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Office for Budget Responsibility,
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Dear Bronwyn,

As you may know, the House of Lords Economic Affairs Committee (which I chair) is currently conducting an inquiry into the UK workforce, our focus being on the recent rise in inactivity. We are now concluding our work, and plan to publish our report before Christmas.

The OBR forecast, published alongside the Autumn Statement, states that the OBR has "revised down the trend participation rate by 0.3 percentage points on average over the forecast so it settles at 63.0 per cent compared to 63.3 per cent in our March forecast"; and that this is "largely due to higher inactivity and came alongside a rise in long-term sickness". The OBR "assume(s) some of these people return to the labour force by the end of the forecast, but the prevalence of older workers in this group (three-quarters of all new inactive adults since the pandemic), suggests that many will never return".

Later, in paragraph 45, the forecast states "£7.5 billion of the upward revision [in welfare spending] is caused by progressively larger upward revisions to spending on health-related and disability benefits due to both increased inflows and longer claim durations. This raises the caseloads for these benefits by 1.1 million (13.4 per cent) in 2026-27 relative to our March forecast. This revision echoes the rise in health-related labour market inactivity, suggesting they may share a common cause."
By implication I take it that the expected caseload for these benefits in 2026-27 has risen from 8.2 million to 9.3 million. Can I confirm precisely what this means:

i) Is this the number who are expected to be on *at least one* of the benefits concerned? Or would this, for example, count one claimant twice if they are on two of these benefits?

ii) Exactly which benefits are included here? Is this DLA, PIP and AA for the disability benefits? What about other "health-related" benefits? Is this ESA and Universal Credit for those in the LCW or LCWRA groups, or are other benefits included here too?

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Second, are you able to give a sense of:

i) Which of these benefits are driving the increase in expected caseload since March? Comparing the "disability benefits" forecasts in your supplementary table 3.27 with the equivalent from your March EFO, it does not look like this is primarily responsible for the £7.5 billion increase in spending expectations over and above impacts of higher inflation. So is this primarily driven by changes in expectations around ESA or health-related elements of UC?

ii) In terms of the ultimate drivers of this increase in expected spending and caseloads, for whichever benefits are responsible: the document refers to recent upticks in the data driving this change in expectations. Are you able to refer me to exactly which data that is? What is it that has increased recently, over what period, and is that data publicly available from some other source? Finally, is the change in expectation related in any way to the delay in migration from ESA to UC until 2028?

Finally, are you able to share any insights on:

- How many of the extra 1.1 million extra cases are expected to be economically inactive
- The causes of the rise in numbers and in claim durations
- Data on claim durations that you refer to when you say these have increased

I would be most grateful if you could answer by 25th November, as this insight would be invaluable for our inquiry.

With best wishes,

Lord Bridges of Headley MBE
Chair of the Economic Affairs Committee

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