



Department
for Work &
Pensions

Spring Statement 2025 health and disability benefit reforms - Impacts

Over the last five years, the number of working-age people in receipt of health and disability benefits has grown considerably and is projected to increase further by the end of the decade.

One in 10 people of working age are now claiming a sickness or disability benefit. The number of people claiming health related benefits with no requirement to work has increased by 800,000 since 2019/2020 – an increase of 45%, whilst the number of people claiming PIP is set to double this decade from 2 million to 4.3 million.

As a result, spending on working-age sickness and disability benefits has increased by £20 billion since the pandemic and would have been set to rise by a further £18 billion by the end of this Parliament to £70 billion a year.¹

Many individuals are out of work for many years. Of the total Employment and Support Allowance (ESA) and Universal Credit (UC) health caseload, one in four (26%) have been on incapacity benefits for over 10 years, and fewer than one in 100 of those on the health element in UC enter employment each month.

This is driving poor outcomes for disabled people and people with health conditions. Working-age adults who are out of work are three times more likely to be in poverty than those in work and there is considerable evidence which shows being out of work is negative for your physical and mental health.

In response to this challenge, building on our Get Britain Working White Paper, the Government is bringing forward significant reforms aimed at supporting more people into good work and ensuring the welfare system is sustainable for the future. The reform measures covered at this Spring Statement and in scope of this document include:

- 1. Focusing support on those with the highest needs** through changes to the PIP entitlement rules, introducing an additional requirement so that claimants must score a minimum of four points in at least one daily living activity to be eligible for the daily living component.
- 2. Rebalancing support in Universal Credit to address perverse incentives and encourage more people into work.** The UC health element will be frozen in cash terms at £97pw until 2029/30 for existing recipients. The UC

¹ The Office for Budget Responsibility (OBR), in their *Economic and Fiscal Outlook* table 5.9, quote forecasts that also include carer's benefits, while these forecasts are confined to working age disability and incapacity benefits; the figures here are consistent with information presented by the OBR in their more detailed forecast tables.

health element rate for new claimants will be reduced to £50pw in 26/27 and then frozen until 2029/30. The UC Standard Allowance will be increased above inflation over the forecast period. For single claimants over 25 it will increase to £106pw in 2029/30 with an equivalent increase for other claimants.

- 3. Not taking forward plans to change the Work Capability Assessment (WCA) as set out by the previous Government in November 2023.**
- 4. Investing £1bn a year by 2029/30 in targeted and personalised support to help more disabled people and people with health conditions into employment.**
- 5. Fraud and Error prevention measures.**
- 6. Increasing WCA reassessments** to ensure awards reflect current circumstances and people can access the support they need.
- 7. Increasing capacity for PIP award reviews.**

A range of evidence and analysis was produced to support this process, which is set out in the accompanying equality analysis and in annex A & B of this document. This publication provides estimates of the combined impact on poverty levels of some these measures to the financial year ending (FYE) 2030. We have not modelled the poverty impact of funding additional WCA and PIP assessments or reducing fraud and error as these measures are focused on improving the delivery of existing policy.

This analysis uses the most up to date model available at the time of writing that is consistent with Office for Budget Responsibility's (OBR) March 2025 economic and fiscal forecast.

Delivering better employment outcomes for disabled people and people with health conditions is central to this package. Research published in February 2025² showed around 200,000 people on health and disability benefits believe they could work now in the right job with the right support and over 1 million more believe they could if their health improved.

The individual benefits of moving into work are evident - moving from unemployment or inactivity to 20 hours work at the National Living Wage increases the income of an individual on UC Health and PIP without housing costs by nearly £200 per week or just over £10,000 per year – more than the highest available PIP award.

The fiscal and social savings from a disabled person moving off benefits and into work or remaining in work are also considerable. Previously published analysis for 2023/24 has shown that having one extra disabled person in full-time work, rather than being out of work and fully reliant on welfare payments, could generate an estimated £18,000 a year of fiscal benefit. It could give societal savings of £28,000 a year, which includes increases in economic output. For a disabled person working

² [Work aspirations and support needs of health and disability customers: Interim findings - GOV.UK](#)

part-time, the equivalent figures could be fiscal returns of £8,000 a year, and a societal saving of £15,000 a year.³

This means that for every 10,000 additional people in full time work, there would be fiscal savings of around £180m per year, with societal savings around £280m per year, (£80m and £150m respectively if in part-time work).

Employment programmes can have a significant and enduring impact on people's employment prospects. For instance, in the case of Work Choice, after eight years had passed participants were 40% more likely to be in work.⁴ This means fiscal and societal savings from investment in any one year can accumulate over future years.

As highlighted by the discovery phase of Sir Charlie Mayfield's 'Keep Britain Working' review, increasing the number of people moving out of economic inactivity due to ill-health by 50% could reduce ill health-related inactivity by 100,000 people a year. Similar benefits could be realised by reducing flows into health-related inactivity.⁵ Changes of this scale could drive fiscal and social returns in the billions of pounds.

Alongside the plans set out in the Get Britain Working White Paper, reforms to the social security system are key to unlocking the individual, economic and societal benefits of increased employment among disabled people and people with health conditions. There is evidence that the current social security system disincentivises work - the OBR and Institute for Fiscal Studies (IFS) suggest benefit changes over the last decade have been a factor in driving higher incapacity benefit claims.

It is the Government's judgement that the package of reforms will increase employment by addressing structural disincentives and providing additional, personalised employment support. The OBR will assess the labour supply impacts of the welfare reforms in their autumn forecast.

We have therefore not included potential impacts of increased employment in the poverty, equalities or cost analysis. As such, the analysis summarised below is a guide to some of the impacts of the policy package - but does not reflect all effects and cannot be taken to reflect the overall impact of the planned reforms in totality, after accounting for behavioural responses and economic effects.

Summary of Impacts

Overall, the reforms are expected to make welfare savings of £4.8bn by 2029-30; £4.5 billion of this is in working age sickness and disability benefits (shown in Annex A). As a result, welfare spending is forecast to fall as a percentage of GDP over the forecast period.

³ [Occupational Health: Working Better - GOV.UK](#)

⁴ [Work Choice impact evaluation - GOV.UK](#)

⁵ [Keep Britain Working Review: Discovery - GOV.UK](#)

Likewise, the policy measures covered in this document reduce the Personal Independence Payment caseload by 400,000 in 2029/30. After taking account of the government's measures, the PIP caseload is still forecast to grow substantially over the next five years, by over 750,000, or 24%. Further detail is in Annex A.

The assessment of impacts for individuals and families is made compared to a 'baseline assessment' which assumes new people continuing to join benefits and benefits being uprated by inflation. Therefore, some of the families impacted will be current recipients whereas others would be 'notional' future recipients.

Overall, it is estimated that in 2029/30 there will be 3.2 million families – some current recipients and some future recipients - who will financially lose as a result of this package, with an average loss of £1,720 per year compared to inflation. There are also estimated to be 3.8 million families - some current recipients and some future recipients - who will financially gain from this package, with an average gain of £420 per year compared to inflation.

This estimate does not include the impact of the £1 billion a year, by 2029/30, funding for measures to support those with disabilities and long-term health conditions into employment, which we expect to mitigate the poverty impact among people it supports into work

The most significant estimated impacts (in 2029/30) come from:

- a) changes to PIP entitlement rules where we expect 370,000 current recipients to lose entitlement (when they have an award review) and 430,000 future PIP recipients who do not get the PIP they would otherwise have been entitled.. The average loss is £4,500 per year.
- b) Rebalancing support in Universal Credit to address perverse incentives and encourage more people into work – we expect 2.25m current recipients of UC Health to be impacted by the freeze (average loss of £500 per year – although they will also see a rise in cash terms from the standard allowance) and 730,000 future recipients of UC health (average loss of £3,000 per year). Some 3.9m households not on the UC Health element are expected to gain from the increase in the standard allowance (an average gain of £265 per year).
- c) Not taking forward the previous Government's changes to the Work Capability Assessment will mean 370,000 people will now be eligible for the new UC health element at £50 per week and will gain £2,600 per year.

These do not sum to the overall impact of the package as people can gain from some measures and lose from others.

The potential impact of these reforms on poverty projections has been estimated using a static microsimulation model. Using this model, we estimate there will be an additional 250,000 people (including 50,000 children) in relative poverty after housing costs in 2029/30 as a result of modelled changes to social security, compared to the baseline projections.

There are important limitations to this analysis. This estimate does not include the impact of the £1 billion annual funding, by 2029/30, for measures to support those with disabilities and long-term health conditions into employment, which we expect to mitigate the poverty impact among people it supports into work.

Furthermore, the analysis does not take into account new protections for those with severe lifelong conditions that the government intends to bring forward. Further details are set out in Annex B.

As the package of measures rebalances the system to address perverse incentives and therefore redistributes spend from disability benefits to wider working age benefits, the vast majority (96%) of families that lose financially have someone with a disability in the household. These families losing out are also estimated to represent 20% of all families that report having someone with a disability in the household. This analysis does not account for additional protections for those with severe and lifelong conditions which the government intends to bring forward.

Of the households who gain just under half (1.8m) have someone with a disability in the household.

Overall, the distribution of impacts by protected characteristics is determined by which groups are more likely to be in receipt of disability benefits and/or the UC standard allowance. For instance, families with an older head of the household are more likely to lose than those with a younger head of the household as they are more likely to be in receipt of a disability benefit.

A full equality analysis has been published alongside this document.

Annex A: Spending and caseload impacts

The tables below show the impact of the measures included in the Spring Statement overall, and on working age incapacity and disability benefit forecasts, based on the forecasts that have been updated by the OBR. This means the numbers are slightly different from those quoted in the Pathways to Work Green Paper, which used Autumn Budget 2024 forecasts, published in October 2024.

Table A1 breaks down the overall impact of the measures between different types of benefit and the impact on devolved administrations.

Table A1: Summary of expenditure impact of Spring Statement welfare measures

£ billion, nominal	2026/27	2027/28	2028/29	2029/30
Total UK impact	-0.1	-1.8	-3.6	-4.8
o/w Scottish Block Grant and Northern Ireland	-0.0	-0.2	-0.4	-0.6
o/w DWP	-0.1	-1.6	-3.2	-4.2
Carer's benefits	-0.0	-0.2	-0.4	-0.5
UC outside health journey and other benefits	0.3	0.4	0.6	0.8
Incapacity and disability benefits	-0.4	-1.8	-3.4	-4.5

Positive is an increase in spending, negative is a reduction. Figures may not sum exactly due to rounding.

Table A2 shows the impact this has on the working age incapacity and disability benefits forecast. The impact of measures in this table is limited to the subset related to incapacity and disability benefits noted above.

Table A2: Forecasts of expenditure on working age incapacity and disability benefits

£ billion, nominal	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Pre-measures forecasts						
Disability Living Allowance	0.8	0.7	0.7	0.7	0.6	0.3
Personal Independence Payment	21.9	23.9	26.7	29.3	31.7	34.2
Employment and Support Allowance	12.3	7.9	4.9	5.0	5.1	5.1
Universal Credit health*	16.1	22.5	27.0	27.9	29.0	30.3
Other benefits	0.1	0.1	0.0	0.0	0.0	0.0
Total	51.2	55.1	59.3	62.9	66.4	69.8
Impact of measures	0.0	0.0	-0.4	-1.8	-3.4	-4.5
<i>Of which Personal Independence Payment</i>	<i>0.0</i>	<i>0.0</i>	<i>-0.1</i>	<i>-1.3</i>	<i>-2.6</i>	<i>-3.5</i>
<i>Of which UC health and ESA</i>	<i>0.0</i>	<i>0.0</i>	<i>-0.3</i>	<i>-0.5</i>	<i>-0.7</i>	<i>-1.0</i>
Post measures forecast	51.2	55.1	58.9	61.1	63.0	65.4
<i>Of which Personal Independence Payment/DLA</i>	<i>22.6</i>	<i>24.7</i>	<i>27.3</i>	<i>28.6</i>	<i>29.6</i>	<i>31.0</i>
<i>Of which UC health and ESA</i>	<i>28.5</i>	<i>30.4</i>	<i>31.7</i>	<i>32.5</i>	<i>33.4</i>	<i>34.4</i>

Notes: This does not include the cost associated with increasing the UC standard allowance, except where those payments are made to people on the UC health journey.

* UC health figures cover the standard allowance and health element paid to people receiving UC for health reasons. Housing and child-related elements of UC for these people are not included.

Based on the latest forecasts from the OBR, before the policy measures covered in this document, spending on working age disability and incapacity benefits was forecast to increase from just over £51 billion in 2024/25 to just under £70 billion in 2029/30 – a nominal increase of almost £19 billion over the five years. This is only slightly changed from the Autumn 2024 Budget forecasts.

The policy measures covered in this document reduce spending on incapacity and disability benefits by £4.5 billion in 2029/30, about a quarter reduction on the growth seen in the updated pre-measures forecast.

After taking account of these measures spending on these benefits is still forecast to grow substantially in nominal terms, by over £14 billion, or 28%. This compares with cumulative forecast CPI inflation of 12% over those five years.

The measures included in this document will also have a significant impact on the working age disability benefits caseloads. Table A3 below shows the impact on the working age PIP and Disability Living Allowance (DLA) caseload of the 4-point minimum, the additional award reviews, and the decision not to take forward the WCA changes, which would have increased claims for PIP.

Table A3: Forecasts of the working age Personal Independence Payment and Disability Living Allowance caseload

Average caseload over financial year (thousands)	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30
Pre-measures forecast	3,106	3,349	3,603	3,858	4,059	4,248
Impact of measures			-21	-165	-300	-390
Post measures forecast	3,106	3,349	3,582	3,693	3,759	3,858

Negative figures show a reduction in caseload.

Before the policy measures in this document, the combined working age DLA and PIP caseload was forecast to increase by 1.14 million from 2024/25 to 2029/30.

Policy measures in this document reduce that growth by about a third – but the number of people receiving these benefits is still forecast to increase by over 750,000, or 24% over the five years.

The next three tables show the number of people affected by the PIP 4-point minimum rule, the changes to the UC health element, and the increased uprating of the UC standard allowance.

Table A4: People affected by a 4-point minimum points requirement in PIP for the Daily Living component

Average caseload over year (thousands)	2026/27	2027/28	2028/29	2029/30
Current PIP claimants	20	160	310	370
Future PIP claimants	20	160	300	430
Total PIP claimants	40	320	610	800
Carer's benefits claimants	10	60	110	150

Estimates are after behavioural effects, are rounded to the nearest ten thousand and may not sum exactly due to rounding.

By 2029/30 an estimated 800,000 people will not receive the Daily Living component of PIP who would have under current rules, a significant proportion of these people will retain access to the Mobility component and will remain on the benefit. A further 150,000 people will not receive Carer's Allowance or the UC Carer Element as a result.

Table A5: Benefit units affected by UC health element changes

Average caseload over year (thousands)	2026/27	2027/28	2028/29	2029/30
Pre April 2026 claimants (current)	2,670	2,510	2,380	2,250
Post April 2026 claimants (future)	120	360	560	730

Estimates are after behavioural effects and are rounded to the nearest ten thousand. A benefit unit is a single adult or a married or cohabiting couple and any dependent children.

By 2029/30 an estimated 2.25 million people, the pre-April 2026 current claimants, will still be receiving the higher rate of the UC health element, frozen at its 2025/26 level. A further 730,000 are forecast to be receiving the new lower rate of the health element. All will receive a standard allowance that has been increased by more than CPI inflation.

Table A6: Benefit units affected by UC standard allowance changes

Average caseload over year (thousands)	2026/27	2027/28	2028/29	2029/30
Caseload (thousands)	6,700	6,750	6,800	6,890

Estimates are before behavioural effects and are rounded to the nearest ten thousand. A benefit unit is a single adult or a married or cohabiting couple and any dependent children.

By 2029/30 an estimated 6.89 million benefit units will benefit from a higher-than-inflation increase in the UC standard allowance.

Annex B: Spring Statement 2025 health and disability benefit reforms - Impact on poverty levels in Great Britain

Methodology

This analysis was produced using the most up to date version of the Department for Work and Pensions' Policy Simulation Model (PSM) at the time of writing.

To model the impact of policies, the PSM compares new policies to a baseline scenario, which assumes existing benefit rules, and estimates the impact of the policy change on poverty rates in the year in question. The PSM can model the monetary impact of policy changes on individuals but cannot capture behavioural impacts. **As the poverty impacts presented are independent of the underlying trends in poverty, they are not an estimate of the total change in poverty over time.**

This analysis uses equivalised incomes both before (BHC) and after housing costs (AHC). Equivalised incomes are calculated at the household level. This means that individuals not directly affected by the policy can lose or gain as a result of being in the same household as someone who is impacted. This analysis is not therefore comparable to analysis of direct losers.

Estimates are rounded to the nearest 50,000 individuals and the nearest 0.1 percentage points due to uncertainties inherent in the modelling approach. Analysis is at a Great Britain level, although to ensure consistency with the Households Below Average Income methodology, the relative poverty line has been calculated at a UK level. Changes to PIP have been modelled on an England and Wales basis given it is a devolved benefit.

Poverty analysis is presented for four measures of poverty, both relative and absolute low income, both before and after housing costs. Further information on the methodology behind these measures can be found here [How low income is measured in households below average income statistics - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/how-low-income-is-measured-in-households-below-average-income-statistics) and here [Household below average income series: quality and methodology information report FYE 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/household-below-average-income-series-quality-and-methodology-information-report-fye-2021).

Poverty impacts of the policy change

It is estimated that there will be an additional 250,000 people (including 50,000 children) in relative poverty after housing costs in financial year ending (FYE) 2030 as a result of the modelled changes to social security, compared to baseline projections. The impact on the number of pensioners in poverty is expected to be negligible. This is not a direct sum of the impacts on the individual age groups because of rounding. As stated above this modelling does not include any assessment or assumption of the employment impacts of the package as a whole. The impact on the numbers in other measures of poverty are in the table below. See Table B1.

Table B1: Impact of Spring Statement Social Security policy changes on projected numbers and proportions of people in poverty in GB in FYE 2030

Change in poverty levels compared to baseline		Relative poverty AHC	Absolute poverty AHC	Relative poverty BHC	Absolute poverty BHC
Children	Number	50,000	50,000	-	-
	Percentage points	0.3	0.3	-	0.1
Working age adults	Number	250,000	150,000	150,000	100,000
	Percentage points	0.6	0.4	0.3	0.2
Pensioners	Number	-	-	-	-
	Percentage points	-0.1	-	-0.2	-
All individuals	Number	250,000	200,000	100,000	100,000
	Percentage points	0.4	0.3	0.2	0.2

Note: Figures may not sum due to rounding.

To support public understanding of the proposed changes and promote transparency, the tables below include the individual impacts of the three core elements of the planned social security changes. **These have been calculated independently of any other changes and are provided for information only. They should not be used to understand the overall impact of the package.**

The individual poverty impacts do not sum to the total impact of the package due to rounding and the interactions between measures which mean that some people are affected by more than one measure.

Table B2: Impact of changes to PIP entitlement rules on projected numbers and proportions of people in poverty in GB in FYE 2030

Change in poverty levels compared to baseline		Relative poverty AHC	Absolute poverty AHC	Relative poverty BHC	Absolute poverty BHC
Children	Number	50,000	50,000	50,000	50,000
	Percentage points	0.4	0.4	0.2	0.3
Working age adults	Number	250,000	250,000	200,000	200,000
	Percentage points	0.5	0.5	0.4	0.4
Pensioners	Number	-	-	-	-
	Percentage points	-0.1	-	-0.1	-
All individuals	Number	300,000	300,000	200,000	250,000
	Percentage points	0.4	0.4	0.3	0.3

Note: Figures may not sum due to rounding.

Table B3: Impact of the rebalancing of benefit rates on projected numbers and proportions of people in poverty in GB in FYE 2030

Change in poverty levels compared to baseline		Relative poverty AHC	Absolute poverty AHC	Relative poverty BHC	Absolute poverty BHC
Children	Number	-	-	-50,000	-
	Percentage points	-0.2	0.1	-0.2	-0.1
Working age adults	Number	50,000	-	-	-
	Percentage points	0.1	-	-	-0.1
Pensioners	Number	-	-	-	-
	Percentage points	-	-	-0.1	-
All individuals	Number	50,000	-	-	-50,000
	Percentage points	0.0	-	-	-0.1

Note: Figures may not sum due to rounding.

Table B4: Impact of reversing changes to the WCA descriptors on projected numbers and proportions of people in poverty in GB in FYE 2030

Change in poverty levels compared to baseline		Relative poverty AHC	Absolute poverty AHC	Relative poverty BHC	Absolute poverty BHC
Children	Number	-50,000	-50,000	-	-50,000
	Percentage points	-0.2	-0.3	-0.1	-0.2
Working age adults	Number	-150,000	-150,000	-100,000	-100,000
	Percentage points	-0.3	-0.4	-0.2	-0.2
Pensioners	Number	-	-	-	-
	Percentage points	0.2	-	-	-
All individuals	Number	-150,000	-200,000	-100,000	-100,000
	Percentage points	-0.2	-0.3	-0.2	-0.2

Note: Figures may not sum due to rounding.

Costings background

The Office for Budget Responsibility (OBR) was created in 2010 to provide independent and authoritative analysis of the UK's public finances. To that end OBR produce, with the help of DWP, HM Revenue and Customs and other government departments, two 5-year-ahead forecasts for the economy and the public finances each year. These forecasts project forward revenues and expenditure associated with current policy continuing together with the impact of previously-announced policy changes, known as the 'pre-measures forecast'.

This is then overlaid with the likely impact of newly announced tax and spending policies to create the 'post-measures forecast'. It is the latter impact, in relation to welfare policies, that is the subject of this paper.

Estimates of the impact of welfare policies are produced by DWP analysts and submitted to OBR for scrutiny and certification. Assumptions underpinning those estimates can be changed by OBR during the scrutiny process, and OBR own the resulting assumptions. DWP may or may not use alternative assumptions for its own internal planning processes. Changes are more likely to be made where the evidence base for an assumption is relatively weak and a judgement-based assumption is required, or where certain aspects have been omitted from the costing – particularly in relation to behavioural change.

Certification also requires a policy to be defined in sufficient detail to make an informed costing. For the costings included in this document, there are proposals covered in the Pathways to Work Green Paper⁶ that mitigate the impacts for some groups of claimants. However, as these proposals are not fully developed, they have not been included in the Spring Statement scorecard and fiscal forecasts, and will be incorporated once they have been developed further.

Further information on the policy costings process is available on the OBR website⁷.

⁶ Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper, DWP, March 2025

⁷ [Policy costings - Office for Budget Responsibility](#)

