Health (formerly SE) and Operations (Work and Health Services).

142 CMPD now sits with Finance Group as a result of the internal 2024-25 restructure.

143 Strategy and Transformation was formerly Change and Resilience prior to an internal restructure during 2024-25. The difference between the reclassified 2023-24 and 2023-24 columns are as a result of change programmes moving to business as usual.

Our 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 2024-25 to review and approve the Department's AME strategy for Supply Estimates and subsequently reviewed AME forecasts versus the funding granted by Parliament.

	2024-25	2023-24
	£000	£000
Total resource and capital AME	287,941,635	266,080,320
Total resource and capital DEL and AME	297,883,586	275,669,357

SOPS notes 1.1 and 1.2 provide details of resource and capital.

SOPS 2 on page 262 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 (£297.9 billion, representing total resource and capital DEL and AME) to net expenditure shown in the SoCNE (£296.8 billion) is made up of (i) Total Capital Outturn (£0.8 billion) (ii) Other immaterial reconciling items (£0.3 billion).

3. Staff expenditure

	2024-25		2023-24	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Wages and salaries	3,039,930	3,290,761	2,839,828	3,080,207
Employers' National Insurance	291,658	318,909	276,423	301,600
Superannuation and pension costs	797,941	856,996	669,252	720,959
Total staff costs	4,129,529	4,466,666	3,785,503	4,102,766

We've presented the full staff and related expenditure disclosure in the remuneration and staff report on page 216.

4. Expenditure

	Note	2024-25		2023-24	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Purchase of goods and services					
Goods and services		1,148,166	1,252,281	1,028,290	1,134,425
Accommodation expenditure		541,711	562,046	597,083	616,364
IT services		544,528	586,342	535,223	563,808
Grant in aid		505,260	–	507,344	–
Other costs		150,027	205,377	119,716	177,432
Non-cash goods and services	6	6,257	6,574	4,689	6,698
Rentals costs		1,242	2,441	1,797	2,050
Agency payments on behalf of EU to third-parties		543,865	543,865	540,439	540,439
Audit fee		–	329	–	299
Non-audit services fee		75	75	87	87
Purchase of goods and services total		3,441,131	3,159,330	3,334,668	3,041,602
Finance expense					
PFI service charges ¹⁴⁴		–	2,481	–	27,826
Lease charges		15,690	54,989	15,440	21,251
Total finance expense		15,690	57,470	15,440	49,077

During the year the Department paid £75,000 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.

144 2023-24 includes £5 million HSE expenditure relating to 2022-23.

5. Benefit and Social Fund expenditure

	Note	2024-25		2023-24	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Voted expenditure	5a	146,330,580	146,330,580	133,564,101	133,564,101
Non-voted expenditure	5b	143,622,385	143,622,385	129,856,181	129,856,181
Social Fund expenditure ¹⁴⁵		360,130	360,130	4,705,045	4,705,045
Programme balances written off		456,070	456,070	391,314	391,314
Total		290,769,165	290,769,165	268,516,641	268,516,641

145 Social Fund Expenditure includes changes to the eligibility criteria for Winter Fuel Payments taking affect from July 2024. Only those receiving select means tested benefits became eligible. There were £Nil (2023-24: £2.6 billion) relating to Pensioner Cost of Living Payments paid alongside their Winter Fuel Payment. The Winter Fuel Regulations for 2024-25 also no longer include citizens resident in Scotland as this was devolved from 1 April 2024.

5a. Voted expenditure

	2024-25		2023-24	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Universal Credit	66,283,569	66,283,569	51,771,738	51,771,738
Personal Independence Payment	25,898,034	25,898,034	21,688,359	21,688,359
Amounts paid to local authorities	15,934,813	15,934,813	16,385,857	16,385,857
Employment and Support Allowance	7,114,446	7,114,446	7,629,516	7,629,516
Disability Living Allowance	7,677,014	7,677,014	6,844,935	6,844,935
Cost of Living Payment ¹⁴⁶	(14,068)	(14,068)	7,790,417	7,790,417
Attendance Allowance	7,718,724	7,718,724	6,653,415	6,653,415
Pension Credit	5,946,844	5,946,844	5,409,928	5,409,928
Carer's Allowance	4,214,581	4,214,581	3,711,255	3,711,255
Statutory Sick Pay and Statutory Maternity Pay	3,054,000	3,054,000	2,881,000	2,881,000
Industrial Injuries Benefits Scheme	750,679	750,679	734,977	734,977
Income Support	270,799	270,799	649,030	649,030
Jobseeker's Allowance	87,740	87,740	149,285	149,285
Employment Programmes – Restart	358,204	358,204	367,805	367,805
Employment Programmes – Other	486,062	486,062	416,822	416,822
Severe Disablement Allowance	53,588	53,588	56,155	56,155
Other expenditure	495,551	495,551	423,607	423,607
Total	146,330,580	146,330,580	133,564,101	133,564,101

146 The Department didn't make any cost of living payments in 2024-25 but raised overpayment debt causing the negative expenditure balance

5b. Non-voted expenditure (financed by the National Insurance Fund)

	2024-25		2023-24	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
State Pension	137,358,554	137,358,554	123,912,730	123,912,730
Employment and Support Allowance	5,160,966	5,160,966	4,904,163	4,904,163
Bereavement Benefits	349,076	349,076	330,353	330,353
Maternity Allowance	402,135	402,135	412,038	412,038
Jobseeker's Allowance	222,108	222,108	168,377	168,377
Christmas Bonus	130,186	130,186	127,934	127,934
Incapacity Benefit ¹⁴⁷	(640)	(640)	586	586
Total	143,622,385	143,622,385	129,856,181	129,856,181

147 The credit balance is due to the reversal of over accrued Isle of Man expenditure

6. Non-cash expenditure

		2024-25		2023-24	
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Non-cash purchase of goods and services					
Auditor's remuneration		1,741	1,741	1,691	1,691
Loss on disposal of assets		2,587	2,716	1,273	1,480
Revaluation (gain)/loss		(3)	185	(41)	1,761
Movements on pension liability		1,932	1,932	1,766	1,766
		6,257	6,574	4,689	6,698
Depreciation, amortisation and impairment					
Depreciation and amortisation of non-current assets	9 and 10	401,144	411,115	474,968	490,487
Impairment of non-current assets ¹⁴⁸		7,152	7,206	69,805	69,876
Movement in impairment of receivables ¹⁴⁹	14	96,405	97,294	131,857	132,234
		504,701	515,615	676,630	692,597
Provision expense					
Movement in provisions	17	(1,005,729)	(1,005,701)	(754,671)	(754,605)
Borrowing costs of provisions	17	193,369	193,369	245,818	245,818
		(812,360)	(812,332)	(508,853)	(508,787)
Total		(301,402)	(290,143)	172,466	190,508

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.

¹⁴⁸ The movement of impairment is due to mothballed sites and impairment of AUC balances in 2023-24

¹⁴⁹ Note 14 includes non-cash expenditure (note 6) and donated assets (note 8) impairment

7. Income

	2024-25		2023-24	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Operating income				
HSE income	–	122,684	–	110,601
Pension levy receipts	113,498	113,498	110,467	110,467
EU income ¹⁵⁰	537,967	537,967	540,693	540,693
Other income	103,114	106,039	81,266	82,143
Mesothelioma recoveries	53,833	53,833	50,931	50,931
Income from other government departments	39,293	39,293	64,173	64,173
CFER income	25,195	25,195	22,389	22,389
Total operating income	872,900	998,509	869,919	981,397
Finance income				
Investment income	37,417	38,051	34,255	34,958
Non-cash				
ESF foreign exchange gain	1,460	1,460	2,044	2,044
Total financial income	38,877	39,511	36,299	37,002
Total income	911,777	1,038,020	906,218	1,018,399

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.

Income from other government departments has reduced as Scottish claimant health assessment contracts migrate to Scottish Government.

150 EU income relating to ESF will continue through to closure in 2025-26. It will then be replaced by the UK Shared Prosperity Fund administered by Ministry of Housing, Communities and Local Government (MHCLG)

8. Donated assets

	2024-25		2023-24	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Non-cash				
Gross Tax Credits transfer	(584,384)	(584,384)	(301,714)	(301,714)
Tax Credits transfer impairment	270,196	270,196	149,315	149,315
Total	(314,188)	(314,188)	(152,399)	(152,399)
Transfer of Assets	–	–	3,948	3,948
Total	–	–	3,948	3,948
Total Capital Grants in Kind	(314,188)	(314,188)	(148,451)	(148,451)

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.

The transfer of Tax Credits overpayments from HM Revenue and Customs to the Department ceased on 31 March 2025. Tax Credit debts can still transfer in future, when a debtor makes a Universal Credit claim or as procedural appeals are resolved.

Whilst we regularly agree Tax Credits debt to transfer with HM Revenue and Customs, the amounts that are disclosed in our respective accounts may not agree due to timing differences. See note 1.11 for more information on Tax Credits receivables.

In 2023-24, 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 2024	1,296,405	375,236	248,516	61,070	66,903	1,048	251,599	2,300,777
IFRS 16 Adjustments	–	–	–	–	–	–	–	–
Additions ¹⁵¹	161,084	195	18,237	3,707	94	95	158,000	341,412
Disposals	(40,889)	(61,195)	(145,810)	(959)	(377)	(228)	–	(249,458)
Modifications	(35,091)	–	–	–	–	–	–	(35,091)
Impairment	(3,532)	–	(238)	–	(78)	–	(1,016)	(4,864)
Reclassifications	37	103,418	(10,563)	9,813	(42)	–	(103,885)	(1,222)
Revaluations	40	–	–	–	–	–	–	40
At 31 March 2025	1,378,054	417,654	110,142	73,631	66,500	915	304,698	2,351,594
Depreciation								
At 1 April 2024	388,934	257,459	207,360	26,642	37,211	783	–	918,389
Charged in year	165,081	96,912	23,304	10,883	6,607	84	–	302,871
Disposals	(40,481)	(59,259)	(145,365)	(762)	(363)	(199)	–	(246,429)
At 31 March 2025	513,534	295,112	85,299	36,763	43,455	668	–	974,831
Carrying amount at 31 March 2024	907,471	117,777	41,156	34,428	29,692	265	251,599	1,382,388
Carrying amount at 31 March 2025	864,520	122,542	24,843	36,868	23,045	247	304,698	1,376,763
Asset financing:								
Owned	13,045	122,542	18,612	33,815	22,086	247	304,698	515,045
Leased	779,907	–	6,231	3,053	–	–	–	789,191
PFI contracts	71,568	–	–	–	959	–	–	72,527
Carrying amount at 31 March 2025	864,520	122,542	24,843	36,868	23,045	247	304,698	1,376,763

151 Land and buildings additions value includes upwards modifications of £34.4m 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
Of the total:								
Department	759,657	116,174	16,842	30,809	20,042	2	302,821	1,246,347
Arm's length bodies	104,863	6,368	8,001	6,059	3,003	245	1,877	130,416
Carrying amount at 31 March 2025	864,520	122,542	24,843	36,868	23,045	247	304,698	1,376,763

	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 ¹⁵²	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		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
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

152 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
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

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 2024	1,205,800	23,137	4,690	1,233,627
Additions	160,498	549	854	161,901
Disposals	(40,805)	(549)	(475)	(41,829)
Modifications	(35,091)	–	–	(35,091)
Impairment	(3,532)	–	–	(3,532)
Revaluations	228	–	–	228
At 31 March 2025	1,287,098	23,137	5,069	1,315,304
Depreciation				
At 1 April 2024	383,374	12,060	1,055	396,489
Charged in year	165,352	5,303	1,248	171,903
Disposals	(40,469)	(457)	(287)	(41,213)
At 31 March 2025	508,257	16,906	2,016	527,179
Carrying amount at 31 March 2024	822,426	11,077	3,635	837,138
Carrying amount at 31 March 2025	778,841	6,231	3,053	788,125

b. Cash flow reconciliation

	2024-25	2023-24
	£000	£000
Capital payables and accruals at 1 April	39,113	10,255
Capital additions	341,412	523,789
Less: leased capital additions	(161,880)	(296,372)
Capital payables and accruals at 31 March	(24,460)	(39,113)
Purchases of property, plant and equipment as per Statement of Cash flows	194,185	198,559
Of the total:		
Department	188,639	189,722
Arm's length bodies	5,546	8,837
Total	194,185	198,559

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 2024	881	137,519	810,896	140,359	1,089,655
Additions ¹⁵³	–	7,398	5,137	91,552	104,087
Disposals	(539)	(32,669)	(5,698)	–	(38,906)
Impairments	–	(100)	(5)	(2,237)	(2,342)
Reclassifications	90	7,332	95,111	(112,138)	(9,605)
Revaluations	–	622	78,820	–	79,442
At 31 March 2025	432	120,102	984,261	117,536	1,222,331
Amortisation					
At 1 April 2024	755	80,822	449,198	–	530,775
Charged in year	72	25,992	76,293	–	102,357
Disposals	(540)	(32,666)	(5,356)	–	(38,562)
Revaluations	–	273	26,197	–	26,470
At 31 March 2025	287	74,421	546,332	–	621,040
Carrying amount at 31 March 2025	145	45,681	437,929	117,536	601,291
Carrying amount at 31 March 2024	126	56,697	361,698	140,359	558,880
Of the total:					
Department	–	45,660	432,844	87,841	566,345
Arm's length bodies	145	21	5,085	29,695	34,946
Carrying amount at 31 March 2025	145	45,681	437,929	117,536	601,291
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)

153 Included within additions is a credit of £11.4 million which related to prior years restatements published in the Annual Report and Accounts of The Pension Regulator due to the incorrect capitalisation of software licences.

	Websites	Purchased software licences	Internally developed software	Payments on assets under construction	Total
	£000	£000	£000	£000	£000
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

a) Intangible asset cash flow reconciliation

	2024-25	2023-24
	£000	£000
Capital payables and accruals at 1 April	22,875	9,686
Capital additions	104,087	143,446
Capital payables and accruals at 31 March	(10,976)	(22,875)
Purchases of intangible assets as per Statement of Cash flows	115,986	130,257
Of the total:		
Department	122,902	109,818
Arm's length bodies	(6,916)	20,439
Total	115,986	130,257

11. Commitments under non-PFI leases

Leases

Total future minimum lease payments are given in the table below for each of the following periods:

Obligations under lease for the following period comprise:	31 March 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Buildings				
Not later than one year	179,181	182,993	209,546	213,446
Later than one year and not later than five years	413,336	426,280	467,394	480,387
Later than five years	411,532	424,621	361,368	375,725
	1,004,049	1,033,894	1,038,308	1,069,558
Less interest element	(101,048)	(107,416)	(78,988)	(85,583)
Present value of obligations	903,001	926,478	959,320	983,975
Other				
Not later than one year	5,814	5,814	6,145	6,145
Later than one year and not later than five years	4,188	4,188	9,460	9,460
Later than five years	–	–	–	–
	10,002	10,002	15,605	15,605
Less interest element	(347)	(347)	(565)	(565)
Present value of obligations	9,655	9,655	15,040	15,040

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 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Not later than one year	1,682,634	1,697,972	1,871,093	1,884,942
Later than one year and not later than five years	3,028,615	3,043,818	2,556,449	2,567,661
Later than five years	850,192	858,572	153,886	162,225
Total	5,561,441	5,600,362	4,581,428	4,614,828

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 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Balances at 1 April	(1,206,581)	(1,204,355)	(1,211,956)	(1,202,889)
Net change in cash and cash equivalent balances	27,723	29,471	5,375	(1,466)
Balances at 31 March	(1,178,858)	(1,174,884)	(1,206,581)	(1,204,355)
Represented by:				
Cash and cash equivalents	643,149	647,303	379,949	382,251
Bank overdraft	(1,822,007)	(1,822,187)	(1,586,530)	(1,586,606)
Total	(1,178,858)	(1,174,884)	(1,206,581)	(1,204,355)

The following balances were held at:

	31 March 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Government Banking Services	(1,179,016)	(1,179,196)	(1,206,614)	(1,206,698)
Commercial banks and cash in hand	158	4,312	33	2,343
Total	(1,178,858)	(1,174,884)	(1,206,581)	(1,204,355)

The bank overdraft relates to cash-in-transit due to a timing difference between the payment being processed and the date that our customers are paid.

14. Trade receivables, financial and other assets

	31 March 2025			31 March 2024	
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Amounts falling due within one year					
Trade receivables		156,686	194,840	167,749	198,218
Benefit overpayments		1,099,078	1,099,078	1,037,252	1,037,252
Benefit advances		849,216	849,216	694,086	694,086
Housing Benefit subsidy		520,272	520,272	369,114	369,114
Prepayments and accrued income		721,624	770,518	880,049	915,168
Social Fund loans		67,023	67,023	94,297	94,297
Tax Credits		347,193	347,193	337,144	337,144
European Social Fund ¹⁵⁴		84,331	84,331	441,115	441,115
Value Added Tax		70,253	74,004	56,920	63,522
CFERS receivable		2,087	2,087	2,350	2,350
Other receivables		18,773	19,042	21,538	22,157
Current part of Loans	14b	1,737	1,737	–	–
Gross receivables		3,938,273	4,029,341	4,101,614	4,174,423
Less: impairment of receivables	14a	(337,053)	(348,708)	(233,776)	(244,542)
Net receivables		3,601,220	3,680,633	3,867,838	3,929,881
Amounts falling due after more than one year					
Trade receivables		45,095	45,095	42,748	42,748
Benefit overpayments		4,627,527	4,627,527	3,870,948	3,870,948
Benefit advances		1,129,653	1,129,653	963,248	963,248
Loans and investments	14b	1,453,598	1,453,598	1,361,641	1,361,641
Social Fund loans		77,743	77,743	98,805	98,805
Tax Credits		2,128,652	2,128,652	2,064,165	2,064,165
Prepayments and accrued income		–	13	–	135
Other receivables		121,350	124,053	126,324	128,429
Gross receivables		9,583,618	9,586,334	8,527,879	8,530,119
Less: impairment of receivables	14a	(2,033,228)	(2,033,228)	(1,770,104)	(1,770,104)
Net receivables		7,550,390	7,553,106	6,757,775	6,760,015
Total net receivables		11,151,610	11,233,739	10,625,613	10,689,896

154 ESF will continue through to closure in 2025-26. It will then be replaced by the UK Shared Prosperity Fund administered by Ministry of Housing, Communities and Local Government (MHCLG)

a) Impairment of receivables

Impairment of receivables <1 year

	31 March 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Benefit overpayments	(225,501)	(225,501)	(192,986)	(192,986)
Tax Credits	(20,972)	(20,972)	(16,857)	(16,857)
Benefit advances	(73,528)	(73,528)	(5,511)	(5,511)
Social Fund	(7,558)	(7,558)	(5,774)	(5,774)
Other	(9,494)	(21,149)	(12,648)	(23,414)
Total	(337,053)	(348,708)	(233,776)	(244,542)

Impairment of receivables >1 year

Benefit overpayments	(1,165,764)	(1,165,764)	(988,568)	(988,568)
Tax Credits	(587,886)	(587,886)	(545,593)	(545,593)
Benefit advances	(195,883)	(195,883)	(159,473)	(159,473)
Social Fund	(41,507)	(41,507)	(43,631)	(43,631)
Other	(42,188)	(42,188)	(32,839)	(32,839)
Total	(2,033,228)	(2,033,228)	(1,770,104)	(1,770,104)

Our impairment measurement approach reflects our 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 2024 to March 2025.

	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 2024	(833,696)	(347,858)	(164,984)	(562,450)	(49,405)	(1,958,393)
Movement in impairment due to:						
Impairment of debts recognised in 2024-25	(192,556)	(91,005)	(84,688)	(89,885)	(56,961)	(515,095)
Reduction in level of debts written off	101,041	1,741	1,569	3,913	11,442	119,706
Increase in level of debt recoveries and other movements	103,026	32,420	64,809	74,507	57,240	332,002
Change in rate utilised	(69,782)	(17,861)	(67,876)	(25,339)	(12,751)	(193,609)
Change in Discount Rate utilised	4,706	(81,441)	(18,241)	(9,604)	1,370	(103,210)
Impairment at 31 March 2025	(887,261)	(504,004)	(269,411)	(608,858)	(49,065)	(2,318,599)

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, we are satisfied that historic rates provide the most reliable estimate for future impairment.

b) Financial assets

Our financial assets of £1.4 billion consist of loans to organisations within our 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. The total amount outstanding at 31 March 2025 is £1.189 billion (2023-24: £1.195 billion). NEST began repayment of the loan in 2024-25 and it is expected to be fully repaid by January 2038.

Office for Nuclear Regulation (ONR)

We've 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. During the year, we loaned ONR a further £1.2 million. The total amount outstanding is £9.5 million (2023-24: £9.9 million). It is expected that £1.7 million will be repaid during 2025-26.

Payment Protection Fund (PPF)

We've provided PPF with a new £54.1 million loan to provide compensation to several pension schemes which have suffered from fraudulent activity. Once all payments have been made, the loan will be repaid from the Fraud Compensation Levy. As at 31 March 2025, no repayments have been made.

Support for Mortgage Interest (SMI)

The value of SMI loans now stands at £202.7 million (2023-24: £156.7 million). The majority of the increase is a result of new debt and standard interest rate applicable to new debt increasing to 3.66% during 2024-25.

15. Trade payables and other liabilities

	31 March 2025		31 March 2024		
		Core Department	Departmental group	Core Department	Departmental group
	Note	£000	£000	£000	£000
Amounts falling due within one year					
Taxation and social security		69,679	75,386	64,262	69,349
Superannuation		80,494	86,147	69,993	74,963
Trade payables		203,251	209,473	182,379	191,346
Accruals and deferred income		10,765,418	10,811,242	8,368,404	8,417,885
Capital payables and accruals	9,10	30,267	31,130	41,867	48,716
Bank overdrafts	13	1,822,007	1,822,187	1,586,530	1,586,606
Imputed finance lease element of on-Statement of Financial Position PFI contracts		–	6,869	–	3,832
Lease obligations		170,967	174,253	197,494	200,851
CFERs due to be paid to the Consolidated Fund – Received		11,418	11,418	8,491	8,491
CFERs due to be paid to the Consolidated Fund – Receivable		2,087	2,087	2,350	2,350
Amounts issued from the Consolidated Fund for supply but not spent at year end		226,107	226,107	88,583	88,583
Third-party payments		47,920	47,920	48,795	48,795
European Social Fund		161,546	161,546	59,626	59,626
Other payables		45,426	43,747	65,138	64,607
		13,636,587	13,709,512	10,783,912	10,866,000

	Note	31 March 2025		31 March 2024	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Amounts falling due after more than one year					
Imputed finance lease element of on-Statement of Financial Position PFI contracts		–	126,354	–	67,226
Lease obligations		741,690	761,881	777,182	798,482
European Social Fund		–	–	164,322	164,322
Accruals and Deferred Income		772	772	1,446	1,446
Capital Accruals	9,10	4,306	4,306	13,272	13,272
		746,768	893,313	956,222	1,044,748
Total payables		14,383,355	14,602,825	11,740,134	11,910,748

16. Financial instruments

Our financial instruments include loans and receivables.

	Note	31 March 2025		31 March 2024	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Financial assets					
Loans and investments	14	1,455,335	1,455,335	1,361,641	1,361,641
Benefit advances	14	1,978,869	1,978,869	1,657,334	1,657,334
Other receivables		215,771	254,093	227,324	258,214
Cash and cash equivalents	13	643,149	647,303	379,949	382,251
Housing Benefit subsidy	14	520,272	520,272	369,114	369,114
Benefit overpayments	14	5,726,605	5,726,605	4,908,200	4,908,200
Tax Credits	14	2,475,845	2,475,845	2,401,309	2,401,309
Social Fund loans	14	144,766	144,766	193,102	193,102
European Social Fund	14	84,331	84,331	441,115	441,115
Total		13,244,943	13,287,419	11,939,088	11,972,280
Less: impairment of financial instruments		(2,370,281)	(2,381,936)	(2,003,880)	(2,014,646)
		10,874,662	10,905,483	9,935,208	9,957,634
Financial liabilities					
Other payables ¹⁵⁵		11,916,671	11,993,057	9,582,044	9,671,998
Bank overdraft	13	1,822,007	1,822,187	1,586,530	1,586,606
European Social Fund	15	161,546	161,546	223,948	223,948
Total		13,900,224	13,976,790	11,392,522	11,482,552

Fair value

The carrying value of trade receivables and payables less impairment is assumed to approximate their fair value. The book values of our financial assets and liabilities at 31 March 2025 aren't materially different from their fair values, so we have not shown them separately.

Exposure to risks

There are no material liquidity, market and credit risks associated with our financial instruments.

¹⁵⁵ Accruals and deferred income, capital payables and accruals, trade payables and lease obligations

17. Provisions for liabilities and charges

	Note	31 March 2025		31 March 2024	
		Core Department	Departmental group	Core Department	Departmental group
		£000	£000	£000	£000
Financial Assistance Scheme (FAS) provision	17a	3,744,993	3,744,993	3,830,144	3,830,144
Benefit provisions	17b	734,309	734,309	755,672	755,672
State Pension	17c	92,446	92,446	368,621	368,621
Home Responsibilities Protection (HRP)	17d	29,830	29,830	1,152,624	1,152,624
Other provisions	17e	69,517	70,067	103,723	104,394
		4,671,095	4,671,645	6,210,784	6,211,455

Analysis by type

a. FAS provision

	31 March 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
FAS provision (a)				
Balance at 1 April	3,830,144	3,830,144	4,349,512	4,349,512
Provided in year	7,093	7,093	100,093	100,093
Provisions not required written back	-	-	-	-
Change in discount rate	(21,618)	(21,618)	(520,770)	(520,770)
Utilised in year	(247,493)	(247,493)	(248,511)	(248,511)
Borrowing costs (unwinding of discount)	176,867	176,867	149,820	149,820
Balance at 31 March	3,744,993	3,744,993	3,830,144	3,830,144

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 cash flows) 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 (2023-24)

Movement from prior year of £0.1 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 2024-25

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 2025	3,745	3,950	3,649	3,810	3,781
Increase/(decrease) in provision		205	(96)	65	36
Percentage change		5.47%	(2.56%)	1.74%	0.96%

Original – This is the actual FAS provision which has been posted into our accounts and is used as the “baseline” position for the other scenarios.

Discount rate decrease – The assumption in this scenario is that assuming the cash flows remain the same and only the discount rates (as advised by HM Treasury) decreased by 0.5%, then the impact would create an increase in the provision of £205 million (5%).

Mortality increase – The assumption in this scenario is that there is a 10% increase to the mortality of pensioners 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 – the 10% reduction having a £96 million (3%) reduction in the provision.

Pension increase – The assumption is the 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 – having a £65 million (2%) increase in the provision.

Deferred revaluation increase – The assumption 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 – having a £36 million (1%) increase in the provision.

There are other assumptions included in the cashflows which are not considered to be significant. These include the age difference between male and female survivors; the proportion that are married and ill health decrements.

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.

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 has recently included allowances for judgements made in the 'Hampshire', and 'Bauer' cases.

This year, due to the uncertainty around the impact of the Bauer judgement, no Bauer loading has been included in the scaling factor. The explicit Bauer allowance has been removed from cashflow projections and the Department has recognised a contingent liability instead.

Hampshire Judgement Further Detail

In previous years, a Hampshire loading was included in the scaling factor to make approximate allowance in the projected cash flows for the impact of the Hampshire judgement for members where the uplift was not already included in the data.

This year no Hampshire loading has been included in the scaling factor. Hampshire calculations have now been completed for all FAS members, with virtually all uplifts to assistance being implemented by 30 November 2024. There are a very small number of FAS members where Hampshire uplifts to assistance were not implemented by 30 November 2024, but no Hampshire loading has been applied as the impact on the results from the remaining few members is not expected to be material in the context of the overall cash flows.

In addition, arrears are payable to in-payment members who are entitled to an uplift in assistance as a result of the Hampshire judgement. Around £26 million of arrears had been paid by 31 March 2024 (£11 million by 31 March 2022, £5 million in FY 2022-23 and £10 million in FY 2023-24). A further £11 million of arrears was paid in FY 2024-25. No further arrears are expected to be paid from FY 2025-26 onwards.

Virgin Media Ltd v NTL Pension Trustees II Ltd

A High Court ruling was made in the Virgin Media Ltd v NTL Pension Trustees II Ltd case in June 2023, which could have material consequences for some defined benefit pension schemes. Following confirmation in September 2024 that there would be no further appeal, uncertainty around the impact of the judgement persists, no allowance has been made in the projected cash flows for the potential impact of this ruling to date.

b. Benefit provisions

Benefit provisions (b)	31 March 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Balance at 1 April	755,672	755,672	1,163,536	1,163,536
Provided in year	155,919	155,919	136,904	136,904
Provisions not required written back	(51,230)	(51,230)	(315,621)	(315,621)
Utilised in year	(141,317)	(141,317)	(252,338)	(252,338)
Borrowing costs (unwinding of discount)	15,265	15,265	23,191	23,191
Balance at 31 March	734,309	734,309	755,672	755,672

These provisions arise from liabilities relating to benefit payments. This section excludes our provision for State Pension underpayments (as mentioned on page 377) 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.

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, we've estimated a provision. In order to avoid prejudicing continuing legal matters, separate disclosure is not provided. In aggregate we consider £403 million to be our best estimate.

Legal Entitlement and Administrative Practice (LEAP) Exercises

We're continuously learning and improving but from time to time, the Department becomes aware of situations where we've not paid our customers 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 we consider £332 million to be our best estimate, which includes the ESA SDP Corrective Exercise (£132 million). More information is disclosed on page 377.

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 31 March is £132 million.

Benefit provisions are estimated using detailed forecasting data and established methodology.

c. State Pension Underpayment provision

State Pension Underpayment provision (c)	31 March 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Balance at 1 April	368,621	368,621	835,039	835,039
Provided in year	-	-	26,662	26,662
Provisions not required written back	(64,544)	(64,544)	(228,965)	(228,965)
Utilised in year	(211,631)	(211,631)	(270,317)	(270,317)
Borrowing costs (unwinding of discount)	-	-	6,202	6,202
Balance at 31 March	92,446	92,446	368,621	368,621

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 Category D and Category BL exercises were completed in December 2023. The Missed Conversions exercise closed in December 2024; however, there remain a small number of cases where the Department is awaiting further information from a customer or a third-party. The outstanding provision is for the Missed Conversions (widows) category only.

As with any LEAP exercise, the estimate contains significant uncertainty, and the final value will only be confirmed once the 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 held by the Department as at the end of March 2025.

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.

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 54,000 widows (missed conversions) in total have been underpaid; around 50,000 of these underpayments have been found so far, with 4,000 affected remaining using departmental estimates (See Table 1). This latest estimate is a reduction from 55,000 underpayments reported last year. This fall is predominantly due to further work refining the volume of individuals needing a review.

The total undiscounted remaining provision is estimated to be £92 million, a reduction in the provision for Missed Conversions of £277 million from last year (See Table 1). The fall in the remaining provision since last year is a result of 1) the Department paying out £211 million in missed conversion arrears and 2) a reduction in the overall estimate for the Missed Conversions category due to the use of latest management information.

Table 1 – Value and volume estimates

	Value of Provision of Unpaid Arrears as at 31 March 2025 £m	Remaining volume of customers affected as at 31 March 2025 000's	Value of Provision of Unpaid Arrears as at 31 March 2024 £m	Remaining volume of customers affected as at 31 March 2024 000's
Missed Conversions	92	4	369	33

In total the Department estimates it underpaid £585m (arrears only) to 54,000 pensioners for the Missed Conversions category of the SPU LEAP exercise.

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 us to simultaneously – and randomly – vary the most uncertain assumptions between a low and high range and measure the total impact. By running 1,000 scenarios, we obtain a set of outputs that shows the range of uncertainty/variation built into the modelling.

Results

The 1,000 simulations produced by the Monte Carlo allows us to summarise the uncertainty in the forecast.

Table 2: Sensitivity analysis results – total arrears

Sensitivity Analysis	Low	Central	High	Min	Max
MC	£496m	£585m	£655m	£493m	£712m

The low and high estimates show the range within which we 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. The minimum estimate is closer to that

of the central than the maximum estimate. This is because of how many underpayments have already been identified, meaning there is only so low the total estimate for the Missed Conversions exercise can now be. This effect is reduced in the low/high estimates, because the extreme high values are removed due to applying a 95% confidence interval.

d. Home Responsibilities Protection provision

Home Responsibilities Protection (d)	31 March 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Balance at 1 April	1,152,624	1,152,624	1,043,245	1,043,245
Provided in year	77,094	77,094	45,145	45,145
Provisions not required written back	(1,099,604)	(1,099,604)	–	–
Utilised in year	(101,503)	(101,503)	(2,195)	(2,195)
Borrowing costs (unwinding of discount)	1,219	1,219	66,429	66,429
Balance at 31 March	29,830	29,830	1,152,624	1,152,624

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.

This revised AME arrears estimate is now largely informed by management information¹⁵⁶ from the delivery of the HRP exercise and is regarded as more robust than earlier versions. The final value of State Pension underpayments due to missing HRP from 2023-24 to 2025-26 has a central estimate of £134 million with a range of £111 million to £167 million. This range is driven by uncertainty surrounding the value of underpayments and the volume of cases that will eventually be corrected.

The value of the provision reflects the current estimate of arrears still to be paid out after the end of 2024-25 to correct State Pension underpayments due to missing HRP. This is estimated to be around £30 million. At this stage of the corrective activity, the estimate still holds some uncertainty as the final value of underpayments will only be confirmed once all remaining cases have been corrected.

Value and Volume estimate

The current central estimate of underpayments to end of 2025-26 is £134 million, with around 14,000 cases who may have an underpayment of State Pension and for whom the Department expects to correct. The substantial change compared to previous estimates is driven by revised (and much lower) take up assumptions. Table 1 below

¹⁵⁶ Management Information refers to actual data from the correction activity.

shows the value of the provision of unpaid arrears and the estimate of the number of individuals across all groups at 31 March 2025 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 2025	
Remaining volume of SP customers affected 000's	Value of arrears expected to be paid £m
3	30

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 or may have any outstanding debt. Arrears values reported are therefore net of debt and/or overpaid benefit(s).

Methodology Updates

The methodology for this provision is largely unchanged from last year’s estimate. The main revisions are the following:

- Using live management information from the exercise – mainly to inform 1) average arrears, 2) take up assumptions, and 3) the proportion of cases cleared by the Department that will have an underpayment identified.
- Updating the error rate based on combining three years’ worth of DWP fraud and error exercise data (2021-22 to 2023-24).
- Deceased cases provision has been updated in line with the small volume of deceased cases observed during 2024-25.
- One small group, those inheriting State Pension from a spouse or civil partner due to added HRP, have been included.

Delivery Timetable

The work to correct affected cases has moved to a new phase with further cases of missing HRP being corrected through business as usual processes. This decision was informed by the lower number of people applying to correct their missing HRP than previously estimated. A deeper understanding of the reasons for this has been informed by qualitative research commissioned by the Department. This research was published on 22nd May 2025 and can be found in this location: [Exploring take-up of missing Home Responsibilities Protection – GOV.UK](#)

During business as usual, government will offer an ongoing campaign to reach others with missing HRP who have not yet responded (see page 129). Customers will continue to be able to correct their National Insurance records by applying to add their missing HRP and have their State Pension revised.

Sensitivity Analysis

Modelling assumptions have been updated using management information from the exercise and the use of larger and more recent samples from fraud & error exercises. These assumptions were agreed by expert DWP and HMRC Governance Groups and are intended to reflect the uncertainty in the estimate.

Monte Carlo simulation has continued to be used to compute the most robust range around the central estimates.

The following Table 2 shows the key modelling assumptions impacting liability. The central assumption represents how each element has been treated in the provision. Low and high scenarios inform Monte Carlo simulation.

Table 2 Assumptions used to inform Monte Carlo simulations

Group	Uncertainty	Low Scenario	Central Assumption	High Scenario
Above State Pension age	Volume of affected cases	120,000	160,000	210,000
	Average Arrears	£7,800	£8,400	£9,000
	Take Up	6.2%	8.0%	10.4%
Deceased	Volume of cases paid arrears	40	50	64
	Average Arrears	£2,200	£5,200	£8,100

Notes to table:

1. Average arrears estimates are rounded to the nearest £100.
2. Above State Pension age volumes are rounded to the nearest 10,000.

Table 3 below sets out the central estimate of the unpaid arrears provision, with its sensitivity range from low and high based on the Monte Carlo simulation. This is based on varying the average arrears, volumes, and take up assumptions between their low and high values.

Table 3 – Sensitivity analysis results for value of provision of unpaid arrears as of 31 March 2025

Table 3 – Sensitivity analysis results for value of provision of unpaid arrears as of 31 March 2025

	Low	Central	High
Present Value (£m)	7	30	63

e. Other provisions

Other provisions (d)	31 March 2025		31 March 2024	
	Core Department	Departmental group	Core Department	Departmental group
	£000	£000	£000	£000
Balance at 1 April	103,723	104,394	55,930	57,136
Provided in year	4,514	4,518	52,930	53,214
Provisions not required written back	(15,943)	(15,973)	(291)	(416)
Change in discount rate	124	124	(464)	(464)
Utilised in year	(22,919)	(23,014)	(4,558)	(5,252)
Borrowing costs (unwinding of discount)	18	18	176	176
Balance at 31 March	69,517	70,067	103,723	104,394

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 our employees who are injured at work and cannot perform their job as a result
- Utilised in year mainly relates to dilapidations payments made related to recently divested leased property, to cover the cost of repairs and restoration of property to its original condition, as agreed in the lease

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	249,257	249,257	650,816	650,816	92,446	92,446
Later than one year and not later than 5 years	931,238	931,238	83,493	83,493	–	–
Later than 5 years	2,564,498	2,564,498	–	–	–	–
Balance at 31 March 2025	3,744,993	3,744,993	734,309	734,309	92,446	92,446

	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	29,830	29,830	12,002	12,002	1,034,351	1,034,351
Later than one year and not later than 5 years	–	–	53,374	53,381	1,068,105	1,068,112
Later than 5 years	–	–	4,141	4,684	2,568,639	2,569,182
Balance at 31 March 2025	29,830	29,830	69,517	70,067	4,671,095	4,671,645

18. Remploi Pension Scheme

The Secretary of State for Work and Pensions (the Sponsor) operates a defined benefit pension arrangement called the Remploi 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 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 Scheme is managed by a board of Trustees appointed in part by the Sponsor and in part from elections by members of the Scheme. The Trustees have 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 bonds and multi asset credit, 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 hedges some interest rate risk using Liability Driven Investment, the value of the assets is expected to move broadly in the same way as the liabilities.
- **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.
- **Mortality risk.** In the event that members live longer than assumed deficits may emerge in the Scheme.
- **Liquidity risk.** The Scheme is holding significant portions of illiquid assets (such as property and direct lending in addition to leveraged Liability-Driven Investing (LDI) funds). The Scheme monitors liquidity requirements to ensure any collateral calls and benefit payments can be met when required.

Risk mitigation strategies

An LDI strategy has been put in place to hedge against movements in interest rates and inflation. The Scheme has no other asset-liability strategies in place.

Effect of the Scheme on Sponsor's future cash flows

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 2026.

The weighted average duration of the defined benefit obligation is 12 years.

Guaranteed Minimum Pension (GMP) equalisation

The previous disclosures included an allowance for GMP equalisation for the liabilities of the current members of the Scheme. This allowance was equivalent to 1.0% of the value of the liabilities. I have made the same allowance this year.

I have also included, in the value of the liabilities, an allowance for top-ups to previous transfers, of £271,000 at the Review Date, which is slightly higher than last year's allowance of £246,000.

Scheme surplus

At the Review Date there was a surplus in the Scheme of £34,657,000. This compares to a surplus of £26,795,000 at the previous review date. Although the surplus at the Review Date is £34,657,000, 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 reasons for the change in the surplus over the period can be summarised as follows:

- An increase in the discount rate and decrease in future RPI assumptions has reduced the liability value by £63 million.
- Changes to the Scheme's mortality improvement assumptions has reduced the liability value by £1 million.
- Lower than expected inflation over the period has reduced the liability value by £2m.
- These improvements have been than offset by asset returns being lower than interest on the assets by £58 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 judgment in the High Court case of Virgin Media vs NTL Trustees was handed down on 16 June 2023. The Court of Appeal dismissed an appeal to this judgment on 25 July 2024. The judge in the original 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 judgment could have material consequences for some defined benefit schemes which previously contracted-out of the state pension scheme, but uncertainty around the ruling persists. The Sponsor may wish to obtain legal advice on this issue, for example to determine the potential scope of Scheme benefit changes that may be affected. In the absence of further information at this time, the disclosures have been calculated assuming that this ruling will not affect the Scheme’s benefits.

The government has since recognised the need for clarity around scheme liabilities and member benefit levels and therefore will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. This may impact scheme obligations.

Disclosures for IAS19 (Employee Benefits) Table of assumptions used in calculations

Figures for disclosure in accounts for period ending 31 March 2025 under IAS19. Results are shown in pounds, rounded to the nearest £1,000.

Principal actuarial assumptions	At 31 Mar 2025	At 31 Mar 2024
Discount rate	5.70% p.a.	4.85% p.a.
Inflation (RPI)	3.15% p.a.	3.20% p.a.
Inflation (CPI)	2.70% p.a.	2.70% p.a.
Pension increase (Pre 1 April 1997 excess – CPI uncapped)	2.70% p.a.	2.70% p.a.
Pension increase (1 April 1997 – 1 April 2005 – CPI (capped at 5%))	2.65% p.a.	2.65% p.a.
Pension increase (Post 1 April 2005 – RPI (capped at 5%))	3.05% p.a.	3.10% p.a.

Principal actuarial assumptions	At 31 Mar 2025	At 31 Mar 2024
Post-retirement mortality	Remploy-specific table based on Remploy experience between 2007 and 2012 with CMI 2023 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 2022 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	19.8
Life expectancy at age 65 of male aged 65	18.0	18.1
Life expectancy at age 65 of female aged 45	23.0	22.9
Life expectancy at age 65 of female aged 65	21.1	21.0

	Bid values as at 31 Mar 2025 £
The current asset split is as follows:	
Property	69,644,000
Buy and Maintain Bonds	262,167,000
LDI	184,087,000
Multi Asset Credit	58,530,000
Renewable infrastructure	37,231,000
Direct lending	18,027,000
Cash	4,445,000
Insured assets	1,453,000
Defined benefit assets	635,584,000
Money purchase assets	7,184,000
Total assets	642,768,000

Note that the Assets labelled “LDI” actually include a number of different assets types, including derivatives.

SoFP	At 31 March 2025 £	At 31 March 2024 £
Fair value of assets	642,768,000	708,326,000
Present value of funded obligations	(608,111,000)	(681,531,000)
Surplus/(deficit)* in scheme	34,657,000	26,795,000
Effect of asset ceiling	(34,657,000)	(26,795,000)
Net defined benefit asset/(liability)	0	0

* Surplus/(deficit) shown prior to deferred taxation

Amount recognised in Profit and Loss	At 31 March 2025 £	At 31 March 2024 £
Current service cost	0	0
Administration costs	1,887,000	1,725,000
Interest on liabilities	31,771,000	32,600,000
Interest on assets	(33,026,000)	(34,635,000)
Past service costs	0	0
Settlement and curtailment cost	0	0
Interest on effect of asset ceiling	1,300,000	2,076,000
Total charge to Profit and Loss	1,932,000	1,766,000

Re-measurements over the period	Period to 31 March 2025 £	Period to 31 March 2024 £
Loss/(gain) on assets in excess of interest	57,886,000	36,444,000
Experience losses/(gains) on liabilities	(2,403,000)	(1,697,000)
Losses/(gains) from changes to demographic assumptions	(1,462,000)	(6,062,000)
Losses/(gains) from changes to financial assumptions	(62,515,000)	(11,917,000)
Losses/(gains) from change in effect of asset ceiling	6,562,000	(18,534,000)
Total re-measurements	(1,932,000)	(1,766,000)

Change in value of assets	Period to 31 March 2025 £	Period to 31 March 2024 £
Fair value of assets at start	708,326,000	747,927,000
Money Purchase assets at start	(7,499,000)	(7,898,000)
Interest on assets	33,026,000	34,635,000
Company contributions	0	0
Contributions by Scheme participants	0	0
Benefits paid	(38,496,000)	(35,668,000)
Administration costs	(1,887,000)	(1,725,000)
Change due to settlements and curtailments	0	0
Return on assets less interest	(57,886,000)	(36,444,000)
Money Purchase assets at end	7,184,000	7,499,000
Fair value of assets at end	642,768,000	708,326,000
Actual return on assets	(24,860,000)	(1,809,000)

	Period to 31 March 2025 £	Period to 31 March 2024 £
Change in value of the DB liabilities		
Defined benefit obligation at start	681,531,000	704,674,000
Money Purchase liabilities at start	(7,499,000)	(7,898,000)
Current service cost	0	0
Contributions by Scheme Participants	0	0
Past service costs	0	0
Interest on liabilities	31,771,000	32,600,000
Benefits paid	(38,496,000)	(35,668,000)
Change due to settlements and curtailments	0	0
Experience (gain)/loss on liabilities	(2,403,000)	(1,697,000)
Changes to demographic assumptions	(1,462,000)	(6,062,000)
Changes to financial assumptions	(62,515,000)	(11,917,000)
Money Purchase liabilities at end	7,184,000	7,499,000
Defined benefit obligation at end	608,111,000	681,531,000
	Period to 31 March 2025 £	Period to 31 March 2024 £
Reconciliation of effect of asset ceiling		
Effect of asset ceiling at start	26,795,000	43,253,000
Interest on effect of asset ceiling	1,300,000	2,076,000
Actuarial losses/(gains)	6,562,000	(18,534,000)
Effect of asset ceiling at end	34,657,000	26,795,000
	Period to 31 March 2025 £	Period to 31 March 2024 £
Reconciliation of net defined benefit liability (asset)		
Net defined benefit liability (asset) at start	0	0
Current service cost	0	0
Past service cost and settlement and curtailment cost	0	0
Net interest expense (income)	45,000	41,000
Remeasurements	(1,932,000)	(1,766,000)
Administration costs	1,887,000	1,725,000
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%	(31,666,000)
Discount rate -0.50%	34,906,000
Inflation	
Inflation +0.50%	25,659,000
Inflation -0.50%	(22,791,000)
Mortality	
Decrease mortality rates by a factor of 10%	23,839,000
Increase mortality rates by a factor of 10%	(21,482,000)

19. Incorrect payments

Overview

We are responsible for paying claimants the right benefit at the right time. Social Security legislation sets out the basis on which we calculate and pay benefits. The purpose of this legislation is to provide a regulatory framework within which we operate to support those in need.

In many instances, the 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. We administer over 25 benefits, ensuring that the very different conditions of entitlement are met in each individual instance. We take tackling incorrect payments seriously and pay around 96.3% of our £292.2 billion benefit expenditure correctly.

Rate of fraud and error in 2024-25

For this financial year we have carried out full reviews on Universal Credit, Pension Credit, Housing Benefit (passported working-age cases), Personal Independence Payment and State Pension. We have also carried out a full review of Carer's Allowance for the first time since 2019-20. For benefits not measured this year we either roll forward rates from when the benefit was last measured or apply a proxy rate to the 2024-25 expenditure. For more information, please see the Benefit fraud and error estimation uncertainty and assumptions section on page 397.

The 2024-25 statistics (published in May 2025) indicate that fraud and error overpayments were 3.3% compared to 3.7% in 2023-24. This amounts to a monetary value of £9.5 billion overpaid from a total expenditure of £292.2 billion this year. Fraud accounts for overpayments of 2.2% (£6.5 billion) of expenditure, whilst claimant error is 0.7% (£1.9 billion) and official error is 0.4% (£1.0 billion).¹⁵⁷

We have an obligation to ensure that any overpaid benefit is recovered from the debtor in accordance with the appropriate social security legislation. We estimate £1.1 billion was recovered in 2024-25¹⁵⁸. The money recovered this year relates to overpayments this year and in prior periods¹⁵⁹.

The 2024-25 statistics estimate that the proportion of benefit underpaid from Official Error remained at 0.4% (£1.2 billion) the same as 2023-24 (£1.1 billion).

¹⁵⁷ We define fraud as where claimants deliberately claim money they are not entitled to. We split error into two categories: claimant error, which occurs when claimants provide inaccurate information, and official error, which occurs when we process information incorrectly or fail to apply rules.

¹⁵⁸ Benefit recovery is through the Department's debt management function and local authorities.

¹⁵⁹ Money recovered this year comprises in-year 2024-25 figures for directly administered benefits plus figures for Housing Benefit for the period October 2023 to September 2024. Further information can be found at GOV.UK, "Fraud and error in the benefit system: financial year 2024 to 2025 estimates".

Where we have been notified about an underpayment, and where there is a legal obligation, we will pay any arrears due. Where underpayments are identified because of official error, we will pay arrears in full at the earliest opportunity, subject to any legal considerations. Our fraud, error and debt strategy requires us to minimise underpayments and ensure that we pay claimants their full entitlement.

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 17.

Two years ago, whilst contacting claimants as part of the full review of State Pension we identified an area of Official Error that we were not capturing in previous years. We have continued to find errors of this nature in 2023-24 and 2024-25. 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 SP 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 our fraud and error strategy are included in the performance report, on page 92.

Fraud and Error Statistics

Table 1. Overall 2024-25 fraud and error estimates

	Fraud	Claimant error	Official error	Total
Overpayments	2.8%	0.7%	0.4%	3.3%
	(£6.5bn)	(£1.9bn)	(£1.0bn)	(£9.5bn)
Underpayments	0.0%	0.0%	0.4%	0.4%
	(£0.0bn)	(£0.0bn)	(£1.2bn)	(£1.2bn)
<i>Total Expenditure</i>				<i>£292.2bn</i>

Table 2. Estimates for benefits reviewed in 2024-25

	Overpayments			Underpayments		Total Expenditure
	Fraud	Claimant error	Official error	Total	Official error	
Universal Credit	* 8.0% (£5.2bn)	0.9% (£0.6bn)	0.8% (£0.5bn)	*9.7% (£6.4bn)	*0.6% (£0.4bn)	£65.3bn
State Pension	0.0% (£0.0bn)	0.1% (£0.1bn)	*0.1% (£0.1bn)	0.1% (£0.2bn)	0.3% (£0.5bn)	£142.0bn
Personal Independence Payment	0.4% (£0.1bn)	0.7% (£0.2bn)	0.2% (£0.0bn)	*1.3% (£0.3bn)	0.2% (£0.0bn)	£25.8bn
Housing Benefit	4.1% (£0.6bn)	2.5% (£0.4bn)	0.6% (£0.1bn)	*7.2% (£1.1bn)	0.4% (£0.1bn)	£15.4bn
Pension Credit	4.5% (£0.3bn)	4.1% (£0.2bn)	1.7% (£0.1bn)	10.3% (£0.6bn)	1.2% (£0.1bn)	£5.9bn
Carer's Allowance	2.5% (£0.1bn)	1.0% (£0.0bn)	0.5% (£0.0bn)	3.9% (£0.2bn)	0.0% (£0.0bn)	£4.2bn

Table 3. Estimates for benefits reviewed in previous years

	Overpayments			Underpayments		Total Expenditure
	Fraud	Claimant error	Official error	Total	Official error	
Employment and Support Allowance	1.5% (£0.2bn)	1.6% (£0.2bn)	0.4% (£0.0bn)	3.4% (£0.4bn)	1.1% (£0.1bn)	£12.3bn
Attendance Allowance	0.0% (£0.0bn)	1.9% (£0.2bn)	0.3% (£0.0bn)	2.2% (£0.2bn)	0.1% (£0.0bn)	£7.7bn
Disability Living Allowance	0.1% (£0.0bn)	0.2% (£0.0bn)	0.2% (£0.0bn)	0.5% (£0.0bn)	1.0% (£0.1bn)	£7.6bn
Jobseeker's Allowance	3.1% (£0.0bn)	0.3% (£0.0bn)	1.2% (£0.0bn)	4.6% (£0.0bn)	1.2% (£0.0bn)	£0.3bn
Income Support	2.4% (£0.0bn)	1.0% (£0.0bn)	0.4% (£0.0bn)	3.9% (£0.0bn)	0.3% (£0.0bn)	£0.3bn
Incapacity Benefit	0.3% (£0.0bn)	0.9% (£0.0bn)	1.2% (£0.0bn)	2.4% (£0.0bn)	0.7% (£0.0bn)	£0.0bn

Table 4. Estimates for benefits never reviewed and interdependencies

	Overpayments			Underpayments		Total Expenditure
	Fraud	Claimant error	Official error	Total	Official error	
Unreviewed benefits	0.3% (£0.0bn)	0.2% (£0.0bn)	0.1% (£0.0bn)	0.6% (£0.0bn)	0.0% (£0.0bn)	£5.4bn
Interdependencies	z (£0.0bn)	z (£0.0bn)	z (£0.0bn)	z (£0.1bn)	z	z

Notes to tables 1-4:

1. The 2024-25 data comes from DWP National Statistics: “Fraud and error in the benefit system: financial year 2024 to 2025 estimates”. Fraud and error rates for Universal Credit, Pension Credit, Housing Benefit and State Pension are based on cases sampled in the period November 2023 to October 2024. Personal Independence Payment rates are based on cases sampled in the period September 2023 to August 2024. Carer’s Allowance rates are based on cases sampled in the period March 2024 to September 2024.
2. Estimates for all benefits are based on estimated benefit expenditure for 2024-25. These are consistent with Spring Statement 2025 and were the latest available for the financial year at the time of producing the fraud and error estimate.
3. All monetary values are rounded to the nearest £100m and displayed in £bn.
4. Figures expressed as percentages (%) 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 2024 to 2025 estimates” 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 we have 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. Carer’s Allowance was last measured in 2019-20 and this year’s rates are compared to rates from that year. All other benefits are compared to the 2023-24 statistics. For the previous year figures please see the “Fraud and error in the benefit system: financial year 2024 to 2025 estimates” page on GOV.UK.
9. We review 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.

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 £9.5 billion benefit expenditure, equating to an overall rate of 3.3%) and overall underpayment amount (of £1.2 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 5. Proportion that each benefit contributes to the overall overpayment rate

Reviewed in 2024-25	UC	SP	PIP	HB	PC	CA
Expenditure (£ billion)	65.3	142.0	25.8	15.4	5.9	4.2
Overpayment rate	9.7%	0.1%	1.3%	7.2%	10.3%	3.9%
Overpayment value (£m)	6,350	190	330	1,100	610	160
Contribution to overall OPs	67%	2%	3%	12%	6%	2%
Impact of a 10% change in monetary value of overpayment on the overall overpayment rate	0.22%	0.01%	0.01%	0.04%	0.02%	0.01%

Previously reviewed	ESA	AA	DLA	JSA	IS	IB	Unreviewed
Expenditure (£ billion)	12.3	7.7	7.6	0.3	0.3	0.0	5.4
Overpayment rate	3.40%	2.20%	0.50%	4.60%	3.90%	2.40%	0.60%
Overpayment value (£m)	420	170	40	10	10	0	30
Contribution to overall OPs	4%	2%	0%	0%	0%	0%	0%
Impact of a 10% change in monetary value of overpayment on the overall overpayment rate	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to table 5:

1. The contribution to the overall overpayment rate percentage is calculated from unrounded figures and therefore may not tally with a rate calculated from the rounded figures above it.

For example, Universal Credit currently contributes 67% of the overall overpayment value, the highest of all individual benefits. If the monetary value of overpayment on Universal Credit (currently £6,350 million) changed by 10%, this would lead to the overall overpayment rate of 3.3% changing by 0.22% (equating to around £635 million).

Table 6. Proportion that each benefit contributes to the overall official error underpayment rate

Reviewed in 2024-25	UC	SP	PIP	HB	PC	CA
Expenditure (£ billion)	65.3	142.0	25.8	15.4	5.9	4.2
Underpayment rate	0.6%	0.3%	0.2%	0.4%	1.2%	0.0%
Underpayment value (£m)	390	450	40	60	70	0
Contribution to overall UPs	32%	36%	3%	5%	6%	0%
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	DLA	JSA	IS	IB	Unreviewed
Expenditure (£ billion)	12.3	7.7	7.6	0.3	0.3	0.0	5.4
Underpayment rate	1.1%	0.1%	1.0%	1.2%	0.3%	0.7%	0.0%
Underpayment value (£m)	130	10	80	0	0	0	0
Contribution to overall UPs	11%	1%	6%	0%	0%	0%	0%
Impact of a 10% change in monetary value of underpayment on the overall underpayment rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to table 6:

1. The contribution to the overall underpayment rate percentage is calculated from unrounded figures and therefore may not tally with a rate calculated from the rounded figures above it.

For example, State Pension currently contributes 36% 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 £450 million) changed by 10%, this would lead to the overall official error underpayment rate of 0.4% changing by 0.02% (equating to around £45 million).

Benefit fraud and error estimation uncertainty and assumptions

We are rigorous in estimating the levels of fraud and error. Our 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.

Our strategy for estimating the level of incorrect payments considers the value of the benefit, its risk profile and previous experience of measuring the benefit. Our estimates are based on around 12,871 reviews of a random sample¹⁶⁰ of claimants on certain benefits.

¹⁶⁰ Housing Benefit is a random sample stratified by Local Authority

Table 7. Number of cases reviewed for each benefit this year

	Sample size	Percentage of claimant population reviewed
Universal Credit	3,995	0.07%
State Pension	1,556	0.01%
Personal Independence Payment	1,494	0.06%
Housing Benefit	2,989	0.13%
Pension Credit	1,987	0.15%
Carer's Allowance	850	0.12%
Total	12,871	0.05%

Further information on our estimation strategy can be found at GOV.UK (within the latest [Fraud and Error in the benefit system National Statistics publication](#), and the supporting [Background Information and Methodology note](#)).

When interpreting the statistics, please bear in mind that we only sample 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 and £60 million.

Statistical 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 2024-25, the rates of total overpayment lie in the range from 3.0% to 3.5% (monetary value £8.9 billion to £10.2 billion), whilst the corresponding range for Official Error underpayments is 0.4% to 0.5% (£1.0 billion to £1.5 billion).

When rolling forward historic rates of fraud and error, 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 87% 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 in the benefit system National Statistics publication](#), and the supporting [Background Information and Methodology note](#)).

‘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 we classified all these cases as fraud. We now look at each of these cases individually and classify 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 £2,160 million of expenditure in 2024-25. Had all these cases been instead classed as fraud, then the total monetary value of overpayments would rise from £9.5 billion to £11.7 billion, and the overall overpayment rate would rise from 3.3% to 4.0%. Carrying out the same calculation to include the inconclusive expenditure on 2023-24, the overpayment rate would have been 4.2%.

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 and Methodology note](#)).

State Pension

As the reviews for State Pension only cover cases from Great Britain, we also include 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. We are currently reviewing the best method of updating this figure.

Unreviewed Benefits

For the first time two years ago, the Department made extra payments, called Cost of Living Payments, to claimants on certain benefits. This was to give claimants extra support with cost of living. Cost of Living Payments ceased in 2023-24 and were not paid during the 2024-25 so are removed from the unreviewed benefits. Their removal has caused a large fall in the overpayment rate and expenditure associated with this unreviewed benefit group this year.

For 2024-25, Winter Fuel Payments were paid via passporting from Pension Credit, therefore, overpayments on Winter Fuel Payments will only occur when the claimant is not entitled to Pension Credit. The proxy measure used to estimate levels of fraud and error on Winter Fuel Payments in 2024-25 has been changed to use the loss of entitlement rate on Pension Credit.

20. Unfulfilled Eligibility

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. In financial year ending 31 March 2024, following a review of the fraud and error statistics, Claimant error underpayments were removed from the fraud and error publication and reclassified as Unfulfilled Eligibility in a separate publication. The review determined that the estimates now included in this unfulfilled eligibility publication should not be defined as underpayments. In benefit legislation, people are not eligible for increases in the amount of money they get until they tell us all of the correct information, including when their circumstances change. Unfulfilled Eligibility is therefore not classed as an incorrect payment and these figures no longer feature in the incorrect payment note. For more information on Unfulfilled Eligibility please see the [Unfulfilled Eligibility publication](#) and section x of the accounts.

Unfulfilled Eligibility Statistics

Table 1. Overall estimates and estimates for benefits reviewed in 2024-25

	Unfulfilled Eligibility	Last measured	Total Expenditure
Overall Unfulfilled Eligibility	1.3% (£3.7bn)	1.2% (£3.1bn)	£292.2bn
Universal Credit	1.5% (£1.0bn)	1.4% (£0.7bn)	£65.3bn
State Pension	0.0% (£0.0bn)	0.0% (£0.0bn)	£142.0bn
Personal Independence Payment	4.1% (£1.1bn)	4.0% (£0.9bn)	£25.8bn
Housing Benefit	1.2% (£0.2bn)	1.1% (£0.2bn)	£15.4bn
Pension Credit	1.7% (£0.1bn)	1.5% (£0.1bn)	£5.9bn
Carer's Allowance	0.0% (£0.0bn)	0.0% (£0.0bn)	£4.2bn

Table 2. Estimates for benefits reviewed in previous years

	Unfulfilled Eligibility	Total Expenditure
Employment and Support Allowance	1.4% (£0.2bn)	£12.3bn
Attendance Allowance	4.2% (£0.3bn)	£7.7bn
Disability Living Allowance	11.1% (£0.9bn)	£7.6bn
Jobseeker's Allowance	0.3% (£0.0bn)	£0.3bn
Income Support	0.4% (£0.0bn)	£0.3bn
Incapacity Benefit	0.0% (£0.0bn)	£0.0bn

Table 3. Estimates for benefits never reviewed

	Unfulfilled Eligibility	Last measured	Total Expenditure
Unreviewed benefits	0.6% (£0.0bn)	0.2% (£0.0bn)	£5.4bn

Notes to tables 1-3:

1. The 2024-25 data comes from DWP Official Statistics: Unfulfilled eligibility in the benefit system: financial year 2024 to 2025 estimates. Unfulfilled Eligibility rates for Universal Credit, Pension Credit, Housing Benefit and State Pension are based on cases sampled in the period November 2023 to October 2024. Personal Independence Payment rates are based on cases sampled in the period September 2023 to August 2024. Carer's Allowance rates are based on cases sampled in the period March 2024 to September 2024.
2. Estimates for all benefits are based on estimated benefit expenditure for 2024-25. These are consistent with Spring Statement 2025 and were the latest available for the financial year at the time of producing the unfulfilled eligibility estimates.
3. All monetary values are rounded to the nearest £100 million and displayed in £bn.
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 2024 to 2025 estimates" 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 we've 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. Carer's Allowance was last measured in 2019-20 and this year's rates are compared to rates from that year. All other benefits are compared to the 2023-24 statistics. For the previous year figures please see the "Unfulfilled eligibility in the benefit system: financial year 2024 to 2025 estimates" 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 Official Statistics publication for further details.

How each benefit contributes to the overall level of unfulfilled eligibility

Individual benefits make varying contributions to the overall unfulfilled eligibility rate, and changes in the rates for each benefit from year to year have different impacts on the overall rate of unfulfilled eligibility. The table below illustrates how each of the benefits contribute to the overall unfulfilled eligibility value (of £3.7 billion benefit expenditure, equating to an overall rate of 1.3%). The table also shows how changes to the unfulfilled eligibility rates for the individual benefits could affect the overall figures.

Table 4. Proportion that each benefit contributes to the overall unfulfilled eligibility rate

Reviewed in 2024-25	UC	SP	PIP	HB	PC	CA
Expenditure (£bn)	65.3	142.0	25.8	15.4	5.9	4.2
Unfulfilled Eligibility rate	1.5%	0.0%	4.1%	1.2%	1.7%	0.0%
Unfulfilled Eligibility value (£m)	980	30	1,060	180	100	0
Contribution to overall UE	26%	1%	28%	5%	3%	0%
Impact of a 10% change in monetary value of unfulfilled eligibility on the overall unfulfilled eligibility rate	0.03%	0.00%	0.04%	0.01%	0.00%	0.00%

Previously reviewed	ESA	AA	DLA	JSA	IS	IB	Unreviewed
Expenditure (£bn)	12.3	7.7	7.6	0.3	0.3	0.0	5.4
Unfulfilled Eligibility rate	1.4%	4.2%	11.1%	0.3%	0.4%	0.0%	0.6%
Unfulfilled Eligibility value (£m)	170	320	850	0	0	0	30
Contribution to overall UE	5%	9%	23%	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%	0.03%	0.00%	0.00%	0.00%	0.00%

Notes to tables 4:

1. The contribution to the overall unfulfilled eligibility rate percentage is calculated from unrounded figures and therefore may not tally with a rate calculated from the rounded figures above it.

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 £1,060 million) changed by 10%, this would lead to the overall unfulfilled eligibility rate of 1.3% changing by 0.04% (equating to around £110 million).

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 2024-25, the rate of total unfulfilled eligibility lies in the range from 1.2% to 1.4% (monetary value £3.4 billion to £4.1 billion).

21. Contingent liabilities

Benefit underpayments

Distinct from legal cases, the Department acknowledges that administrative errors (termed official error) will sometimes result in the underpayment of benefit. Where underpayments relating to official error are identified, we pay arrears in full at the earliest opportunity, sometimes this can be after an official corrective exercise has ended.

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. This contingent liability includes unknown underpayments in relation to HRP, see page 379 for more information.

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 we 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.

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. As at 31 March 2025 the

Department is aware of 3 cases it considers to be a contingent liability (as described in note 1.12), which are currently estimated at £372 million.

The Rent Service employee pensions

The Rent Service transferred from us 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 we 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 us 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 has 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 circa £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.

FAS – Bauer Judgement

While the United Kingdom was in the European Union, the Court of Justice of the European Union (CJEU) ruled that a reduction in the amount of occupational old age pension benefits paid to a member on account of their 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 (Bauer). The Retained EU Law Bill that came into force from 1 January 2024 has removed the PPF's (and FAS's) obligation to implement the Bauer Judgement for members of schemes whose employers become insolvent from that date but it is unclear if the Bill removes the obligation to pay the Bauer supplement for members of schemes that have already transferred to the PPF (or FAS) or were in the PPF's assessment period prior to 1 January 2024.

Therefore, there is considerable uncertainty as to the scope and number of payments which would become due.

This judgement was included in the FAS provision calculation in previous years.

Employment Programmes – Access to Work (AtW)

This addresses the potential liability in 2024-25 for new AtW applications that have been received but are awaiting processing at the end of March 2025

When a decision is made on a new claim, the award is given for a fixed period. In some instances, the AtW recipient may be entitled to claim appropriate costs that they have incurred over that period. This Contingent Liability recognises that potentially there will be claims processed after 31 March 2025 that will pay costs relating to previous periods.

Occupational Health and Employee Assistance Arrangements

As of 31 March 2025 the Department has a liability resulting from challenges to the award of contracts for these services. No further disclosure of details is provided as the Department considers that disclosure at this point may prejudice the final resolution.

22. Related party transactions

We sponsor the arm's length bodies listed on page 176. These include three public corporations: Pension Protection Fund, National Employment Savings Trust and Office for Nuclear Regulation.

In addition, we've 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, HM Treasury, Home Office, Department of Health and Social Care and Department for Environment, Food and Rural Affairs. We also have transactions with other public bodies such as local authorities and NHS Foundation Trusts.

During the period 1 April 2024 to 30 September 2024, Credera Limited met the definition of a related party of an Executive Director. Within this period, the Department entered into transactions worth £3.6 million (1 April 2023 to 31 March 2024: £22.6 million). The transactions related to the purchase of services for digital transformation and were conducted at an arm's length basis. As at 31 March 2025 £Nil was outstanding (31 March 2024: £0.9 million).

No minister, board member or other related parties has undertaken any material transactions with the Department during the year. A register of interests for our 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.

23. 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

Our departmental family is shown on page 176 within the Accountability report, the following bodies are those within our accounting boundary for 2024-25 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	(125,599)	288,602	204,580	2,901	193,151	53	7,047
The Pensions Ombudsman	(10)	12,246	12,253	149	10,013	1	5
The Pensions Regulator	–	106,591	106,103	849	74,153	124	9,982
The Money and Pensions Service	–	164,099	164,139	465	38,411	28	4,375
	(125,609)	571,538	487,075	4,364	315,728	206	21,409

	Health and Safety Executive	The Pensions Ombudsman	The Pensions Regulator	The Money and Pensions Service
	£000	£000	£000	£000
Total operating income	(125,599)	(10)	–	–
Total operating expenditure	288,602	12,246	106,591	164,099
Total Net Operating Expenditure	163,003	12,236	106,591	164,099
Finance Income	–	–	(634)	–
Finance Expense	41,577	17	146	40
Net Expenditure for the Year	204,580	12,253	106,103	164,139



Financial report

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 our core department figures)
- Social Security Advisory Committee (staff and costs are included in our core department figures)
- Disabled People's Employment Corporation (GB) Ltd was dissolved on 3 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 our accounting boundary:

- Office for Nuclear Regulation
- Pension Protection Fund
- National Employment Savings Trust Corporation





