

21 March 2024

Supplementary forecast information release

Further information on health and disability benefit spending at Spring Budget 2024

- 1.1 The OBR is releasing the information below following requests for further detail on the forecasts presented in our March 2024 *Economic and fiscal outlook (EFO)*. We will, as far as possible, meet any requests to release supplementary forecast information where this will improve the quality of public debate on the public finances. Our full release policy is available on our website.
- 1.2 We have received a request to present the detailed forecast for spending on health and disability benefits which underpins our March 2024 forecast. In doing so, we are also correcting the amount of spending on Universal Credit health-related claimants, and the split of health and disability benefits between pensioners and working-age adults, presented in Table 4.9 of our November 2023 EFO. The health and disability benefit memo lines in this table did not include the savings from the Work Capability Assessment reforms, which were forecast to save an average of £0.7 billion between 2025-26 and 2028-29. Spending on health and disability benefits for working-age adults were also overstated by an average of £5.2 billion between 2022-23 and 2028-29 and spending on health and disability benefits for pensioners were understated, by an equal and offsetting amount. These corrections only affect the presentation of the health and disability memo lines and the overall November 2023 forecast for welfare spending is not affected by these changes.
- 1.3 Spending on health and disability benefits in our March 2024 forecast, split into spending on children, working-age adults, and pensioners are presented in Table 1 below.

Table 2: Total welfare spending in our November 2023 forecast

	£ billion						
	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Pensioner spending ¹	126.4	142.1	152.0	160.4	164.7	167.3	172.2
UC and legacy equivalents ²	77.2	86.3	91.1	95.3	97.1	99.0	102.0
Disability benefits ³	30.0	36.1	40.4	44.2	47.0	49.7	52.3
Child benefit	11.6	12.5	13.2	13.4	13.4	13.3	13.2
Other spending ⁴	16.3	18.3	19.8	20.6	21.1	21.6	22.0
Total welfare spending	261.5	295.4	316.4	333.9	343.2	350.9	361.7
<i>of which:</i>							
Inside welfare cap	130.5	144.5	156.8	163.0	167.9	172.9	177.2
Outside welfare cap	131.0	150.9	159.7	170.9	175.2	178.0	184.5
<i>Memo: health and disability benefits</i> ⁵	55.4	65.7	73.8	80.2	84.1	88.1	91.9
<i>of which:</i>							
Children	3.0	3.6	4.1	4.6	5.0	5.4	5.7
Working-age adults	41.4	49.0	55.1	59.9	62.8	65.9	68.6
Pensioners	11.0	13.0	14.5	15.7	16.3	16.8	17.6

¹ Pensioner spending includes pensioner housing benefit, pension credit, winter fuel payment and state pension expenditure.

² UC and legacy equivalents includes personal tax credits, housing benefit (excluding pensioner part), incapacity benefits (which comprise employment and support allowance, income support for incapacity, severe disablement allowance and incapacity benefit), income support and income-based and contributory jobseeker's allowance.

³ Disability benefits includes disability living allowance, personal independence payment, and attendance allowance.

⁴ Other spending includes Northern Ireland social security expenditure.

⁵ Health and disability benefits includes standard allowance and health element expenditure for UC health-related claimants, employment and support allowance, disability living allowance, personal independence payment, carer's allowance, and attendance allowance. Excludes Northern Ireland disability benefits expenditure.

1.6 Future spending on health and disability benefits are uncertain. Outturn data continues to show that new claims for PIP and UC Work Capability Assessment decisions resulting in 'limited capability for work' or 'limited capability for work and work-related activity' are higher than pre-pandemic levels, but the exact causes of the rise are uncertain. We revised up our forecasts for both disability and incapacity caseloads in our November 2022 and March 2023 forecasts reflecting higher outturn, but reduced the growth of PIP and UC health caseloads in our November 2023 forecast on the assumption that part of recent caseload growth had been driven by cost-of-living pressures, and so caseload growth rates would slow as real household disposable incomes improved. We will continue to review the latest evidence on PIP and Universal Credit when making our judgements about future caseloads.