Spring Budget 2017: Policy Costings

Policy decisions not on the Treasury scorecard

 ‘**personal independent payments (PIP): response to legal judgements’** – at the end of November 2016 there were two legal judgements relating to PIP that would have pushed spending in 2021-22 up a further £0.9 billion (and up £3.7 billion across the whole forecast period) absent any Government policy response. (This is the ‘static’ cost, assuming no behavioural response from potential claimants.) It would have added around 3 per cent to average awards and 4 per cent to the overall PIP caseload in 2021-22. The Government has announced legislative changes that are expected to reduce the impact to £110 million in 2017-18, with no ongoing cost

Table B.1: Costings for policy decisions not on the Treasury scorecard 3

Head 2017-18 2018-19 2019-20 2020-21 2021-22

PIP: response to legal judgements -110 0 0 0 0

Note: The presentation of these numbers is consistent with that in the scorecard shown in Table A.2, with negative signs implying an Exchequer loss and a positive an Exchequer gain.

***Compare and contrast –***

Changes to Personal Independence Payment regulations, Press Prelease 23 February 2017

Spending on disability benefits has risen by more than £3 billion in real terms since 2010, and will remain higher in each year to 2020, than in 2010. Failing to reinstate the original intention of the policy would have led to substantial unplanned increases to public expenditure totalling £3.7 billion (between 2016 to 2017 and 2021 to 2022).

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| Equality Analysis PIP assessment criteria |
| Upper Tribunal judgments on daily living activity 3 and mobility activity 1 |
| February 2017 |

Evidence and analysis

Summary of impacts

71. The potential financial impact (Annually Managed Expenditure) of both judgments together is estimated to be (rounded to nearest £10 million): £560m for 2017/18; £650m for 2018/19; £760m for 2019/20; £830m for 2020/21; and £910m for 2021/22,19 if the effect of the judgments is not reversed (whether by regulations or on appeal or through subsequent case law). These figures include the impacts on disability premiums and Carer’s Allowance mentioned in paragraph 43 above, but do not include any impact on exemption from the Benefit Cap.