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Trefnydd a'r Prif Chwip
Cabinet Secretary for Social Justice, Trefnydd and Chief Whip



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref JH/PO/301/25

Rt Hon Liz Kendall MP
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24 June 2025

Dear Liz,

PATHWAYS TO WORK: REFORMING BENEFITS AND SUPPORT TO GET BRITAIN WORKING GREEN PAPER

Thank you for meeting with the First Minister and me on 4 June to discuss the proposals for health disability benefits and employment support in your Pathways to Work Green Paper and their impact on the people in Wales who will be most affected. I am now pleased to share the Welsh Government's response to the Green Paper's proposals.

The Welsh Government notes the need for the reform of the social security system. We agree with the Government's principles for providing support to people into work and protecting people who cannot work. I am outlining our concerns about your proposals in this response.

Analysis of the Impact in Wales

I would like to summarise the estimated impact of the changes proposed; with forecasts of nearly 190,000 people in Wales being affected by the changes to benefits proposed (6.1% of the population) and £470m lost from the Welsh economy.

In the absence of an Impact Assessment on Wales of these proposals by the Department for Work and Pensions (DWP), we have drawn on the consultation held with disabled people's organisations represented in our Disability Equality Forum and members of our

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Disability Rights Taskforce who engaged in the co-production of our Disabled People's Rights Plan¹.

A narrative describing their concerns on the impact of the proposed health and disability benefit reforms, drawn from case studies provided by disabled people in Wales, is attached at Annex 1.

We have also drawn evidence from the research carried out by Policy in Practice, supported by the Bevan Foundation: '[The impact of disability benefit reforms in Wales](#),' with funding and advice for this research coming from the Welsh Local Government Association, TUC Cymru and Community Housing Cymru. From their analysis, Policy in Practice estimate there will be substantial increases in poverty and financial hardship for working age households in Wales who will be affected by the reforms to health and disability benefits. This is the case even after accounting for potential moves in paid employment.

Analysis² published by the Joseph Rowntree Foundation highlights the constituencies where cuts to sickness and disability benefits will fall most heavily. This shows that of the top twenty constituencies in England and Wales with the highest proportion of the working-age population in receipt of health-related social security, eight are in Wales (and ten out of the top thirty). This suggests the changes to Personal Independence Payment (PIP) eligibility criteria will have a disproportionate impact on disabled people in Wales.

As you are aware, the DWP's Pathways to Work evidence pack³ shows 14.7% of the working-age population in Wales were in receipt of an incapacity or disability benefit in May 2024. This is a higher proportion than any region in England, although the North-East of England has a similar proportion at 14.5%. Other data in the evidence pack shows there were 209,000 working-age claimants in Wales in receipt of the Daily Living component of PIP in January 2025. Of these, 47% scored a maximum of 2 or 3 points on any Daily Living Activity. This equates to 98,230 claimants. This proportion ranges from 44% in Ceredigion, Gwynedd, Monmouthshire and Wrexham to 52% in Blaenau Gwent.

We also know from DWP data published on Stat-Xplore⁴ that there were 105,850 households in Wales in receipt of the Limited Capability for Work and Work-Related Activity (LCWWRA) component in November 2024. This gives an idea of the number of households in Wales who will be affected by the changes to the UC health element which is why we are requesting a Wales specific impact assessment to cover impact of these proposals.

Reforming the Structure of the Health and Disability Benefits System

The proposed reforms to PIP have caused significant concern here in Wales and diverted people from examining reforms in the Green Paper which could be positive, such as the Right to Try, the introduction of a support conversation, and commitment for an additional £1 billion investment for tailor-made employment support interventions.

During the past few months, the strength of feeling I have witnessed from disabled people and stakeholder organisations across Wales opposing the proposed changes to the PIP eligibility criteria has been overwhelming. They have been concerned about the unintended

¹ [Draft Disabled People's Rights Plan: 2025 to 2035 \[HTML\] | GOV.WALES](#)

² [Where will cuts to sickness and disability benefits fall hardest? | Joseph Rowntree Foundation](#)

³ [DWP Evidence Pack](#)

⁴ [Stat-Xplore](#)

consequences, not only for the disabled persons themselves but for their carers and families too. I have committed to bringing these concerns to your attention.

The commentary accompanying the Green Paper concentrates on the need to address economic inactivity amongst disabled people in receipt of working-age benefits. This overlooks the fact that PIP is not an out of work benefit. Worryingly, I have heard from people who are concerned that if they lost their PIP entitlement they would have to reduce their working hours or leave employment completely. Such an outcome would be contrary to the main aim of the Green Paper - which the Welsh Government shares - of supporting disabled people into employment.

I have also heard about people's anxiety about facing a significant cut in their household income if they lose their PIP entitlement; especially from people whose partner is their unpaid carer and in receipt of Carer's Allowance⁵. These people hold real and understandable fears they would no longer be able to afford their everyday essential living costs, let alone the additional costs they face as a disabled person.

We know that households including a disabled person are already at a higher risk of poverty, and the DWP analysis of the impact of the reforms of disability and incapacity benefits demonstrate the potential to push people into poverty⁶. Furthermore, the Trussell Trust⁷ has reported that nearly half a million people in disabled households in the UK will be forced into severe hardship in 2029-30 if the PIP reforms proceed in their current design.

The evidence is clear that living on inadequate levels of income has detrimental implications for a person's health and well-being. This will add to the challenges a disabled person will face in being able to replace their lost benefit income with earned income. Again, such an outcome is contrary to the aim of the Green Paper to help disabled people overcome the barriers they face on their pathway to employment.

Review of PIP

I acknowledge your commitment to undertake a comprehensive root and branch review of PIP. We believe this review should take place before any changes are introduced. This would help to achieve a fairer and more equitable way forward for disabled people.

The first task of a review should be to consider if the PIP functional descriptors and the points allocated to them remain fit for purpose twelve years after they were introduced. Taking this course of action will mean any changes to PIP eligibility criteria would be based on recommendations from experts and those with lived experience. This would increase confidence that any changes will target financial support at people with the greatest needs and align with the aim of the Green Paper to tackle the barriers to sustainable employment affecting disabled people.

The freeze on the uprating of the majority of working-age benefits (during the period 2016-2020) has resulted in basic payment rates not being sufficient for many people to afford the cost of their everyday essentials. The increase in the Universal Credit Standard Allowance

⁵ Carers UK's analysis indicates that families losing eligibility for both PIP and Carer's Allowance could face annual income losses exceeding £8,000 a year.

⁶ The UK Government's impact assessment indicates the incapacity and disability benefit reforms hold the potential to "pushing 250,000 people (including 50,000 children) into poverty".
<https://assets.publishing.service.gov.uk/media/67e667fe4a226ab6c41b1fe2/spring-statement-2025-health-and-disability-benefit-reforms-impacts.pdf>

⁷ <https://www.trussell.org.uk/news-and-research/news/disabled-households-forced-into-severe-hardship>

is a welcomed step in the improvement of the adequacy of the benefits that support people with a low income. The Green Paper explains there is a need to reduce the value of the new Universal Credit Health element to rebalance payment levels to promote work and address perverse incentives. However, there are significant concerns this proposal will not be an incentive to work but will increase poverty levels amongst disabled people and people with long-term health conditions.

I know the many benefits that people gain from working. They have a greater income as well as improved mental and physical health. This is why the Welsh Government is doing all it can to ensure people in Wales, who can work, receive the support they need to find employment. There are people though who will never be able to work, and I welcome the commitment in the Green Paper to protect the income of these people. I look forward to learning more about the 'additional premium' for people claiming Universal Credit that you will be developing.

The Green Paper accurately describes how the current disability and incapacity benefit system can act as a barrier to employment and, in some cases, actively discourages people from thinking about finding a job. People are cautious about stepping out on their pathway to employment due to a fear of immediately losing their disability and/or incapacity benefits. These people can become trapped on welfare, and I agree that this situation is long overdue for reform. I welcome the commitment from the UK Government to introduce legislation in 2026, which will guarantee a person will not automatically face a reassessment of their benefit entitlements if they enter employment.

It is also important for people to have confidence that being in work will not mean they will end up in a worse financial situation than being out of work. I know measures including increasing the National Living Wage, strengthening workers' rights and disabled peoples' rights to access reasonable adjustments and flexible working, etc., are helping to make work pay. These measures have the Welsh Government's full support. It is also important that the Universal Credit work allowances⁸ and the taper withdrawal rate are examined to see if they could be more effective at targeting financial support to disabled people to ensure their work always pays.

The proposal to introduce a new non-means tested benefit for people who have paid and/or been credited with National Insurance contributions is welcome. Likewise, we welcome the commitment in the Green Paper that this benefit will revitalise the something-for-something contributory principle in the working-age benefit system. In the last three decades there has been a steady decline in the value of contribution-based benefits and I look forward to this decline being halted within the design of the new Unemployment Insurance benefit. The Green Paper does not give any information as to who should benefit. It is vital we have more detail on these proposals to give disabled people more confidence that this could be of benefit to them.

⁸ When it was introduced in 2013, a principal aim of UC was to make work pay and the work allowances were deliberately set at a more generous level than the earnings disregards in legacy benefits and tax credits. In 2016, significant changes were introduced to work allowances and for people with a limited capability for work their work allowance is not as generous as it was when UC was introduced.

Supporting People to Thrive

Our Claim What's Yours national benefit take-up campaign is successfully reaching people across Wales, including disabled people, encouraging and supporting them to claim their entitlements, supporting people to thrive.

The Welsh Government has consistently questioned the merits of the Work Capability Assessment (WCA) as the tool used to identify a person's ability to work or to prepare for work. Disabled people in Wales have regularly reported their experience of undergoing a WCA as being negative; where they felt they were not being listened to by the health care professional undertaking their assessment. The proposal for the WCA to be abolished and replaced with a new person-centred support conversation has the potential to help more disabled people into employment.

There are many ways that people can make progress on their pathway to employment. Though not the only option for disabled people, I know how positive an experience volunteering can be in helping prepare people for employment. The support conversation offers an opportunity for a holistic and person-centred approach to the identification of the most appropriate support available to help a person to overcome all their barriers to employment; be these related to skills, social welfare issues, health issues, caring responsibilities or societal issues.

An effective support conversation will be one that has been co-designed with people with lived experience and not linked to an inappropriate sanctions regime, as this will undermine trust in the process. The conversation must be delivered by a trusted intermediary with the inter-personal skills to engage with people with varied and complex needs.

The Green Paper suggests that all people receiving the UC Health element will have a requirement to engage in a support conversation and, if they fail to comply, they will face a sanction. Evidence⁹ demonstrates that these types of sanctions do not work and people who are sanctioned for not participating in work-related activity are actively pushed further away from the labour market.

Building on the good practice established through the Economic Inactivity Trailblazer in Wales, I am confident that our collaborative working will reduce the potential for duplication of effort between our employability programmes and the new programmes that will be funded through the welcomed £1 billion additional investment for employment support. We can also share best practice from our other employability programmes such as the Young Person's Guarantee.

Through the Young Person's Guarantee, we are committed to providing support for everyone aged 16 to 24 in Wales, helping them access education, training, apprenticeships, employment, or opportunities for self-employment. We are empowering young people and enhancing their employment prospects as demonstrated by the fact we now have almost half the number of young unemployed people in Wales compared to England.

In the Green Paper it is asserted that receiving the Universal Credit limited capability for work and work related activity element is a potential disincentive to work for young people. Therefore, it is proposed that a young person should not be able to access the new UC Health element until they are aged 22 years old. However, the Green Paper also outlines that an element of a young person's reluctance to work could be their fear of having to go through a Work Capability Assessment as soon as they find employment. It could also be

⁹ [40475_Welfare-Conditionality_Report_complete-v3.pdf](#)

caused by a lack of meaningful employment support for a young person who is assessed as having a limited capability for work.

Therefore, I suggest that the consideration of whether to change the age at which a young person can be awarded the UC Health element should only take place after there has been a robust assessment of the impacts of introducing the Right to Try and the person-centred support conversation on employment outcomes. This assessment may remove concerns that being awarded the health element will be a work disincentive for a young person. Other sources of evidence on the impact of denying a young person access to the health element should also be considered. For example, there is evidence that diagnosable mental health issues for young people are on the increase and withdrawing a young person's access to financial support will result in them becoming more vulnerable.¹⁰

Supporting Employers and Making Work Accessible

Several of the suggested reforms could begin to address the concerns many disabled people and people with health conditions in Wales have about the current social security system and the significant barriers it places on their pathway to employment.

I welcome the Green Paper's emphasis on the role of employers in making work more accessible for disabled people. As you may know, the Welsh Government is currently consulting on its draft Disabled People's Rights Plan. This plan sets out our ambition for a Wales where disabled people can enjoy equitable rights, inclusion, and participation. The plan is guided by the principles and obligations of the United Nations Convention on the Rights of Disabled People, including the right to employment and independent living, the right to equality and non-discrimination, and the right to an adequate standard of living. The actions we will take now are inextricably linked to these rights.

At the heart of the Disabled People's Rights Plan is the Social Model of Disability, which helps us to understand how disabled people are disadvantaged by society rather than by their impairments, and how we can make the world easier for everyone to be part of. I believe the DWP should fully embed the Social Model in the Green Paper reforms. It is also important that employers of all sizes have access to practical support, advice, and guidance. This will help employers implement reasonable adjustments, understand their legal responsibilities, and appreciate the value of a diverse workforce.

One of the distinctive features of the Welsh economy is its relatively high proportion of Small, Medium Employers and micro businesses, alongside the significant role of public sector employment. It is therefore important for Wales that the reforms introduced through the Green Paper include, for example, providing tailored support to smaller employers and encouraging public sector organisations to lead by example. In March, the Senedd's Equality and Social Justice Committee published "Anything's achievable with the right support": Closing the disability employment gap in Wales¹¹ provides you with important evidence on the barriers disabled people face and outlines possible actions to address them.

There is also significant merit in reforming the DWP's Disability Confident Scheme to ensure this scheme drives meaningful change and earns the trust of disabled people. While the scheme is not currently where it needs to be, there is an opportunity to strengthen it,

¹⁰ [Research in Wales making a difference to the mental health of Welsh children and young people | Health Care Research Wales](#)

¹¹ ["Anything's achievable with the right support": Closing the disability employment gap in Wales](#)

particularly by increasing employer engagement with Level 3 (Leader) status. This would be in line with the recommendations of the report by the Senedd Equality and Social Justice Committee and would also be consistent with research commissioned by our Disability Rights Taskforce¹². I would welcome the opportunity to engage in meaningful dialogue on how to improve the scheme. If it is actively linked to outcomes, a successful Disability Confident Scheme has the potential to transform employer behaviour and attitudes.

I agree that there is a strong case for looking at the future role and purpose of the Access to Work scheme and welcome the commitment in the Green Paper to consider this. However, in the short-term it is essential to address the capacity issues affecting Access to Work. Too many people are facing unacceptable delays in accessing the support they need¹³, sometimes leading to individuals losing the job they secured as a result. Tackling the backlog and ensuring the scheme is properly resourced are critical steps. The Welsh Government is open to exploring national, regional, or local delivery models provided they improve service delivery and are backed by sufficient resources.

I trust that the evidence I have provided and the points I have raised will be considered carefully. I would concur with the objective evidence I have drawn from for Wales that the proposed changes to Personal Independence Payments should be reviewed before any changes are made.

I look forward to continued collaboration at ministerial and official level to develop a way forward, embracing a shared commitment to enable reforms which are person centred and compassionate for the benefit of disabled people, their households, communities and the Welsh economy.

Yours sincerely,



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¹² <https://www.gov.wales/research-exploring-ways-improve-disability-confident-employer-scheme-wales> June 2025

¹³ In April 2025 the average time taken from an application being submitted to a decision being made is 94.2 days.
[Written questions and answers - Written questions, answers and statements - UK Parliament](#)