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29th May 2025

The Rt Hon Liz Kendall MP

Minister for the Department for Work and Pensions
Department for Work and Pensions
Caxton House
Tothill Street
London SW1H 9NA

Dear Liz Kendall,

RE: Green Paper ‘Pathways to Work’ and Spring Budget proposals

We are writing to you as members of Liverpool Access to Advice Network, the independent body representing Liverpool’s free legal advice sector. We are comprised of 124 agencies working across our diverse communities to provide free legal advice and pathways to support for the people of Liverpool.

Our purpose in writing to you is to ask that you reconsider the proposed changes to Personal Independence Payment (PIP) and Universal Credit (UC) outlined in the Pathways to Work Green Paper and the Spring Budget announcements because:

- a. **The Government’s impact assessment grossly underestimates the ways in which the poorest and most deprived communities across the UK will be affected.** The city of Liverpool will lose an estimated £104 million per year in benefit income because of the PIP cuts alone. Liverpool Walton —ranked the most deprived constituency in the UK—will lose £26.2 million, with nearly 5,000 disabled residents affected.
- b. **The reforms will increase health inequalities and poverty and will put many disabled people and carers under intolerable strain.** The human and social costs of these proposals are unacceptable. In addition, the reforms will also lead to unintended additional spending which will more than eliminate any anticipated savings in benefits expenditure due to issues such as increased homelessness and an increased need for Local Authority social care.
- c. **The real effects of the proposals will be to provide a Pathway into Poverty for many disabled people, their families and carers rather than facilitating more effective Pathways into Work.** We believe that meaningful reform is possible but that any changes must retain an adequate level of financial support from the benefits system to enable disabled people and their carers to live in dignity, including those who are too sick or disabled to be able work. At the

same time, the reforms must financially incentivise work and make work pay for those who are reliant on the social security safety net and would like to receive support to enable them to move into work.

- d. **Reform is possible but a very different approach is needed which addresses the underlying causes of ill health and barriers to work rather than focusing on achieving financial savings.** The current proposals will be counterproductive and do not address the ways in which the current benefits system traps people in poverty and creates cliff edges that cause both disabled people and others to remain unemployed or under-employed.

The Impact Assessment is inadequate and incomplete

It is our view that Government's Impact Assessment fails to adequately analyse and examine both the direct and consequential impacts of the proposed changes. The Government estimates that 3.2 million households will lose an average of £1,720 per year because of the changes, and that 250,000 additional people (including 50,000 children) will be forced into poverty. We believe the Government's impact assessment greatly underestimates the true impact of the reforms due to the apparent limitations and omissions in the assessment as follows:

- a) A recent FOI has revealed that 87% of people receiving the standard rate of PIP Daily Living component have not received 4 points under any of the descriptors¹. This suggests that far more than the Government's estimated 370,000 existing and 430,000 future claimants will lose out. This also suggests that the estimate of 150,000 people losing Carer's Allowance is also far too low.
- b) The Government's Impact Assessment also provides an inadequate assessment of the likely impacts in the following areas:
 - i. The impact of the potential loss of PIP on the 18% of PIP recipients who are currently in work, including how many disabled workers would lose benefit under the reforms that are supposed to be supporting disabled people into work. This is because the proposed methods chosen to stop the growth in disability benefits are very crude instruments which are designed to deliver blanket benefit savings rather than providing effective mechanisms which accurately reflect the severity of a person's health conditions.
 - ii. The full impact of the loss of UC Carer's Element (not just Carer's Allowance) paid to unpaid carers who currently care for a disabled person who loses their PIP entitlement.
 - iii. The financial impact on pensioners who are currently in receipt of fixed term PIP awards unless they are exempted from the reforms.
 - iv. The extent to which PIP Daily Living component becoming the only qualifying route to the UC health element will cause increased financial hardship for those with serious disabilities whilst increasing barriers to work.
 - v. The number of sick and disabled people who will lose both PIP Daily Living component and UC Health Element (a loss of income of over

¹ <https://questions-statements.parliament.uk/written-questions/detail/2025-04-23/47466>

£9,000 per year) with the knock-on effect that they will no longer qualify for a Work Allowance in their UC, which are specifically designed to financially incentivise work for disabled people,

- vi. The consequential impact on child poverty levels from the loss of PIP, UC Health Element and Carer's Allowance from family budgets and on exemptions from the Benefit Cap to give a fuller and more accurate picture of the numbers of children who will be impacted by these changes and dragged into poverty. 33% of children in the UK who have a parent who is sick or disabled already live in poverty². The rate and depth of child poverty amongst the children of disabled people and the carers affected by the proposed benefit cuts are likely to significantly increase due to the loss of family income.
- vii. The consequential impact on reduced financial support for Housing costs for disabled people (via the increased application of "Bedroom Tax" underoccupancy and Local Housing Allowance deductions based on the number of eligible bedrooms needed by claimants) due to the fact that receipt of PIP Daily Living component is the current route to qualifying for an extra bedroom if a disabled couple need to sleep in separate rooms or if a disabled person needs an overnight carer. There will be a likely impact on levels of rent arrears, possession proceedings and homelessness.
- viii. The consequential impact on reduced financial support for Housing costs for disabled people since receipt of PIP Daily Living component is the current route to qualifying for exemption from non-dependent deductions from UC Housing Costs and Housing Benefit. It is likely there will be an impact on levels of rent arrears, possession proceedings and homelessness faced by disabled people if non-dependent adults living with them fail to make up the shortfall in their Housing Costs payments (The DWP currently takes a non-dependent deduction of £91.47 a month from a claimant's Universal Credit Housing Costs Element for each non dependant adult (e.g. adult children) who lives with the claimant).
- ix. The numbers of young people (including those who are severely disabled and attend Specialist Schools) who will be affected by the proposal to remove access to the UC health element for people aged under 22.
- x. The numbers of people likely to be affected by the proposal to time limit entitlement to contributory ESA including for the most severely disabled (who are currently entitled to CB-ESA Support Component for an indefinite period). The full impact assessment should also include an analysis of how many current claimants in the Support Group for Contributory/New Style ESA who have worked and paid national insurance contributions for more than 10-20 years before becoming too ill to remain in work that would lose benefit under the proposals.

² <https://commonslibrary.parliament.uk/which-children-are-most-likely-to-be-in-poverty-in-the-uk/#:~:text=33%25%20of%20children%20with%20a%20disabled%20family%20member,disabled%20children%20find%20it%20more%20difficult%20to%20work.>

We urge the Government to pause the planned Parliamentary vote and package of reforms to carry out a full and proper assessment of the likely impact and cumulative effect of the changes on our most deprived communities, including those with the lowest life expectancy, which will be hardest hit by the proposals.

Liverpool is the 3rd most overall deprived local authority in England, the 4th most deprived by income and 3rd most deprived with regards to health and disability. Life expectancy in Liverpool has reduced since the Covid pandemic and health inequalities have increased across the poorest and most well-off communities both within Liverpool itself and across the nation. At the same time, healthy life expectancy rates have also reduced in Liverpool since the Covid pandemic meaning that many people in their fifties and sixties now have significant long term health conditions and disabilities which prevent them from working long before they reach state retirement age.

The latest research carried out by Health Equity North in conjunction with the Universities of Manchester, Newcastle and Sheffield demonstrates that £104 million per year in benefit income would be lost from the Liverpool economy because of the reforms. These reforms are likely to result in 24,200 disabled people losing their PIP Daily Living awards³. This is all against the backdrop of deep-seated poverty and health and income inequality that is so prevalent in cities like Liverpool.

According to available figures, Liverpool Walton has the highest number of PIP claimants and UC Health element claimants who will hit very hard by the proposed reforms. The Liverpool Walton constituency is ranked first as the most deprived of the 533 UK parliamentary constituencies. According to the research by Health Equity North, £26.2 million per year in benefit income will be taken away from the local economy in Liverpool Walton if the Government's planned cuts to disability benefits (PIP) go ahead. These figures relate only to PIP and therefore, the total loss of income to the most vulnerable, deprived and poorest sections of our communities across the UK will be much higher when the proposed freezes to the UC Health Element, the abolition of the WCA and the other knock-on effects on other benefits including Carer's Allowance/UC Carer's Element are factored in. Almost 5,000 disabled people in Liverpool Walton will lose their disability benefits - that's 45% of people who currently receive the Daily Living component of PIP.

The cost in human terms

Behind the above statistics are the real disabled and sick people, and their families, children, and carers who will see devastating cuts to their income and living standards if the proposed reforms are enacted. According to the recent Freedom of Information response, there are 45,100 sick and disabled people in Liverpool who receive PIP. 45% of these people (20,329 people) will lose their entitlement to PIP because they do not currently score four points in any one of the ten PIP Daily Living activities⁴. The minimum amount these people will lose from their income is £73.90 per week – that's

³ <https://www.healthequitynorth.co.uk/app/uploads/PIP-REPORT-1.pdf>

⁴ <https://questions-statements.parliament.uk/written-questions/detail/2025-04-23/47378>

£3842.80 per year. Those who have a carer who relies on Carer's Allowance or the UC Carer Element will lose out too. They are set to **lose £201 or £361 per month** if they lose their eligibility to claim Carer's Allowance or the UC Carer Element. Carers are often the partner of a disabled person, so the losses to overall household income where both members of a couple are affected by the changes will be devastating in their effects.

When including the proposal for PIP Daily Living component to become the sole qualifying route to UC Health Element for those who are too sick to work, those who are deemed no longer eligible for UC Health Element/Limited Capability for Work Related Activity component will **lose a further £423 per month**. They and their carers would also face increased work conditionality with the risk of sanctions if they do not follow the instructions of their work coach – an individual who is not a health professional or disability expert.

A family with one parent sick and disabled and the other as their carer **will lose at least £944 per month** – this is before factoring in additional costs and loss of exemptions. Such huge losses of income will dwarf the loss of income faced by 10 million pensioners as a result of the Winter Fuel Payment eligibility changes (a one-off annual payment of £250 or £300) which the Government has now started to reconsider.

Being sick is expensive: buying aids and adaptations, transportation costs, the need for additional heating and electricity usage, special dietary and other needs have a big impact on a disabled person's household budget. If someone sick is trying to gain skills and abilities to improve their lives, contribute to the community or gain employment, these proposed changes will take away the limited resources they have to achieve this. The loss of this money is a loss of their ability to live with basic human dignity and to fulfil their potential.

Furthermore, the package of cuts proposed in the Green Paper and the Spring Budget statement will run completely contrary to the Government's manifesto commitments to improve living standards for all, tackle child poverty (which already affects over 34% of children growing up with a disabled parent and more than 70% of children in some wards in Liverpool) and to reduce food bank use.

A Different Approach is Needed

The package of reforms within the Government's Green Paper are likely to cause severe hardship and exacerbate and increase poverty health inequality. We believe that it is possible to develop a viable and holistic package of reforms in consultation with those who understand why the current system is failing, including disabled people themselves and organisations with a wealth of knowledge, experience and insight. The Government is at risk of missing the opportunity for meaningful reform that can make a huge difference to peoples' lives, break down barriers to work, tackle poverty traps, and create a sustainable Social Security system that adequately supports people, including those in-work and those unable to work.

Such an effort needs to be developed using a whole-systems approach, including the health service and social care. Within the social security system there is an opportunity for reform using incentives and enablers to try to make work pay and remove barriers to work.

We urge you to improve Work Allowances within UC and to remove barriers to study which force people into a lifetime trapped on benefits because the UC system prevents them from improving their skills and qualifications by re-entering education. We recommend that you reduce the UC 55% taper rate and remove the many cliff edges and poverty traps within the current system which make families financially worse off if they try to increase their hours of work or work full-time (e.g. due to the loss of help with childcare or housing costs). Such changes could make a real difference to many peoples' lives - including disabled people - and raise living standards and reduce poverty. They would also prove much more cost effective in the longer term rather than the punitive approach currently proposed.

Our argument is simple. These proposals will decimate the poorest areas of Liverpool and other similar communities across the UK. They will thrust even more families and children into poverty. As providers of free legal advice, we work every day with the most disadvantaged and marginalised people in the communities we support. Our sector is chronically underfunded, and we are already struggling to meet the unprecedented client demand we face. These proposals will overwhelm our services with demand, leaving even more vulnerable people needing emergency support that we will be unable to provide. Our concerns are echoed by not only our members, but providers of advice and support up and down the country. National charity Citizens Advice have written an in-depth report⁵ in which they state that they have received calls from clients who are so concerned about the proposed changes that they have considered self-harming.

We need to see changes which incentivise work and prepare people for employment, whilst providing an adequate social security safety net from the cradle to the grave for those who are too sick or disabled to be able to work, and their families, children and carers. The consequences of these proposed reforms will be to simply save money at the central government level by shifting the perceived financial burdens of sickness and disability to families, Local Authorities and the charitable sector. These are people and organisations who are already struggling to cope with the current levels of poverty and ill health within our communities.

You must reconsider the dangerous approach to benefits reform that you are taking and we urge you to consider our concerns. We ask that you:

- Delay any Parliamentary vote while you undertake a full, proper and transparent impact assessment.
- Engage meaningfully with sick and disabled people, affected communities and stakeholders before continuing with these misconceived reforms.
- Champion a different approach – one that is evidence based and focussed on removing barriers and providing real financial incentives to make work possible

⁵ <https://www.citizensadvice.org.uk/policy/publications/pathways-to-poverty-how-planned-cuts-to-disability-benefits-will-impact-the/>

for disabled people who would like the opportunity to work, while maintaining adequate living standards for disabled people who are too sick to work.

We look forward to receiving your response in due course.

Yours sincerely,

Martin Jungnitz

Independent Chair

Written on behalf of the members of Liverpool Access to Advice Network