

# Work won't cut it: income from employment and benefits for disabled people

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## Summary:

- This briefing presents analysis of how incomes for disabled people would change, if cuts to Personal Independence Payment and Universal Credit were introduced today and the people affected were able to move into paid employment.
- In many cases, people would see only a small increase in income by working full-time - and in some situations, they could actually end up worse off.
- This also relies on the very unrealistic assumption that people currently considered unable to work can suddenly take on a full-time job. For many, part-time work is a more realistic option than full-time employment. But moving into part-time is more likely to result in a loss of income, and the financial impact is typically much greater. For example:
  - A single claimant losing PIP daily living and UC health would be £114 per month worse off if they worked full-time, and £359 per month worse off if they worked part-time for 20 hours per week.
  - A couple claimant where one partner loses PIP daily living and UC health, while the other remains in full-time employment, would only gain £112 a month if the partner that lost their benefits worked full-time. And they would be £272 per month worse off if the partner worked part-time for 20 hours per week.
- Our findings undermine the government's argument that people will be able to compensate for lost benefits income by taking up paid employment.

# Introduction

The [Pathways to Work green paper](#) proposes restricting eligibility for the Personal Independence Payment (PIP) daily living component and the Universal Credit (UC) health element. Access to both will become contingent upon scoring 4 points in at least one PIP daily living category. This will lead to lower benefits income for many disabled people and people with long-term health conditions. The government hopes that many people affected will be able to move into employment to replace their benefits income, and indeed lead to higher living standards overall.

This briefing presents analysis (using the [Turn2us benefits calculator](#)) of how incomes would change if the proposed reforms were implemented today, and the groups affected moved into employment. It models outcomes for a range of different circumstances around benefits income, household composition and employment.

We first modelled how much benefit claimants will lose when they become ineligible for PIP daily living and UC health, looking at single and couple claimants, people with and without children, and people with and without eligibility for the PIP mobility component alongside the daily living component. We assumed people were receiving PIP at standard rather than enhanced rates, since these claimants are likely to have less severe medical conditions – but we know that some claimants currently receiving the enhanced rate will also lose PIP daily living eligibility.

For each of these claimant types, we modelled how much of the lost income would be recovered if they moved into employment paid at the National Living Wage (NLW).

It should be noted that, in each case, the claimants are assumed to be people who would currently be assessed as having limited capability for work and work-related activity (LCWRA). As such, even if it were the case that employment income could replace lost benefits income, it should not be assumed that a significant proportion of the people affected by cuts will be able to take up paid work. The full set of calculations, and our assumptions, is in the annex.

## Single claimants without children

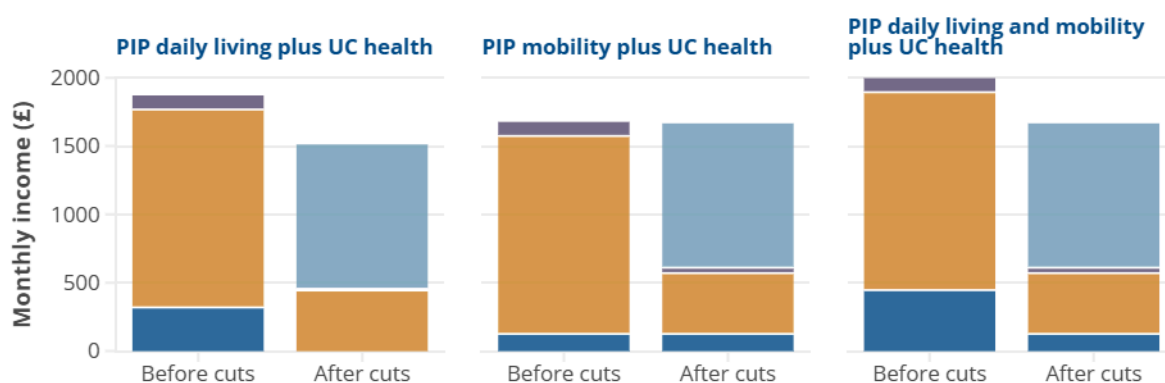
Assuming cuts were introduced today, a single claimant without children losing both PIP daily living and UC health would be £359 worse off each month even if they took up paid work for 20 hours per week. They would still be £114 per month worse off in full-time employment.

If they currently receive only the PIP mobility component rather than daily living, they would lose UC health but retain their PIP income when the reforms are introduced. Yet they would still be £11 per month worse off in part-time employment, although would be £206 per month better off if they were able to work full-time.

If they receive both PIP daily living and mobility, they would be £331 per month worse off when they lose the daily living component and UC health, despite taking up part-time employment. They would be £114 per month worse off even if working full-time.

### Single claimant (no children), working 20 hours per week after cuts

■ PIP ■ UC ■ CTS ■ Earnings



## Single claimants with 2 children

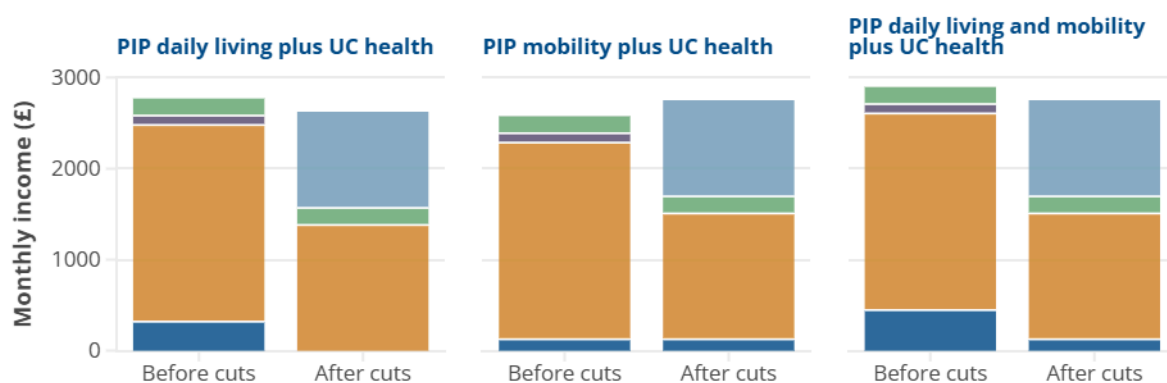
A single claimant with 2 children losing both PIP daily living and UC health would be £145 worse off each month even if they took up paid work for 20 hours per week, but they would be £112 per month better off if able to work full-time.

If they currently receive only the PIP mobility component rather than daily living, they would be better off in employment despite losing UC health. Their income would be £175 higher if in part-time employment, and £432 higher if in full-time employment.

If they receive both PIP daily living and mobility, they would be £145 per month worse off when they lose the daily living component and UC health, despite taking up part-time employment. But they would be £112 per month better off if able to work full-time.

### Single claimant (2 children), working 20 hours per week after cuts

■ PIP ■ UC ■ CTS ■ CB ■ Earnings



## Couple claimants without children

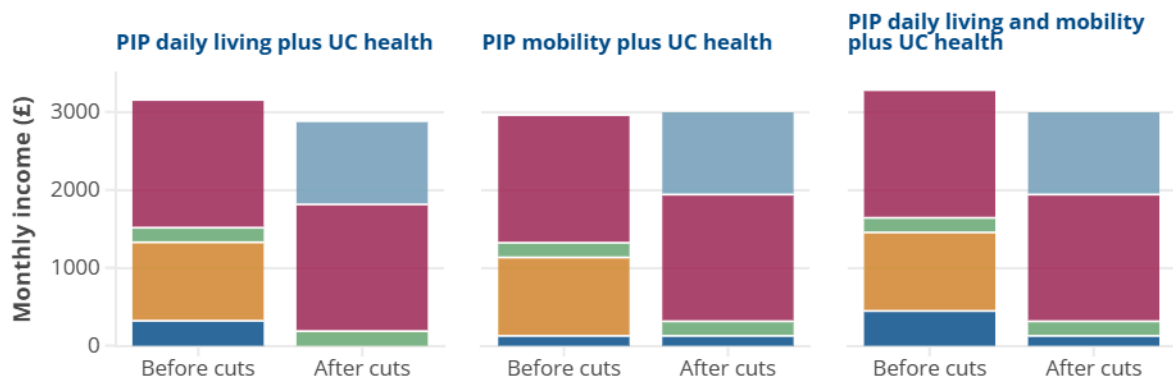
A couple without children, where one partner receives PIP daily living and UC health, and one is in full-time employment, would be £272 per month worse off even if the former takes up part-time employment. But the couple would be £299 per month better off if they take up full-time employment.

If one partner receives PIP mobility, continuing to do so while losing UC health, and one is in full-time employment, the couple will be slightly better off (£48 per month) if the former takes up part-time employment. The couple would be £619 per month better off if they are able to work full-time.

If one partner currently receives both PIP daily living and mobility, and the other is in full-time employment, they would be £272 per month worse off after the cuts, even if the former takes up part-time employment. The couple would be £299 per month better off if they take up full-time employment.

#### Couple claimant (no children), disabled partner working 20 hours per week after cuts

■ PIP ■ UC ■ CB ■ Partner earnings ■ Earnings



## Couple claimants with 2 children

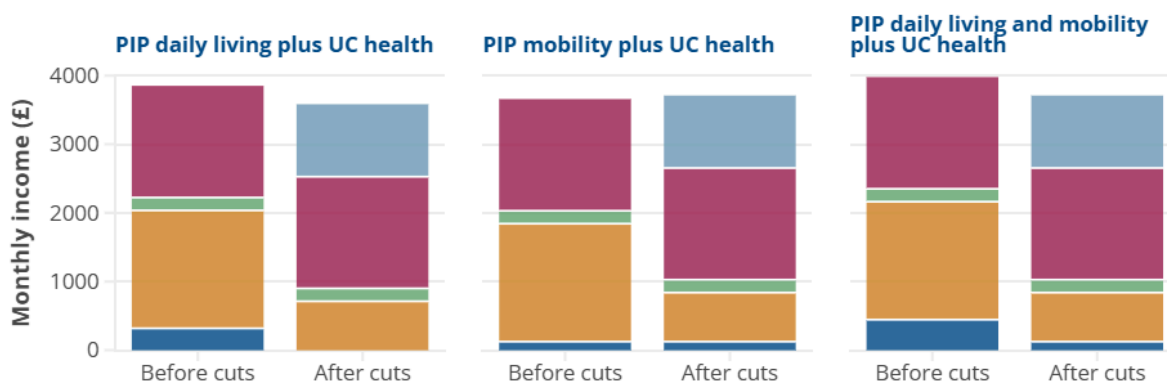
A couple with 2 children, where one partner currently receives PIP daily living and UC health, and the other is in full-time employment, would be £269 per month worse off even if the former takes up part-time employment. And the couple would still be £11 per month worse if they take up full-time employment.

If one partner receives PIP mobility, continuing to do so while losing UC health, and one is in full-time employment, the couple will be slightly better off (£52 per month) if the former takes up part-time employment. The couple would be £309 per month better off if they are able to work full-time.

If one partner currently receives both PIP daily living and mobility, and the other is in full-time employment, they would be £269 per month worse off after the cuts, even if the former takes up part-time employment. And the couple would still be £11 per month worse off if they take up full-time employment.

### Couple claimant (2 children), disabled partner working 20 hours per week after cuts

■ PIP ■ UC ■ CB ■ Partner earnings ■ Earnings



## Conclusion

As a result of the government's proposals, people who do not meet the 4 point rule for the PIP daily living component could see their income fall by £744 per month (at today's benefit rates – and the loss would be greater if they receive PIP at the enhanced rate). The government is hopeful that, by moving into employment, claimants affected will be able to replace this lost income.

However, our analysis shows that this will be a tall order. Many people losing PIP daily living and UC health are likely to be worse off even if they do secure paid work. Some may be better off, especially if they move into full-time employment. But in many instances the gains will be very limited - and in some situations, they could actually end up worse off. And this outcome requires an unrealistic assumption that people currently assessed as having limited capability to work, and even to prepare to search for work, will be able to work a significant number of hours each week (or secure higher-paid jobs for fewer hours).

We know that for disabled people, and people with a long-term health condition, ill-health – not a lack of willingness – is [the main barrier to work](#). It would be naive to assume that cutting benefits income will address this barrier – in fact it is likely to have the opposite effect.

We also frequently hear from people who struggle to find suitable employment in their local area that accommodates their health condition or disability. This is especially true in regions where there are fewer office-based roles and a higher

concentration of jobs in sectors such as manufacturing, care work, and hospitality: industries where workplace adjustments are often more difficult to implement.

Additionally, we regularly support individuals who face discrimination due to a disability or health condition. In 2024 alone, we assisted 2,298 clients with employment discrimination related to mental health, and a further 3,617 clients with disability-related discrimination (excluding mental health). The expectation that employers are both willing and able to hire disabled people – and that appropriate jobs are readily available – should be questioned.

Furthermore, [1 in 6 PIP recipients are already in work](#). Many rely on PIP to help with work-related costs, so their ability to work may be jeopardised by the forthcoming cuts.

The green paper acknowledges that employment support for disabled people is inadequate. And the government is separately [working with employers](#) to make workplaces more accessible for disabled people. These efforts are welcome, but they will not bear fruit in the short term. And their impact will be inherently limited. For example, [the Learning and Work Institute reports](#) that employment support programmes for disabled people tend to increase employment rates among participants by around 7-11% (assuming best practice). And the level of new investment in employment support announced in the green paper means only a small portion of the disabled people affected by the cuts will be funded to participate.

The limitations of our modelling should be acknowledged. The government's decision to introduce above-inflation increases to the UC standard allowance has not been taken into account. This policy will mitigate the impact of the cuts, but only slightly; we do not believe it will make a meaningful difference to disabled people losing PIP daily living and UC health. Similarly, where people do enter employment after the cuts, they may be paid at a level above the NLW – but the fact that most are currently not engaging with the labour market at all suggests that earnings significantly above the NLW are likely to be rare among this group.

And there are elements of our modelling that probably under-state the impact of the cuts. For example, we assume that there is no shortfall between rent costs

and the UC housing element – but many people will have a shortfall, which will be more difficult to compensate for when their PIP and UC health income is withdrawn. Similarly, we do not take new childcare costs into account for people entering employment – but many people are likely to encounter costs that are not fully covered by the UC system.

## **Annex 1: Modelling assumptions**

It is assumed that, where a claimant moves from receiving PIP daily living and/or UC health into paid employment, they earn the NLW of £12.21 per hour. Part-time employment is assumed to be 20 hours per week, and full-time employment is assumed to be 35 hours per week. For the partner already in employment, they are assumed to earn the NLW, and work 35 hours per week. All earnings figures represent post-tax income.

All claimants are assumed to live in the private rental sector in South Greater Manchester, where Local Housing Allowance (LHA) rates are close to the average for English broad rental market areas. Claimants without children are assumed to live in a 1-bedroom property, and claimants with children are assumed to live in a 2-bedroom property. Adults are assumed to be able to share a bedroom, and their children are expected by the LHA system to share a bedroom. Their rent is assumed to be equivalent to the LHA maximum, although in practice it would likely be higher – creating a shortfall that would exacerbate any loss of benefits income. Their property is assumed to be in Council Tax band B, and they do not qualify for any Council Tax exemptions.

All claimants are assumed to be aged 35 or over. All of their children are assumed to have been born after April 2017, and are not disabled. The modelling assumed that there would be no childcare costs, even when both parents are in work. This is partly because the number of variables influencing childcare costs would complicate the analysis, partly because childcare costs for school-age children would be minimal, and partly because UC recipients in work should have the bulk of their childcare costs covered by the benefits system. In practice, many claimants affected by the cuts would in fact have to contribute to the cost of childcare – exacerbating income losses, or undermining income gains, that arise from taking up employment in place of receiving benefits.

All claimants eligible for PIP under the current system are assumed to self-identify as disabled. They are all assumed to have been assessed as LCWRA. It is assumed that they would be assessed as fit to work under the post-reform system, since failing to meet the new 4 point rule in PIP means they would not be eligible for the UC health element.

In accordance with the Turn2us benefits calculator, potential receipt of Council Tax Support (CTS) is included in the modelling, but the value of other passported benefits for PIP and/or UC recipients is not. All claimants are assumed to receive Child Benefit (CB) where they are eligible, and assumed not to receive any contributory benefits. We assume they do not have an income from a pension or spousal maintenance, own any property they do not live in, or have savings above £5,000.

All claimants are assumed to be British citizens. We assume they are not carers, foster parents, students, in prison, blind, or in hospital or care home with a long-time illness, and that they do not need carers who stay overnight in their property.

## Annex 2: Calculations

	Before cuts (£pm)	After cuts: disabled claimant working 20 hrs pw (£pm)	After cuts: disabled claimant working 35 hrs pw (£pm)
Single claimants without children (PIP daily living plus UC health)			
PIP DL standard rate	320.23	0	0
PIP mob standard rate	n/a	n/a	n/a
UC standard allowance	400.14	400.14	400.14
UC health element	423.27	0	0
UC housing element	625	625	625
UC child element	n/a	n/a	n/a
UC earnings deduction	0	-580.53	-894.82

Council Tax Support	102.83	12.18	0
Child Benefit	n/a	n/a	n/a
Earnings	0	1055.51	1626.95
Partners' earnings	n/a	n/a	n/a
<b>TOTAL</b>	<b>1871.47</b>	<b>1512.3</b>	<b>1757.27</b>

Single claimants without children (PIP mobility plus UC health)			
PIP DL standard rate	n/a	n/a	n/a
PIP mob standard rate	126.53	126.53	126.53
UC standard allowance	400.14	400.14	400.14
UC health element	423.27	0	0
UC housing element	625.00	625.00	625.00
UC child element	n/a	n/a	n/a
UC earnings deduction	0	580.53	894.82
Council Tax Support	102.83	40.00	0
Child Benefit	n/a	n/a	n/a
Earnings	0	1055.51	1626.95
Partners' earnings	n/a	n/a	n/a
<b>TOTAL</b>	<b>1677.77</b>	<b>1666.65</b>	<b>1883.80</b>

Single claimants without children (PIP daily living and mobility plus UC health)			
PIP DL standard rate	320.23	0	0
PIP mob standard rate	126.53	126.53	126.53
UC standard allowance	400.14	400.14	400.14
UC health element	423.27	0	0
UC housing element	625.00	625.00	625.00
UC child element	n/a	n/a	n/a
UC earnings deduction	0	-580.53	-894.82
Council Tax Support	102.83	40.00	0

Child Benefit	n/a	n/a	n/a
Earnings	0	1055.51	1626.95
Partners' earnings	n/a	n/a	n/a
<b>TOTAL</b>	<b>1998.00</b>	<b>1666.65</b>	<b>1883.80</b>

Single claimants with 2 children (PIP daily living plus UC health)			
PIP DL standard rate	320.23	0	0
PIP mob standard rate	n/a	n/a	n/a
UC standard allowance	400.14	400.14	400.14
UC health element	423.27	0	0
UC housing element	749.97	749.97	749.97
UC child element	585.62	585.62	585.62
UC earnings deduction	0	-354.48	-668.77
Council Tax Support	102.83	0	0
Child Benefit	187.63	187.63	187.63
Earnings	0	1055.51	1626.95
Partners' earnings	n/a	n/a	n/a
<b>TOTAL</b>	<b>2769.69</b>	<b>2624.39</b>	<b>2881.54</b>

Single claimants with 2 children (PIP mobility plus UC health)			
PIP DL standard rate	n/a	n/a	n/a
PIP mob standard rate	126.53	126.53	126.53
UC standard allowance	400.14	400.14	400.14
UC health element	423.27	0	0
UC housing element	749.97	749.97	749.97
UC child element	585.62	585.62	585.62
UC earnings deduction	0	-354.48	-668.77
Council Tax Support	102.83	0	0
Child Benefit	187.63	187.63	187.63

Earnings	0	1055.51	1626.95
Partners' earnings	n/a	n/a	n/a
<b>TOTAL</b>	<b>2575.99</b>	<b>2750.92</b>	<b>3008.07</b>

Single claimants with 2 children (PIP daily living and mobility plus UC health)			
PIP DL standard rate	320.23	0	0
PIP mob standard rate	126.53	126.53	126.53
UC standard allowance	400.14	400.14	400.14
UC health element	423.27	0	0
UC housing element	749.97	749.97	749.97
UC child element	585.62	585.62	585.62
UC earnings deduction	0	-354.48	-668.77
Council Tax Support	102.83	0	0
Child Benefit	187.63	187.63	187.63
Earnings	0	1055.51	1626.95
Partners' earnings	n/a	n/a	n/a
<b>TOTAL</b>	<b>2896.22</b>	<b>2750.92</b>	<b>3008.07</b>

Couple claimants without children (disabled partner PIP daily living plus UC health)			
PIP DL standard rate	320.23	0	0
PIP mob standard rate	n/a	n/a	n/a
UC standard allowance	628.1	628.1	628.1
UC health element	423.27	0	0
UC housing element	625.00	625.00	625.00
UC child element	n/a	n/a	n/a
UC earnings deduction	-668.77	-1253.1	-1253.1
Council Tax Support	0	0	0
Child Benefit	n/a	n/a	n/a
Earnings	0	1055.51	1626.95

Partners' earnings	1626.95	1626.95	1626.95
<b>TOTAL</b>	<b>2954.78</b>	<b>2682.46</b>	<b>3253.90</b>

Couple claimants without children (disabled partner PIP mobility plus UC health)			
PIP DL standard rate	n/a	n/a	n/a
PIP mob standard rate	126.53	126.53	126.53
UC standard allowance	628.10	628.10	628.10
UC health element	423.27	0	0
UC housing element	625.00	625.00	625.00
UC child element	n/a	n/a	n/a
UC earnings deduction	-668.77	-1253.10	-1253.10
Council Tax Support	0	0	0
Child Benefit	n/a	n/a	n/a
Earnings	0	1055.51	1626.95
Partners' earnings	1626.95	1626.95	1626.95
<b>TOTAL</b>	<b>2761.08</b>	<b>2808.99</b>	<b>3380.43</b>

Couple claimants without children (disabled partner PIP daily living and mobility plus UC health)			
PIP DL standard rate	320.23	0	0
PIP mob standard rate	126.53	126.53	126.53
UC standard allowance	628.10	628.10	628.10
UC health element	423.27	0	0
UC housing element	625.00	625.00	625.00
UC child element	n/a	n/a	n/a
UC earnings deduction	-668.77	-1253.10	-1253.10
Council Tax Support	0	0	0
Child Benefit	n/a	n/a	n/a
Earnings	0	1055.51	1626.95
Partners' earnings	1626.95	1626.95	1626.95

TOTAL	3081.31	2808.99	3380.43
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Couple claimants with 2 children (disabled partner PIP daily living plus UC health)			
PIP DL standard rate	320.23	0	0
PIP Mob standard rate	n/a	n/a	n/a
UC standard allowance	628.10	628.10	628.10
UC health element	423.27	0	0
UC housing element	749.97	749.97	749.97
UC child element	585.62	585.62	585.62
UC earnings deduction	-668.77	-1249.30	-1563.59
Council Tax Support	0	0	0
Child Benefit	187.63	187.63	187.63
Earnings	0	1055.51	1626.95
Partners' earnings	1626.95	1626.95	1626.95
TOTAL	3853.00	3584.48	3841.63

Couple claimants 2 children (disabled partner PIP mobility plus UC health)			
PIP DL standard rate	n/a	n/a	n/a
PIP Mob standard rate	126.53	126.53	126.53
UC standard allowance	628.10	628.10	628.10
UC health element	423.27	0	0
UC housing element	749.97	749.97	749.97
UC child element	585.62	585.62	585.62
UC earnings deduction	-668.77	-1249.30	-1563.59
Council Tax Support	0	0	0
Child Benefit	187.63	187.63	187.63
Earnings	0	1055.51	1626.95
Partners' earnings	1626.95	1626.95	1626.95
TOTAL	3659.30	3711.01	3968.16

Couple claimants with 2 children (disabled partner PIP daily living and mobility plus UC health)			
PIP DL standard rate	320.23	0	0
PIP Mob standard rate	126.53	126.53	126.53
UC standard allowance	628.10	628.10	628.10
UC health element	423.27	0	0
UC housing element	749.97	749.97	749.97
UC child element	585.62	585.62	585.62
UC earnings deduction	-668.77	-1249.30	-1563.59
Council Tax Support	0	0	0
Child Benefit	187.63	187.63	187.63
Earnings	0	1055.51	1626.95
Partners' earnings	1626.95	1626.95	1626.95
TOTAL	3979.53	3711.01	3968.16

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