**Labour’s proposed disability benefit cuts – scale and impact**

MPs are will be forced to vote on proposed disability benefit cuts based on incomplete and missing information.

Other cuts, for example to Personal Independence Payment (PIP) could be pushed through without a vote despite the fact that MPs will be seriously impacted through them by significantly increased constituency caseloads and loss of electoral support for Labour.

Below we set out what we know at this stage about the size of the proposed cuts.

Even without all the information, the picture is breath-taking in both its cruelty and the misjudgement it represents – unless, that is, the true agenda of Starmer, Reeves and Kendall is to complete the Tories’ work in smashing our public services, take money out of the economy, entrench poverty and inequality for generations to come and destroy the Labour party’s electability.

And unless that is all true, the extent of their hubris and incompetence is also quite astounding.

GREEN PAPER PROPOSALS

**Size of cut:** at least £9 billion

**Reported size of cut:** £4.8 billion

**Rationale for difference:** The static cut of £9 billion will not be realised due to behaviour changes by claimants in response to the changes. Whereas the static cut can be calculated with certainty, the much lower reported size of the planned cuts is “highly uncertain”.

**Background:** Previous attempts to achieve savings through disability benefit cuts have failed. In its January 2019 Welfare Trends report, the Office for Budget Responsibility (OBR) attributed this to a combination of claimants sharing information about how to get through benefit assessments on social media (!) and legal challenges.

In his first budget as Chancellor in 2010, George Osborne announced that Personal Independence Payment (PIP) would be brought in to replace Disability Living Allowance (DLA) in order to reduce the extra costs disability benefit budget by 20%. These savings never happened and instead the government consistently over-spent against its projected savings.

To prevent another miscalculation, the OBR has this time scored the savings that it calculates will be achieved by the planned changes to PIP according to some assumed “behaviour changes” arising in response to the cuts. These behaviour changes include more claimants who have been found ineligible applying for Mandatory Reconsiderations and appeals, and claimants working even harder (!) at our PIP assessments in order to reach four points in at least one daily living category.

The OBR forecasts a savings amount of £4.8 billion to be achieved by the measures outlined in the green paper but they describe this forecast as a “highly uncertain judgement”.

**Issue:** When the media talks about a £4.8 billion cut, most people understand this figure to be the size of the static cut, because that is how cuts have always been reported up until now, and not some highly uncertain guesstimate based on things that may or may not happen.

The £4.8 billion figure is nothing short of misinformation.

We need to be demanding that only the figure for the static size of the cuts proposed in the green paper is used in political and public discussion.

**Impact:** At least 350,000 – 400,000 claimants and their families. However, this is based on the £4.8 billion figure and not the full scale of the potential cut.

**Reported impact:** 250,000 adults and 50,000 children to be pushed into poverty.

**Rationale for difference:** The lower figure deducts the number of claimants who would have lost income through the changes to the Work Capability Assessment proposed by the previous Government which never happened. The Joseph Rowntree Foundation has described this as “sleight of hand”.

**Background:** Labour’s Green paper proposals do not include reconsulting on the changes to the Work Capability Assessment that were proposed by the previous Conservative government and which were quashed by the high court judgment that found the consultation on the changes to be unlawful.

Had these changes been made, 150,000 claimants and their families would have been pushed into poverty.

**Issue:** We do not know the true number of families who will be pushed into poverty through the green paper proposals. However, the 250,000 is being widely reported as though it represents this.

Based on the assumed scale of cuts being £4.8 rather than £9 billion, the total number of claimants and their families who are not in poverty now who will be pushed into poverty by proposals in the green paper where we do have the impact assessment is 350,000 – 400,000. There will be an overlap between those who would have been pushed into poverty by the WCA changes and those who will be now but we do not know the size of this. Hence, we cannot be more exact even with this very qualified figure.

We need to demand that none of the green paper proposals are advanced or voted on until MPs have an accurate impact assessment for the total number of families who will be pushed into poverty from all the various planned measures.

PERSONAL INDEPENDENCE PAYMENT CUT

**What is proposed:** To require claimants to score 4 points in at least one areas of the daily living component in order to be found eligible. The current Green Paper consultation does not cover these cuts.

**Size of cut:** £7.9 billion or even £9.1 billion ([see research by Ben Geiger](https://inequalities.substack.com/p/disability-benefit-cuts-are-deeper-than-you-think?utm_campaign=post&utm_medium=web))

**Reported size of cut:** £4.7 billion

**Rationale for difference:** See above re “behaviour changes”

**Impact:** 1.325 million existing claimants and

**Reported impact:** 800,000 with average losses of £4500 per year

**Rationale for difference:** see above re OBR assumed “behaviour changes”

**Issue:** Even if claimants do win back their awards at appeal, they will still have gone through the ordeal of losing essential income and been without their full entitlement throughout the Mandatory Reconsideration period and/or appeal process.

In order to understand the additional pressures that the PIP cuts will have on both public services (such as the NHS and mental health) and third sector services (such as welfare advice agencies and Deaf and Disabled People’s Organisations), it is the higher figure that is relevant.

Arguably under impact, claimants who score four points in only one or two categories for daily living should be included because they will all be at risk of losing eligibility due to the notoriously inaccurate and inconsistent nature the PIP assessment process. and will be significantly impacted by high levels of anxiety and distress as a result.

CHANGES TO UNIVERSAL CREDIT RATES AND FREEZING THE LIMITED CAPABILITY FOR WORK AND WORK-RELATED ACTIVITY (LCWRA) COMPONENT OF UNIVERSAL CREDIT (this is the extra amount that is paid on top of the standard Universal Credit allowance – what used to be Job Seekers Allowance - to Deaf and Disabled people who have been found unfit for work)

**What is proposed:** Increase the standard allowance of Universal Credit; reduce the LCWRA component of UC to £50 for new claimants and freeze it for four years; freeze the LCWRA component of UC for existing claimants at the 2025/2026 rate for four years.

**Impact**: 730,000 future out of work disability benefit claimants and their families will lose an average of £3,000 per year; 2.25 million existing out of work disability benefit claimants and their families will lose around £500 per year.

**Issue:** Although losses will be partially offset by the increase in the standard allowance of UC, any loss of income for the poorest families in society only increases hardship. It also contradicts claims by the Government to be protecting those most in need.

Deaf and Disabled people with no chance of earning an income through paid employment require additional income to avoid destitution. Existing claimants in receipt of the LCWRA component at the current, unreduced rate still only receive 30% of the Minimum Income Standard.

ABOLITION OF THE WORK CAPABILITY ASSESSMENT (WCA)

**What is proposed:** Abolishing the WCA and instead making eligibility for out of work disability benefits dependent upon eligibility for PIP. The LCWRA component of UC will be replaced with a new “health” component. This proposal is copied straight from the Tories’ March 2023 white paper *Transforming Support: The Health and Disability White Paper*.

**Size of impact:** The OBR did not score this because they did not have enough information from government, for example about what is proposed for existing claimants. There are currently 600,000 recipients of UC LCWRA who are not in receipt of PIP and not all of these will be eligible. Another 68% of those who receive both UC LCWRA and PIP daily living did not score four points or more in any area.

**Depth of impact:** Claimants impacted by the combined effect of the PIP cuts with the abolition of the WCA will mean some Deaf and Disabled people losing over £9600 per year – nearly all their income – and being taken from living just above the poverty line to official destitution.

MERGING OF CONTRIBUTIONS-BASED JOB SEEKERS ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE AND TIME LIMITING AWARDS

**What is proposed:** To merge these benefits and increase the rate of contributions-based JSA to the same rate as ESA but to time-limit the awards and replace both with a new Unemployment Insurance. This is being consulted on through the Green paper.

**Impact:** Existing contributions-based ESA claimants will need to reapply for Universal Credit when their time-limited award comes to an end. Currently there are 444,599 Deaf and Disabled people in receipt of this benefit.

**Issue:** We do not know how many of these existing claimants will and won’t be eligible for UC and therefore how many will lose their social security entitlement.

Campaigners fear this is a gateway into moves to replace the welfare state with a private insurance-based system as in the US.

RAISING THE AGE OF ELIGIBILITY FOR OUT OF WORK DISABILITY BENEFITS TO 22 YEARS OLD

**Impact**: The Government has been warned that around 3,500 Disabled care leavers will be adversely impacted by this measure losing around £5000 per year.

**Issue:** The government wants all Deaf and Disabled younger people in either paid employment, education or training. Those in none of these will only be able to claim UC through the conditionality regime and only with some as yet undetermined exemptions will Disabled young people be forced into mandatory work search activity in return for their benefits.

This overlooks the very real barriers that many young people face and denies their lived experience. Deaf and Disabled younger people can no more magic away their disablement than Deaf and Disabled older people. Those unable to obtain income through social security payments will find themselves either financially dependent upon their families or destitute.

**ONGOING MEASURES INTRODUCED BY PREVIOUS GOVERNMENT**

We should not forget the ongoing implementation of changes to our social security system with serious adverse impacts on Deaf and Disabled people.

These include:

* **Roll out of in work conditionality.** 27% of those impacted are disabled people who may face significant barriers to taking on more/higher paid work yet have never gone through a WCA and risk sanctions for not complying with work coach demands.
* **Migration to Universal Credit from legacy benefits.** This is a particular danger area where claimants with high unmet levels of support need are at risk from falling through the cracks. Anecdotally, DWP errors have created problems such as wrongful stoppages of benefits.
* **Targeted Case Reviews.** These disproportionately target Deaf and Disabled claimants due to algorithm biases. All punitive or potentially punitive interactions with the Department for Work and Pensions (DWP) create additional fear, anxiety and distress and in so doing move us further away from employment.
* **Fraud bill.** The new Labour government discontinued implementation of the Tories’ Fraud Bill which would have given police powers to the Department for Work and Pensions (DWP) to seize assets from claimants judged by them to be guilty of benefit fraud, but then introduced their own Public Authorities (Fraud, Error and Recovery) bill which will violate civil liberties and give powers to the DWP to access the bank statements of benefit claimants.