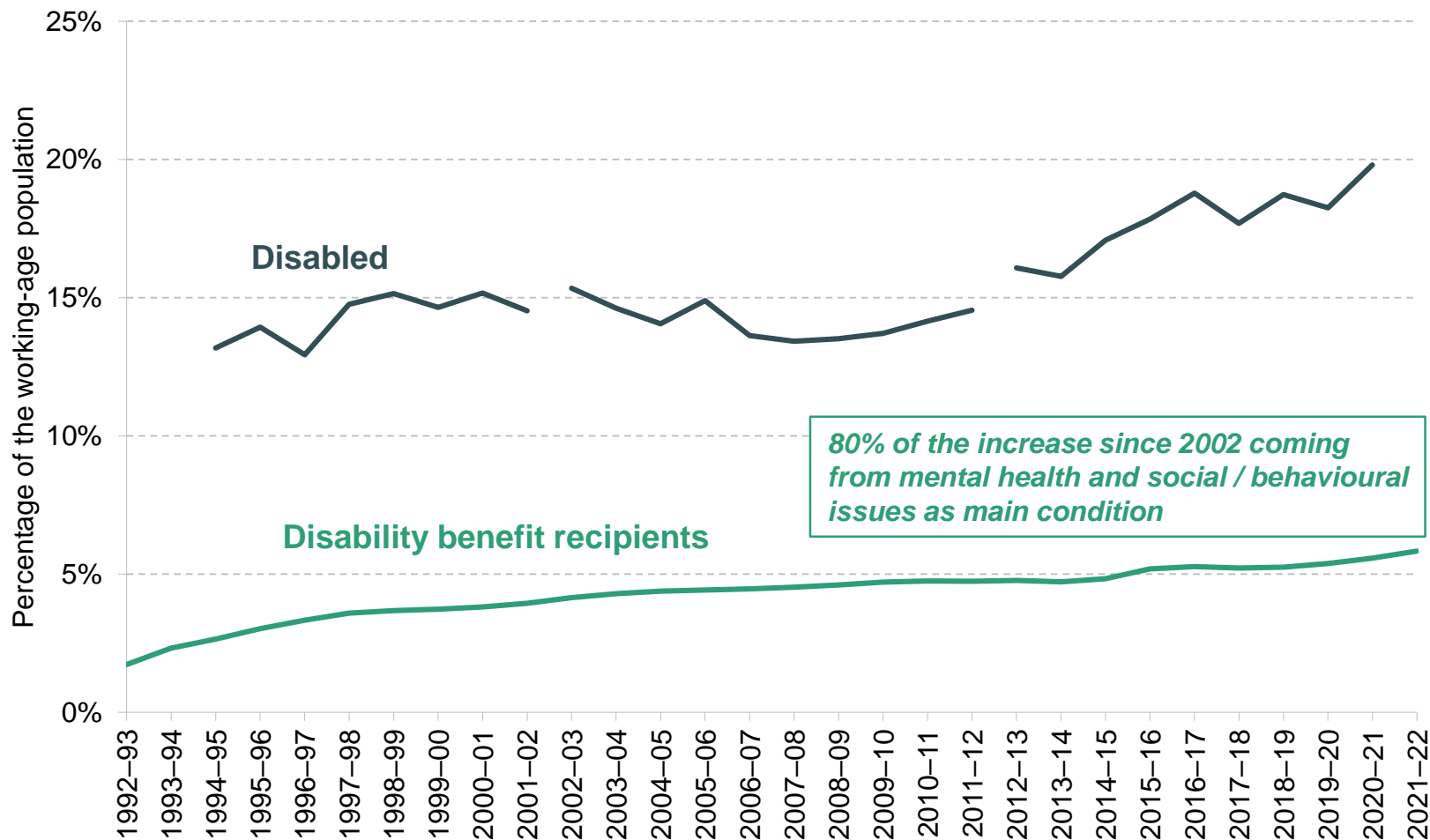


- We focus on the living standards of working-age disabled people and disability benefit recipients in the UK
 - Disability Living Allowance (DLA), largely replaced by Personal Independence Payment (PIP)
- Payments made based on an assessment of how much help the claimant needs with daily living and moving around
 - Non-means-tested and receipt is unrelated to work status

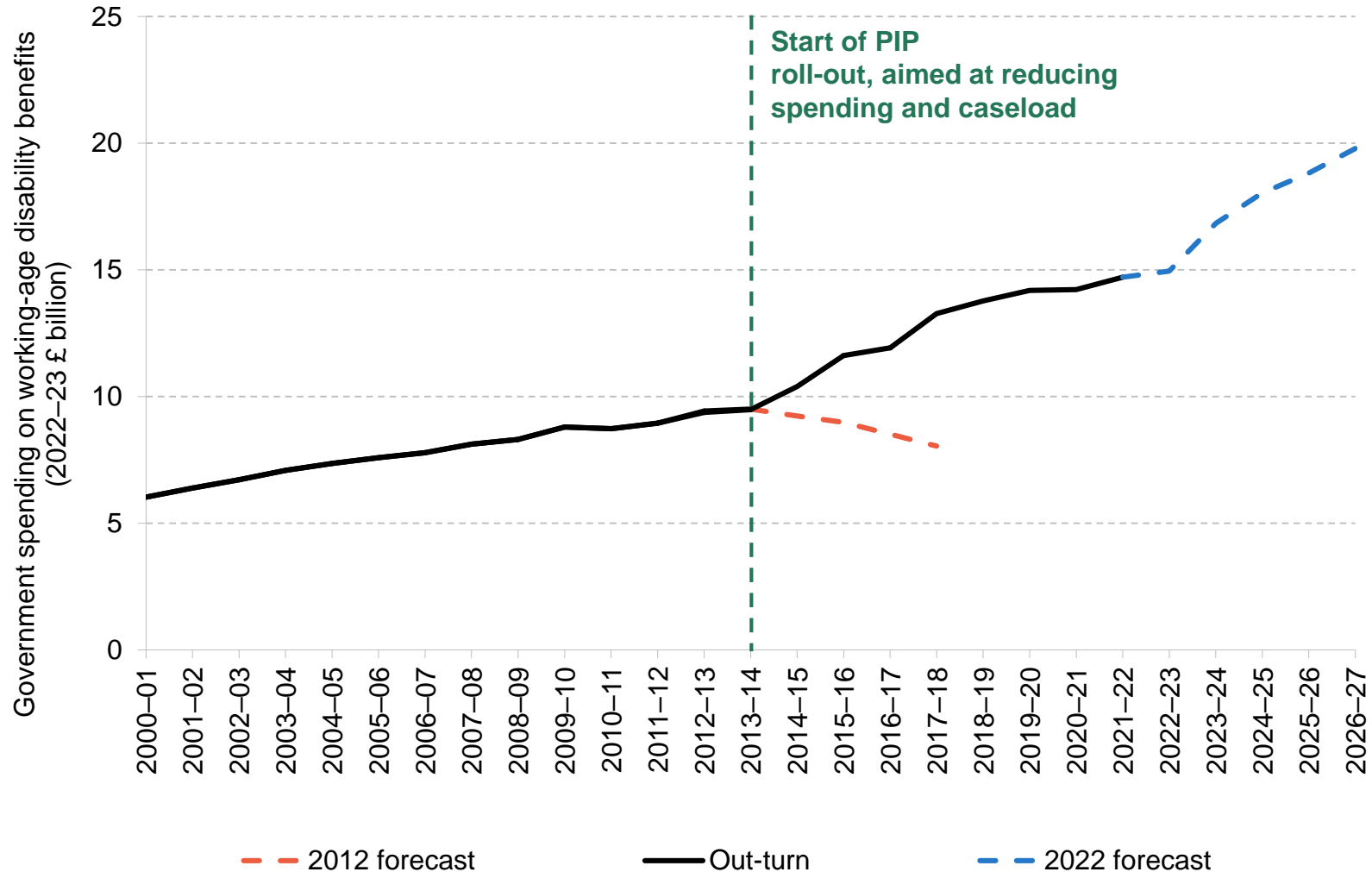
Disability over time



Source: Cribb, Karjalainen and Waters (2022) Figure 1.

Note: Gaps in the 'disabled' series are where question wording in the survey changed, causing a structural break.

Reform: introduction of PIP



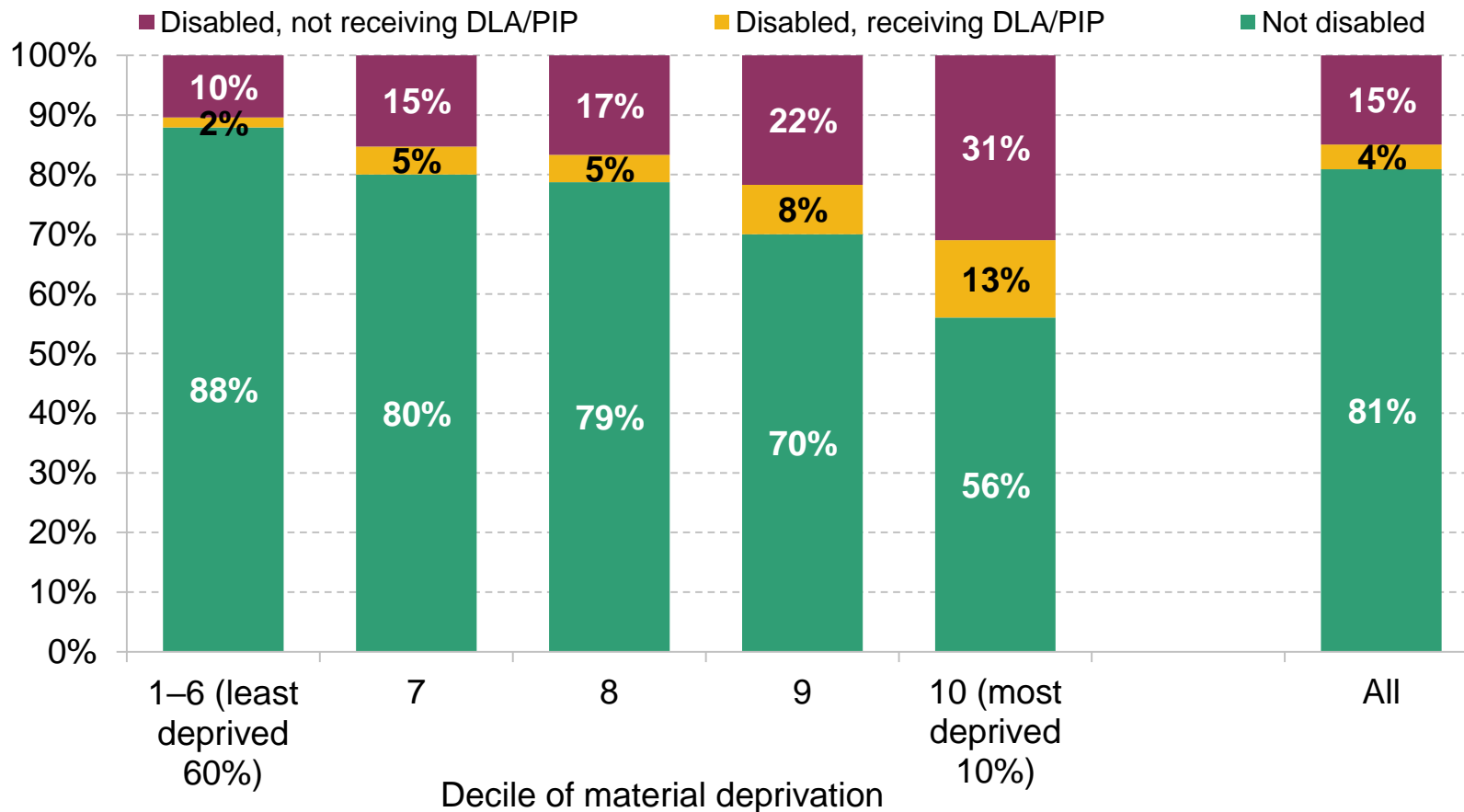
Source: Cribb, Karjalainen and Waters (2022) Figure 2.

Living standards

- People with disability and those on disability benefits have higher rates of income poverty
- However, income poverty may not be the best way to measure living standards of disabled people
- We can look at material deprivation instead
- Use the Family Resources Survey (FRS)

Material deprivation

Disability status by material deprivation score (2019–20)



Source: Cribb, Karjalainen and Waters (2022) Figure 5.

Material deprivation

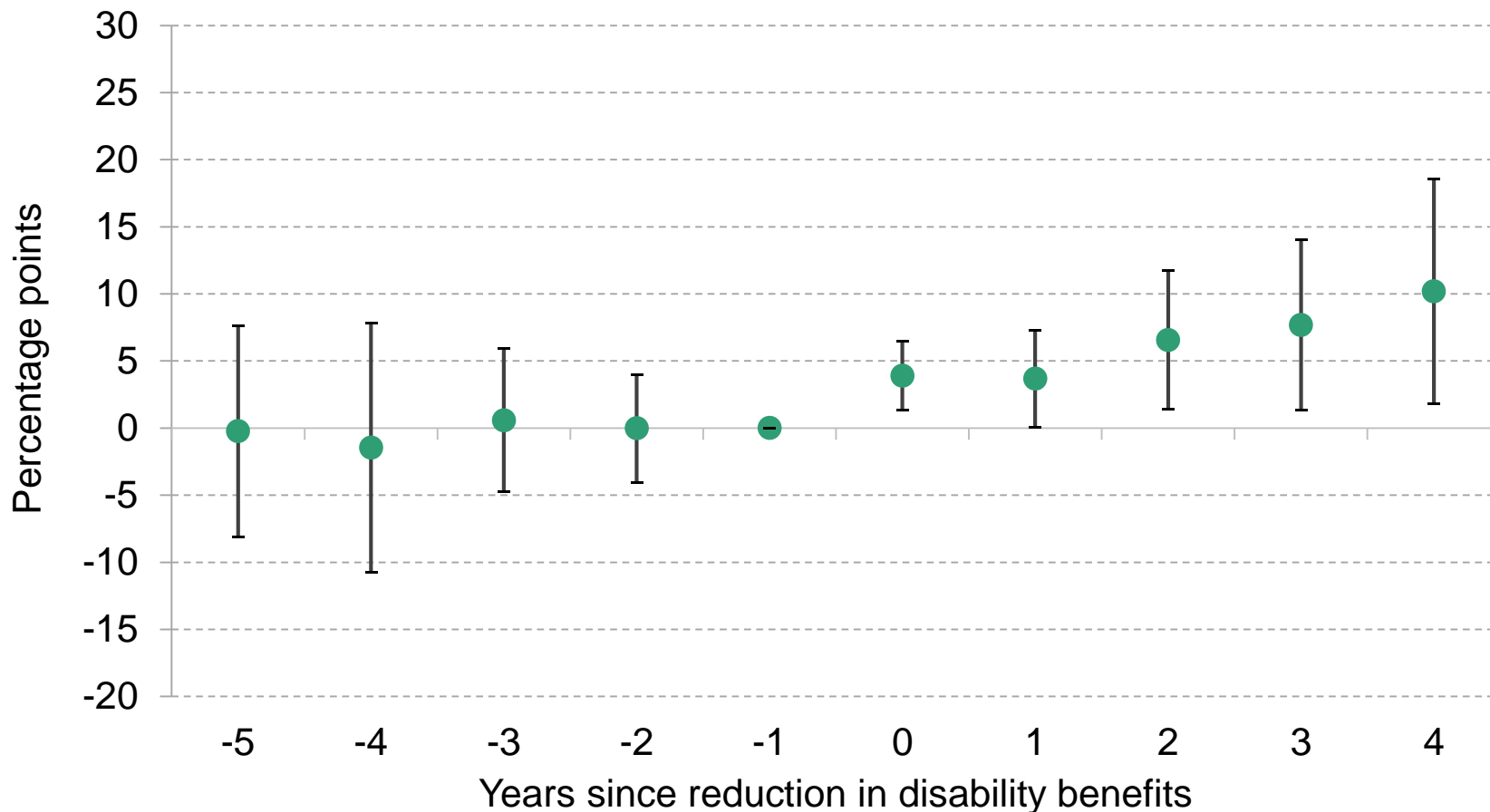
- A key question is why those who are very materially deprived and report having a disability are not in receipt of disability benefits
- Potential reasons:
 - Disability does not affect their life to the extent that it would qualify them for disability benefits
 - Some people in this group are eligible for benefits but do not apply
 - Some of these people may be waiting for a decision on their disability benefits

Reduction in benefits

- People can see their disability benefits reduced due to an assessed or self-reported change in health
- PIP reform means that people face more frequent health assessments
- We compare the outcomes of those who see at least a 10% reduction in benefits to those who keep on receiving benefits at a similar level
 - Outcomes are employment rates, income poverty rates, and self-assessed financial situation
- We use data from Understanding Society and English Longitudinal Study of Ageing

Employment

Change in employment rate before and after reduction of disability benefits

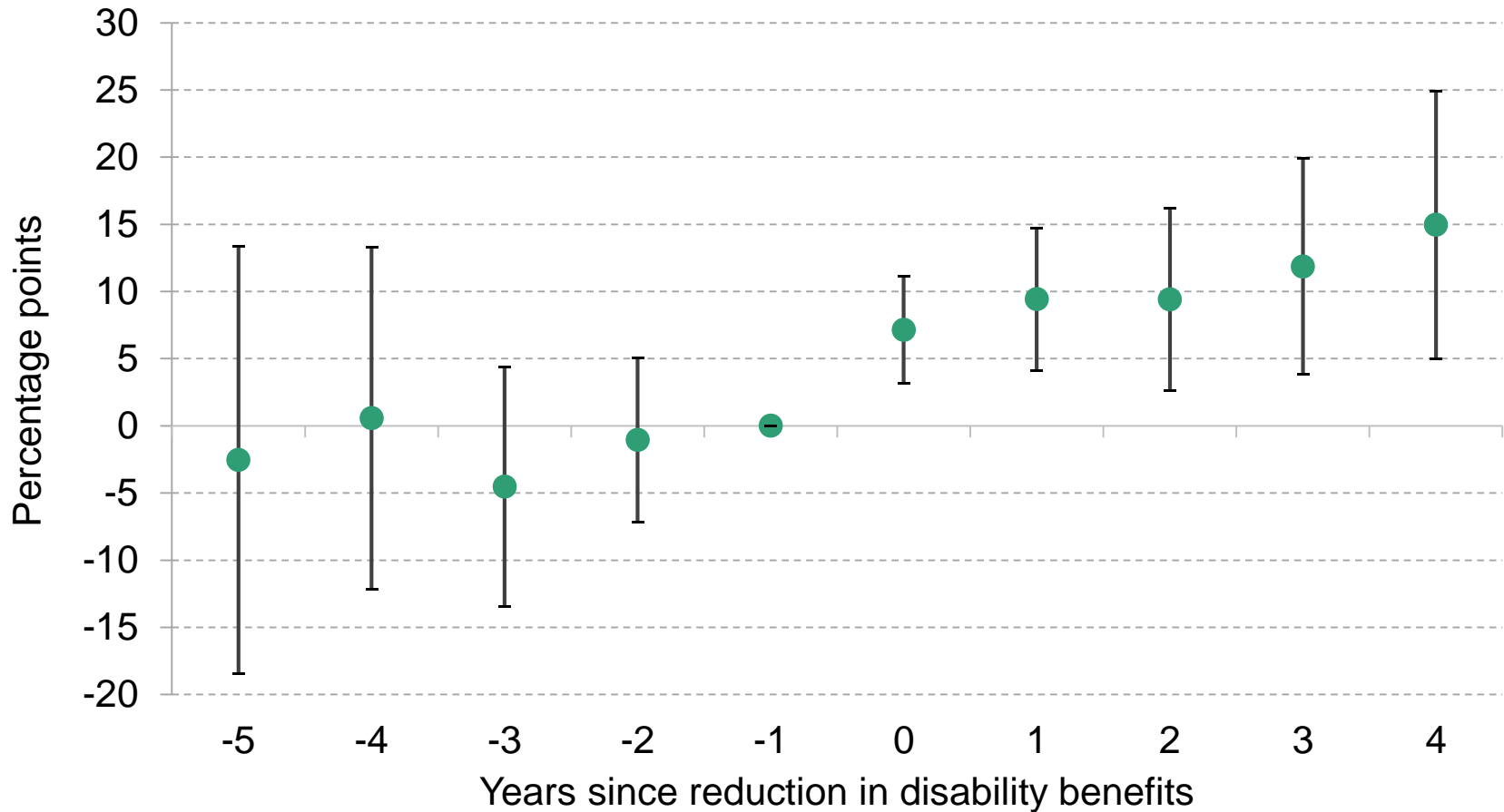


Source: Cribb, Karjalainen and Waters (2022) Figure 9.

Note: The graph shows coefficient estimates and 95% confidence intervals.

Income poverty

Change in income poverty rate before and after reduction of disability benefits

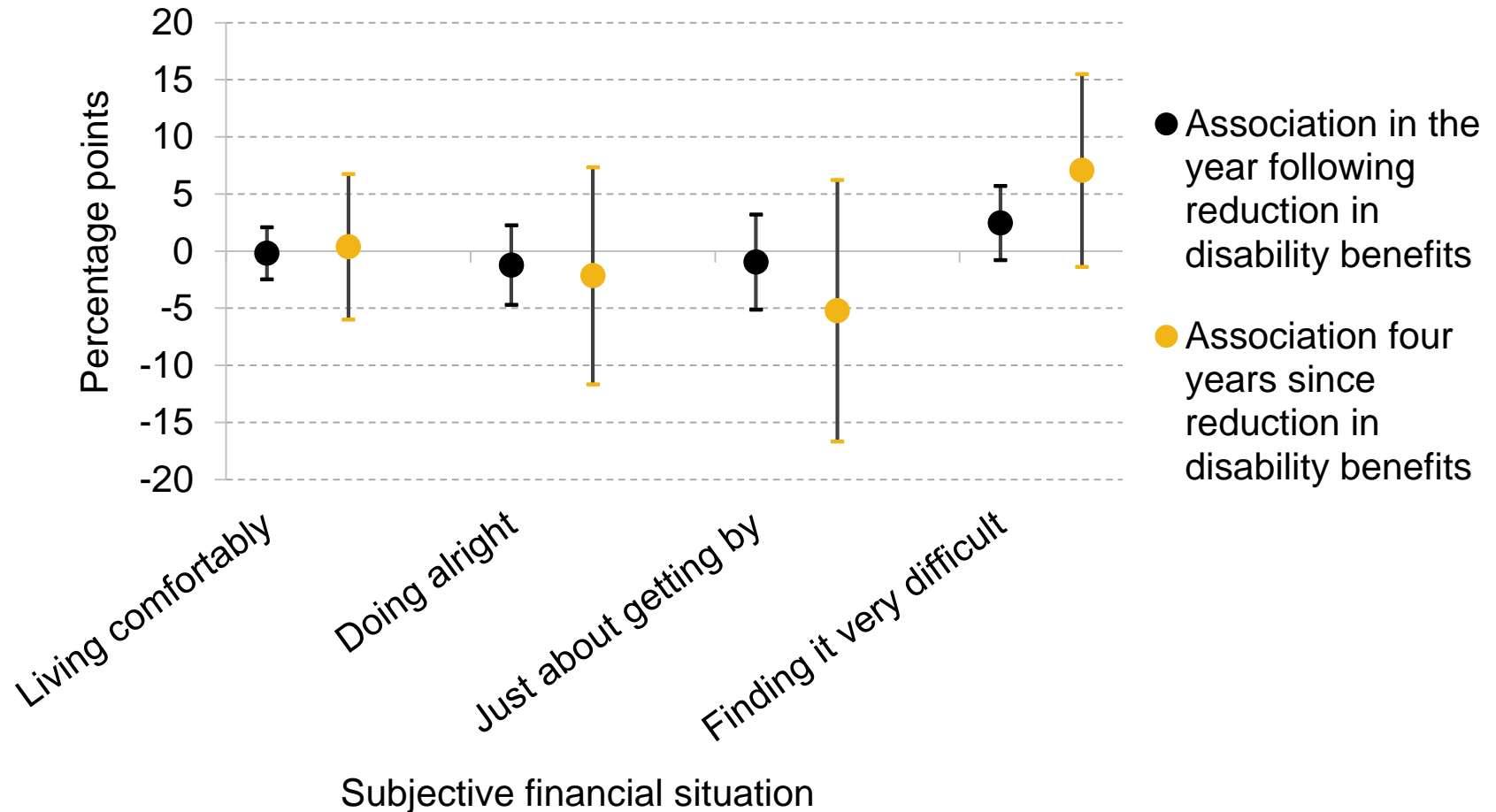


Source: Cribb, Karjalainen and Waters (2022) Figure 10.

Note: The graph shows coefficient estimates and 95% confidence intervals.

Subjective financial situation

Association between reduction in disability benefits and self-reported financial situation



Source: Cribb, Karjalainen and Waters (2022) Figure 11.

Note: The graph shows coefficient estimates and 95% confidence intervals.

- We have seen a large increase in prevalence of disability, as well as disability benefits over the last few decades
 - Caseload and government spending continued to increase since the DLA to PIP reform
- Material deprivation is strongly linked to disability
 - There are over a million people in the most materially deprived tenth of the population who are not in receipt of disability benefits
- Following a reduction in disability benefits, income poverty rises but subjective financial situation does not seem to significantly change

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