

Under strain

Investigating trends in working-age disability and incapacity benefits

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Summary

The benefits bill is frequently the subject of intense political debate: the trade-offs involved in protecting the incomes of those with short- or long-term needs, encouraging work and self-sufficiency, and minimising pressures on the public purse are inherently contentious. But since the pandemic, working-age health-related benefits have moved centre-stage in these discussions, as policy makers aim to understand what sits behind the historical rise in claims, and to contain future pressures too. In this briefing note – part of our Election 2024 work but also the first from a new Resolution Foundation research programme examining how disability, ill-health and the economy intersect – we investigate trends in working-age disability and incapacity benefits, analysing what sits behind the numbers that are understandably causing concern in Britain today.

We start by noting, however, that although these two health-related benefit types are often conflated in the media or political debates, each serves a crucially different policy purpose. Incapacity benefits, such as Universal Credit Health, are mostly means-tested, and are designed to provide additional income support for those with long-term conditions who are out of the labour market for an extended period. In contrast, disability benefits, like Personal Independence Payment (PIP), are awarded irrespective of income or work status, and go towards the extra costs that many with impairments or health conditions incur.

Political anxiety about working-age health-related benefits stems largely, although not exclusively, from the growing share of public

finance they absorb. (Another concern is that incapacity benefits reduce work incentives, an issue that has inevitably been more prominent in a period when employment still lags its pre-pandemic norm). Expenditure on these benefits for people of working age was broadly flat in real terms from the mid-1990s until 2013-14, but began to rise dramatically from that point on. In the years between 2013-14 and 2022-23 (the latest year of outturn data), real spending on working-age incapacity benefits increased by one-third (34 per cent), and that on disability benefits rose by 89 per cent. In 2013-14, Britain spent £28 billion (in 2024-25 prices) on these two working-age benefits; by 2022-23, that figure had increased to £43 billion.

But it is not just the historical picture that is driving up concern about health-related benefits in Britain today: it is also the forecast spend. Over the next six years, expenditure on working-age incapacity and disability benefits combined is projected to increase at an even more rapid pace than in the past, to £63 billion in 2028-29, a real-terms increase of almost 48 per cent. Working-age health-related benefit spending would then have risen from 1.2 per cent of GDP in 2013-14, to 1.6 per cent in 2022-23, and then to 2.1 per cent by 2028-29. Disability benefits – forecast to increase by 215 per cent over the 15 years to 2028-29 – drive much of the increase, although incapacity benefits are forecast to rise by a significant 77 per cent.

All of which begs a critical question: why is spending rising so quickly? A higher caseload explains all of the increase in incapacity benefits, and over half of the increase in expenditure on working-age disability benefits (with increasing award rates doing the rest of the work). Arguably, we should not be surprised there is some upward pressure on numbers: a growing, ageing population and a rising State Pension Age have by themselves boosted the working-age disability benefits caseload by 272,000 between 2013 and 2023, one-quarter (25 per cent) of the increase over that time.

But what explains the rest? To begin with, the nation's health has taken a turn for the worse in recent years: improvements in life expectancy at birth have slowed since 2011, for example. And it is not simply that Britain's population is less healthy than in the past; it is more disabled too. In 2012-13, 5.9 million (16 per cent) working-age adults in Great Britain reported that they had a disability (defined as having a long-standing illness, disability or

impairment which causes substantial difficulty with day-to-day activities); by 2022-23, that figure had risen to 8.9 million (23 per cent). The underlying causes of this upsurge are beyond the scope of this paper, but we estimate that this rising incidence of disability combined with population change underpins 87 per cent of the increase in the disability benefit caseload between 2013 and 2023.

As well as a growing cohort of working-age people with reason to seek support from the benefits system, there is also a creeping sense that it is 'easier' to be awarded disability benefits today than in the past. We find scant evidence to support this view. Award rates for new PIP claims have been broadly steady at around 45 per cent since 2015-16 (the rates were far higher in the benefit's early years); moreover, the award rate for those that have been moved across from the predecessor benefit Disability Living Allowance (DLA) to PIP has not changed over time either. What is clear, however, is that PIP has been a 'stickier' benefit than anticipated. Claimants spend more time on the benefit than policy makers originally expected, because both award lengths are longer and reviews less frequent than intended, both of which push caseload numbers up.

Moreover, other changes to the benefits system over the last decade have strengthened the incentive to claim incapacity and disability benefits. In particular, the real value of basic out-of-work benefits has fallen significantly over time. In April 2010, a single person claiming Jobseeker's Allowance received £98 a week standard allowance (in 2024-25 prices); by April 2024, that figure has fallen 7.6 per cent to £91, a loss especially hard-felt in the cost of living crisis. An incapacity or disability benefit award has a large impact on family incomes: a single person in receipt of UC would see their award more than double if they are also eligible for the health element. And these benefits act as a gateway to other sources of support (such as Carers' Allowance) and exemptions from the benefit cap and work-related conditionalities.

There are other benefit policy choices that have plausibly driven up average awards too. For example, the decision to get rid of the

lowest level of support within PIP has had the opposite effect from that intended, pushing up, not down, on average awards. In 2023, 30 per cent of those who had been in receipt of the lowest rate of DLA care were awarded the highest PIP daily living component. Looking to the future, the similar picture we observe when young people transition from Child DLA to PIP will act as an ongoing source of upward pressure. It is hard not to conclude, then, that alongside an ageing and more disabled population, changes within the benefits system have also contributed to rising working-age disability benefits spending.

Finally, it is critical to view incapacity and disability benefit trends in the round. Over the last 15 years, the share of GDP spent on all working-age benefits has barely changed, standing at 3.9 per cent in both the pre-recession year of 2007-08 and in 2022-23, although it is forecast to reach 4.6 per cent in 2028-29. It is both fiscally and socially responsible to examine the growing share of GDP being devoted to working-age incapacity and disability benefits. But the analysis in this briefing note suggests that restricting eligibility for such benefits, without fully understanding the complex set of underlying drivers, is risky in the extreme, not least because those in receipt are financially insecure (more than four-in-ten PIP claimants are in the bottom fifth of the income distribution). Instead, a serious strategy to control spending on working-age incapacity and disability benefits requires two far more difficult things: addressing Britain's health and disability crises; and ensuring the benefits system, as a whole, provides adequate support to all.

Rising spending on working-age health-related benefits is of growing political concern

The benefits bill is frequently the subject of intense political debate: the trade-offs involved in protecting the incomes of those with short- or long-term needs, encouraging work and self-sufficiency, and minimising pressures on the public purse are inherently contentious.¹ But in the years following the Covid-19 pandemic, it is health-related benefits that have been particularly problematised, with frequent reports by politicians and in the media of a 'sick note culture' and a disability benefits system that is open to abuse.² This briefing note investigates the 'what' and the 'why' of working-age health-related benefits, unpacking trends and testing the credence of the various hypotheses that are often put forward to explain these trends.³ Throughout, we draw on administrative and survey data (making clear where that has limitations), as well as the voices of ten welfare rights advisers who shared their frontline perspectives on health-related benefits with us at a policy roundtable in May 2024.⁴

To start, however, it is important to be clear about the terms we use throughout. In this briefing note, we distinguish two key types of working-age health-related benefits that are often conflated in policy debates, namely incapacity benefits (mainly means-tested benefits, paid to people who are unable to work long-term because of poor health) and disability benefits (which are not means-tested and paid to those with a health condition or impairment that impacts their functionality, irrespective of whether or not they are in work). These serve crucially different policy purposes. Incapacity benefits are designed to provide extra income support for those with long-term conditions who are out of the labour market for an extended period of time, and are therefore paid almost exclusively to those who are out of work.⁵ Disability benefits acknowledge that health conditions and impairments often entail extra costs, and the financial support provided is intended to help individuals manage those. Despite what is often assumed, disability benefits are paid to anyone who meets qualifying conditions regardless of employment status or household income.⁶ In Box 1, we outline the specific benefits that historically did, and currently do, constitute disability and incapacity benefits

1 This trilemma is often called 'the iron triangle of welfare'. See, for example: R Blundell, *Welfare-to-Work: Which Policies Work and Why?*, British Academy, November 2001.

2 See, for example: R Sunak, *Prime Minister's speech on welfare: 19 April 2024*, April 2024; D Strauss & A Borrett, *Is Britain suffering from a sick note culture?*, Financial Times, April 2024, accessed 31 May 2024; M Parris, *Our disability benefits system invites abuse*, The Times, March 2023, accessed 31 May 2024.

3 We focus mainly on working-age health-related benefits in this note for two key reasons. First, spending on pensioner disability benefits has fallen in real terms since 2010-11 and is forecast to flatline until at least 2028-29. Second, although the same is not true when it comes to spending on children's disability benefits, which has increased in real terms in recent years, it is working-age health-related benefits, and in particular the interaction they may have with employment, that are of current political concern. We will return to the issue of children's disability benefits in a later briefing as part of our disability research programme. For further details of trends in health-related benefit spending by age group, see Figure 16 in: M Brewer & A Clegg, *Ratchets, retrenchment and reform: The social security system since 2010*, Resolution Foundation, June 2024.

4 Roundtable participants were recruited from Citizens Advice Bureaux, local authority welfare rights teams and specialist health charities working with claimants across a range of places in Great Britain.

5 For a useful overview of disability employment rates, see: C McCurdy, *Labour Market Outlook Q3 2022*, Resolution Foundation, October 2022.

6 In reality, these benefits have a high degree of overlap. More than four-fifths (84 per cent) of PIP claimants were out of work in 2023, and two-thirds (66 per cent) of PIP claimants were also in receipt of incapacity benefits. See for example: B Baumberg Geiger *How far is PIP an 'out-of-work benefit'?*, Inequalities blog, May 2024.

BOX 1: Incapacity and disability benefits, past and present

Income support for those unable to work due to a health condition or disability has a chequered history.⁷ No such provision existed before 1971, when the benefits system treated those with limited capability to work much like those who were unemployed for any other reason. Throughout the 1970s and 1980s, however, two new benefits were introduced for this group and eligibility gradually extended: Invalidity Benefit (IVB) contingent on NI contributions, and Non-Contributory Invalidity Pension (NCIP). In 1984, the latter was reformed and renamed Severe Disability Allowance (SDA).

From 1995 onwards, however, in response to a burgeoning caseload, eligibility requirements began to be tightened. In that year, Incapacity Benefit (IB) replaced IVB, requiring all claimants undertake a medical assessment to establish their capability to undertake any form of work; those on means-tested SDA joined the IB system from 2001. IB was then replaced for new claimants by Employment and Support Allowance (ESA) in 2008. Key to this reform was the Work Capability Assessment (WCA) to determine not just whether claimants had limited capability for work, but also whether

they were capable of engaging in work-related activity. Since the late 2010s, new claimants that are out of work due to a health condition have had to claim Universal Credit (UC), and receive an additional element if their WCA deems them to be unable to participate in work-related activities.⁸

The history of disability benefits is marginally less convoluted. Benefits designed to compensate individuals for new disabilities have existed for many years, such as the War Pensions (first introduced in 1919) and Industrial Injuries benefits (from 1948). In 1971, such benefits were supplemented by Attendance Allowance (AA), followed in 1975 by Mobility Allowance (MobA). Over time, however, awareness grew that more help was needed with the additional costs if 'horizontal equity' between those with and without long-term disabilities was to be achieved. As a result, in 1992 Disability Living Allowance (DLA) replaced MobA and AA for the under-65s, providing support for the first time to those with lower-level requirements as well as more generous rates for those with severe disabilities.

DLA lasted for just over two decades before the coalition government

⁷ This box draws extensively on: T Burchadt, *The evolution of disability benefits in the UK: Reweighting the basket*, London School of Economics, June 1999.

⁸ E Parkin, *Employment Support Allowance: An introduction*, House of Commons Library, September 2015; DWP, *Universal Credit: Health conditions and disability guide*, March 2024

replaced it in 2013 with Personal Independence Payment (PIP) for new claimants aged between 16 years and State Pension age. PIP differs from DLA in a number of key ways: the assessment is less condition- and more functionality-focused (i.e. it considers what the claimant can and cannot do, and not what diagnosis has been made by a GP); there is no automatic entitlement for people with particular conditions (except for

those with terminal conditions); and all PIP awards are subject to periodic review.⁹ The change to assessing functionalities means that PIP is more likely than DLA to recognise that those with mental health issues and learning difficulties are also in need of support.¹⁰ Finally, in 2020, PIP was devolved to the Scottish Government, and in 2022 it introduced the Adult Disability Payment (ADP) in PIP's stead in that nation.¹¹

The growing political anxiety about working-age health-related benefits stems largely, although not exclusively, from the increasingly large amount of public spending devoted to such benefits. Another concern is that incapacity benefits reduce work incentives, an issue that has inevitably become more prominent in a period when employment still lags its pre-pandemic norm.¹² Figure 1 sets out the spend on both working-age incapacity and disability benefits over time, and shows that although combined expenditure on both was broadly flat in real terms from the mid-1990s until 2013-14, after that it began to trend upward. Between then and 2022-23 (the latest year of outturn data), real spending on working-age incapacity benefits increased by one-third (34 per cent), while that on disability benefits rose by 89 per cent. In real-terms (2024-25 prices), we spent £43 billion on working-age health-related benefits in Great Britain in 2022-23, compared to £28 billion in 2013-14, a rise of £15 billion.

But it is, of course, not just the historical picture that is driving up concern about health-related benefits in Britain today: it is also the forecast spend. Over the next six years, expenditure on both working-age incapacity and disability benefits is currently projected to increase at an even more rapid pace than in the past, from the £43 billion in 2022-23 to £63 billion in 2028-29, a real-terms increase of £21 billion (or 48 per cent).¹³ As the chart also makes plain, the forecast picture is driven far more by the increase in disability rather than incapacity benefits, tilting the balance between the two: by 2028-29, it is estimated that disability benefits will constitute 51 per cent of this

⁹ S Kennedy, [Introduction to Personal Independence Payment](#), House of Commons Library, June 2015.

¹⁰ F Hobson, [The aims of ten years of welfare reform \(2010-2020\)](#), House of Commons Library, December 2020.

¹¹ Scottish Fiscal Commission, [Explainers: Disability Assistance](#), accessed 14 June 2024.

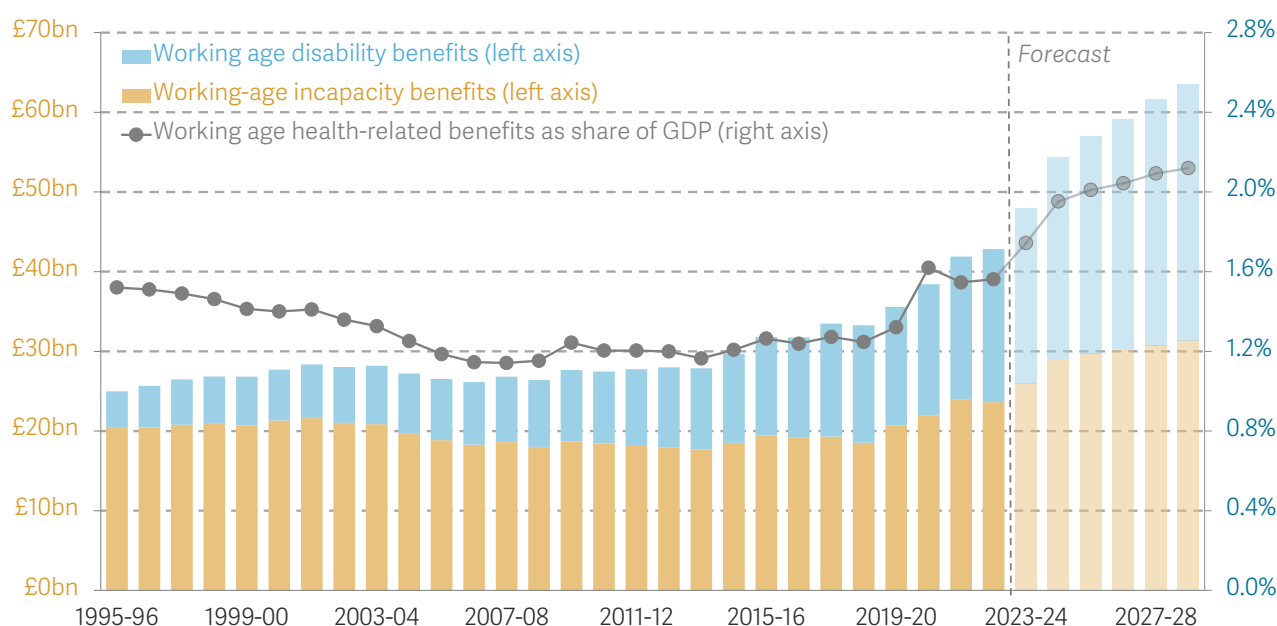
¹² See, for example: E Fry, S Pittaway & G Thwaites, [Life in the slow lane: Assessing the UK's economic and trade performance since 2010](#), Resolution Foundation, June 2024.

¹³ These figures do not sum due to rounding.

spend, up from 45 per cent in 2022-23. Working-age health-related benefit spending as a share of GDP will have risen from 1.2 per cent in 2013-14, to 1.6 per cent in 2022-23, and then to 2.1 per cent in 2028-29.

FIGURE 1: Spending on working-age health-related benefits has grown by £15 billion in real-terms since 2013-14, and looks set to increase further

Real-terms spending on working-age health-related benefits (left axis) and working age health-related benefits as a proportion of GDP (right axis): Great Britain



NOTES: Deflated to 2024-25 prices using the OBR forecast for the GDP deflator. Incapacity benefits are: Employment Support Allowance, Universal Credit Health, Incapacity Benefit and Severe Disablement Allowance. Disability benefits are: Disability Living Allowance, Personal Independence Payment, Armed Forces Independence Payment, Scottish Adult Disability Payment and Scottish Adult Disability Living Allowance.

SOURCE: RF analysis of DWP, Spring Statement 2024 Expenditure and Caseload forecasts; Scottish Fiscal Commission, Economic & Fiscal Forecasts, various; OBR, Economic and Fiscal Outlook.

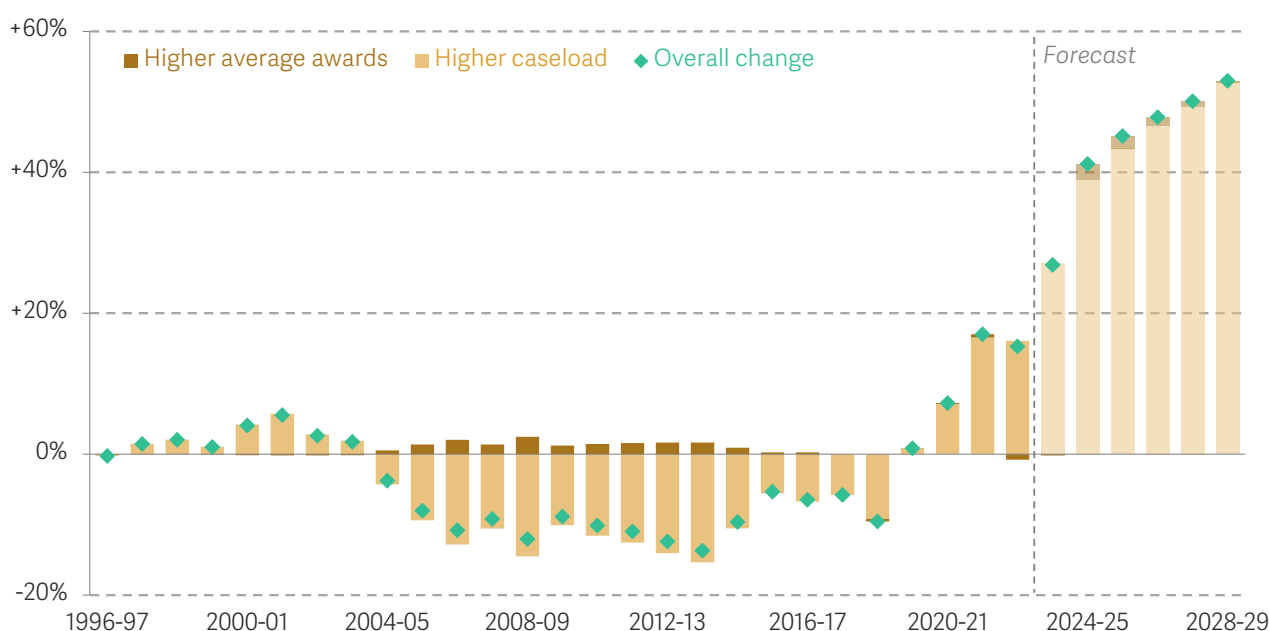
Rising caseloads drive incapacity benefit expenditure, but award levels play a role, too, when it comes to disability benefits

So, what sits behind both the historical and forecast rise? In Figure 2, we decompose what has been driving spending on incapacity benefits since the IB reform in 1995. The chart makes three things clear. First, when it comes to incapacity benefits, trends both past and present are explained almost entirely by changing caseload and not by higher

average awards.¹⁴ Second, the upward trend when it comes to out-of-work support for working-age adults with health conditions is relatively recent – indeed, it is only since 2019-20 that real expenditure on incapacity benefits has risen compared to the mid-1990s. Third, the forecast marks a significant acceleration on the current upward trend: incapacity benefit spending is projected to grow by 21 per cent between 2023-24 and 2028-29, compared to 15 per cent in the 27 years prior. Administrative data up to early 2024 confirms the trend shown in this chart, with the working-age incapacity benefit caseload rising as expected.¹⁵

FIGURE 2: Spending on incapacity benefits is being driven almost entirely by higher caseloads rather than awards

Cumulative change in real spending on working-age incapacity benefits since 1995-96: Great Britain



NOTES: Incapacity benefits include Employment Support Allowance, Universal Credit Health, Incapacity Benefit and Severe Disablement Allowance.

Source: RF analysis of DWP, Spring Statement 2024 Expenditure and Caseload forecasts; OBR, Economic and Fiscal Outlook.

The same cannot be said for disability benefits, however. As Figure 3 shows, real expenditure on disability benefits has been rising steadily since 1995-96, although the pace of growth picked up after 2013-14.¹⁶ This means that, in contrast to spending on incapacity benefits, the forecast for disability benefit spending does not constitute a marked change to current trends (but again, administrative data for 2023-24 is broadly consistent with forecast assumptions when it comes to caseload). In addition, it is

¹⁴ For further discussions of recent trends in incapacity benefits, see: OBR, [Fiscal risks and sustainability report – July 2023](#), July 2023; B Baumberg Geiger, [The *real* trend in out-of-work benefit claims](#), Inequalities blog, February 2024.

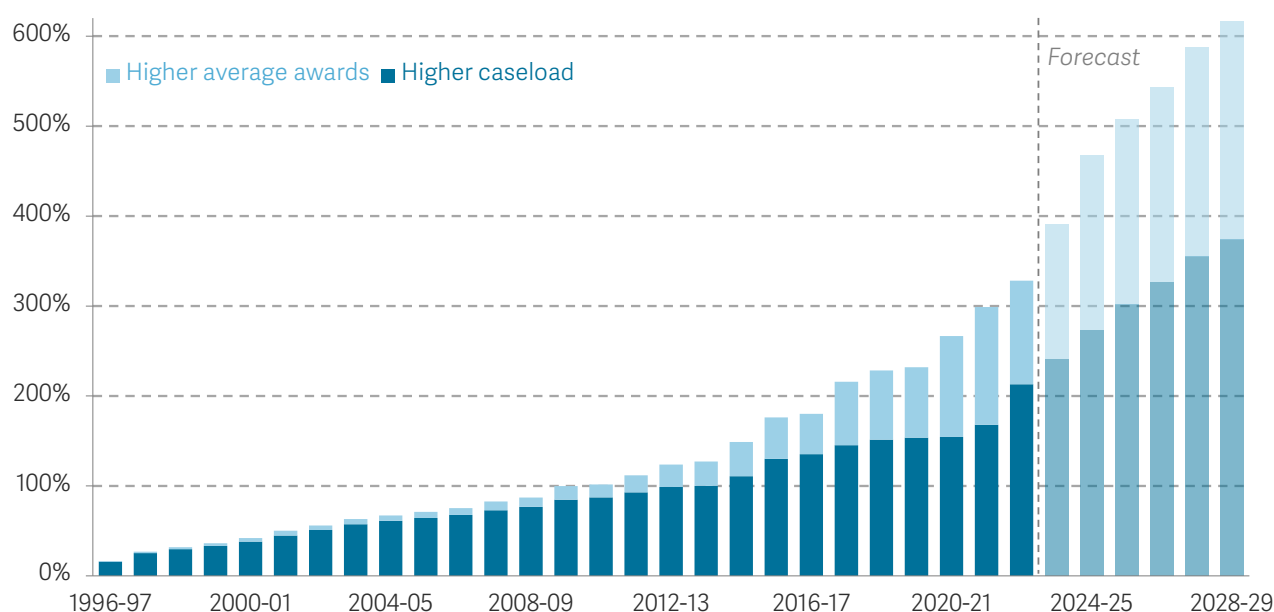
¹⁵ For example, monthly onflows onto UC Health remain high. Source: RF analysis of DWP, Stat-Xplore.

¹⁶ For a detailed discussion of trends in disability benefits, including the move from DLA to PIP, see: OBR, [Welfare trends report – January 2019](#), January 2019.

not just a burgeoning number of people claiming disability benefits that has driven up spending but also higher average awards. Indeed, almost half (44 per cent) of the increase in disability benefit expenditure between 2013-14 and 2022-23 can be explained by higher average (real-terms) awards, a figure that is projected to remain the same by the end of the forecast period.

FIGURE 3: Spending on disability benefits has been growing for many years, and looks set to accelerate still further in years to come

Cumulative change in real spending on working-age disability benefits since 1995-96: Great Britain



NOTES: Disability benefits include Disability Living Allowance, Personal Independence Payment, Armed Forces Independence Payment, Scottish Adult Disability Payment and Scottish Adult Disability Living Allowance.

SOURCE: RF analysis of DWP, Spring Statement 2024 Expenditure and Caseload forecasts; Scottish Fiscal Commission, Economic & Fiscal Forecasts, various; OBR, Economic and Fiscal Outlook.

Breaking out caseload and average awards, for both incapacity and disability benefits, tells us two important things. First, it is a mistake to conflate these two types of benefits: they display different patterns and therefore potentially have different underlying drivers. Second, when it comes to disability benefits, the past and future upward pressure on spending is not just a function of the number of claimants. Given this, we turn now to consider a range of factors that could plausibly underpin the rising historical caseloads, before then turning to the question of why average awards, too, have increased over time.¹⁷

¹⁷ Our analysis from this point on focuses primarily on disability benefits, in part because they have, and will continue to be a more significant upward pressure on spending than incapacity benefits; in part because the data on incapacity benefits is confounded by the introduction of Universal Credit. For a summary of the data challenges posed by the introduction of Universal Credit, see: B Baumberg Geiger, *The 'real' trend in out-of-work benefit claims*, Inequalities blog, February 2024.

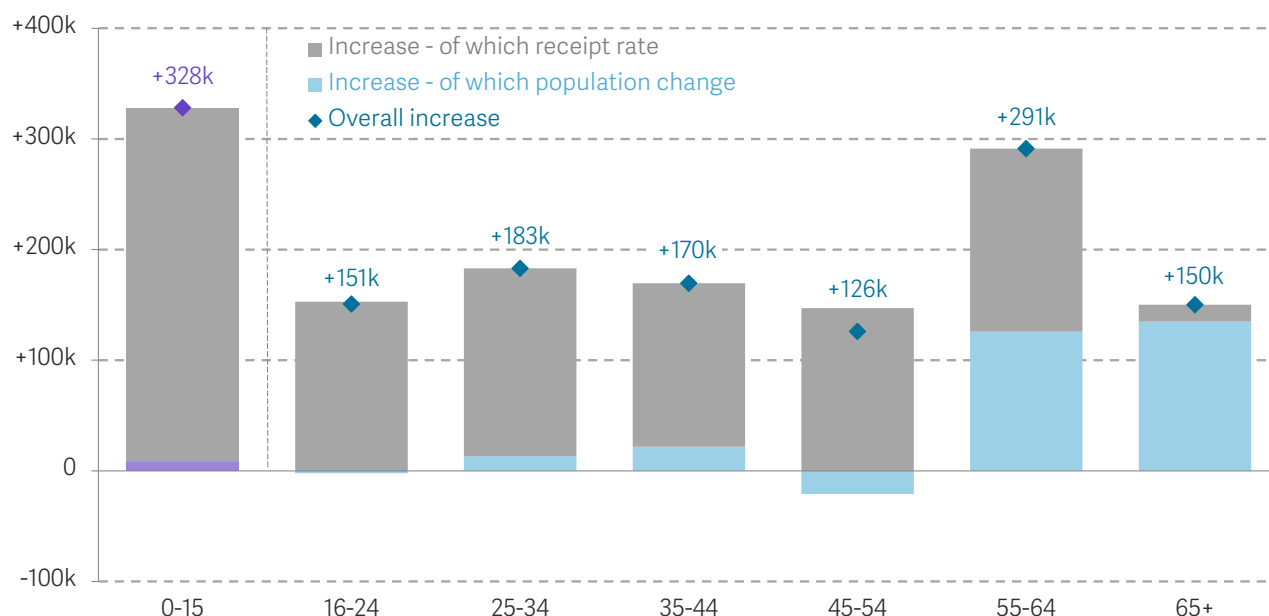
An ageing population and rising State Pension age has pushed up the disability caseload over the last decade

Overall, it is easy to see why political anxiety rides high when it comes to the rise in working-age health-related benefits.¹⁸ But what has driven up the caseload claiming these benefits in the last decade? One plausible explanation is demographic change. Britain's population is ageing and, self-evidently, older people are more likely to have a disabling health condition or impairment than those in younger age groups.

We unpack the role that demographics have played in driving up the working-age disability benefit caseload in Figure 4, which shows the result of a shift-share decomposition on the caseload for people in different age groups. As this makes clear, an ageing population has played a material role in boosting the caseload in receipt of working-age disability benefits over the last decade. If the likelihood that an adult of a certain age receives a working-age disability benefit had remained unchanged since 2013, then demographic changes alone would have pushed up the caseload by an additional 272,000, one-quarter (25 per cent) of the actual increase of 1.07 million.

FIGURE 4: An ageing population explains one-quarter of the increase in the working-age disability benefit caseload over the last ten years

Change in child and working-age disability benefit caseload between 2013 and 2023, by age group: England and Wales



NOTES: Disability benefits include DLA and PIP, and caseload is for August 2013 and August 2023. Scotland excluded due to the devolution of disability benefits.

SOURCE: RF analysis of DWP, Stat-Xplore; ONS, mid-year population estimates; ONS, 2021-based interim national population projections.

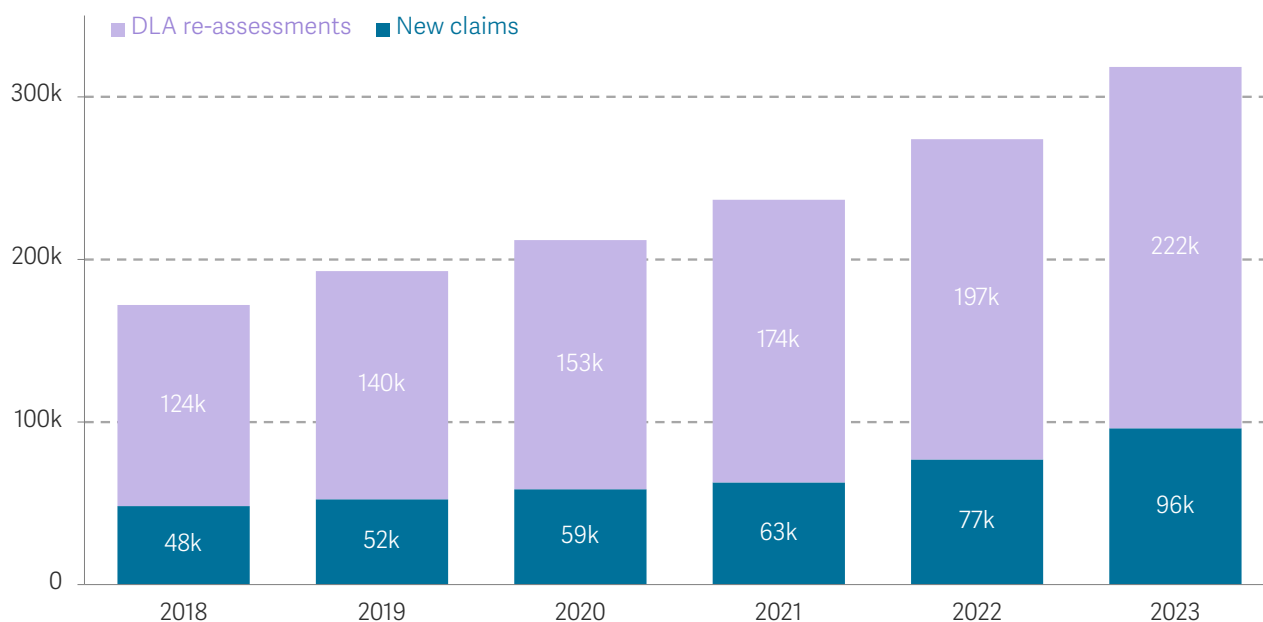
¹⁸ It is worth noting that although *working-age* disability and incapacity benefits spending is rising in real-terms, spending on pension-age health-related benefits has been relatively stable over the past 15 years and is not expected to increase significantly by the end of the decade. See Figure 16 in: M Brewer & A Clegg, *Ratchets, retrenchment and reform: The social security system since 2010*, Resolution Foundation, June 2024.

But why are there so many more adults aged 65 and over in receipt of working-age disability benefits? There are two main answers to that question. First, the higher State Pension age means more older people must apply for working-age rather than pensioner benefits.¹⁹ Second, older claimants of working-age disability benefits often remain on them when they reach pensionable age until something triggers a reassessment and they move into the pensioner-equivalent benefit.

Moreover, the bar on the far-left of Figure 4 gives significant pause for thought. This shows that there has been an increase of 328,000 children being awarded disability benefits (Child DLA) since 2013, almost entirely driven by a higher receipt rate within this age group. This is important in its own right but also has an impact on working-age disability benefits.²⁰ The majority of children in receipt of Child DLA go on to receive PIP when they reach adulthood: in 2023, close to four-in-five (79 per cent) children in receipt of Child DLA were awarded PIP when reassessed at the age of 16, and this award rate has been broadly constant over recent years.²¹ Figure 5 shows the impact this is already having on the PIP caseload.

FIGURE 5: Seven-in-ten young people in receipt of PIP have been re-assessed from child DLA

Number of PIP cases with entitlement, among young people aged 16-24, by re-assessment indicator: England and Wales



NOTES: Scotland excluded due to the rollout of Child Disability Payment and Adult Disability Payment. Data is from August each year.

SOURCE: RF analysis of DWP, Stat-Xplore.

¹⁹ See: DWP, *State Pension Age Review 2023*, DWP, March 2023 for further details.

²⁰ We will be examining the topic of children's disability benefits in forthcoming research.

²¹ RF analysis of Stat-Xplore. See Figure 17 later in this briefing note for further details.

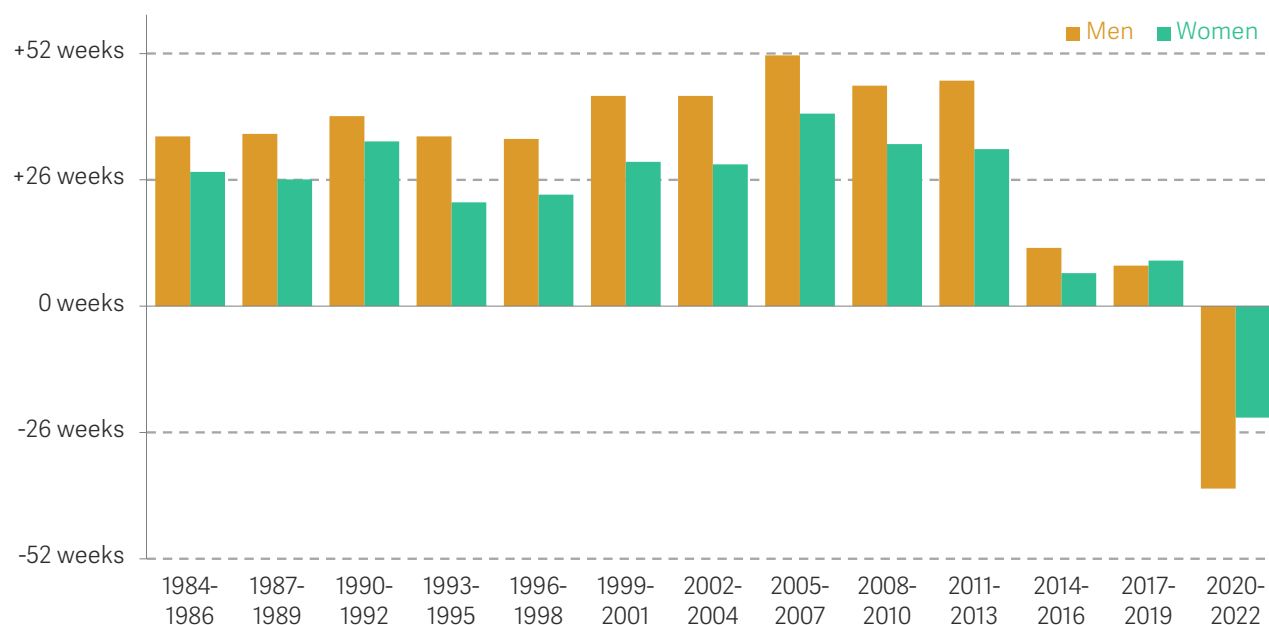
In 2023, there were 318,000 young people aged 16-24 in receipt of PIP: seven-in-ten (70 per cent, or 222,000) of these young people were previously in receipt of Child DLA and were awarded PIP after going through a reassessment, while only three-in-ten (30 per cent) made new claims for PIP in early adulthood.²² If we want to properly understand the rising number of young people claiming disability benefits, then, we must also look at trends in child disability benefits.

The number of disabled working-age adults in Great Britain has increased by 3 million over the past decade

Demographic change, then, sits behind some, but very far from all, of the disability benefits caseload increase we have seen over the last decade. So what else might be a factor? One very obvious potential explanation for a higher receipt rate would be that the population's health has deteriorated. This is true across certain measures: for example, the incidence of obesity and diabetes is on the rise.²³ But perhaps most compellingly, after a slowing in the rate of improvement in life expectancy at birth since 2011, the period from 2020 to 2022 saw the largest fall in life expectancy at birth for both males and females since the data began in 1980 to 1982 (see Figure 6).²⁴

FIGURE 6: Life expectancy is falling, in contrast to the past three decades

Change in life expectancy at birth for each period, in weeks, compared with previous non-overlapping time period: UK, 1984-1986 to 2020-2022



NOTES: Comparisons are between non-overlapping two-year time periods, e.g. between 2017-2019 and 2020-2022.

SOURCE: RF analysis of ONS National life tables - life expectancy in the UK.

²² When we look at the main conditions of these young people, it is striking that half (51 per cent) of all young people in receipt of PIP in 2023 are those who were previously in receipt of DLA and whose main condition relates to autism, ADHD or learning disabilities. Among PIP claimants aged 16-24, these conditions are more prevalent than anxiety and depression, despite attention on the latter.

²³ See: B Baumberg Geiger, *Has working-age morbidity been declining? Changes over time in survey measures of general health, chronic diseases, symptoms and biomarkers in England 1994-2014*, BMJ Open, July 2022; digital.nhs.uk/data-and-information/publications/statistical/health-survey-for-england/2019/main-findings, accessed 19 June 2024.

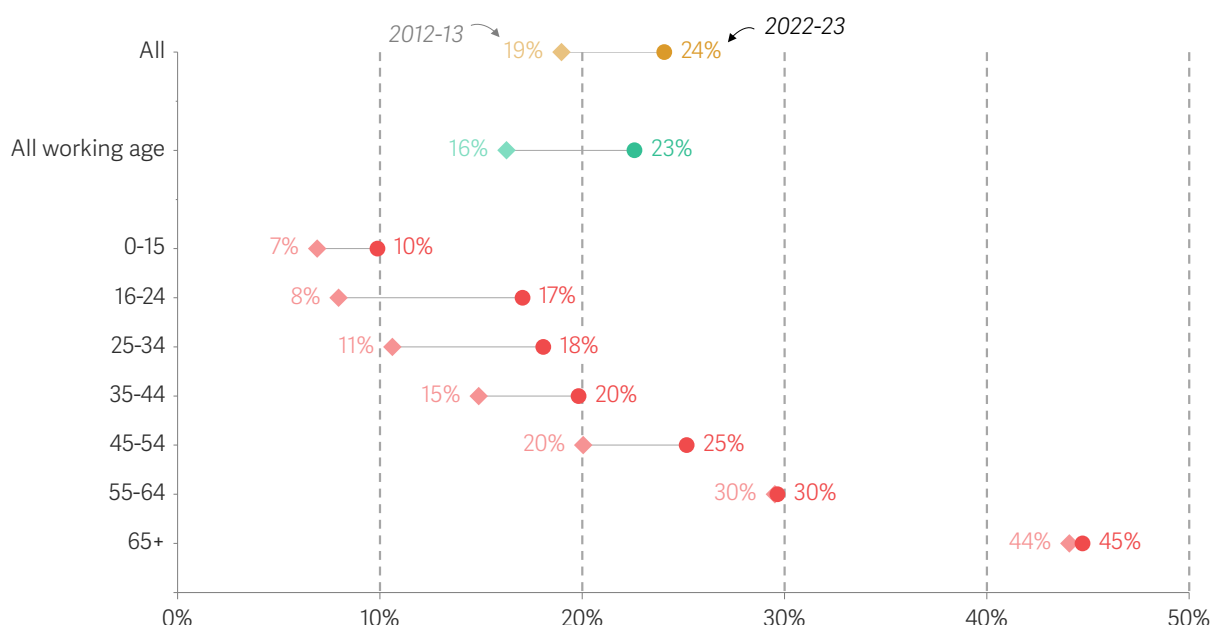
²⁴ See: ONS, *National life tables - life expectancy in the UK: 2020 to 2022*, January 2024.

And although the most recent fall in life expectancy is influenced by the Covid-19 pandemic, the slowdown has been happening for over a decade: between 2011 and 2018, life expectancy increased by only 0.4 years for men and 0.2 years for women, and was broadly flat between 2014 and 2018.²⁵ In practical terms, this means that life expectancy for men in 2020-2022 is on average 17 weeks shorter than it was in 2011-13; and for women, life expectancy has fallen by 7 weeks.

But it is not just that Britain's population is less healthy – it is also more disabled by conditions too. Figure 7 shows that self-reported disability has risen considerably over the past decade. In 2012-13, for example, less than one-in-five (19 per cent) people in Great Britain reported that they had a disability (defined as having a long-standing illness, disability or impairment which causes substantial difficulty with day-to-day activities); by 2022-23, that figure had risen to close to one-quarter (24 per cent).²⁶ Put differently, the number of disabled people in Great Britain has risen by a third over the past decade, from 11.8 million in 2012-13 to 15.6 million in 2022-23. And among working-age adults, in 2012-13, 5.9 million (16 per cent) reported that they had a disability; by 2022-23, that figure had risen to 8.9 million (23 per cent).

FIGURE 7: Close to one-in-four working-age people self-report as disabled today

Proportion of the population reporting a disability, by age: Great Britain



NOTES: The definition of disability used in the FRS is consistent with the core definition of disability under the Equality Act 2010. A person is considered to have a disability if they have a long-standing illness, disability or impairment which causes substantial difficulty with day-to-day activities.

SOURCE: RF analysis of DWP, Family Resources Survey.

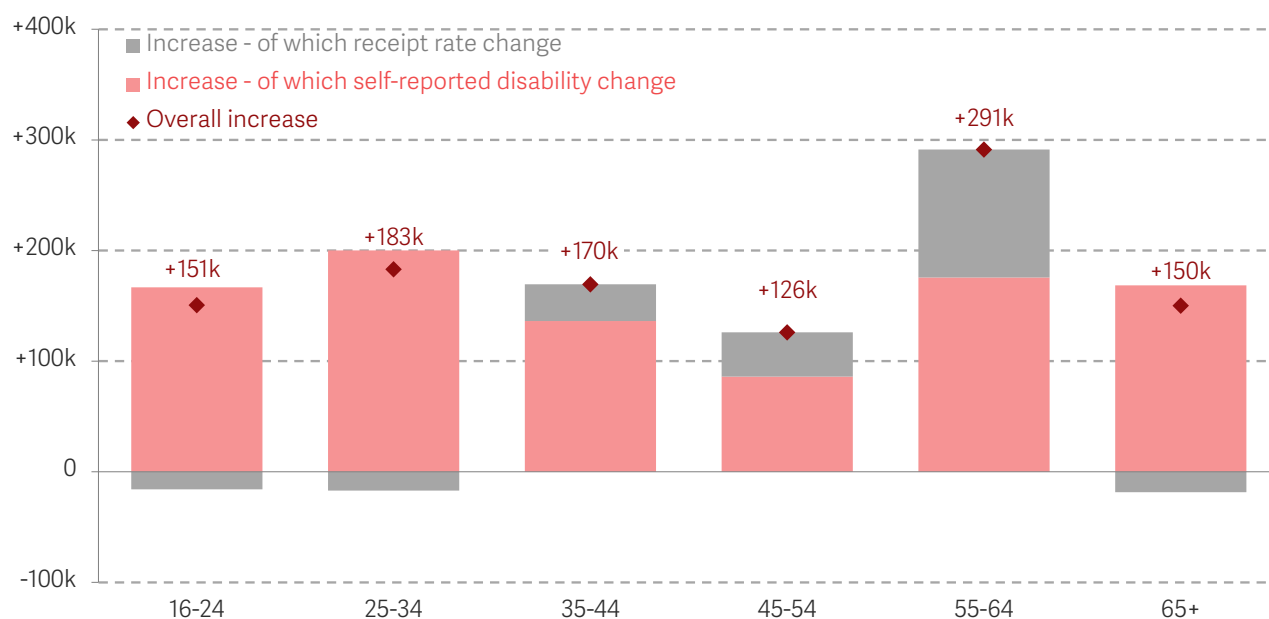
²⁵ V Raleigh, *What is happening to life expectancy in England?*, The King's Fund, April 2024.

²⁶ This is the core definition of disability under the Equality Act 2010.

Even more strikingly, this increase in disability has a strong age skew. The share of 16-24-year-olds who self-report having a disability has more than doubled in the last decade, from 8 per cent in 2012-13 to 17 per cent in 2022-23, while 35-44-year olds are now one-third more likely to report having a disability than ten years ago. And although people aged 55 and over remain more likely than younger people to report a disability, their rate of self-reported disability has not shifted in the past decade (with 30 per cent of 55-64-year-olds, and 45 per cent of those aged 65 and over reporting a disability in 2022-23). Alongside this, there has also been a very well-documented deterioration in mental health across the population, especially for younger age groups.²⁷ In 2010-11, for example, less than one-quarter (23 per cent) of 18-24-year-olds reported symptoms consistent with a 'common mental disorder' such as depression, anxiety or bipolar disorder; by 2021-22, that figure had increased to close to one-third (32 per cent).²⁸ In Figure 8, we undertake a different shift share decomposition.

FIGURE 8: Population growth and the rising incidence of self-reported disability accounts for a large part of the disability benefits caseload increase in the last decade

Change in working-age disability benefit caseload between 2013 and 2023, by age group: England and Wales



NOTES: Disability benefits include DLA and PIP, and caseloads are for August 2013 and August 2023. Scotland is excluded due to the devolution of disability benefits.

SOURCE: RF analysis of DWP, Stat-Xplore; ONS, mid-year population estimates; ONS, 2021-based interim national population projections.

²⁷ See, for example: C McCurdy & L Murphy, *We've only just begun: Action to improve young people's mental health, education and employment*, Resolution Foundation, February 2024.

²⁸ Source: RF analysis of ISER, Understanding Society. Measuring 'probable common mental disorders' is a robust and widely-used approach to screening the general population for mental health conditions. For further details of how this measure is derived, see: R Sehmi & H Slaughter, *Double Trouble: Exploring the labour market and mental health impact of Covid-19 on young people*, Resolution Foundation, May 2021.

This shows that if the receipt rate (i.e. the likelihood that anyone receives a working-age disability benefit) had remained unchanged since 2013, then population change plus the rising incidence of self-reported disability alone would have pushed up the caseload by an additional 933,000, more than four-fifths (87 per cent) of the actual increase of 1.07 million. Moreover, the age breakdowns are especially interesting. The rising number of, and incidence of, self-reported disability by 16-24-year-olds should, all other things held constant, have boosted the numbers on disability benefits by more than actually observed. However, the opposite is true for those aged 55-64-years, for example, where 40 per cent of the caseload increase is not accounted for by higher levels of disability and population growth.

Although applications have increased, there is little to suggest that it is easier to qualify for disability benefits today than in the past

So far, we have shown that changes in demographics and in population health are strong drivers of the increase in disability benefits caseload over the last ten years. But they are clearly not the whole explanation. So, what other factors could sit behind the growing health-benefits caseload? One could be that those with health conditions and disabilities are more likely today than in the past to claim benefits, and that take-up has increased as a result. There are a number of good reasons to think this might be the case. First, the stigma attached to some disabilities, especially mental health conditions, has clearly declined over time.²⁹ Second, awareness of disability benefits has plausibly increased in recent years: in 2017, for example, there were around 3,200 mentions of 'disability benefits' in the UK press; in 2023, there were over 5,400.³⁰ Third, there has been concerted outreach to vulnerable individuals from all kinds of agencies in recent years, first in response to austerity (think of housing associations contacting their tenants about the 'bedroom tax'), then Covid-19 (for example, local authorities reaching out to residents to assess eligibility for the Household Support Fund) and finally the cost of living crisis (during which even private companies such as energy providers offered full benefit checks to customers). That said, as one of the welfare rights advisers put it in our roundtable, the claims process is still far from easy.

²⁹ There have been recent high-profile campaigns to reduce the stigma attached to mental health conditions, such as the Time to Change campaign that ran between 2007-2021. See: www.mind.org.uk/news-campaigns/campaigns/time-to-change/, accessed 19 June 2024. Over this period, mental health stigma declined. See: C Henderson, L Potts, & E Robinson, *Mental illness stigma after a decade of Time to Change England: inequalities as targets for further improvement*, *European journal of public health*, 30(3), June 2020; S Evans-Lacko et al., *Effect of the Time to Change anti-stigma campaign on trends in mental-illness-related public stigma among the English population in 2003-13: an analysis of survey data*, *The Lancet Psychiatry*, Vol 1 Issue 2, July 2014.

³⁰ RF analysis of Pressfinder, extracted 15 May 2024. There is also evidence that, more widely, prejudice against disabled people has declined. See: S Dixon, C Smith & A Touchet, *The disability perception gap*, Scope, May 2018.

“There’s greater awareness of disability benefits than there was before - and I think that is coming from a few things. One thing is the pandemic meant that more people had to claim benefits and that just increased overnight people’s awareness of the benefit system and that just hasn’t gone away”

“If you’re sat in your house and you want to claim benefits, on no metric could you say it is easier than it was before. The barriers are different - the call centres, the screening, the saying the wrong thing, the digital. They are different barriers which disenable different kinds of people [than in the past], but the process of claiming, it’s absolutely not easier.”

Claiming health-related benefits is one thing, however being awarded them is another. One factor that some have suggested as behind the stark rise in the disability benefits caseload since 2020 is the Covid-19-related change from mainly face-to-face assessment interviews to a largely telephone-based system.³¹ Figure 9 largely scotches this suggestion, however: data from DWP’s Health Assessment Channels trial shows that whether an assessment is conducted in person or virtually has little effect on the outcome rates for claims.³² Moreover, welfare rights advisers were of the view that although telephone assessments may reduce barriers to claiming for some, they brought with them added complications and worries, and often meant that assessors missed key information about the claimant.

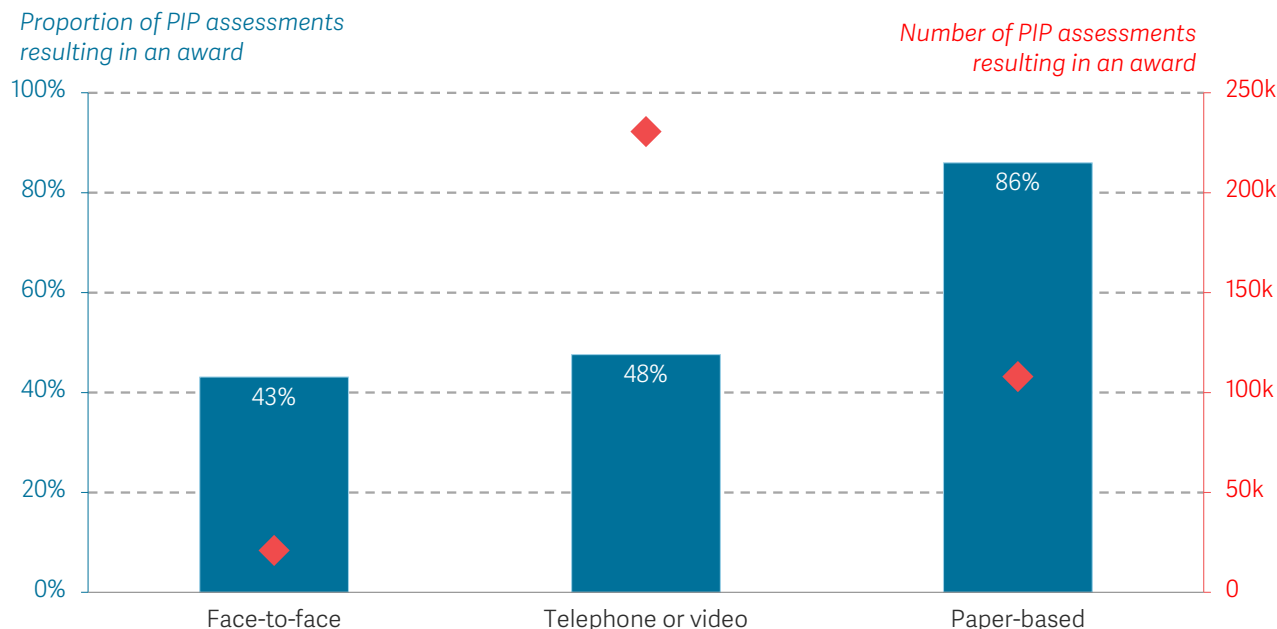
“I have so many clients who feel like they have been done a disservice by being assessed by telephone. It’s difficult because many of them find it anxiety-inducing to see someone in person. They don’t have the ability to explain how their condition affects them on a day-to-day basis, and they certainly don’t have the ability to take control of the conversation. But I think in person it would be much more apparent the problems that they have.”

³¹ In 2023-24, two-thirds (64 per cent) of all PIP assessments in England and Wales were carried out via telephone or video. 17 per cent were paper-based assessments, and just 6 per cent were carried out face-to-face (the other 13 per cent of assessments do not have an assessment channel recorded).

³² It is notable, however, that the vast majority (86 per cent) of paper-based assessments result in an award. For further information on assessment channels, see: Written Ministerial Statement, [Health and Disability White Paper tests and trials](#), November 2023, ([accessed 31 May 2024]) for further details.

FIGURE 9: Whether face-to-face or virtual, the type of assessment has little effect on PIP award rates

Proportion of PIP assessments resulting in an award (left axis) and number of PIP assessments resulting in an award (right axis), by assessment channel: England and Wales, 2023-24



NOTES: These figures include claims made under normal rules and special rules for terminal illness, and include new claims and DLA to PIP reassessment claims. This is data from initial decisions only and does not include mandatory reconsiderations or appeals. Volumes are rounded to the nearest 10. Data is from the PIP Atomic Data Store (ADS).

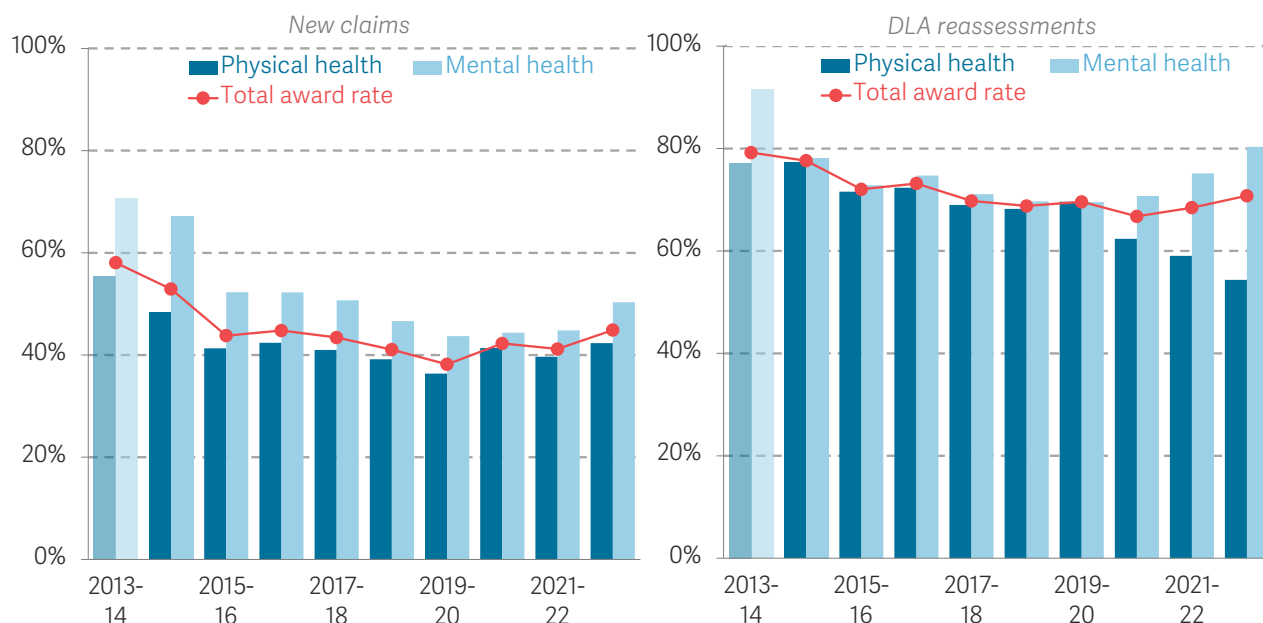
SOURCE: RF analysis of Freedom of Information request to DWP, FOI2024/43365, June 2024.

And when we look at award rates over time, there is little to suggest that it is 'easier' to qualify for PIP today than it was in the past. As the left-hand panel of Figure 10 shows, the award rate for PIP assessments for new claims has fallen since its introduction in 2013, although there has been a slight uptick in the last full year of data. Moreover, there is nothing overtly compositional that could explain this trend: although a growing share of PIP claimants' main condition is connected with their mental health (see Box 2), their award rate has historically always been higher than for those whose primary condition is physical. But perhaps even more compelling is the DLA to PIP reassessments data we show in the right-hand panel of Figure 10. Selection for DLA reassessments were almost entirely random (i.e. there is nothing to suggest those with the gravest disabilities were assessed at a later date) yet the award rate for this group has largely trended downwards over time.³³ Overall, there is scant evidence to suggest that the PIP assessment has got more lenient in recent years.

³³ See: DWP, *Reassessing existing Disability Living Allowance (DLA) claimants for PIP*, March 2013. Those on DLA who were terminally ill were to be reassessed at the end of the transition process but it is reasonable to assume that sadly, only a few would still be living at this later point. Since the start of the Covid-19 pandemic in 2020, random DLA to PIP reassessments have been paused. See: Question for Department for Work and Pensions, *Personal Independence Payment*, UIN 86619, November 2022.

FIGURE 10: PIP award rates are no higher today than they were after the benefit's introduction

PIP award rate for new claims (left-hand panel) and DLA reassessments (right-hand panel), by main condition: England and Wales



NOTES: Award rates shown are for first instance decisions only. There is no data available to calculate the final award rate when Mandatory Reconsideration (MR) and Tribunal Appeals are taken into account, but customer journey data suggests MRs add an additional 2 per cent to the awards rate, and appeals a further 1 per cent. 'Mental health' includes claimants whose main condition is recorded as a psychiatric disorder, 'Physical health' includes all other claimants. 2013-14 is shaded since PIP was newly introduced and only a small number of awards were made.

SOURCE: RF analysis of DWP, Stat-Xplore.

BOX 2: The composition of the disability benefit caseload has shifted over the past decade

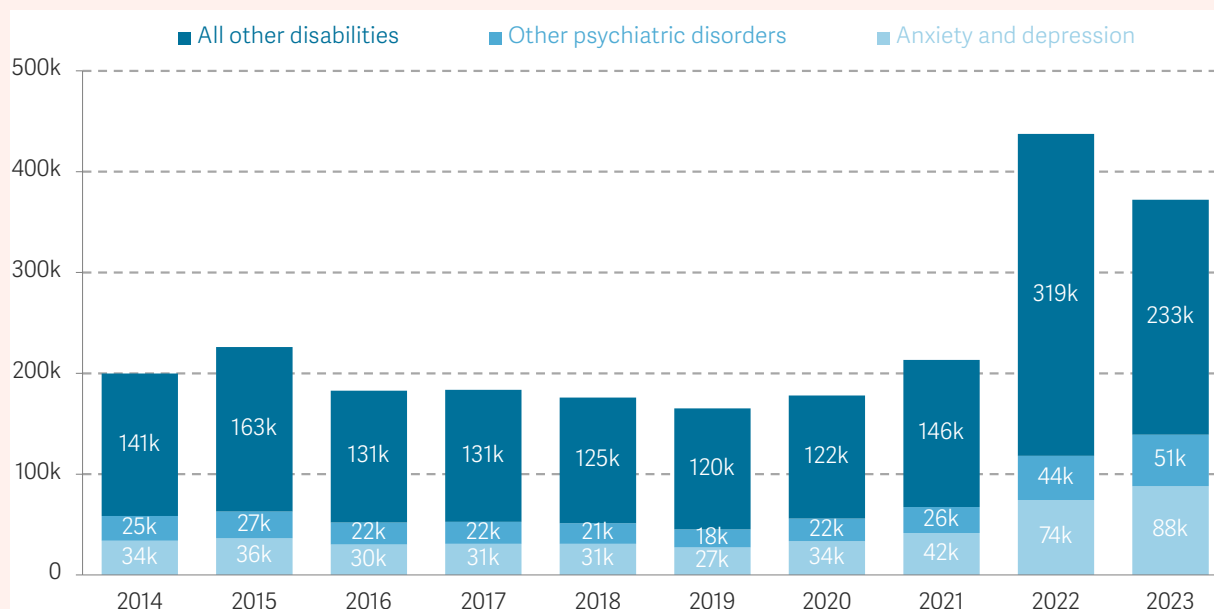
Over the past decade, the make-up of the disability benefit caseload has changed considerably. One of the most notable changes has been the rising number of PIP claimants whose main disabling condition relates to mental health problems, including anxiety and

depression.³⁴ In 2015, one-in-six (16 per cent) of new PIP awards in England and Wales related to claimants whose main health condition related to anxiety and depression; by 2023, this had risen to a quarter (24 per cent). This is shown in Figure 11 below.

³⁴ Source: RF analysis of DWP Stat-Xplore.

FIGURE 11: In 2023, a quarter of new PIP awards were for claimants whose main condition related to anxiety and depression

PIP awards, by claimant's main condition, among new claimants only: England and Wales.



NOTES: Anxiety and depression includes the following DWP disability types: 'Anxiety disorders', 'Mixed anxiety and depressive disorders' and 'Mood disorders'. Other psychiatric disorders includes all other DWP sub groups included in the 'Psychiatric disorders' disability category. Scotland excluded due to the rollout of Adult Disability Payment. Includes new claims only (DLA reassessments excluded).

SOURCE: RF analysis of DWP, Stat-Xplore.

In the most recent data from April 2024, psychiatric disorders are the most common main health condition among PIP claimants in England and Wales, accounting for 1.3 million of the 3.4 million claimants in England and

Wales (38 per cent). There were 530,000 claimants whose main health condition related to anxiety and depression, representing 16 per cent of the total caseload.

Disability benefits are being awarded for longer, and reviewed less frequently, than policy makers initially envisioned

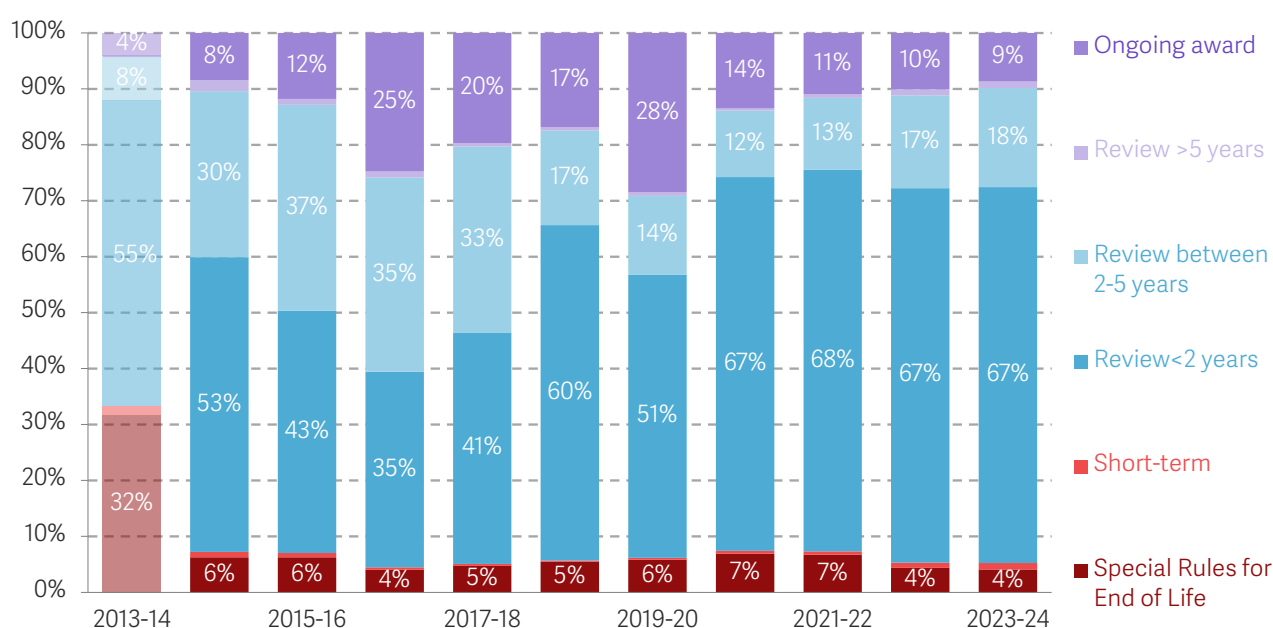
In many respects, these award rate figures for those with mental health conditions should not be a surprise: one of PIP's explicit policy intentions was to provide better support for those with such conditions and with learning disabilities than the previous system did.³⁵ But alongside this, PIP was also expected to reduce the number of people claiming disability benefits for long periods of time by making indefinite awards the

³⁵ DWP, *Disability Living Allowance and Personal Independence Payment – the main differences*, April 2016.

exception, and introducing more frequent reviews to ensure the benefit was no longer paid to those whose conditions had improved.³⁶ As Figure 12 shows, however, in reality ongoing awards have been made more frequently than policy makers intended.

FIGURE 12: Despite PIP's policy aims, a significant share of PIP awards has been made for long periods of time

Proportion of PIP awards made, by duration: England and Wales



NOTES: Includes new claims and DLA reassessments. Scotland excluded due to the rollout of Adult Disability Payment. 2013-14 is shaded as PIP was newly introduced and only a small number of awards were made.

SOURCE: RF analysis of DWP, Stat-Xplore.

There are likely a number of reasons for this. For example, a legal ruling in 2016 required decision makers to make ongoing awards (meaning there is no set date for review) if the claimant's condition was likely to be persistent,³⁷ there has been a series of tragic and widely-publicised deaths where benefit assessments or decisions were identified part of the cause, which plausibly changed practice for a period;³⁸ and in 2018 the Government itself updated its guidance to ensure that those whose needs were unlikely to change were issued an ongoing award which would only be subject to a 'light-touch' review after ten years.³⁹ And although the proportion of PIP awards being made for two or more years has fallen in recent years (down from 57 per cent in 2015-16 to 33 per cent in 2023-24), the impact of long award durations during the mid-2010s will continue to have an impact in

³⁶ GOV.UK, [Personal Independence Payment – policy briefing note: Award durations and exceptions to fixed-term awards](#), May 20122 [accessed 6 June 2024].

³⁷ Disability Rights UK, [Decisions not to award PIP indefinitely or for a longer period can be appealed](#), March 2016 [accessed 6 June 2024].

³⁸ See, for example: National Audit Office, [Information held by the Department for Work & Pensions on deaths by suicide of benefit claimants](#), February 2020.

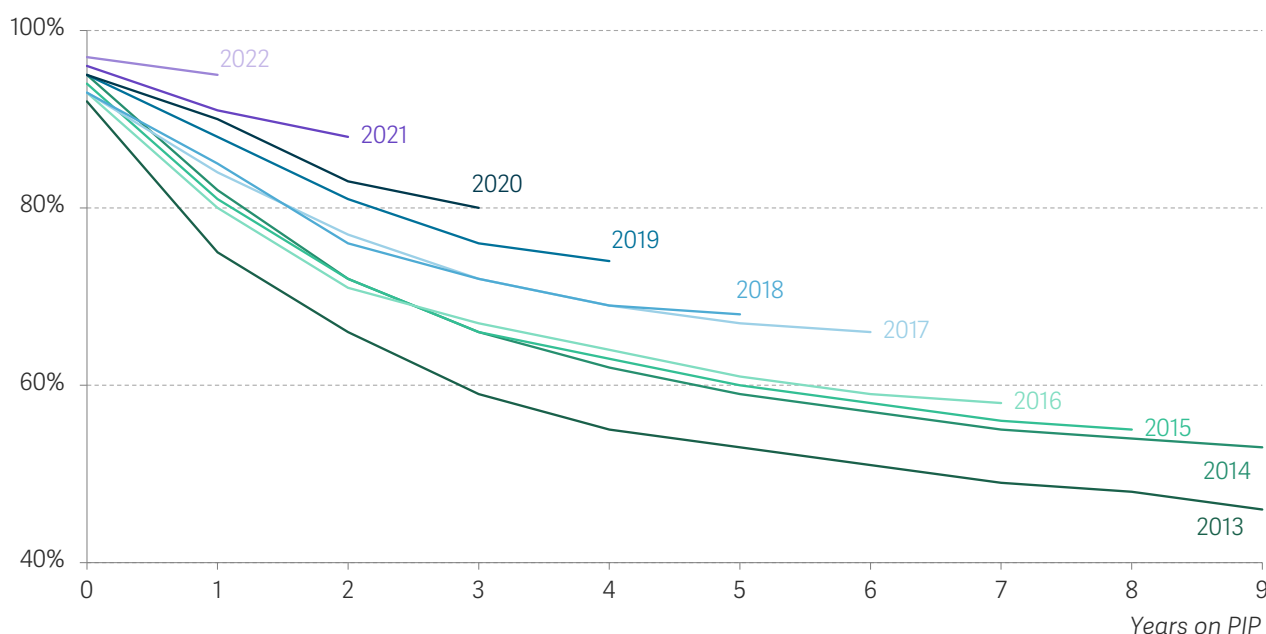
³⁹ See: House of Commons Library, [Personal Independence Payment](#), May 2023 [accessed 6 June 2024].

the 2020s as many of these claimants remain in the PIP caseload.⁴⁰

Added to this, operational issues have impeded reviews taking place as regularly as first planned. PIP was bedevilled by delivery challenges from the outset, with new claimants sometime encountering delays of six months or more before they even reached first assessment.⁴¹ After sharp reprimands from the National Audit Office and the Work and Pensions Select Committee among others, the system did begin to improve somewhat, but the higher-than-anticipated number of applications, ongoing problems with contractors and then, of course, the impact of the pandemic means that even today, there is still a considerable backlog in the system.⁴² Taken together, longer award durations and operational delays likely underpin the findings in Figure 13, which shows that over time, an increasing share of PIP recipients were still in receipt of the benefit several years after their initial award. For example, 64 per cent of those awarded PIP in 2016 were still on the benefit four years, later compared to 75 per cent of those first awarded in 2019.

FIGURE 13: PIP claimants are staying on the benefit longer than in the past

Proportion of PIP recipients still on PIP over time, by year of original award: England and Wales



NOTES: Data shows proportion of PIP claimants who are still on PIP on 1 January of each subsequent year. Data includes new claims to PIP only made under normal rules, and includes working-age claimants only. Data includes claimants living in England, Wales and abroad.
SOURCE: RF analysis of DWP, Evidence Pack: Modernising Support for Independent Living: The Health and Disability Green Paper.

⁴⁰ The fall in PIP awards made for long durations will, in part, reflect the changing make-up of the PIP caseload. Specifically, the decrease in DLA reassessments in recent years is important, since claimants who go through a DLA reassessment tend to have longer PIP awards than those who make new claims.

⁴¹ O Cruden & V Anns, *Playing catch-up: The impact of delayed health assessments for Personal Independence Payment*, Citizens Advice, August 2023.

⁴² See: National Audit Office, *Personal Independence Payment: Early progress*, NAO, February 2014 and Work and Pensions Committee - Third Report, *Monitoring the Performance of the Department for Work and Pensions in 2012-13*, accessed 14/6/24 for further details.

Cuts to core benefits and the cost of living crisis mean that health-related benefits are more important for incomes than ten years ago

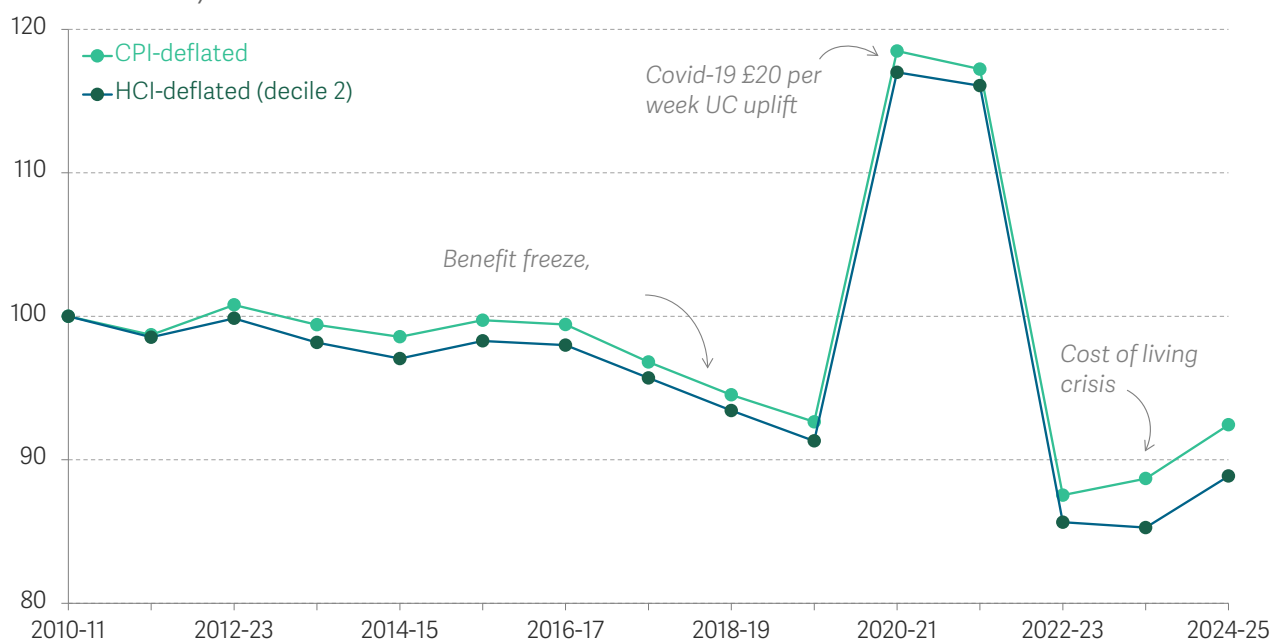
So far, we have explored how changes within the population (relating to its size, age and underlying health) and within the benefits system may have driven up the number of working-age people on disability benefits over the last ten years. But alongside these potential explanations is the important question of changing incentives and whether the need to claim health-related benefits has increased over time. The welfare rights advisers in our policy roundtable certainly thought so: cuts and freezes to working-age benefits over the past decade mean that today, qualifying for incapacity or disability benefits is more transformative for family incomes than in the past.

“There are more holes in the safety net than there were 20 years ago. It’s full of holes now. Lots of people fall through and are living well below even the meagre subsistence level of benefits ... so getting [UC health] or PIP has become more important, more critical.”

These observations are confirmed by Figure 14 which shows how the real value of unemployment benefit has fallen over the last fourteen years.

FIGURE 14: The real value of out-of-work benefits has fallen dramatically over the last fourteen years

Index of the real value of unemployment benefit, CPI- and HCI decile 2-deflated (April 2010=100): UK



NOTES: Unemployment benefit amounts are for a single person aged 25-plus (JSA or UC standard allowance). In line with standard ONS practice, we use decile 2 as the effective inflation rate for those on the lowest incomes due to data concerns for decile 1. The HCI decile 2 data for 2024-25 is from March, the latest available data.

SOURCE: DWP, Abstract of Benefit Statistics; OBR, Economic and Fiscal Outlook November 2023; ONS, Household Costs Indices.

In April 2010, a single person claiming Jobseeker's Allowance (JSA, the unemployment benefit that was subsequently rolled into UC) would receive a standard allowance of £98 per week in April 2010 (in 2024-25 prices); by April 2024, after years of freezes and below-inflation uprating, that figure has fallen to £91, a 7.6 per cent real-terms fall.⁴³

But what Figure 14 also clearly shows is that the gradual depreciation of unemployment benefit throughout the 2010s was compounded by two more recent shocks. First, the removal of the £20 per week UC uplift (first introduced during the Covid-19 pandemic) meant that the value of unemployment benefit fell dramatically, by 21.1 per cent for a single claimant, overnight, in September 2021. Second, as Figure 14 also shows, the lived reality for those claiming unemployment benefit has been particularly hard during the recent cost of living crisis when the cost of essentials such as energy and food have risen rapidly.⁴⁴ When we deflate the value of unemployment benefit by the actual inflation rate experienced by those on the lowest incomes (who spend a higher-than-average proportion of their incomes on essentials) over this period, the picture is stark. The value of the standard allowance has fallen by 11.1 per cent in real terms since 2010 on this measure, with the effect of the cost of living crisis plain to see. The importance of the cost of living crisis was emphasised by welfare rights advisers in our policy roundtable, with the shock nature of the cost of living crisis stimulating people to claim health-related benefits.

"The thing I hear the most is cost of living crisis. It's quite common that we get people who have maybe tried to claim in the past, maybe had a bad experience and it put them off, but they are coming back to [claim again] now that they are struggling with their bills".

"We see more and more people with lots of problems, complex needs - there's debt, arrears in rent ... all kinds of things. So, the disability benefits become more important."

The shocks of the cost of living crisis and removal of the £20-a-week UC uplift are all the more important because they have highlighted an existing problem: a gulf in support between unemployment and health-related benefit support.⁴⁵ The design of UC means that there is large cliff edge in support between those who are and are not awarded health-related benefits. Figure 15 shows just how big a boost health-related benefits can be for family incomes. For a single adult claiming UC, being awarded the Limited

⁴³ See: M Brewer & A Clegg, *Ratchets, retrenchment and reform: The social security system since 2010*, Resolution Foundation, June 2024; C McCurdy, C Pacitti & J Smith, *Debt Dramas: Putting the public finances in context ahead of general election 2024*, Resolution Foundation, June 2024.

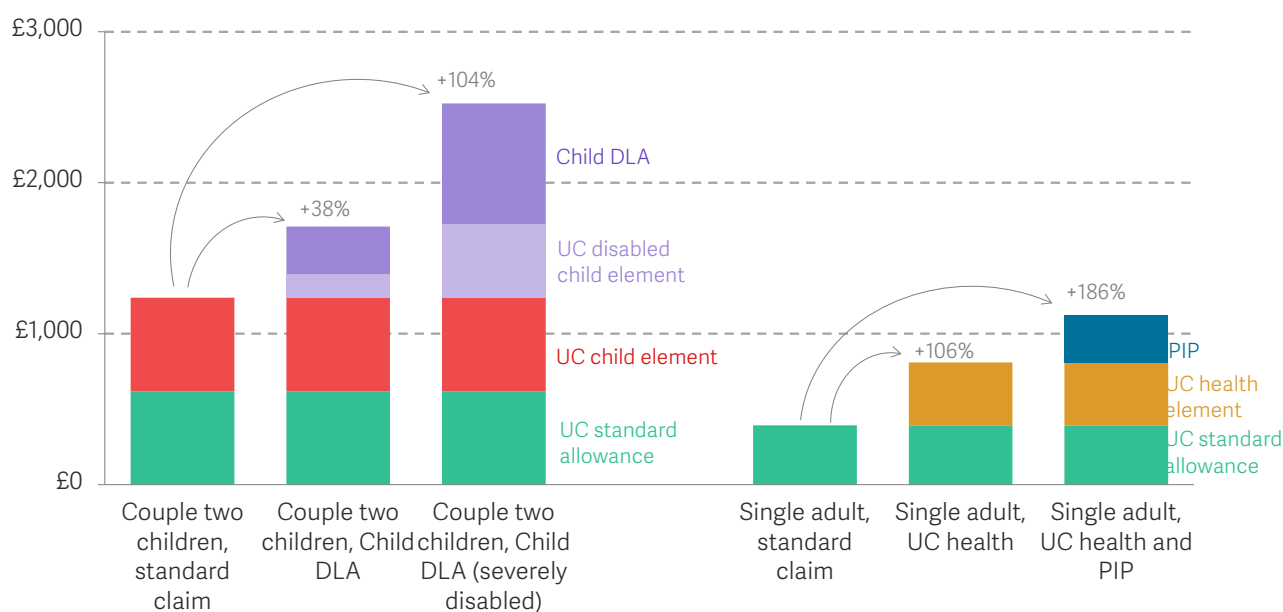
⁴⁴ N Cominetti et al, *Paying the price: How the inflation surge has reshaped the British economy*, Resolution Foundation, May 2024.

⁴⁵ The impact of differences in generosity between health-related and standard benefits has long been a topic of discussion. See, for example: B Bell & J Smith, *Health, disability insurance and labour force participation*, Bank of England Working Paper no. 218, August 2004.

Capability for Work-Related Activity (LCWRA) element amounts to a doubling (a rise of 106 per cent) of their monthly income. If they are awarded the LCWRA element and the standard rate of PIP (the daily living element), their income would rise by 186 per cent, from £393 to £1,124 per month. But this is not only true for single adults who have a low base level of out-of-work support. As Figure 15 also shows, a couple with two children would see their benefit income increase by two-fifths (38 per cent) if they were awarded Child DLA for a disabled child (the middle care element, plus the lower rate of the UC disabled child element); their income would double (a rise by 104 per cent) if they were awarded Child DLA for a child who is severely disabled (the higher care and mobility elements, plus the higher rate of the UC disabled child element).

FIGURE 15: Being awarded incapacity and disability benefits can deliver a huge boost to incomes, especially for single adults

Benefit entitlement, and percentage boost to standard income from health-related benefits, for selected family types: England and Wales, 2024-25



NOTES: These case studies assume the benefit claimants do not receive the UC housing costs element. For the couple with two children, we assume they receive the standard allowance for couples where one or both are aged 25 or over, the higher child element for the first child and the lower child element for the second child. In the 'Child DLA' scenario, we also assume they receive the middle care element of Child DLA and the lower rate of the UC disabled child element. In the 'Child DLA (severely disabled)' scenario, we also assume they receive the higher care and mobility elements of Child DLA and the higher rate of the UC disabled child element. For the single adult, we assume they receive the standard allowance for an adult aged 25 or over. In the 'UC health' scenario, we also assume they receive the LCWRA element of UC. In the 'UC health and PIP' scenario, we also assume they receive the LCWRA element of UC and the standard daily living element of PIP.

SOURCE: RF analysis of GOV.UK.

As we heard in our policy roundtable, it is only rational for claimants to put effort into applying for health support within UC when the stakes are so high given the huge impact this could have on their living standards.

“It’s £400 a month, people aren’t daft - they are rational so yeah it [the gap between LCWRA and basic rate of Universal Credit] has a big effect.”

“Something that I think policy makers just fail to grasp is that benefit claimants are rational decision-making human beings and will make the same rational decisions that everyone else will in society and it’s perfectly rational to try to get yourself into the support group as that is the only way today you’re going to get any extra money.”

There can be other advantages to qualifying for health-related benefits beyond the direct income boost

It is not just the health-related benefit themselves that can provide an income boost for families. Claimants that have been awarded PIP may be able to access Blue Badge parking or concessionary travel, for example, and money off their council tax bill.⁴⁶ Likewise, disability benefits act as a gateway to other important sources of support too. For example, one of the eligibility criteria for Carers’ Allowance is that the person being cared for is in receipt of a disability benefit: in 2024-25, Carers’ Allowance supplements income to the tune of almost £82 a week.⁴⁷ Added to this, those in receipt of the LCWRA element of UC can receive additional support such as free prescriptions and free dental treatment, and are exempted from some of the more restrictive rules in UC such as the Minimum Income Floor for self-employed people.⁴⁸

Another important advantage that comes with a health-related benefit award (whether for adults or children) is that the household is then exempt from the benefit cap.⁴⁹ As multiple studies have shown, families with three or more children and those living in areas with high housing costs are especially at risk of being affected by the benefit cap, which then often puts very serious downward pressure on their household income.⁵⁰ The welfare rights advisers in our policy roundtable highlighted how the existence of the benefit cap gives claimants even more motivation to claim health-related benefits.

“Absolutely the benefit cap [has boosted incentives to claim disability benefits]. When the benefit cap came in there was a lot of work to see if they could find exemptions. Any good welfare rights adviser would do their level best to support someone to apply for disability benefits if they can.”

⁴⁶ For further details, see: Child Poverty Action Group, Welfare benefits and tax credits handbook 2024/2025, 2024; www.citizensadvice.org.uk/benefits/sick-or-disabled-people-and-carers/pip/before-claiming/extra-help-pip-entitles-you-to, accessed 17 June 2024.

⁴⁷ www.gov.uk/carers-allowance, accessed 14 June 2024.

⁴⁸ See: Child Poverty Action Group, Welfare benefits and tax credits handbook 2024/2025, 2024; www.nhs.uk/nhs-services/help-with-health-costs/help-with-health-costs-for-people-getting-universal-credit, accessed 17 June 2024.

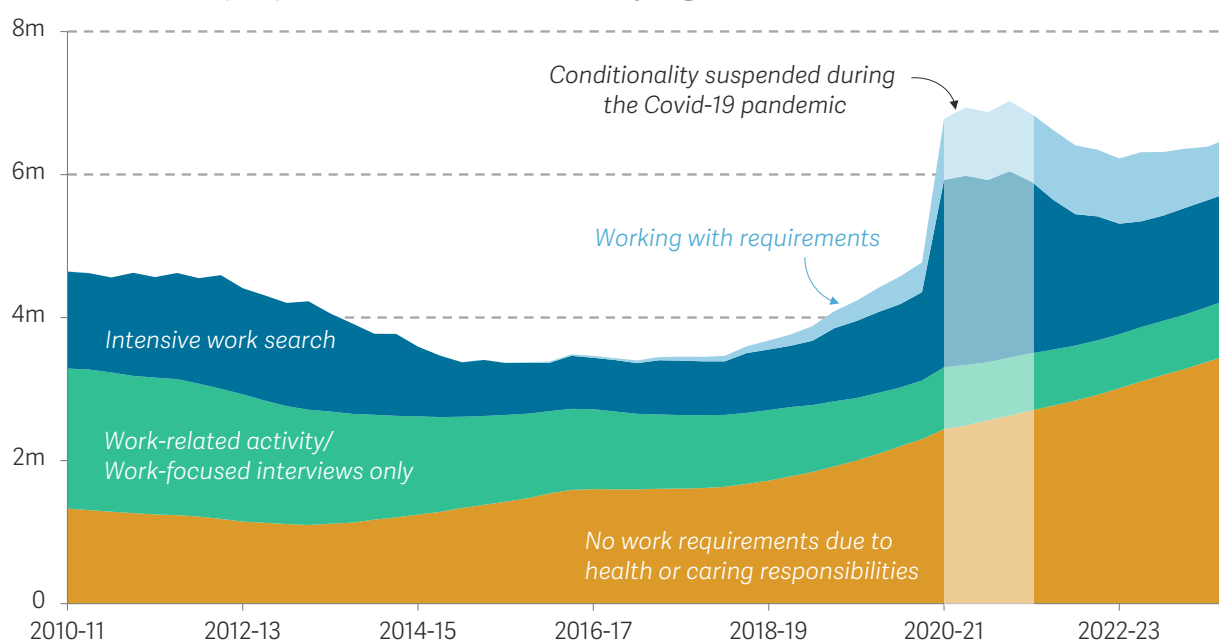
⁴⁹ www.gov.uk/benefit-cap/when-youre-not-affected, accessed 17 June 2024.

⁵⁰ L Try, *Catastrophic caps: An analysis of the impact of the two-child limit and the benefit cap*, Resolution Foundation, January 2024. For adults aged under 35, being awarded disability benefits also means they are subject to a higher LHA rate. See: england.shelter.org.uk/housing_advice/benefits/benefits_for_under_35s_in_shared_housing, accessed 17 June 2024; A Clegg, *A temporary thaw: An analysis of Local Housing Allowance uprating over time*, Resolution Foundation, December 2023.

Finally, there can be non-monetary benefits that stem from a health-related benefit award. This is most obviously true for those in receipt of incapacity benefits such as the Limited Capability for Work-Related Activity (LCWRA) element of UC which exempts them from conditionality, meaning they are not expected to prepare or look for work and do not need to engage with a work coach.⁵¹ Moreover, this is not necessarily just about 'explicit' conditionality, but also that which is 'implicit' in the social security system today.⁵² With 3 million benefit claimants subject to conditionality today as Figure 16 shows,⁵³ the existence of – and frequent political discussion around – sanctions and work-related conditionality means that regardless of their current conditionality status, many feel that being a benefit claimant without a health-related element would be an insecure way of life.⁵⁴

FIGURE 16: There are 3 million benefit claimants subject to work-related conditionality in Britain today

Number of people in different conditionality regimes: Great Britain



NOTES: Shows people on Universal Credit and claimants of Jobseekers Allowance, Employment and Support Allowance, Income Support, Incapacity Benefit and Severe Disablement Allowance. Lone parents receiving Income Support with a child under the age of one are not subject to conditionality, but appear here in the 'work-related activity/work-focused interviews' group as it is not possible to separate them in the data. All Jobseekers Allowance claimants are shown in the 'intensive work search' group; in reality a small number may not have this requirement due to their specific circumstances.

SOURCE: DWP, Stat-Xplore.

⁵¹ For a thorough discussion of the design of the benefits system and the incentives to being awarded health-related benefits, see: K Hignell, *Detached from reality*, Medium, March 2023.

⁵² B Baumberg Geiger et al, *Benefits conditionality in the UK: understanding its nature, extent, and perceived reasonableness*, OSF, June 2024.

⁵³ A version of Figure 16 first appeared in: M Brewer & A Clegg, *Ratchets, retrenchment and Reform: The social security system since 2010*, Resolution Foundation, June 2024.

⁵⁴ Benefit sanctions are frequently reported in the media. See, for example: A Gibbons, *Unemployed who refuse to job-hunt will be stripped of benefits perks*, The Telegraph, November 2023. In November 2023, a stricter sanctions regime was announced. See: HM Treasury, *Employment support launched for over a million people*, November 2023.

The welfare rights advisers in our policy roundtable certainly agreed. And this was not just about incapacity benefits: the experience of conditionality within the benefits system is also likely to impact claims for disability benefits. With means-tested benefit income being (or feeling) insecure, it may be more important for claimants to apply for non-means-tested disability benefits, which are stable and entirely separate from the UC conditionality system.

“People absolutely refuse to claim UC [rather than ESA]... That’s partly the nature of the claim process - the monthly payment, the online assessment – but it’s also because they are just terrified [of conditionality].”

“Another driver [of the increase in health-related benefits] is conditionality ... I think that for many people it’s about ‘How am I going to manage?’ How am I going to manage on this benefit that demands I look for a certain amount of work, and also, how am I going to budget? And you are looking for something that can keep you in a steady state – and the one thing that can do that is disability benefits.”

Policy decisions and compositional change both sit behind higher average disability benefit awards

Up to this point we have focused our attention on factors driving up the working-age disability and incapacity benefit caseloads. But as we showed in Figure 3, when it comes to disability benefits this is not the whole story. Alongside the burgeoning caseload, the average working-age disability benefit award has risen by 21 per cent between 2013-14 and 2022-23, and is set to rise by a further 7 per cent between 2022-23 and 2028-29. What sits behind this important determinant of rising overall spending on disability benefits?

One explanation is policy design, and in particular the decision made in the early 2010s to not create an equivalent of the lower DLA care component within PIP.⁵⁵ Rather than pushing down on average awards as intended, this change has had the opposite effect. We find, for example, over one-third (35 per cent) of those who were in receipt of the lowest rate of DLA care received a ‘nil’ PIP daily living award when they were reassessed in 2023; another one-third (31 per cent) were awarded the standard PIP daily living award on reassessment; and – remarkably – the final one-third (30 per cent) received an enhanced PIP daily living award.⁵⁶ This lack of an equivalent of the lower DLA care component within PIP will continue to have an impact on average working-age disability

⁵⁵ Under DLA, there are three levels of the ‘care’ component (which is intended to reflect the additional costs incurred when people need help looking after themselves). In 2024-25, the lowest level is worth £28.70 per week, the middle rate is worth £72.65 per week and the highest rate is worth £108.55 per week. See: www.gov.uk/dla-disability-living-allowance-benefit/DLA-rates, accessed 19 June 2024. Under PIP, there are only two levels of the equivalent ‘daily living’ component (which is intended to reflect the additional costs incurred when people find everyday tasks difficult). In 2024-25, the lower rate is worth £72.65 per week and the higher rate is worth £108.55 per week. See: www.gov.uk/pip/how-much-youll-get, accessed 19 June 2024.

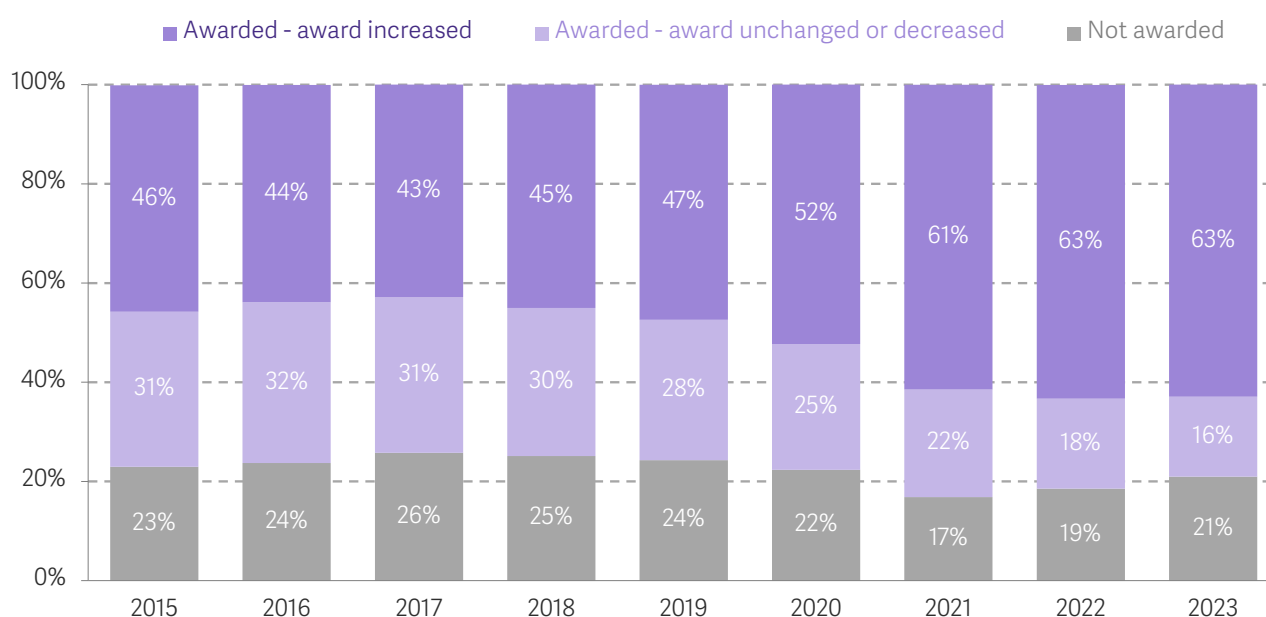
⁵⁶ RF analysis of DWP Stat-Xplore. Data is for England and Wales only. The other 5 per cent of claimants have a PIP daily living award that is unknown or missing.

benefit awards until the transition from DLA to PIP is completed.

But in the longer term, the transition of young people from child DLA to PIP will continue to drive up adult caseloads. As Figure 17 shows, four-in-five young people (79 per cent) who were in receipt of child DLA were awarded PIP when they turned 16 and went through the re-assessment process in 2023. Notably, the majority of young people received a higher award under PIP than under child DLA, with three-in-five (63 per cent) of young people who had a re-assessment in 2023 receiving a higher PIP award than under DLA. Moreover, this proportion has increased over time: back in 2015, less than half (46 per cent) of young people who had a re-assessment received an award than was higher than prior to their re-assessment.

FIGURE 17: Two-thirds of those in receipt of Child DLA are awarded a higher rate of PIP when reassessed at 16

Outcomes of Child DLA to PIP reassessments: England and Wales



NOTES: The 'Not awarded' category includes claims that are disallowed, withdrawn, or where the result is unknown or missing. Scotland excluded due to the rollout of Child Disability Payment and Adult Disability Payment.

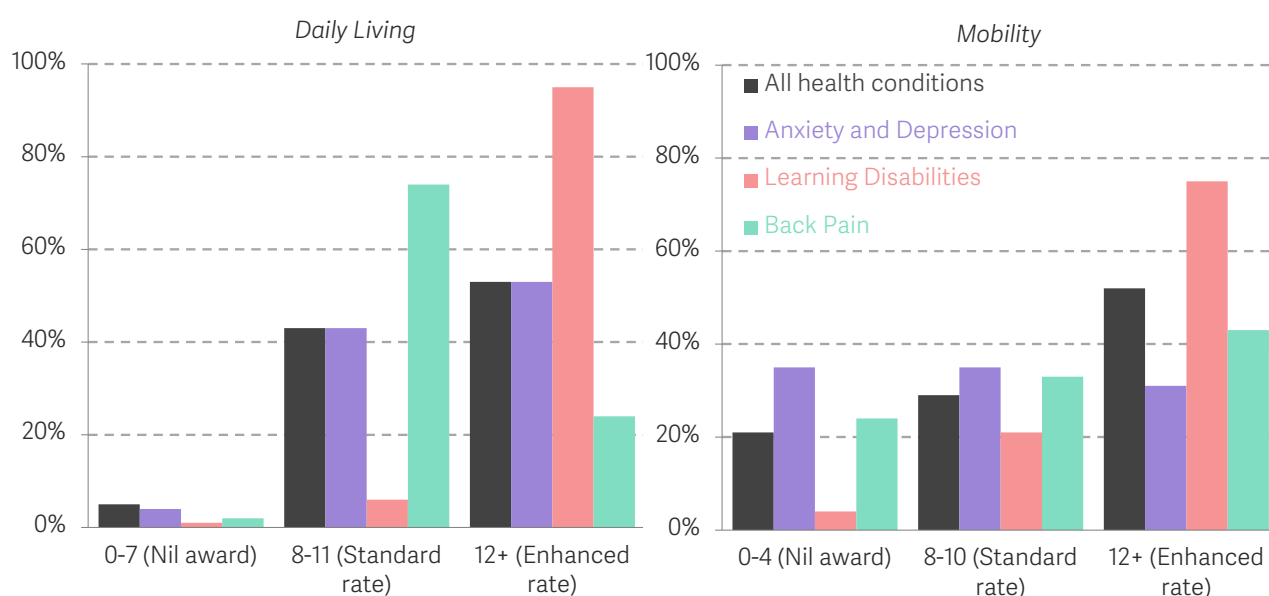
SOURCE: RF analysis of DWP, Stat-Xplore.

Another factor that has an impact on average working-age disability benefit awards is the changing make-up of the PIP caseload (as discussed previously in Box 2). Compositional change can affect overall disability benefit spending, since average PIP awards vary between claimants with different main conditions. As Figure 18 shows, there is significant variation in PIP assessment outcomes between claimants with different health conditions. Notably, some of the main health conditions where PIP claims are rising fast - including learning disabilities - are ones where PIP awards are higher than

average: among claimants whose main condition is a learning disability, 95 per cent receive an enhanced rate of PIP daily living and 75 per cent receive an enhanced rate of DLA mobility.⁵⁷ As a result, in April 2024, average weekly PIP awards in England and Wales ranged, for example, from £122 per week for those whose main condition is a regional musculoskeletal disease, to £139 per week for those whose main condition is a psychiatric disorder, and to £147 per week for those whose main condition is a neurological disease.

FIGURE 18: PIP claimants whose main health condition is a learning disability are especially likely to be awarded the enhanced rate of PIP

PIP Daily Living points scored (left) and PIP Mobility points scored (right), by primary health condition of claimant (select categories): England and Wales, January 2024



NOTES: Figures based on the PIP caseload at end of January 2024. Data includes working age claimants only, and only includes claimants living in England, Wales or abroad.

SOURCE: RF analysis of DWP, Evidence Pack: Modernising Support for Independent Living: The Health and Disability Green Paper.

Finally, it is worth reflecting on why average working-age incapacity benefit awards have not risen over time, in contrast to the disability benefit awards. At first glance, this is surprising given that many claimants who are in receipt of incapacity benefit support alone have seen support increase in recent years under the move to Universal Credit. As we have shown in previous research, a single person who would have claimed ESA only (without any disability benefits) is £1,400 per year better off in 2024-25 under Universal Credit than under legacy benefits, because Universal Credit health support is higher than the equivalent within ESA.⁵⁸

⁵⁷ Of the 2.7 million claimants in the January 2024 caseload, those whose main condition relates to anxiety and depression are the biggest sub group (530,000). There are 190,000 whose main condition relates to learning disabilities, and 180,000 whose main condition relates to back pain. For a summary of PIP 'mobility' and 'daily living' parts, see: www.gov.uk/pip, accessed 19 June 2024.

⁵⁸ A Clegg, *In Credit: Assessing where Universal Credit's long roll-out has left the benefit system and the country*, Resolution Foundation, April 2024.

However, claimants who are in receipt of both incapacity and disability benefits have tended to see their incapacity benefit support decrease, because health support within Universal Credit is set at a lower rate than the combination of ill-health support and disability premiums in ESA.⁵⁹ A single person in receipt of ESA who is also in receipt of PIP is around £2,800 per year worse off on Universal Credit in 2024-25 than someone with the same circumstances on legacy benefits. And another group who have seen support fall over the past decade are those who were previously in receipt of the ESA work-related activity component. This component was abolished in 2017 for new incapacity benefit claimants, meaning that claimants with a health condition or disability who are deemed able to prepare for work (for example by attending work-focused interviews or undertaking training) receive no more out-of-work support than jobseekers without a health condition or disability.⁶⁰ The removal of this component equates to a cut of £1,900 per year in 2024-25.⁶¹

Conclusion

In this briefing note, we have found that a complex set of factors sit behind the increase in spending on working-age incapacity and disability benefits. There are structural reasons (an ageing and growing working-age population); societal factors (a rising incidence of disability); economic explanations (the cost of living crisis, for example); and the knock-on effects of other benefit policy decisions (the decline in the real value of core benefits, and the decision to create no equivalent to the DLA lower care component in PIP, to name two).

Of course, the rise in working-age health-related benefit spending should perhaps not be seen as all negative. This upward trend is arguably partly driven by a rising awareness of benefits, and a decline in stigma for some, enabling more people to come forward and seek the help they need. Incapacity and disability benefits are clearly beneficial for those who are in receipt, cushioning them in hard times. This sentiment was summed up well by a welfare rights adviser in our roundtable.

"I think it is a mistake to see the level of disability in society as a problem necessarily - I think it is also to do with more people recognising disability and we can support that in various different ways, including in the world of work and how our society is structured – rather than come away and say, oh a quarter of our population is disabled, that's terrible. Maybe it's always been that way and it is a good thing [people] can come forward and get the help they need."

⁵⁹ A Clegg, *In Credit: Assessing where Universal Credit's long roll-out has left the benefit system and the country*, Resolution Foundation, April 2024.

⁶⁰ A Bate et al, *Research Briefing: Abolition of the ESA Work-Related Activity Component*, House of Commons Library, March 2017.

⁶¹ RF analysis of GOV.UK. The removal of the work-related activity component also makes worse the 'gulf' between health-related and standard benefits, discussed earlier in this briefing note and illustrated in Figure 15.

That is not to say the next government should not be concerned about the burgeoning spend on working-age health-related benefits: that is clearly both fiscally and socially responsible. In Box 3, we outline various policy proposals that have been put on the table in recent years, as well as what the two main parties have set out with respect to incapacity and disability benefits in their manifestos.

BOX 3: Health-related benefit policy proposals in recent years

The debate on health-related benefits has translated into a range of policy proposals, consultations and – more recently – manifesto pledges.⁶² These are summarised below.

The last Conservative Government introduced three important policy developments:

1. On the day of the 2023 Spring Budget, the last Government released the 'Transforming Support' White Paper.⁶³ This included a long-term ambition to scrap the Work Capability Assessment (WCA), the gateway to higher levels of benefits support for people in receipt of UC or ESA. The White Paper suggested that the LCWRA element of UC could be removed and replaced with a new health element, awarded to all people receiving UC who are also in receipt
2. In the 2023 Autumn Statement, the last Government announced smaller, shorter-term changes to the WCA.⁶⁵ This announcement had two important features. First, from 2025, the WCA will be amended to make it harder for some new claimants with health conditions relating to their mobility or mental health to receive additional support through UC or ESA.⁶⁶ This is a straightforward cost-saving effort: this policy change is expected to lead to almost half

⁶² Both parties have also announced policy proposals relating to disability and health more broadly such as cutting NHS waiting times, investing in additional mental health staff and introducing a right to equal pay for disabled people (Labour) and investing in more NHS doctors and nurses and delivering a Disability Action Plan (Conservatives), as well as policies aimed at boosting the employment rate of disabled people. We do not include these in Box 3.

⁶³ DWP, [Transforming Support: The Health and Disability White Paper](#), 16 March 2023.

⁶⁴ See: T Bell et al, [We're going on a growth Hunt: Putting the 2023 Spring Budget in context](#), Resolution Foundation, March 2023; DWP, [Transforming Support: The Health and Disability White Paper](#), 16 March 2023; HM Treasury, [Spring Budget 2023 factsheet – Disability White Paper](#), March 2023.

⁶⁵ DWP, [Open consultation: Work Capability Assessment: activities and descriptors](#), September 2023.

⁶⁶ See: DWP, [Government Response to the Work Capability Assessment: Activities and Descriptors Consultation](#), November 2023; L Murphy, [Reassessing the Work Capability Assessment: What might the proposed changes to the Work Capability Assessment mean for low-to-middle income families?](#), Resolution Foundation, September 2023; C Aref-Adib et al, [A pre-election Statement. Putting the Autumn Statement 2023 in context](#), Resolution Foundation, November 2023.

a million (460,000) people losing benefits support.⁶⁷ This consultation response also included changes to WCA reassessments: from 2024, there will be a 'Chance to Work Guarantee' for ESA or UC claimants in the LCWRA group, meaning that almost all people in the LCWRA group will never face a WCA reassessment again, even if they move into employment.

3. In April 2024, the last Government launched the 'Modernising support for independent living' Green Paper.⁶⁸ Unlike the previous two announcements, this Green Paper focused on disability benefits rather than incapacity benefits. This was a wide-ranging Green Paper which asked lots of questions about the role of disability benefits and setting out lots of possible way to change them, but there was no clear strategy for reform.

This was followed up by a policy announcement in the Conservative manifesto:

The Conservative Party manifesto pledged to cut spending on benefits by £12 billion a year by the end of the next Parliament, with a focus on a pledge to "Reform our disability benefits so they are better targeted and reflect people's

genuine needs, while delivering a step change in mental health provision."⁶⁹

There was little detail on how this would be delivered, but it is clear that this would involve a large cut to working-age disability benefits that would be extremely difficult to deliver: a cut of £12 billion equates to almost two-fifths (38 per cent) of the working-age PIP bill, and history suggests that saving money by reforming disability benefits takes time: by 2015, the introduction of PIP had saved just 7 per cent of what it had been originally expected to save.⁷⁰

Finally, although the Labour Party have said relatively little about health-related benefits in recent years, the Labour manifesto also nodded to the health-related benefits system:

The manifesto included an intention to change the WCA used to determine eligibility for incapacity benefits (UC or ESA): "We believe the Work Capability Assessment is not working and needs to be reformed or replaced, alongside a proper plan to support disabled people to work."⁷¹ It is not clear what this reform or replacement would look like or when it would happen, and there was no mention of disability benefits.

⁶⁷ DWP, [Work Capability Assessment Reform: update to estimated number of claimants affected](#), April 2024; OBR, [Supplementary forecast information on work capability assessment reform](#), April 2024. Of these 460,000, only 15,000 people are expected to enter employment.

⁶⁸ DWP, [Modernising support for independent living: the health and disability green paper](#), April 2024.

⁶⁹ [manifesto.conservatives.com](#), accessed 17 June 2024.

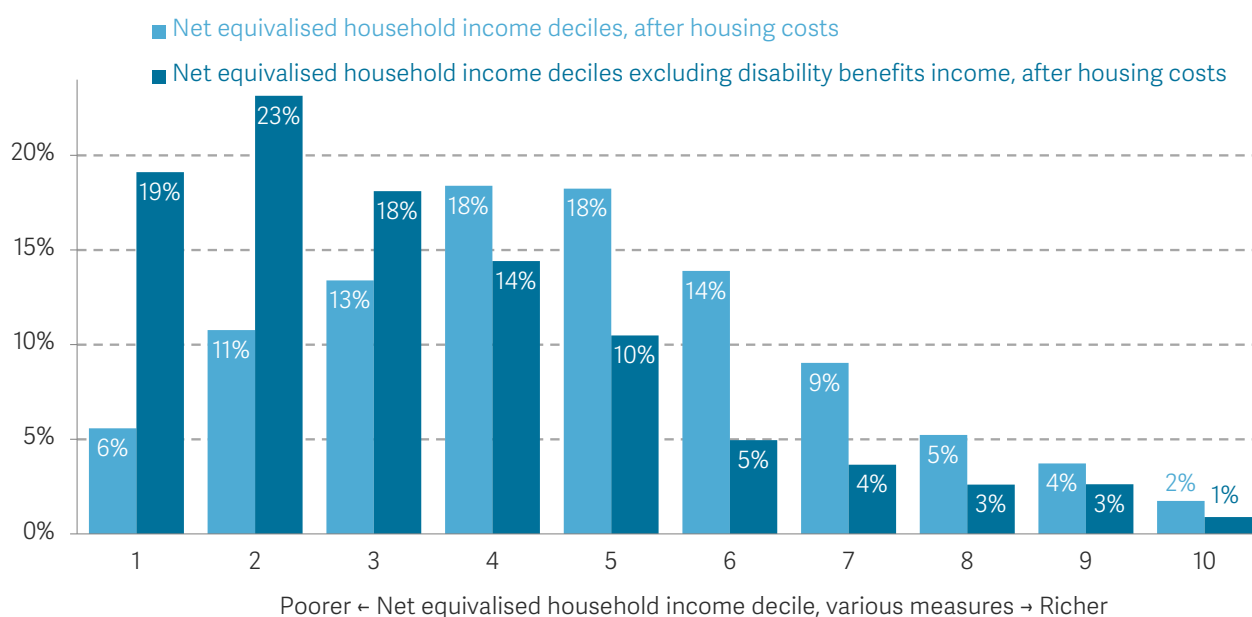
⁷⁰ Paragraph 3.38 of OBR, [Welfare Trends Report – October 2016](#). See also: C Aref-Adib et al, [The narrow path to NICs cuts: Analysing the tax and spend package of the 2024 Conservative Manifesto](#), Resolution Foundation, June 2024.

⁷¹ [labour.org.uk/change](#), accessed 17 June 2024.

The analysis in this briefing note suggests three lessons should be borne in mind by whoever forms the next government. First, policy makers must advance cautiously given the financial insecurity of so many of those who stand to be affected by any change. As Figure 18 shows, disability benefits do a good job of protecting incomes, even if they do not fully capture the extra costs of disability.⁷² When disability benefits income is taken into account, PIP claimants are slightly overrepresented in low-income households, with two-thirds (66 per cent) of claimants landing in the bottom half of the income distribution. But if we remove disability benefits income from our measure of income, PIP claimants are very concentrated in low-income households: 85 per cent are in the bottom half of the income distribution, and two-fifths (42 per cent) are in the poorest fifth.⁷³

FIGURE 19: PIP does a good job of protecting incomes for some of the poorest people in the UK

Share of PIP claimants, by household income decile: UK, 2022-23



SOURCE: RF analysis of DWP, Family Resources Survey.

Second, the next government should seek to understand why there are 2.9 million more disabled working-age adults in Britain than there was a decade ago. How much of this trend relates to worsening population health, for example; a changing understanding of disability; cuts to the NHS and wider public services; or the changing world of work?⁷⁴ It is

⁷² The Extra Costs Commission concluded that disability benefits “would not cover costs for the average disabled person, let alone those facing the highest costs.” See: Extra Costs Commission, *Driving down the extra costs disabled people face: Interim report*, 2015. More recently, evidence from Citizens Advice shows that disability benefits are crucial in helping people pay for essentials and avoid debt. See: C Berry et al, *Disability benefits: Lessons from the front line*, Citizens Advice, June 2024.

⁷³ For further information on the living standards of disabled people, see: O El Dessouky & C McCurdy, *Costly differences: Living standards for working-age people with disabilities*, Resolution Foundation, January 2023; M Brewer et al, *Pressure on pay, prices and properties: How families were faring in October 2023*, Resolution Foundation, December 2023.

⁷⁴ We will be exploring the links between public services and disability, and work and disability, in future outputs in our research programme examining how disability, ill-health and the economy intersect.

highly likely that any policy response to rising working-age health-related benefit claims will extend past the benefits system, and also include action focused on the education system, the world of work, public services and beyond.⁷⁵

Third, it is important to learn from the past, and seek to design a benefits system that does not create more problems than it solves. The fact that over the last fifteen years, the share of GDP spent on all working-age benefits has barely changed, standing at 3.9 per cent in both 2007-08 (on the eve of the financial crisis – a better baseline than 2010-11) and in 2022-23 suggests that policy makers have inadvertently been playing ‘Whack-a-Mole’ in this area: where standard rates of working-age benefits have been hit, some of that pressure has shown up as rising claims for health-related benefits which they then try to hit in response.⁷⁶ This is not a strategy for future success.

⁷⁵ For proposals aimed at boosting labour market activity, see: S Atwell et al, [How can the next government improve the health of the workforce and boost growth?](#), The Health Foundation, June 2024. For an exploration of trends relating to NHS waiting lists, see: M Warner & B Zaranko, [The past and future of NHS waiting lists in England](#), Institute for Fiscal Studies, February 2024. For a summary of unmet need for social care, see: The King’s Fund, [Social care in a nutshell](#), June 2024.

⁷⁶ Criticisms of the design of incapacity and disability benefits, and arguments that cost-saving reforms can easily backfire, are not new. For example, see: P Gregg, [Osborne’s haste will undermine incapacity benefit reform](#), The Guardian, July 2010; B Baumberg Geiger, [Why the Budget’s cut to ESA may backfire](#), University of Kent blog, July 2015.

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