



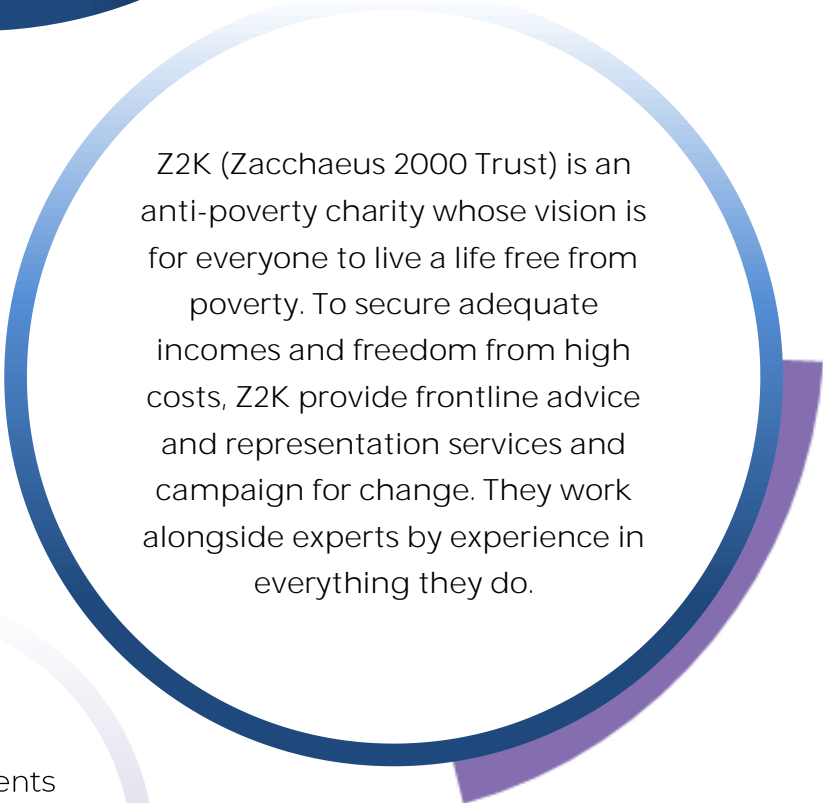
More than money: The lifelong wellbeing impact of disability benefits

Karol Rodriguez Cabrera


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Pro Bono Economics uses economics to empower the social sector and to increase wellbeing across the UK. We combine project work for individual charities and social enterprises with policy research that can drive systemic change. Working with almost 500 volunteer economists, we have supported over 500 charities since our inception in 2009.



Z2K (Zacchaeus 2000 Trust) is an anti-poverty charity whose vision is for everyone to live a life free from poverty. To secure adequate incomes and freedom from high costs, Z2K provide frontline advice and representation services and campaign for change. They work alongside experts by experience in everything they do.




We thank Z2K's clients who have shared their stories with us as part of this report.



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Summary

Disability benefits are a lifeline for many disabled people in the UK. They provide vital financial support to cover the extra living costs that arise from their long-term conditions, from daily living to mobility. Having this support is particularly important as disabled people in the UK tend to have lower incomes and lower wellbeing than average. In other words, not only are disabled people facing more financial difficulty overall, but they report a lower quality of life.

Existing evidence suggests a positive relationship between income and wellbeing. This implies that any change in income is likely to have an impact on an individual's overall wellbeing. Consequently, it is reasonable to expect that any increase in income would translate into a wellbeing gain. However, when thinking about disability benefits, a relevant question arises: do recipients secure a wellbeing gain valued greater than a simple cash transfer? We test this question by tracking changes in wellbeing among two groups of disabled people: those receiving disability benefits and those who may be eligible but are not receiving them. It is expected that disability benefit recipients would have a higher wellbeing improvement than their peers – but is the equivalent value of that boost larger or smaller than the extra cash reaching their pockets?

By tracking the wellbeing of disability benefits recipients and those who are not receiving disability benefits but may be eligible over time, the findings of this report suggest that receiving disability benefits significantly enhances life satisfaction of recipients, potentially reducing their anxiety levels and improving their wellbeing overall. The observed increase in life satisfaction among disability benefit recipients suggests that these benefits mean more than a simple cash transfer to those who receive them. This boost in wellbeing can be expressed in economic terms and translates to an average annual wellbeing improvement valued at £12,300 per person, and a potential £42 billion in annual economic benefits if

support were maintained for the 3.5 million disabled people currently getting the support. Crucially, when compared with the annual costs of providing this support, estimated at £28 billion a year for this group, the economic benefits seem to outweigh the costs.

Additionally, the positive impact of disability benefits is particularly pronounced for those with self-reported poor health, highlighting the crucial role these benefits play in mitigating the challenges faced by disabled people with acute health issues.

Given the significant potential boost in wellbeing after receiving disability benefits, it is necessary to explore why someone with eligibility might not already be receiving them. While the specific reasons why these individuals may not be receiving disability benefits can be difficult to pinpoint from the data used in this report, several factors may contribute to this. These include cases in which individuals may not require additional support, lack of awareness of eligibility or complex application processes and unsuccessful claims.

Today, the state of public finances and the government's determination to control public spending might, at first glance, seem to suggest that the government should look to curb disability benefit claims, which are expected to continue to rise in the near future. However, results from this report suggest the government should not rush to any decision to reduce claims by restricting PIP/DLA eligibility or introducing further barriers to application. According to our findings, such actions would most likely significantly harm the quality of life of many disabled people in the UK.

Instead, our findings suggest that improving access to disability benefits could enhance the lives of those who need the support but face barriers to get it. This builds on existing evidence that underscores the need for a review of the claiming process. Disabled people have reported that the claiming process is becoming increasingly complex and burdensome, requiring extensive evidence of their disability and causing significant stress. Simplifying this

process could make a substantial difference in the lives of those who need support.

This report urges the government to prioritise improving access to disability benefits for those whose quality of life depends on this support. Failure to do so could exacerbate public health issues and have severe economic consequences. Fortunately, the state is not alone in this endeavour. The charity sector is already actively supporting disabled individuals to navigate the benefit system. Therefore, fostering collaboration and partnerships with the charity sector is more critical than ever.

In the UK there were

3.5
million

people in receipt of disability
benefits in the year to July
2024.

Receiving disability benefits
could improve a person's Life
Satisfaction on average by

0.79

points (out of 10) on the life
satisfaction scale.

On average,
disabled people reported

1.22

points (on a 10-point scale)
lower life satisfaction
compared to non-disabled
individuals.

The potential implied economic
benefit arising from receiving
disability benefits could be

£12k

per person per year.

Disability benefits constitute a significant financial support for disabled people

Benefits such as Personal Independence Payment (PIP) and Disability Living Allowance (DLA) provide crucial support to disabled people, mainly to help them to cover their extra living costs.¹ These benefits consist of two components: a daily living part, which assists with everyday tasks, and a mobility part, which helps to cover expenses associated with limited mobility. However, previous research has shown that disabled households allocate a larger proportion of their income to essential expenses like food and energy compared to non-disabled households. This suggests that disability benefits are also used to cover essential costs beyond daily living and mobility expenses. The fact that disabled individuals receiving PIP/DLA still face a disproportionate burden of essential living costs suggests that these benefits may be insufficient to meet the costs of essentials.²

Even when accounting for disability benefits, disabled people in the UK remain significantly disadvantaged financially. In 2020-21, a stark 30% gap in disposable income persisted between disabled and non-disabled individuals. The former had on average, £6,300 less to spend.³ This disparity is further evident in household disposable income distribution, with around one-third of disabled adults living in households in the lowest income decile, compared to just one-tenth in the highest. Remarkably, while employment rates for disabled people have increased⁴, a significant portion of the income gap persists.⁵ Coupled with higher living costs, this income gap exacerbates financial strain and poverty for disabled individuals. In fact,

¹ Research by SCOPE found that even after taking PIP into account, the average disabled household (including at least one disabled adult or child) faces extra costs of £975 per month to have the same standard of living as equivalent non-disabled households, this figure is updated to account for inflation over the period (2022/23) to £1,122. SCOPE, [The disability price tag](#), 2023.

² WPI Economics report for SCOPE, [Disabled people's extra burden of essentials](#), February 2024.

³ This comparison includes income received from disability benefits. If benefits are excluded, the gap rises to 44%. O El Dessouky & C McCurdy, Resolution Foundation, [Costly Differences - Living Standards for working-age people with disabilities](#), January 2023.

⁴ There were 5.5 million disabled people in employment in the UK in Q2 2024. This is an increase of 310,000 on the previous year. Over the same period, the disability employment rate was 53.0%, compared to 81.6% for non-disabled people. Department for Work and Pensions. [The employment of disabled people](#), November 2024.

⁵ After accounting for employment status, over half of the income gap remains. O El Dessouky & C McCurdy, Resolution Foundation, [Costly Differences - Living Standards for working-age people with disabilities](#), January 2023.

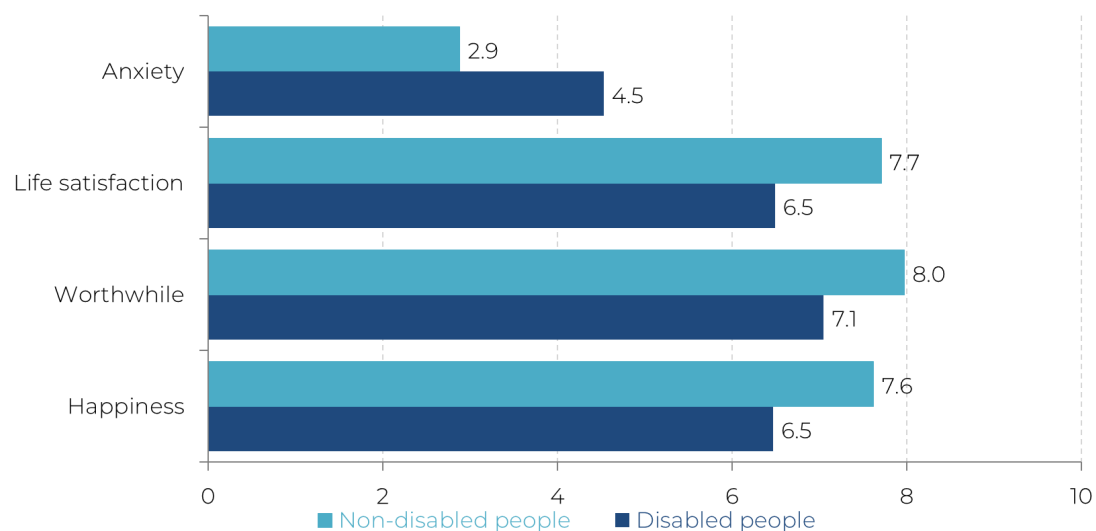
over half of people in poverty in the UK live in households with at least one disabled person, nearly 8.6 million people in 2022/23.⁶

Disabled people experience lower levels of wellbeing compared to non-disabled people

As evidenced by recent data, on average, disabled people experience higher levels of anxiety and lower life satisfaction⁷ compared to non-disabled people (Figure 1). These reduced levels of wellbeing are not temporary but rather tend to persist over longer durations. In fact, disabled men and women are seven times more likely to experience prolonged periods of low wellbeing than their non-disabled peers.⁸

Figure 1. Compared to non-disabled people, disabled people experience higher levels of anxiety and lower levels of wellbeing overall

Average wellbeing score of people by disability status



Notes: The Office of National Statistics' (ONS) 2011 roll-out of four standardised measures of personal wellbeing, known as the ONS 4 includes questions about people's satisfaction with their lives, their happiness, anxiety, and their feeling that what they do in their lives is worthwhile. These are self-descriptive and measured on a 10-point scale.

Source: PBE analysis of Department for Work and Pensions, The employment of disabled people 2024, November 2024.

⁶ Social Metrics Commission, [Measuring Poverty 2024](#), October 2024.

⁷ Comparable levels of life satisfaction are also observed in the Understanding Society's sample used for this report. Understanding Society average life satisfaction levels among disabled people in Wave 13 (2021-22): 6.76 compared to 6.46 in [Annual Population Survey](#).

⁸ Pro Bono Economics, [Mind, body, and connection: Low wellbeing in the UK 2024](#), November 2024.

Considering the lower levels of wellbeing among disabled people and taking into account that financial resources constitute a crucial support for people, a key analytical question arises: Can disability benefits make a substantial difference in the wellbeing of those who get them? And if so, how persistent are those effects? This report addresses these questions by tracking changes in wellbeing levels of people who received disability benefits and comparing them to others who did not receive them despite being potentially eligible.

Access to disability benefits and wellbeing of disabled people

Our analysis, using Understanding Society data⁹, compares the life satisfaction of individuals receiving disability benefits to a similar group who are eligible but not receiving them. We examine how life satisfaction changed after individuals began receiving support. Our findings indicate that these benefits significantly improve wellbeing of recipients relative to a similar group of non-recipients.

Specifically, results show that disability benefits increased the life satisfaction¹⁰ of disabled people by an average of 0.79 points on a 0-10 scale over the study period.¹¹ The positive contribution of these benefits on wellbeing represents a significant boost in life satisfaction considering the low levels of life satisfaction experienced by disabled people.¹²

The effect of disability benefits on wellbeing is dynamic and becomes stronger over time. Immediately after receiving benefits, life satisfaction increases by approximately 0.57 points on a 0-10 scale. This improvement becomes even more pronounced with continued support, rising to about 1.1 points after four years of receiving disability support as shown in Figure 2.

⁹ University of Essex, Institute for Social and Economic Research, [Understanding Society: Waves 1-13, 2009-2022 and Harmonised BHPS: Waves 1-18, 1991-2009](#), [data collection], 18th Edition, UK Data Service, 2023.

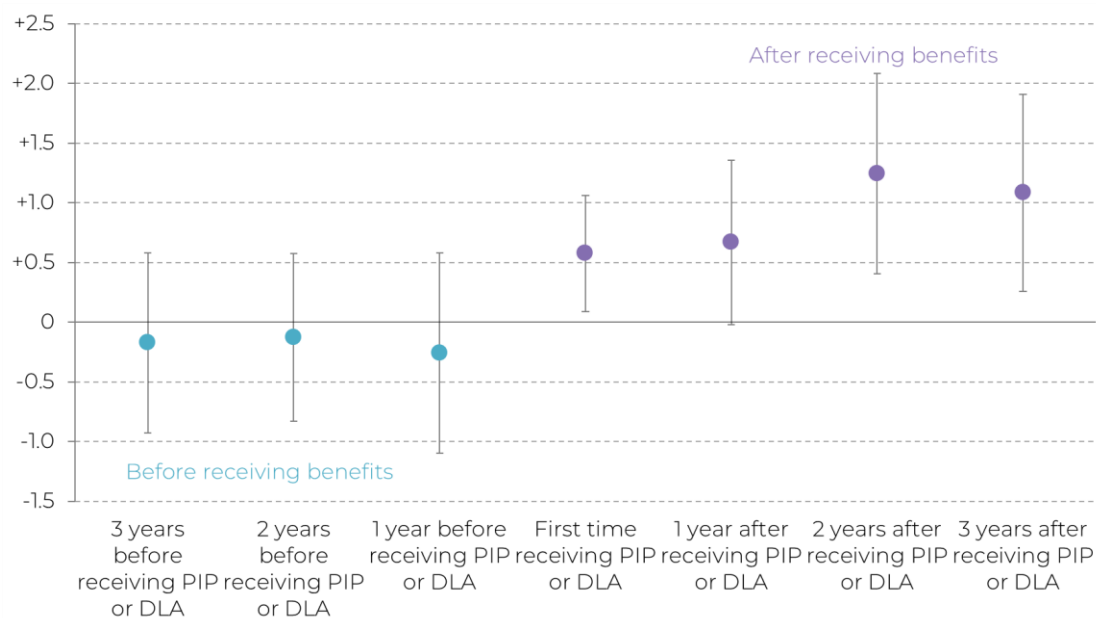
¹⁰ Life Satisfaction is one of the four personal wellbeing measures created by the ONS and is included in many official UK datasets. Respondents are asked: "Overall, how satisfied are you with your life nowadays, where 0 is "not at all satisfied" and 10 is "completely satisfied"?". ONS, [Personal well-being in the UK QMI](#), August 2024.

¹¹ PBE's analysis uses data from Understanding Society covering the period from 2017/18 to 2021/22, specifically from waves 9, 10, 11, 12, and 13.

¹² Average Life Satisfaction in 2020-21 for disabled people "6.5" and "7.6" for non-disabled people. Latest reported average is based on ONS, [Outcomes for disabled people in the UK, 2021, Annual Population Survey- Year ending June 2014 to year ending June 2021](#)- Table 1 of the Average Wellbeing ratings for people aged 16-64 by disability Status.

Figure 2. Getting disability benefits gradually improves life satisfaction over time

Average difference in self-reported life satisfaction score recorded by adults becoming recipients of disability benefits (PIP/DLA) relative to adults who are eligible for these benefits but do not receive them, by time period before and after receipt begins



Notes: The chart compares self-reported life satisfaction for two groups of adults who are eligible for disability benefits (PIP/DLA): those not in receipt in the current period ('non-recipient') and those who shift from non-receipt to receipt ('become-recipient') at time zero. Relative to the 'non-recipient' group baseline, it shows the average difference in life satisfaction (measured against the 10-point scale) in each of the three years before the 'become-recipient' group starts to receive benefits (blue dots) and in each of the three years after receipt begins (purple dots). The vertical lines extending from each dot represent confidence intervals, which show the likely range of the true average change in life satisfaction. Wider spreads indicate greater uncertainty. If a confidence interval crosses the zero line, it indicates no significant difference in life satisfaction.

Source: PBE modelling using data from University of Essex, Institute for Social and Economic Research, [Understanding Society](#): data waves 9-13, 2017/18 to 2021/22.

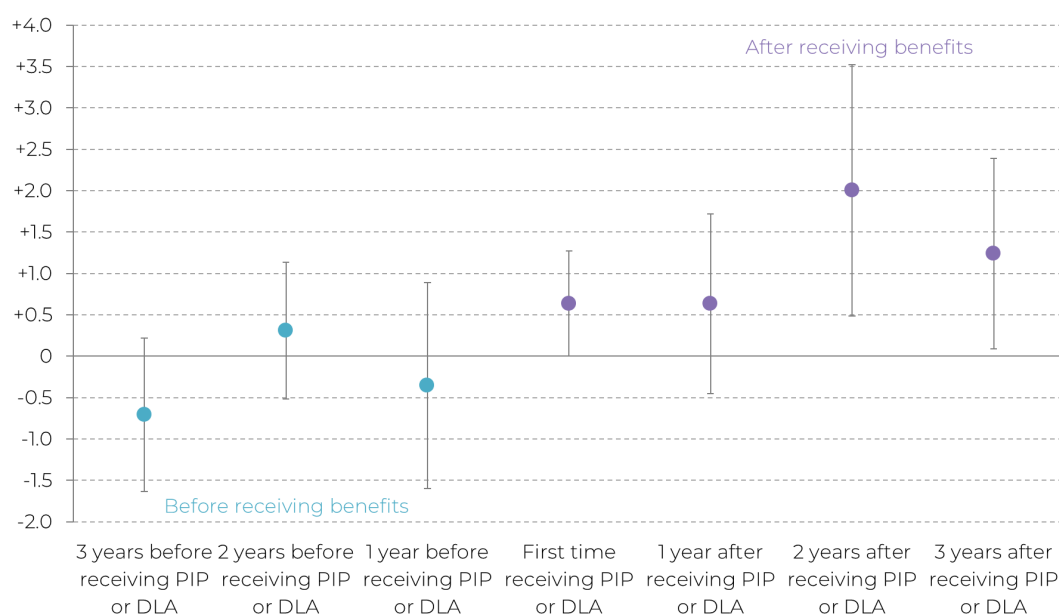
While receiving disability benefits generally improves wellbeing for disabled people, results from PBE's analysis highlight a difference in life satisfaction levels based on self-perceived health¹³. Specifically, the positive impact of receiving these benefits is considerably greater for those who report having poor health. For individuals rating their health as "poor," continued disability benefit support over four years led to a substantial 1.2-

¹³ To capture self-perceived health data, we use the [Understanding Society longitudinal study](#) question: "In general, would you say your health is". We then code responses as follows: "Good Health" this includes responses of "Excellent", "Very good" and "Good". Also, we code another category as "Poor Health" and include responses of "Fair" and "Poor".

point increase in life satisfaction (on a 0-10 scale) compared to what it might have been without disability benefits (Figure 3).

Figure 3. Getting disability benefits is particularly significant for those with poor health

Average difference in self-reported life satisfaction score recorded by adults with self-reported “poor health” becoming recipients of disability benefits (PIP/DLA) relative to adults who are eligible for these benefits but do not receive them, by time period before and after receipt begins



Notes: This figure illustrates the average change in self-reported life satisfaction among individuals with poor health before and after they received disability benefits (PIP/DLA). Poor Health here is defined as people self-rating their health as being fair or poor. See additional notes in Figure 2.

Source: PBE modelling using data from University of Essex, Institute for Social and Economic Research, [Understanding Society](#); data waves 9-13, 2017/18 to 2021/22.

However, for those reporting “good” health, the observed effect was statistically insignificant – i.e. we cannot in great confidence state that there’s an improvement in life satisfaction for them.

Two underlying factors may contribute to these findings:

- Greater need for financial support: individuals with poor health may have fewer available financial resources due to high healthcare costs and other expenses, which in turn could lead to higher stress levels and anxiety.
- Lower levels of mental health: chronic health conditions can contribute to higher rates of mental health issues like anxiety and

depression. Therefore, receiving disability benefits could help cover the cost of treatments and therapies that alleviate physical pain, which can boost wellbeing.

Potential factors behind the impact of disability benefits on wellbeing

Our analysis shows that the impact of disability benefits extends far beyond financial assistance; this support contributes to the overall wellbeing of disabled individuals by fostering social inclusion and combating isolation. Some of the potential mechanisms behind the impact could be:

1. Disability benefits could improve overall wellbeing by removing the financial barriers that can hinder access to necessary resources, opportunities and social participation.¹⁴
2. Getting financial support could enable participation in social activities and community engagement, which in turn helps to withstand social isolation and loneliness while improving life satisfaction as a result.¹⁵ This is particularly crucial given that disabled people were more than four times as likely to report feelings of loneliness "often or always" (15.1%) compared to non-disabled people (3.6%) in 2021.¹⁶
3. The combined positive effects of financial security, increased independence, better health and social inclusion could contribute to a reduction in psychological distress and therefore lead to improvements in life satisfaction and overall wellbeing.¹⁷

¹⁴ People who are struggling financially are more likely to report poor wellbeing. The Policy Institute – Centre for Society and Mental Health, Kings College London, [Experiencing the Cost-of-Living crisis: the impact of mental health](#), October 2023.

¹⁵ Office for National Statistics, [Measuring What Matters – National Statistician's Reflections on the National Debate on Measuring National Well-being](#), July 2011.

¹⁶ Office for National Statistics, [Outcomes for disabled people in the UK: 2021](#), February 2022.

¹⁷ Personal Finance Research Centre, University of Bristol Research Institute for disabled consumers, [The financial wellbeing of disabled people in the UK](#), September 2023.

Anatoli and Agnes

Z2K's client Anatoli came with his wife Agnes to the UK as a refugee. Anatoli has had both of his legs amputated and is a wheelchair user. Anatoli and Agnes were also severely traumatised after fleeing their home country and leaving behind friends and family, with Anatoli having been diagnosed with PTSD.

Anatoli and Agnes were receiving the standard allowance of Universal Credit. However, despite his significant disabilities, Anatoli's application for PIP had been turned down. This was leaving the family in a very difficult financial situation: with only the basic rate of Universal Credit to live on – £112/week for a couple – they were struggling to afford food, clothes and other necessities. They soon got into debt as a result of these difficulties.

With Z2K's help, Anatoli successfully appealed the decision to refuse to award him PIP. He was awarded PIP, including a backdated payment, which increased his income by more than £400/month – almost doubling the couple's income. Being able to access PIP allowed Anatoli and Agnes to be able to cover the cost of essentials, afford food and pay their bills. The greater financial security provided by PIP allowed them to focus on trying to access the health support they needed, including prosthetics and mental health input. It also gave them a much more secure basis to begin rebuilding their lives within the UK.

While a complex interplay of factors¹⁸ influences the wellbeing of disabled people – including social and economic circumstances, health and lifestyle, mental health¹⁹ and environmental barriers – the long-term, sustained improvement in life satisfaction associated with receiving disability benefits suggests that access to this support has a lasting positive impact, particularly when compared to disabled people with similar needs who do not receive such benefits.

¹⁸ House of Lords Library, [Challenges faced by people with disabilities](#), May 2024.

¹⁹ E Emerson et al., [Loneliness, social support, social isolation and wellbeing among working age adults with and without disability: Cross-sectional study](#), 2021.

Economic value of wellbeing boost

The wellbeing improvement observed in our analysis, if sustained for a year, could significantly improve the individual's quality of life. A better quality of life is, of course, valuable – and this value can be presented in monetary terms. Following HM Treasury guidance on wellbeing evaluation, being in receipt of disability benefits over a year improves a person's wellbeing which they value at around £12,300 per person.²⁰

These sustained improvement in life satisfaction translates directly into significant economic benefits when we consider the number of people affected. Maintaining disability benefits for the 3.5 million individuals²¹ currently receiving them leads to substantial economic benefits, estimated at approximately £42 billion annually (Figure 4).

When compared with the costs of providing this support, estimated at £28 billion a year for this group²², the economic benefits seem to outweigh the costs. In other words, for every £1 spent on disability support, there is an economic benefit in the improved wellbeing of recipients which could be valued at as much as £1.48.²³

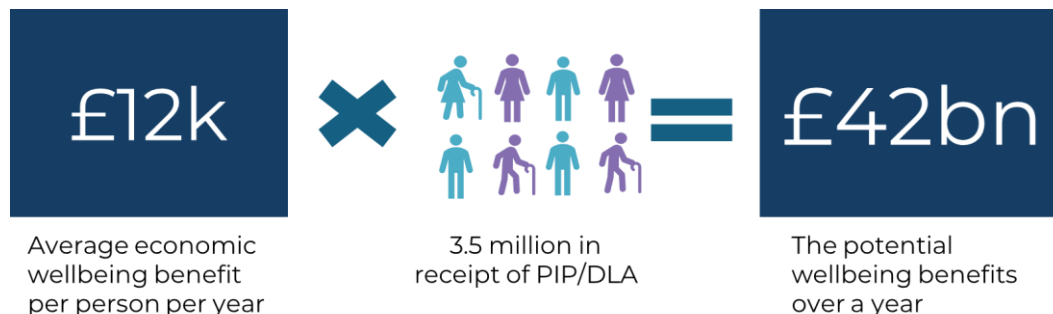
²⁰ PBE's analysis places an individual economic value on the estimated improvement in wellbeing that persists for one year (0.79 on a scale of 0-10) using [HMT Green Book guidance \(2021\)](#), this individual value is £12,300 in 2023 prices. This is then applied to the number of people currently receiving disability benefits (3.5 million), this gives us an estimated £42 billion (£12,300*3.5 million) in wellbeing benefits. Further details on the methodology can be found in Annex A. Note that the central recommended value of a WELLBY (£13,000 in 2019 prices) informs PBE's main results. Following HMT's guidance, the low-high range of values (£10,000-£16,000 in 2019 prices) is explored in sensitivity testing only. ²¹ This is the number of claims with entitlement (caseload), taken from: Department for Work and Pensions, [Personal Independence Payment: Official Statistics to July 2024](#).

²¹ This is the number of claims with entitlement (caseload), taken from: Department for Work and Pensions, [Personal Independence Payment: Official Statistics to July 2024](#).

²² Costs for PIP and DLA are based on the [benefit expenditure and caseload – Spring Budget 2024](#) Table 1b. Average cost per person would be around £8k a year, which is approximately £670 monthly.

²³ This is the direct, gross wellbeing benefit to the recipients of disability support. The report does not estimate the net impact on overall wellbeing of the country. This is a complex calculation that would require the estimation of the impact of taxation on the wellbeing of taxpayers from which these benefits are transferred. It would be necessary to understand the relative income position of disabled and non-disabled individuals in the UK, and the impact that losses of disposable income have on their wellbeing at different points of the income distribution and at different points in time. In absence of this complex analysis, it must be noted that the average taxpayer is likely to be wealthier than the average PIP/DLA recipient. This suggests that the marginal wellbeing benefit of additional income for disabled individuals is likely to outweigh the potential costs to the average taxpayer. Previous research on distributional impacts of disability benefits provides some insights into this dynamics: S Pudney & R Hancock, 2010, [The distributional impact of reforms to disability benefits for older people in the UK](#), 2010.

Figure 4. Potential economic wellbeing benefits from receiving disability benefits



Source: PBE's analysis

These results highlight the crucial role of disability benefits in improving the wellbeing of individuals, beyond simply their financial health. Moreover, the economic value of the wellbeing impacts of disability benefits significantly outweigh the financial cost to administering them. This means not only should we continue to award PIP/DLA, but also crucially, make the claiming process as accessible as possible.²⁴

Sensitivity analysis

Our main analysis demonstrates the positive and significant impact of disability benefits on the wellbeing of disabled people. This effect remains robust even when considering alternative assumptions, as detailed in the sensitivity tests presented in the Annex. These scenarios suggest potential economic benefits ranging from £4,200 to £15,000 per person per year. Even when adjusting some of the assumptions in this report, the evidence suggests that receiving disability benefits is likely to both ease financial burdens for disabled people and contribute significantly to their overall life satisfaction.²⁵

²⁴ While receiving disability benefits can positively impact wellbeing, there are often trade-offs depending on the outcome of the awarding process. While streamlined processes may reduce administrative burden and improve claimants' experiences, decisions that lead to reduced benefits can have significant negative impacts on claimants' mental health. As research on Universal Credit has shown, the latter often outweighs the former. See: M Brewer et al., [Universal Credit: Welfare reform and mental health](#), December 2024.

²⁵ Further analysis would be helpful to refine estimated impacts and better understand how these wellbeing effects vary throughout the often long and stressful application process. However, the

Guiding disabled people through the benefits system

This report has now established that receiving disability benefits boosts wellbeing to a significant degree. Why then would anyone who is eligible not apply? The data available does not hold the answers to this, but a number of possibilities suggest themselves:

- Either the application process itself or fear of rejection may deter people from applying.
- Lack of awareness: Individuals may be unaware of their eligibility for benefits and the process to make a claim.
- Failed assessments or disallowed claims: some individuals may be incorrectly denied benefits either because they fail the health assessment or have insufficient evidence for the claim.
- Existing financial security: some may feel financially secure, e.g. through savings, to not feel the need for financial support.

The first three causes suggest that accessibility plays an important role ensuring people who have the right to disability benefits can actually claim and receive them. Existing evidence on how difficult people find the process, and the number of falsely rejected claims, suggests these are common barriers to people receiving benefits that they are eligible for.²⁶

The process of obtaining disability benefits is often complex and challenging, potentially exacerbating the already heightened anxiety levels experienced by disabled individuals.²⁷ This difficulty can negatively impact their mental health and overall wellbeing, creating a vicious cycle as mental health issues are becoming the primary reason for claiming disability benefits in the first place.²⁸ The added stress of navigating a

robustness of our current findings gives us confidence that, once applicants receive disability benefits, they play a vital role that extends far beyond their immediate direct financial impact.

²⁶ Pro Bono Economics, [Wrong decisions on disability benefits likely costing thousands of GP hours](#), October 2021.

²⁷ Petition from people claiming disability benefits: Hansard, [Disability Benefits: Assessments, Volume 737](#); debated on Monday 4 September 2023.

²⁸ Growth in disability benefits is not uniform across all health conditions. The nature of awards granted has shifted significantly. While awards for mental health conditions were already substantial before the

complex system can worsen existing health conditions and further hinder individuals' quality of life.

Peter

Z2K's client Peter is a single man in his fifties who lives alone in a housing association flat. He has autism, a learning disability and has significant communication difficulties. When Peter first came to Z2K, his only income beyond housing benefit was the basic rate of employment and support allowance, which is just £90.50/week. As a result, he was struggling to get by and had fallen into rent arrears and other debt. With over half of his income being spent on bills, he was left with around £40/week to live on, meaning that he was reliant on food banks and regularly skipped meals. The stress of his situation was making his mental health problems worse, and he began having suicidal thoughts.

With Z2K's help, Peter successfully appealed a decision to refuse to award him PIP, resulting in Peter being awarded the daily living component of PIP at the enhanced rate. Being awarded PIP more than doubled Peter's income, which completely transformed his financial situation overnight. With the help of his PIP payments, Peter was able to pay off all of the debts that he had accrued as a result of his difficult financial situation. His mental health significantly improved, and he stopped having panic attacks. Peter commented to his caseworker that receiving PIP made him feel like he had "been given a new life".

pandemic, by 2023/24 they have outpaced other health conditions. Approximately 37% of awards in 2023/24 are related to mental health, a significant rise from 28% in 2019-20. This trend is reflected in the rising number of PIP awards for anxiety and depressive disorders in England and Wales. The monthly average of PIP awards with these conditions as the primary disabling condition nearly doubled between 2019 and 2023, surging from 9,300 to 18,500. Although awards for musculoskeletal conditions have also increased (3,100 in 2019/20 to 6,079 in 2023/24) the growth in mental health-related awards is more pronounced. Stats based on Stat Xplore. Notes: Includes only PIP. Monthly average Award clearances from 2016 by disability condition. Mental health conditions also include learning disabilities and learning disorders.

To the extent that some people are put off applying or by the ‘burden barrier’, then this can be associated with a sizeable potential wellbeing deficit. In other words, improving the accessibility of benefits – and so reducing the burden barrier – would therefore go a long way to boosting the wellbeing of the wider disabled population as suggested in this report.

If the government plans to reform the disability benefit system by making changes to the eligibility criteria, redesigning the PIP assessment, or replacing cash payments with vouchers, it risks moving in the opposite direction of accessibility.²⁹ Viewed from the wellbeing perspective, rushing to a tightening in the name of fiscal prudence would be a mistake, as the value of the wellbeing boost felt by recipients likely outweighs the cash value of the support. At the very least, any reform needs to go hand in hand with better support for applications and improved access. We can be fairly confident that a streamlined, better signposted process would not only reduce administrative burden but also invite more eligible disabled people to rightfully claim and reduce stress on existing claimants who have to wait for a long time and often reapply.

²⁹ The current government is considering reforms to the benefits system. While specific details have yet to be announced, it is possible that they may draw upon proposals outlined by the previous government in April 2024. See further details of the consultation here: Department for Work and Pensions, [Modernising support for independent living: the health and disability green paper](#), April 2024.

Conclusion

In light of the recent Government plans to review the current disability benefit system, it is important to highlight that providing better access through improving signposting, guiding disabled people through the often-complex process of claiming disability benefits and improving decision making should be the priority.

If the Government's review looks to restrict access including tightening the claiming process and restricting eligibility criteria, this would not go in the right direction, as it could have devastating effects on people's physical, mental health and ultimately their overall wellbeing.

Analysis in this report suggests that disability benefits affect disabled people beyond financial support, in fact findings suggest that receiving disability benefits significantly enhances life satisfaction of recipients, with an estimated average annual wellbeing improvement valued at £12,300 per person – translating to a potential £42 billion annual economic benefits across all PIP/DLA recipients. When compared with the costs of providing this support, estimated at £28 billion for this group a year, the economic benefits outweigh the costs. In other words, the economic benefit in the value of wellbeing improvements could be as much as £1.48 for every £1 spent on disability support. Therefore, the wellbeing of disabled people should be at the forefront of any decision.

The government should instead focus on reforming access by a more streamlined and supportive process for accessing disability benefits, ensuring that those who require assistance can obtain it without unnecessary hardship and crucially, improving decision making. The charity sector is a great partner in this effort, as it plays a vital role in improving access to the disability benefits system by supporting disabled individuals to navigate the process and get the support they need. Organisations like Z2K provide invaluable assistance, including helping individuals understand their rights and entitlements and guiding them through the complex application process, as well as assisting them in challenging incorrect decisions.

By working together, the government and the charity sector can create a more supportive and inclusive system for disabled people. By simplifying

the process, raising awareness, and providing adequate support, charity sector and government working together can help ensure that those who need benefits receive them without unnecessary hardship, with positive economic benefits.

In the midst of rising numbers of disability benefit claims while demographics of disability benefit claimants continue to evolve and the challenges disabled people face persist, it is increasingly important to advocate for policies prioritising wellbeing and supporting participation in society. Wellbeing of disabled people should be a priority, and this report presents the case that protecting existing PIP/DLA awards also provides valuable economic benefits.

Annex A – Research methodology

PBE estimates the impact of receiving PIP on the wellbeing of individuals following a three-stage process:

These stages are outlined in more detail below:

1. **Restrict the sample to a group of people who are either receiving disability benefits or are eligible to receive those:** this analysis uses data from Understanding Society covering the period from 2017/18 to 2021/22, specifically from waves 9, 10, 11, 12, and 13.³⁰ Based on this data, PBE selects a relevant sample according to the eligibility criteria defined by the Department for Work and Pensions, which stipulates that individuals may qualify for Personal Independence Payment (PIP) if the following conditions apply:
 - over the age of 16 and under the age of 64
 - have a long-term physical or mental health condition or disability
 - have a difficulty doing certain everyday tasks or getting around
 - expect the difficulties to last for at least 12 months from when they started.

In order to estimate the effect of disability benefits on wellbeing, two groups needed to be identified in our relevant sample (i.e. sample resulted in Stage 1: treatment and comparison groups). The treatment group consists of people already receiving disability benefits (i.e. PIP or DLA). The comparison group instead, includes people who could potentially receive disability benefits but report not receiving them. This group is defined as relevant comparison group given that they may comply with the eligibility criteria defined by the Department for Work and Pensions, so they have the potential to receive disability benefits, but they didn't report being in receipt of those benefits. Note that from the pool of people in the comparison group, the data does not allow us to distinguish

³⁰ University of Essex, Institute for Social and Economic Research, [Understanding Society: Waves 1-13, 2009-2022 and Harmonised BHPS: Waves 1-18, 1991-2009](#), [data collection], 18th Edition, UK Data Service, SN: 6614, 2023..

whether they applied for PIP/DLA and were denied or whether they have not applied at all.

Our analysis identifies the treatment group (those receiving disability benefits) in a way that aims to reflect the UK population. While the proportion of our sample receiving benefits (17%-19% on average) is slightly lower than the national average of 25%³¹, this potential underestimation suggests that our findings may provide a conservative estimate of the potential economic wellbeing benefits of receiving DLA/PIP for the UK population.

2. Estimate impact of receiving disability benefits on wellbeing: once the two relevant groups are identified, we evaluate the causal effect of receiving disability benefits on wellbeing following the steps below:

- Life Satisfaction in Understanding Society is measured on a scale from 1 to 7. In order to monetise changes in wellbeing³², this analysis rescales the Life Satisfaction measure from Understanding Society to the ONS Life Satisfaction measure of wellbeing.³³
- As illustrated in Figure 5, PBE's analysis compares wellbeing outcomes for the treatment and comparison groups over time and estimates the effect of receiving PIP on wellbeing following the Callaway and Sant'Anna estimation procedure.³⁴

³¹ According to the [Department for Work and Pensions' Family Resources Survey](#), an estimated 16.1 million people in the UK had a disability in the 2022/23 financial year. With approximately 3.5-4.0 million people receiving disability benefits (PIP and DLA), this indicates that roughly 25% of the disabled population receives these benefits.

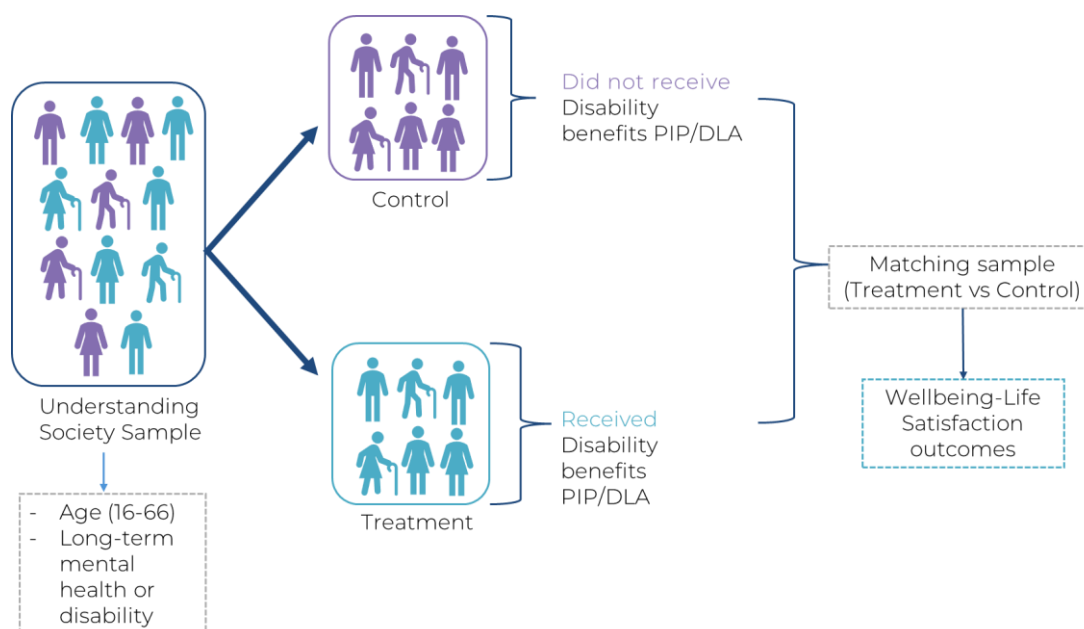
³² To assess the economic impact of policies on wellbeing, the UK Treasury (HMT) uses a specific procedure. This procedure, based on [the ONS life satisfaction question](#), converts changes in wellbeing into monetary values using a "WELLBY". One WELLBY is defined as one point of self-reported life satisfaction measured on a 0-10 scale for an individual over a year.

³³ This transformation is based on a cumulative distribution of life satisfaction scores in the Annual Population Survey. More details on this procedure here: Pro Bono Economics, [Mind, body, and connection: Low wellbeing in the UK 2024](#), November 2024.

³⁴ The [Callaway and Sant'Anna \(C&S\) difference-in-differences \(DiD\) method](#) provides more reliable estimates of the impact of receiving disability benefits than traditional DiD. C&S addresses bias from staggered benefit adoption by comparing those who received benefits at a specific time to those who never /have not received benefits yet, creating a weighted average of all valid two-group/two-period DiD estimators. By focusing on comparisons between those "affected" by the policy change and those who were "never affected", this method gives us a more reliable picture of the true impact of receiving

This procedure estimates the causal effect by comparing the difference in outcomes between treated and untreated groups³⁵ after treatment, relative to the difference before treatment. The analysis controls for a set of individual characteristics including age, gender, ethnicity, marital status, employment status, location; and household covariates (household size, number of children, housing tenure, equivalised gross household income).

Figure 5. Comparing life satisfaction from a group of disability benefit recipients to non-recipients



Source: PBE's approach to evaluate the effect of receiving/not receiving disability benefits on wellbeing using Understanding Society data.

3. Place an economic value on wellbeing changes

We have followed the HM Treasury guidance³⁶ that places a central value of £13,000 (in 2019 prices) on a one-point improvement in life

disability benefits. It accounts for the staggered adoption of treatment and avoids biases that can arise from comparing groups with different pre-existing trends.

³⁵ Individuals are grouped based on their treatment timing. For example, individuals that are treated in period t form a group.

³⁶ HM Treasury, [Wellbeing Guidance for Appraisal: Supplementary Green Book Guidance](#), July 2021.

satisfaction that persists for one year. This figure is adjusted for inflation to £15,300 in 2024 prices using the corresponding GBP deflator³⁷.

Once the value is uprated, by multiplying the wellbeing impact in life satisfaction points (from Step 2) by the aforementioned value, we estimate that the average wellbeing improvement experienced by a disabled person has an economic value of £12,100 ($£15,300 \times 0.79$).

Finally, the individual value is escalated to reflect the potential economic wellbeing benefits. We obtain this by multiplying the individual average wellbeing value of £12,100 by 3.5 million recipients (in the year up to July 2024). This gives us the total wellbeing benefit associated to receiving disability benefits: £42 billion.

If we compare those benefits with the cost of providing PIP and DLA of £28 billion a year, this means that providing PIP/DLA delivers £1.48 of wellbeing benefits for every £1 spent.³⁸

Key assumptions of the analysis

There are a number of assumptions that underpin this analysis:

- Since our analysis focuses on disabled individuals potentially eligible for Disability Living Allowance (DLA) or Personal Independence Payment (PIP), a subpopulation of the UK represented in Understanding Society, we use corresponding weights to ensure our findings are representative of this group.
- PIP eligibility criteria³⁹ are used to select a relevant comparison and treatment group within Understanding Society data which mainly includes background information of the individual such as age, whether they reported having have a long-term physical or mental health condition or disability and whether they reported receiving disability benefits PIP/DLA.
- PBE's analysis assumes that by eliminating any pre-existent difference between control and treatment groups, no other external

³⁷ [GDP deflators at market prices, and Money GDP March 2024](#)

³⁸ Costs for PIP and DLA are based on the [benefit expenditure and caseload – Spring Budget 2024](#) Table 1b.

³⁹ [PIP eligibility criteria](#) based on Department for Work and Pensions.

factors (besides receiving DLA/PIP benefits) should differentially affect the treatment and control groups during the study period (i.e. 2017/18 and 2021/22). However, a Covid flag was included to account for the fact that our period of analysis includes the years in which the Covid pandemic restrictions took place.

- When estimating the impact of receiving disability benefits on wellbeing, Callaway and Sant'Anna's procedure assumes that in the absence of PIP/DLA, the wellbeing levels of the comparison group (i.e. people who don't receive PIP/DLA) and treatment group (i.e., people who receive PIP/DLA) would have followed parallel trends over time.⁴⁰
- We assume a consistent impact of improvements in life satisfaction, regardless of the individual's starting point on the scale. This means that the estimated impact does not change in magnitude depending on the life satisfaction starting level.
- This report estimates the economic value of wellbeing improvements associated with receiving disability benefits. However, it does not account for other potential economic benefits, such as those arising from improved health and employment prospects.
- This report uses the central monetary value for wellbeing improvements from HM Treasury guidance for its core estimates. Sensitivity Test 2 explores the impact of using the high and low values from this guidance.

⁴⁰ See details of the procedure here: [Difference-in-Differences with multiple time periods](#).

Annex B – Sensitivity Analysis

The robustness of our findings is assessed by conducting sensitivity analysis on the key assumptions underlying this report.

This analysis includes the following scenarios:

- **Sensitivity Test 1:** we explore alternative scenarios of the effect of receiving disability benefits on wellbeing. This is done using the 95% confidence interval from the analysis of the relevant sample from Understanding Society. Results from this sensitivity test leads to wellbeing impacts from 0.28 to 1.31 points. Results from these sensitivity test are shown in Table B1 (1a and 1b).
- **Sensitivity Test 2:** This scenario examines the potential range of wellbeing values, using HMT guidance around the central estimate between £11,700 and £18,800 (in 2023 prices). Sensitivities 2a and 2b show the impact of using these alternative valuations.
- **Sensitivity Test 3:** Building on the core scenario, this sensitivity test examines how wellbeing benefits associated with disability benefits vary based on self-perceived health. We consider two groups – "Good Health" and "Poor Health" using Understanding Society data – and assess the range of potential benefits within each group.
- **Sensitivity Test 4:** This scenario examines the sensitivity of our results to the method used to convert life satisfaction scores between Understanding Society (1-7) and ONS (0-10). We compare our core scenario's non-linear transformation with a simpler linear transformation.

Table B1. Summary of results from key sensitivity tests

	Economic benefit per individual	Total economic benefits	Benefits per £1 spent
Core scenario	£12,000	£42 bn	£1.48
Sensitivity 1a – apply lower confidence interval from the estimated effect of receiving disability benefits on wellbeing	£4,200	£15 bn	£0.51
Sensitivity 1b – apply upper confidence interval from the estimated effect of receiving disability benefits on wellbeing	£20,000	£70 bn	£2.45
Sensitivity 2a – low HM Treasury value for wellbeing	£9,300	£32 bn	£1.14
Sensitivity 2b – high HM Treasury value for wellbeing	£14,800	£52 bn	£1.82
Sensitivity 3a – estimated impact of receiving disability benefits on wellbeing for people with “Good Health”	£13,600	£48 bn	£1.67
Sensitivity 3b – estimated impact of receiving disability benefits on wellbeing for people with “Poor Health”	£15,000	£52 bn	£1.84
Sensitivity 4 – estimated impact of receiving disability benefits on wellbeing using a linear transformation from USoc to ONS Life Satisfaction	£14,900	£52 bn	£1.83

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