



Research
at Toynbee Hall

Changes to the Universal Credit Health Element: What's at Stake

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Overview

The Universal Credit Act 2025 came into force on 6 April 2026, cutting the UC Health Element Limited Capacity for Work and Work Related Activity (LCWRA) rate in half for new applicants. But this is not the end of the Government's proposed reforms to this benefit. There are multiple reviews paving the way for reforms and it is likely that significant decisions will follow to reshape all aspects of the benefit which [2.8 million](#) Disabled people currently rely on. There is a huge amount at stake for Disabled people, who make up [a quarter of the UK population](#), their families, and the wider community.

While the ongoing [Timms review](#) was set up to consider the Personal Independence Payment (PIP) benefit, it is also considering potentially scrapping of the Work Capability Assessment (WCA) which determines eligibility for the UC Health Element. Related programmes designed to help Disabled people access work, like [Motability](#) and [Access to Work](#) have already been restricted and are at further risk of cuts.

There are further reviews in process like the [Milburn review](#) into young people not in education, employment or training (NEET) and the [Fonagy review](#) into mental health conditions, ADHD, and autism. These various reviews are likely to each result in recommendations which will be used to slice away at the UC Health Element and other support Disabled people are eligible for. Addressing these issues through separate review processes risks obscuring the cumulative impact of each set of proposed cuts.

Despite the gravity and risk of harm of reforming the welfare system which so many rely on, vital decisions are not being coproduced with the Disabled community. The various reviews underway are likely to show dissatisfaction with the system as it stands. However, this should

not be taken as a carte blanche for the Government to institute a series of cuts. **Disabled people say that they are not against change, but that change must be genuinely codesigned with them in a way that moves beyond the current tokenism.**

The stakes are high. Disabled working-age adults are almost [twice as likely](#) to live in poverty as those who are not Disabled. [More than a quarter \(27%\)](#) of Disabled people experienced food insecurity in 2024, and [nearly three quarters of people referred to Trussell food banks](#) were Disabled.

2. What is the UC Health Element (LCWRA & LCW)?

Currently when a person receiving Universal Credit (UC) is disabled they can have a work capability assessment (WCA) which places people in one of three categories: 1) Limited Capability for Work and Work Related Activity (LCWRA), and 2) Limited Capability for Work (LCW). The third category is Fit for Work and will put the individual in the normal UC stream.

Claimants in the LCWRA group are considered to not be able to undertake work or work-related activities and so do not need to look for or prepare for work. They are allowed to work if they feel able to do so. They have no conditions to receive their UC, and they also receive an extra payment of £217.26 for new applicants from 6 April 2026 (down from £429.80 for those who applied for the benefit before that date and those who meet an extremely strict definition of ‘severe conditions’) on top of their standard allowance.

Claimants in the LCW group are considered to not be able to work now but be capable of work in the future. They do not get additional payments on top of their UC (unless their claim started before April 2017) and are expected to do preparation work such as CV writing as part of their conditions for receiving UC, though are not expected to look for work. They have the same work allowance as the LCWRA group and are also exempt from the minimum income floor.

What is the UC Health Element (LCWRA) for?

The UC health element reflects a long-standing principle that people out of work for extended periods face reduced lifetime earning capacity and sustained living costs without access to earnings. Dating back to higher long-term rates of Supplementary Benefit introduced in 1971, this support has evolved into UC as a form of income replacement for those who may be unable to work for long periods or indefinitely. As part of a system designed to bridge paid work and social security, LCWRA provides financial stability that

enables engagement with work where possible — reducing it risks pushing people further from the labour market rather than closer to it. Crucially, it does not preclude work: people can receive LCWRA alongside employment. **In summary, LCWRA is income replacement for those who have barriers to employment.**

Recent changes to the UC Health Element (LCWRA) and what's to come:

1. Rate cuts created a 2-tiered system: The Universal Credit Act 2025 cut the rate of that LCWRA claimants receive by half from £429.80 to £217.26 for new claimants from April 2026. Both rates are also frozen until 2029 and so will not rise with inflation. This has effectively created a two-tier system between those who applied for the benefit before the cut-off and those who become disabled, develop a health condition and apply from now.

2. Scrapping the WCA will change eligibility and undermine the purpose of the health element which was designed to address reduced earning capacity: The 2025 Pathways to Work Green Paper outlined the government's plan to abolish the Work Capability Assessment (WCA) —which currently determines eligibility for UC health element benefits. It proposed merging the process with that of the Personal Independence Payment (PIP), a non-means tested benefit originally introduced to help with the extra living costs that come with being disabled.

This is despite the fact that WCA and the PIP assessment were designed to measure different things and that the PIP assessment could not therefore perform both functions. The WCA determines a Disabled person's capacity to work and the PIP assessment is to determine eligibility for help with the extra costs arising impact of a disability on daily living. The effect of this change, if it goes forward, could be to:

- 1) **Reduce eligibility** to the health element for Disabled people regardless of the real barriers they face to work—thereby pushing them into poverty and further from the prospect of work.
- 2) **Erode the distinct purpose** that means-tested, work-related benefit serves as long-term income replacement for those who cannot earn a sufficient income due to disability

Decisions regarding the details around scrapping the WCA and how it will be replaced will follow on from the [Timms Review](#), which is currently consulting on, “adapting to the future

abolition of the Work Capability Assessment” as part of its review of PIP. The Timms Review is due to publish its findings in autumn 2026.

3. Removing eligibility for health element benefits for 18-24 year olds: [The Times](#)

reported in March that ministers are considering replacing the UC element benefit with a separate disability benefits system for 16–24-year-olds which would have strict conditionality. This announcement is tied to the ongoing [Milburn Review](#), which will seek to “understand the drivers of the increase in the number of young people who are Not in Education, Employment or Training (NEET), including those claiming health and disability benefits and childhood experiences.” The report is due to be published in autumn 2026.

How UC Health Element is distinct from PIP and why this matters:

The UC health element serves a different purpose from PIP, and this distinction is important. **PIP is designed to cover the extra costs of disability, whereas UC Health Element (LCWRA) is intended to compensate for loss of earnings capacity.** Combining the two or weakening health element benefit support risks blurring this distinction, which can have several consequences:

- Ignores the long-term loss of earnings for those unable to work
- Risks undercompensating individuals who cannot work and pushing them into poverty
- Undermines the principle of income security
- Creates additional barriers to moving into work
- Worsens adequacy of both PIP and UC Health Element (LCWRA) through merging them.
- Violates international law: in specific reference to the Government’s proposed welfare reform, [the UN has noted](#) that there is a strong presumption against reducing protections for economic and social rights. States are expected to use the maximum available resources to progressively strengthen economic and social rights, rather than weaken existing protections.

Perverse Disincentives: The harms of degrading the UC Health Element

Reducing the adequacy of the UC health element—or weakening it by merging it with PIP—risks undermining both individual wellbeing and wider economic outcomes. Evidence consistently shows that insufficient income for people with limited capacity to work leads to worse health, reduced employment prospects, and higher long-term public costs.

- **Increased poverty and financial insecurity:** The UC health element provides income replacement for those with reduced earning capacity. Reducing it, or conflating it with PIP (which is designed for extra costs), risks leaving people without sufficient income to meet basic living needs. Disabled households already face higher poverty rates with [three-quarters of adults](#) receiving health-related UC already experiencing material deprivation in 2024, before the cuts to the UC health element rate.
- **Health deterioration:** Lower incomes are strongly associated with worse physical health outcomes. If the UC health element is weakened, individuals may struggle to manage conditions, afford essentials, or maintain stability—leading to worsening health.
- **Mental health harms:** Financial insecurity is closely linked to anxiety, depression, and distress. [Evidence from the Mental Health Policy Institute \(MMHPI\)](#) shows that 3.4m people across the UK are experiencing mental health problems and financial difficulty. “These two issues when working in tandem are a marriage made in hell, as they negatively feed off each other and make it harder for people to recover or get on top of their finances.”
- **Widening health inequalities:** Poverty is a key driver of health inequalities. Reducing income-replacement support risks deepening disparities across regions and socioeconomic groups.
- **Reduced work prospects over time:** Financial instability and worsening health can push people further from the labour market. Adequate income is often a precondition for engagement with work or work-related activity. According to the [Joseph Rowntree Foundation](#), “*When every day becomes an all-consuming battle to afford essentials and deal with the effects of hardship, it’s no wonder that this can add to problems and make it harder to secure work.*” Further [academic research](#) has found that, “*...reductions in disability- related benefits may exacerbate financial and mental health vulnerability among affected individuals but not affect employment.*”
- **False economy and higher long-term costs:** Cutting or diluting the UC health element may reduce short-term spending but increase long-term costs through greater NHS demand and social care pressures. [The King’s Fund](#) found that, “...people living in poverty are getting sicker and accessing services later – accident and emergency (A&E) attendances are nearly twice as high in the most deprived groups, and emergency admissions 68% higher.”

- **Undermining a core welfare principle:** The UC health element reflects a longstanding principle, rooted in the [1942 Beveridge Report](#), that people unable to rely on earnings should be guaranteed a minimum income. Weakening it erodes this foundation of the welfare state.
- **Penalising individuals for illness and system pressures:** Reductions risk penalising people for health conditions and for structural issues such as [NHS waiting lists](#), which can delay recovery or return to work.
- **Wider societal harms:** Financial insecurity affects families, carers, and children, with evidence of intergenerational impacts on wellbeing, education, and [long-term outcomes](#).

Recommendations

- 1) **Avoid conflation of UC Health Element benefits (LCWRA) with PIP:** Maintain clear structural separation: Preserve the distinction between PIP (extra costs of disability) and LCWRA (loss of lifetime earnings capacity) to ensure both needs are properly met.
- 2) **Increase UC Health Element benefits (LCWRA) levels:** Ensure the UC health element provides adequate income replacement for those with limited capacity to work, protecting financial stability and supporting engagement with employment where possible and wanted. Ensure that it raises with inflation.
- 3) **Improve assessment quality:** Focus on improving the accuracy, consistency and fairness of assessments, rather than tightening eligibility in ways that risk excluding those in need.
- 4) **Address root causes of economic inactivity:**
 - a. **Focus on improving NHS** waiting times and reduce delays that prevent diagnosis, treatment and return to work.
 - b. **Expand mental health provision:** Support should be accessible, timely and appropriate.
 - c. **Improve workplace accessibility:** Improve employer practices and accommodations to enable sustained employment.
 - d. **Acknowledge and address deficiencies in the job market in terms of lack of appropriate jobs:** Spark the creation of secure, flexible and accessible jobs that Disabled people can realistically undertake and sustain.

5) Ensure welfare and crisis support systems are designed to meet people's actual needs:

Recognise that financial insecurity is often driven by systemic failures rather than individual responsibility. Inadequate support can deepen instability, create anxiety around housing and food insecurity, undermine people's sense of control, and delay recovery and return to employment. Government and local councils should ensure timely, coordinated and adequate support that prevents hardship from escalating.

We welcome MPs to come to Toynbee Hall to meet with people who are directly affected by these issues. Please contact Toynbee Hall Director of Policy, Research and Communities, Katie Taylor for more information: katie.taylor@toynbeehall.org.uk

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Appendix: Case Studies

Helen has been disabled for over 20 years and receives Personal Independence Payment (PIP) to help cover the additional costs of disability, including mobility needs (she uses a wheelchair) and managing chronic pain. Despite significant health challenges and raising four children as a single parent, she continued working for a Disabled People's Organisation.

Over time, Helen's health deteriorated further. She developed widespread arthritis and an autoimmune condition causing severe pain, fatigue, and repeated periods of illness. Her consultant warned that continuing to work her previous hours was putting her health at serious risk. As a result, Helen reduced her work to just six flexible hours a week.

While PIP helped with the extra costs of disability, it did not replace the income Helen lost when she became too unwell to work more hours. As a result, she claimed the Universal

Credit Health Element (LCWRA). The process was lengthy and stressful, with no entitlement to support for the first 12 weeks and around six months in total before payments were resolved, all while coping with a life-changing health condition.

The UC Health Element (LCWRA) provided essential income replacement, helping Helen remain financially stable while continuing some work within her limits. Helen is not better off on benefits — her income is lower than when she could work more — but LCWRA enables her to stay connected to employment without risking further deterioration in her health. The benefit is key for her because unlike non-disabled workers, Helen does not have the option of increasing her hours to absorb unexpected costs, such as replacing a broken washing machine.

Louise is a 27 year-old woman living with Complex Post-Traumatic Stress Disorder (CPTSD) and Obsessive-Compulsive Disorder (OCD). She is also suspected to have Autism and Attention Deficit Hyperactivity Disorder (ADHD). Louise has been on a waiting list for an ADHD assessment with no targeted support for over three and a half years.

Her health conditions mean that she often experiences symptoms that make managing substantial hours of work difficult. The symptoms she experiences can result in her posing a significant risk to self when a trigger arises, and working more than five hours a week can contribute to this. She previously studied full-time, however the stress of that resulted in severe self-harm and suicide attempts, at significant demand and cost to NHS and police services. Her medication causes fatigue, further restricting her ability to work. Despite this, she does not claim Universal Credit. This is not because she does not need support, but because the stress of claiming and stigma is likely to trigger severe OCD symptoms and an increased risk of suicide. If she was refused the Health Element, this risk would increase due to the impact of the work requirements. Currently the design and administration of the UC system does not adequately recognise the risks when introducing conditionality for Disabled people.

The consequences of this are vast. She cannot live independently, as she would need more income than the new lower Health Element rate would allow to compensate for a consistent lack of earnings. She would also require support to live independently, which would take a while from the council, and if denied or delayed, she would be unable to afford from private providers at the new lower rate. Louise's experience echoes the concerns stated in this policy briefing; that the Health Element is necessary, and does not support individuals with complex health conditions enough to guarantee survival, especially when considered alongside difficulties accessing social care and NHS mental health services. The changes, both enacted and proposed, to the Health Element will only serve to push individuals like

Louise into further poverty and away from support systems, whilst not enabling them to work more hours.

Brad is a 44-year-old man living with Myalgic Encephalomyelitis/Chronic Fatigue Syndrome (ME/CFS). Before becoming disabled, Brad had built a rewarding career in academia and was completing his PhD when he was struck down by the condition. It took many years for Brad to receive a diagnosis, and despite the significant impact of ME/CFS on his life, the support available through the NHS remains limited due to the lack of any dedicated treatment or cure. Brad is unlikely to recover and expects to live with the condition for the rest of his life.

Brad describes navigating the social security system as being like “wading through treacle” and a “trial by ordeal”. The complexity of the welfare system, alongside the need for specialist advice, meant that Brad had to wait until he had recovered from a serious relapse before he was well enough to begin the process of claiming benefits.

He initially claimed New Style Employment and Support Allowance (ESA), but later voluntarily transferred to Universal Credit with the Health Element (LCWRA) because ESA's rules and restrictions made it difficult for him to attempt any meaningful re-engagement with employment. Brad hoped Universal Credit would better support him to work within his limits, but he was surprised to find that his local Jobcentre had very limited capacity to help disabled people re-enter the labour market in a flexible and sustainable way.

Despite receiving the Universal Credit Health Element and the enhanced rates of Personal Independence Payment (PIP) for both daily living and mobility, Brad struggles to afford the essentials of daily life. Rising living costs and ongoing inflation have left him in a financially precarious position, and he has accumulated debt as a direct consequence of inadequate welfare payments that do not reflect either the additional costs of disability or the loss of earning capacity caused by chronic illness.

Brad could not survive financially if one or both of these benefits were reduced or removed. The government's continued agenda of welfare reform causes him constant anxiety and uncertainty about the future. Because of the fluctuating and unpredictable nature of ME/CFS, Brad may never be able to return to full-time work and may only be able to undertake limited part-time employment when his health allows. He therefore relies on welfare benefits both as income replacement and to help meet the additional costs associated with disability.

To be clear, Brad wants to return to full-time employment, but his condition makes this extremely difficult. There are very few jobs that would provide the level of flexible working,

home working, and reasonable adjustments necessary for him to work safely without risking further deterioration in his health. He currently works a small number of hours each week, but even when combining earnings with PIP and the Universal Credit Health Element, he still struggles financially and finds it difficult to participate fully in society or lead a fulfilling life.