



Tom Waters

@TheIFS

Reform to health-related benefits

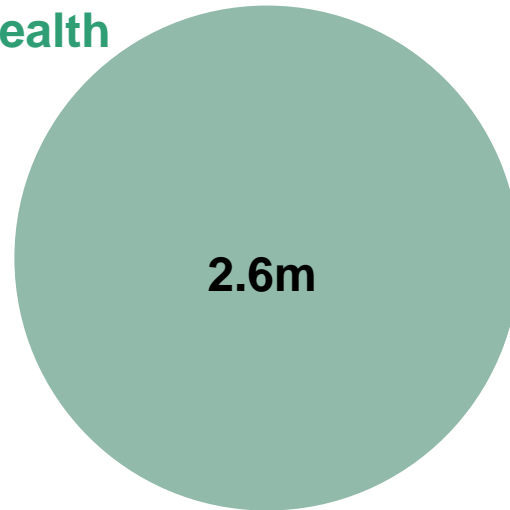
Plan to replace incapacity benefits



- Current policy:
 - Personal independence payment (PIP) – entitled if you have disability-related living costs – **not** related to work or income
 - Health element of universal credit (UC) – entitled if you have limited capability for work – and a low income
- Government's plan: **remove any link between benefit eligibility and ability to work** (rollout starts 2026-27)
- Instead, make the health part of UC dependent upon getting PIP
- Adds up to a potentially radical reform: all support will be by virtue of having extra costs – part of which will be means-tested

Who might be affected?

UC –
health



Notes: 'UC – health' refers to those getting UC with a health condition, or ESA

'PIP' refers to those getting PIP or DLA

'Any UC' refers to those getting any UC regardless of health condition, or getting ESA

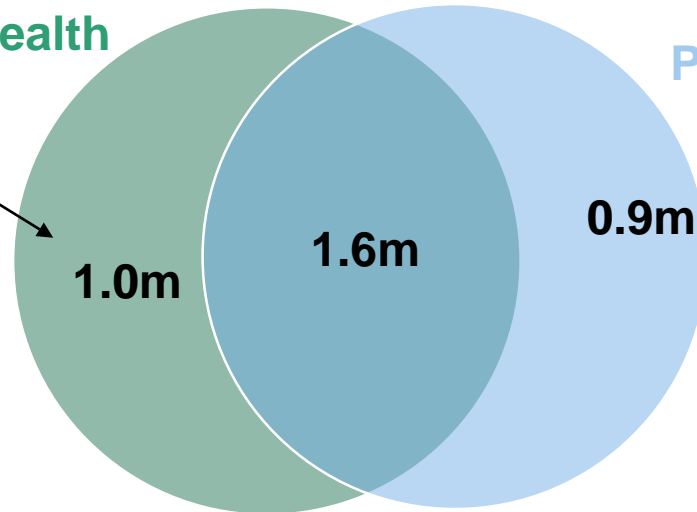
Who might be affected?

Potential requirement to look for work
Potential loss of £350 pm for 600k

60% have mental health conditions

UC – health

PIP

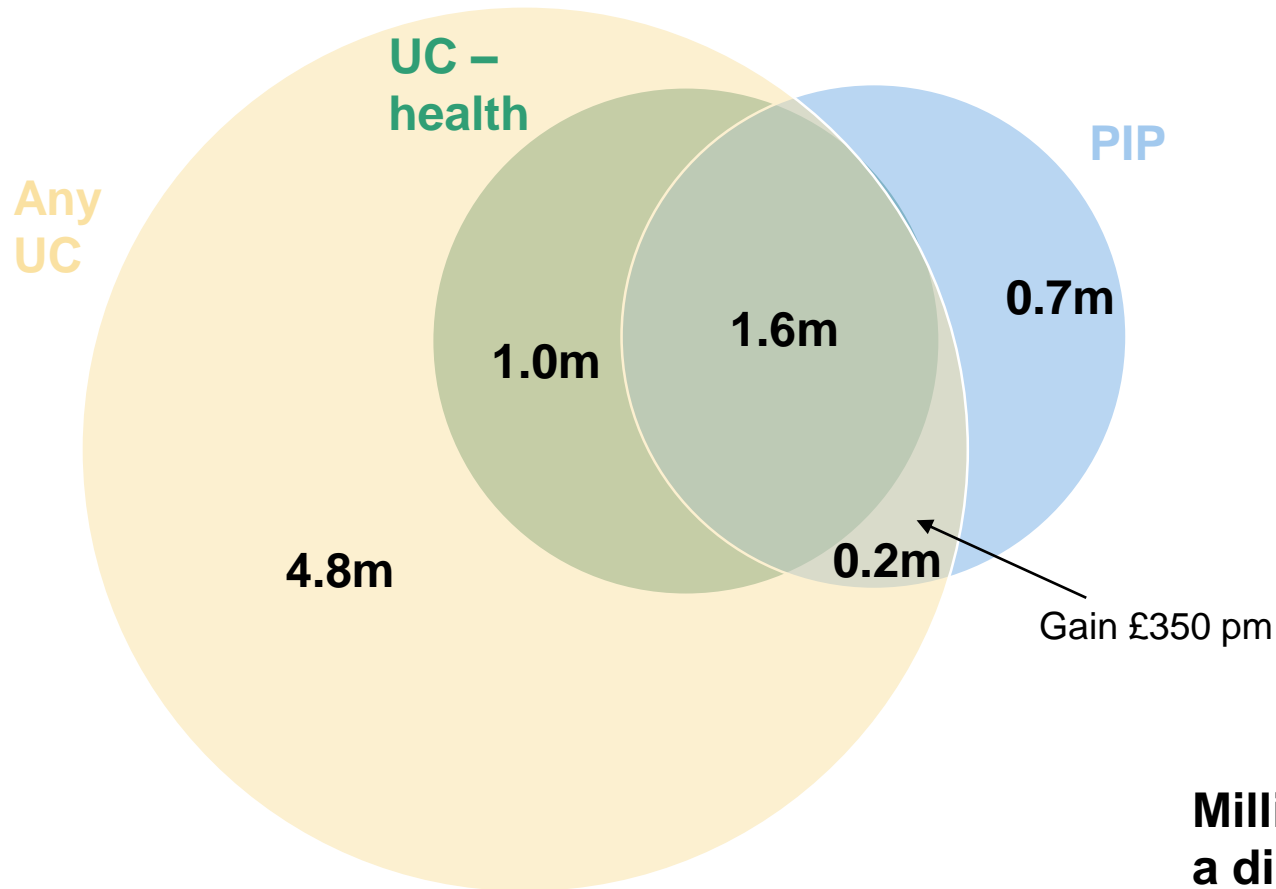


“For this group, we will carefully consider whether they meet the PIP... eligibility criteria... we will consider how disabled people... who need additional financial support may receive it.”

Already carved out exception for people with pregnancy risk and some cancer patients

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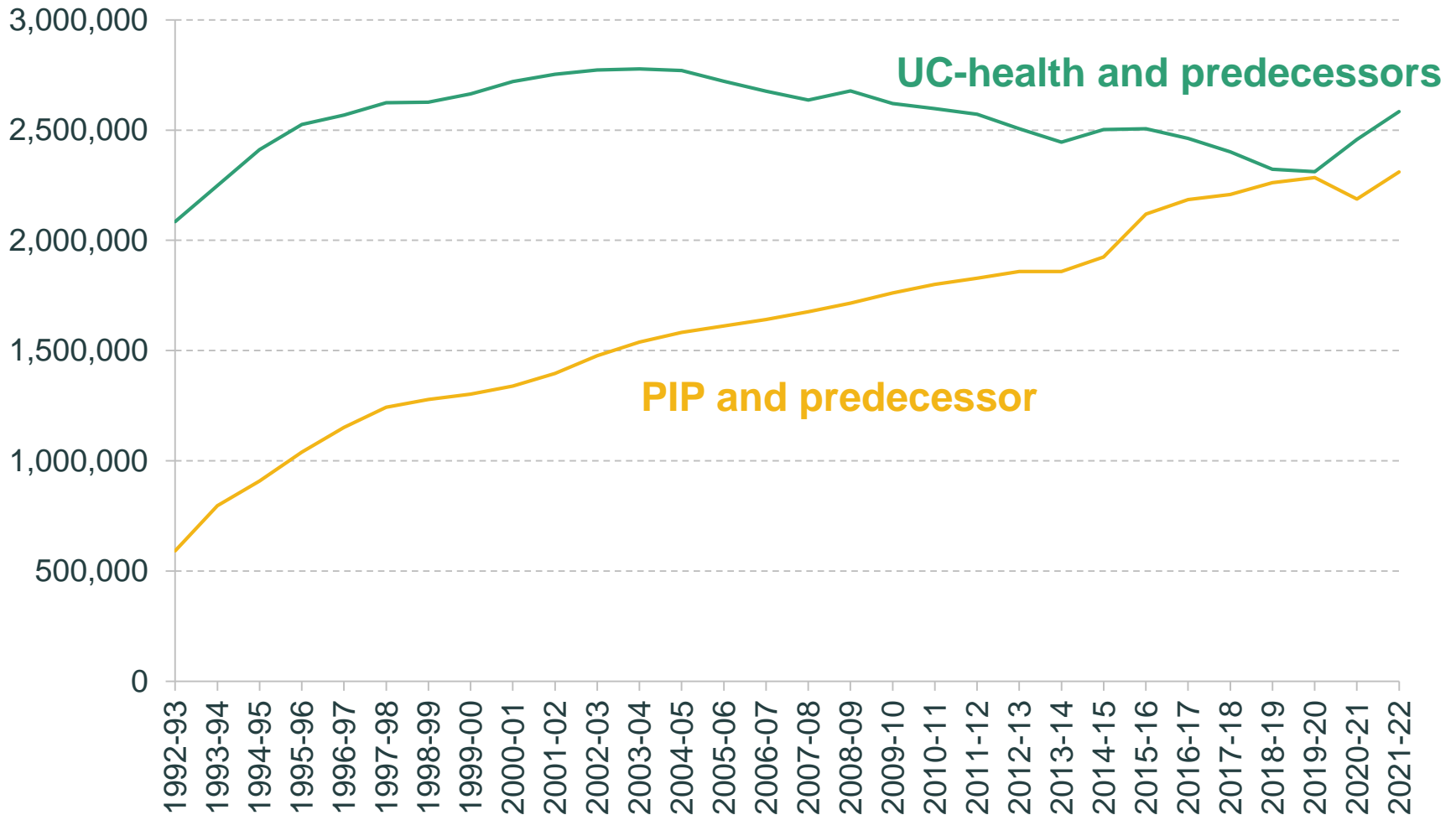
Millions who report a disability but not on any benefits

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PIP is the part of system that's growing



Number of working-age claimants



Notes: 'Working-age' based upon state pension age, and so a small part of the rise is due to the increase in the state pension age
UC-health predecessors include ESA, Incapacity Benefit, and Severe Disablement Allowance. PIP predecessor is DLA

Risks and trade-offs



- Strengthen work incentives – don't need to be out of work to get health element
- Fewer assessments → less hassle for claimants & cost for govt

Risks and trade-offs

But...

1. Many on UC with health condition but not PIP – potentially lose out

Core trade-off: accept many low-income people in this group will lose, or widen PIP eligibility and get more (high-income, less severely disabled) claimants.

2. Currently, UC health element recipients have few job-search requirements. Post-reform, no assessment of work capability

Decision on search requirements → Jobcentre work coaches

3. Could push up PIP wait times as many apply – currently average is 14 weeks, recently 26 weeks. Getting resourcing right is critical