

THE FINANCIAL WELLBEING OF DISABLED PEOPLE IN THE UK: THE BENEFITS SYSTEM

Quick Read

Benefits are a financial lifeline for disabled people: The disability employment and pay gaps mean that many disabled people (including those in low-paid work) must rely on the benefits system for some or all their income. Nearly all (85%) working age disabled adults in our survey were receiving at least one type of benefit.

But benefit levels are low and the system is complex and hostile: Three-quarters (76%) of working-age respondents said that the government does not provide a good level of support to disabled people. Almost all (92%) survey respondents who received benefits thought that applying for benefits was a complicated process and 71% agreed with the statement “I have been made to feel guilty about applying for benefits.”

There are serious concerns about the UK government’s proposed reforms to the disability benefits system: An [estimated](#) 1 million people could lose benefits because of the proposed changes; and the devolution of work capability assessments to Job Centre staff would result in the loss of important oversight and claimant protections such as the right to appeal decisions.

Devolved Governments have already made changes in parts of the UK. Social Security Scotland takes a human-rights based approach to delivering the devolved parts of the benefits system in Scotland. In [client surveys](#) conducted by Social Security Scotland, 94% of respondents agreed they were treated with kindness; and 90% who had applied for a benefit agreed that the application process was clear. Our own survey data shows that disabled people in Scotland were less likely to report excessively long wait times to hear the final outcome of their benefit application; and less likely to say that applying for benefits was a complex process.

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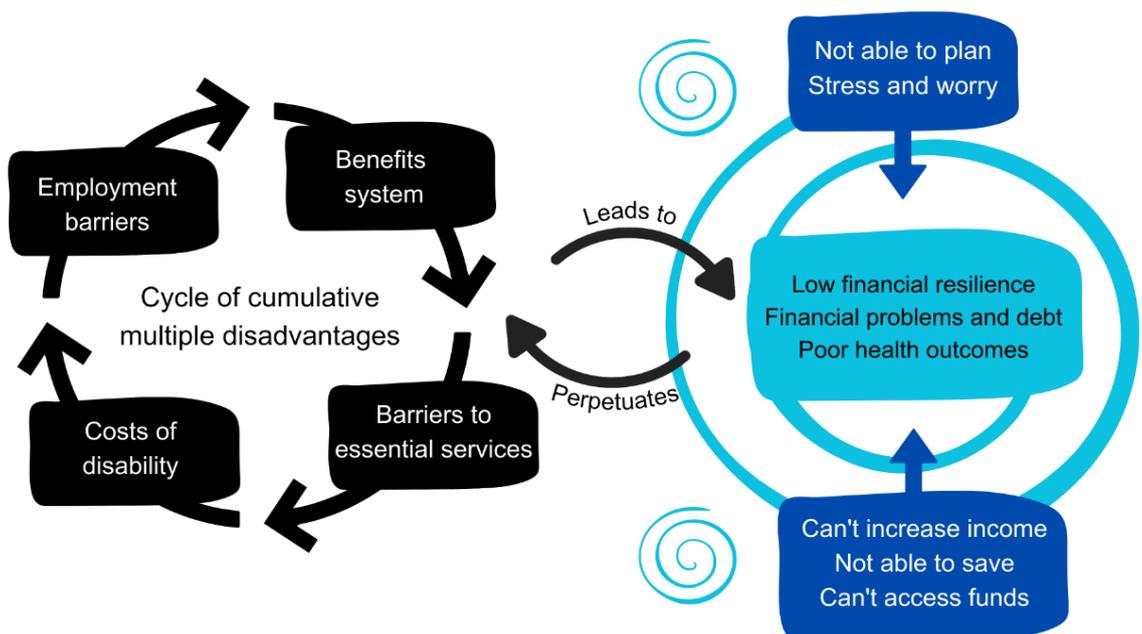
Introduction

The UK [Money and Pensions Service](#) says that "financial wellbeing is about feeling secure and in control. It's about making the most of your money from day to day, dealing with the unexpected, and being on track for a healthy financial future." Financial wellbeing is essential to delivering the [United Nation's](#) vision of "the equal right of all persons with disabilities to live in the community, with choices equal to others, and [...] full inclusion and participation in the community".

In September 2023, a research team from the University of Bristol and the Research Institute for Disabled Consumers published a report looking at the financial wellbeing of disabled people in the UK. The report is based on discussions with disabled people in the UK about what 'financial wellbeing' means to them and the difficulties they face in trying to improve their financial wellbeing. We used this information to help us measure the financial wellbeing of disabled people in a survey. The 815 disabled people who took part in the survey were members of a UK-wide research panel of approximately 3,500 people run by the Research Institute for Disabled Consumers (RiDC), which is broadly representative of the wider disabled population.

Our research shows that disabled people can face **multiple disadvantages** that impact on their individual resilience and financial wellbeing, including accessing work, benefits and essential services, in addition to the costs of disability. This can result in a 'disability trap' as shown in Figure 1, which risks negatively affecting disabled people's health and further disabling them in other areas of their lives.

Figure 1 – The 'disability trap'





We have produced four short briefings on the policy areas highlighted in the research. This briefing is on the benefits system, focusing on working-age disabled people's views and experiences. The others look at barriers to employment; the extra costs of disability; and access to essential services. [You can download the full research report and four briefing papers in PDF format from our website.](#)

Benefits are a financial lifeline for disabled people

The disability employment and pay gaps mean that many disabled people (including those in low-paid work) must rely on the benefits system for some or all their income.

Nearly all (85%) working age disabled adults in our survey were receiving at least one type of benefit:

- Benefits to cover the extra costs of being disabled – three-quarters (74%) were receiving [Personal Independent Payment \(PIP\)](#), while 14% were receiving [Disability Living Allowance](#).
- Benefits for those whose ability to work is affected by their disability – four-in-ten (42%) were receiving [Employment and Support Allowance \(ESA\)](#).
- Benefits for carers – one-in-five (22%) lived in households where someone was receiving [Carer's Allowance \(CA\)](#).
- Non-disability-specific benefits – a quarter (25%) were receiving [Housing Benefit \(HB\)](#), while 17% were getting [Universal Credit \(UC\)](#) and 10% were in receipt of [tax credits](#).

But benefit levels do not cover living costs

Our research took place in late 2022 and early 2023, at a time when high inflation increased the cost of goods and services for all households, affecting their affordability. The [annual rate of inflation](#) reached 11.1% in October 2022, a 41-year high, before falling in subsequent months. It was 6.8% in July 2023.

Our research added to the evidence that benefit levels in the UK are not adequate to cover people's living costs, which will severely impact their financial wellbeing:

- A [parliamentary report](#) published in 2023 concluded that “the low rates of social security are pushing people into poverty and driving destitution.”

- [OECD figures](#) show that the UK spends 1.3% of GDP¹ on incapacity,² which is the same as Greece and much lower than the average for all OECD countries (2.0% of GDP).
- [Government-commissioned research](#) found that people who did not have income outside of their disability benefit said they were often unable to meet essential day to day living costs such as food, rent and heating.

In our survey, three-quarters (76%) of working-age respondents disagreed with the statement “the government provides a good level of support to disabled people”. This figure was even higher among respondents in receipt of UC (81%) and ESA (81%). There were also clear links between benefit receipt and financial wellbeing: 47% of survey respondents receiving UC were struggling to pay for food and other essentials, whereas the proportion for those receiving PIP was 35%.

For disabled people, financial wellbeing means having some stability or certainty about their income so they can manage their outgoings and plan ahead. The benefits system does not deliver this. In our survey, eight-in-ten (82%) of working age respondents agreed that uncertainty about benefits makes it harder for them to plan their future finances. As a disabled person receiving UC told us:

“What’s even worse is the lack of control that you have over your own finances, especially if you’re on benefits. It feels like these can be taken away at any time, and you’re also reassessed every two to three years, based on your eligibility. And with Universal Credit, you don’t know what you’re going to get the next month.”

People’s impairments can also change over time in unpredictable ways often referred to as the dynamic of disability, meaning they have good and bad periods of health. Our survey shows that disabled people who have impairments that fluctuate significantly were more likely to be declined benefits (26% of working age applicants with a fluctuating condition, compared with 18% of those without).

Finally, the rules of the system mean that the income of partners or family members in the same household affects the amount of benefits that someone can receive. This can result in disabled people feeling

¹ GDP is the measure of the size of a country's economy over a period of time. When GDP goes up, the economy is growing.

² Public spending on incapacity refers to spending due to sickness, disability and occupational injury. It includes disability cash benefits such as Personal Independence Payment.

financially dependent on others, because they cannot manage independently on the benefits they receive. In our survey, half (50%) of respondents living with partners or other family felt that the benefits system had made them feel more financially dependent on their partner or other family.

And the system is complex and hostile

Our study shows that many working age disabled people find the benefits system complex, hostile and intimidating. Almost all (92%) of the disabled people in our survey who received benefits agreed that applying for benefits was a complicated process. [It is argued](#) that the system is in fact designed to create barriers to access, such as complex assessments or the threat of sanctions for those receiving benefits if they don't meet various conditions.

Disabled people told us about three big barriers they face in getting the benefits they are entitled to:

1. Not knowing what benefits they might be eligible for: Only two-in-ten (17%) of working age disabled adults who had engaged with the benefit system agreed that it was easy to know what benefits they were eligible for.
2. How they are treated by the benefits system: The majority – 71% - of survey respondents who received benefits agreed with the statement “I have been made to feel guilty about applying for benefits.” This may discourage disabled people from applying for benefits or seeking any kind of help from benefits staff.
3. Benefits staff's lack of understanding about disabilities. Six-in-ten (58%) of working age disabled adults in the survey who had engaged with the benefit system disagreed with the statement ‘benefits staff that I dealt with showed good understanding of how my disability might affect me’. While only two-in-ten agreed that benefit staff showed a good understanding about their impairment, this suggests that better is possible.

These barriers aren't experienced in isolation by disabled people, meaning that they face hurdles at every stage which may put them off even applying, with knock-on negative impacts on their health and wellbeing. [It is estimated](#) that the total amount of unclaimed income-related benefits (such as UC) and social tariffs is £18.7 billion a year. This figure does not include the value of unclaimed disability benefits because no data is available on the severity of disabilities that would lead to benefit eligibility.

As a disabled person who received PIP and UC told us:

“The process is downright degrading from start to end, you feel like you’re being judged and put in front of a jury and asked things that are so personal and intrusive. If you are not well enough to document and chase everything then I can see why you get refused or fall through the cracks, I am now really scared as my memory is getting bad and my husband struggles with writing complex messages, so I dread to think what is going to happen as things decline for me.”

Government services, including the benefit system, are now typically ‘digital-by-default’ meaning that citizens have little choice but to do things online using digital devices. It is not surprising therefore that disabled people who reported finding it difficult to use the internet and/or digital devices were more likely to say it was difficult to know what benefits they were eligible for (83%, compared with 64% of those who find it ‘very easy’ to use digital devices) and to say that applying for them was a complicated process (100%, compared with 93% of those who find digital devices ‘very easy’). Helping disabled people improve their digital skills and confidence could only ever be one small part of the much wider effort required to improve their financial wellbeing, however.

What needs to happen to improve disabled people’s experiences of the benefits system?

There have been repeated calls on government to increase benefit levels and reform the benefit system to ensure that it provides an adequate safety net for people in low-paid work, looking for work, or not able to work, for example from the [All Party Parliamentary Group on Poverty](#), the [Commission on Social Security](#), and the [UN Global Compact Network UK](#).

Their recommendations include increasing benefit levels so at a minimum they cover essentials like food, utility bills and basic household goods; improving the way benefits are updated every year so they keep pace with the cost of living; and changes to the system so that people are treated with respect and trust. To date, these recommendations have not been acted upon.³

In March 2023, the government announced plans in its ‘Health and Disability White Paper’ to reform the [disability benefits system](#). This

³ In 2023 there is also an ongoing inquiry into [UK benefit levels](#) by the House of Commons Work and Pensions Committee.

aims to “help more disabled people and people with health conditions to start, stay and succeed in work”. Three of the main proposals are to:

- Remove Work Capability Assessment so that Personal Independent Payment (PIP) assessment is the only health and disability assessment.
- Replace Universal Credit (UC) Limited Capability for Work and Work Related Activity (LCWRA) financial top-up with a new UC health element that will be awarded to people who receive standard UC and any PIP element.
- Introduce a new ‘personalised health conditionality’ approach for people who receive the UC health-related payment, where the requirements placed upon claimants will be varied according to their capacity to work and assessed on a case-by-case basis.

The scrapping of the Work Capability Assessment is unlikely to take place until 2026/27 and, in the meantime, the government has proposed reforms to the assessment to be introduced from 2025. [The reforms](#) being consulted on are primarily intended to reflect “the rise of flexible and home working” and will mean that difficulties with mobility, coping with social engagement or with continence are less likely to result in being found to have a limited capability for work. [Disability Rights UK](#) said that these changes “in reality are less to do with helping Disabled people into work than a cynical attempt to impose conditionality and to reduce benefit expenditure”.

The wider, longer-term reforms mentioned in the Health and Disability White Paper have also been met with concerns from [Disabled People’s Organisations](#), disability charities and others. [It is estimated](#) that the 1 million people who currently receive health-related UC but not disability benefits could potentially lose £354 per month on average (because the new UC health element will only be paid to those who also receive PIP). As a result, more people may apply for PIP, putting greater pressure on the system.

If the new proposed ‘personalised health conditionality’ approach is implemented by Job Centre work coaches, it means that staff who may have limited understanding of people’s health conditions and impairments will make decisions about the job preparation requirements they have to fulfil. These decisions are important, because if people fail to comply with the requirements, they can have their benefits reduced or stopped. This effectively means that the [Work Capability Assessment is devolved to Job Centre staff](#) with the loss of important oversight and claimant protections such as the right to appeal decisions.

The situation is somewhat different in Scotland. The government’s proposals to reform disability benefits do not apply to Scottish disability benefits, where Adult Disability Payment replaced PIP in 2022 and

Child Disability Payment replaced Disability Living Allowance for children in 2021. The changes proposed for UC will apply in Scotland, as these benefits remain the responsibility of the UK Government.

Changes are already happening in parts of the UK

In addition, a new agency - Social Security Scotland - was set up by the Scottish Government in 2018 to deliver the devolved parts of the benefits system and was [“created with people and not for them”](#). The [new system](#) “recognises social security is a human right and aims to treat people with dignity and respect” - which reflects what disabled people in our study wanted to see across the UK. The agency has taken various steps to differentiate itself from the UK’s Department for Work and Pensions (DWP), including [sending letters in white envelopes](#) rather than brown ones in an effort to avoid the anxiety that official brown letters had been invoking in some clients.

Social Security Scotland’s performance is assessed against the [Social Security Charter](#), which sets out what people should expect from the system. In 2021/22, [client surveys](#) showed that 94% of respondents who had been in contact with Social Security Scotland agreed they were treated with kindness; and 90% who had applied for a benefit agreed that the application process was clear. This indicates that a human rights-based approach to social security can deliver what disabled people in our study felt was needed.

Our analysis of the survey data we collected for this study, which controls for the socio-demographic profile of respondents in each country,⁴ indicates that disabled people in Scotland had nearly 70% lower odds of reporting that they had to wait an ‘excessively long time’ to hear the final outcome of their benefit application and nearly 60% lower odds of saying that ‘applying for benefits was a complicated process’.⁵ While these findings should be treated with some caution given the relatively small sample size of respondents in Scotland in our survey, it also suggests that a different approach to benefits can result in an improved experience for disabled people.

⁴ Binary logistic regression analysis conducted, controlling for age group, gender, whether survey completed by proxy, whether has a partner, whether has children, housing tenure, ethnic group and ability to use digital devices. Includes only those with experience of the benefits system and with data for the control variables (N=524, of whom 45 were in Scotland).

⁵ Odds ratios for Scotland were less than 1 for six different variables explored (looking at different aspects of the benefits system), but only achieved significance for the two mentioned.

What's already happening: 'Claim What's Yours' campaign

In April and May 2022, the Welsh Government ran the '[Claim What's Yours](#)' campaign to encourage people to take up benefits they are entitled to. The campaign delivered messages across TV, radio, social media and door drops. Over 8,000 people responded to the campaign's call to contact Advicelink Cymru and were helped to claim over £2.1m of additional income. Although the campaign is no longer running on media platforms, the Welsh Government has put together a toolkit of resources that organisations can use.

The disability charity Scope has also looked at how different messaging in media and communications can change people's attitudes to disability and [published its findings](#) about what does and does not work.



About this research

This research was a collaboration between the University of Bristol's [Personal Finance Research Centre](#) (PFRC) and the [Research Institute for Disabled Consumers](#) (RiDC). It was funded by [abrdn Financial Fairness Trust](#).

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