

## ESTIMATING THE IMPACTS OF EXTRA EMPLOYMENT SUPPORT FOR DISABLED PEOPLE

**Two in ten out-of-work disabled people say they want to work, but only one-in-ten get help to find work each year. The Government's planned £1.8 billion extra investment in employment support over the next four years could help 45,000-95,000 more disabled people into work, increasing flows from benefits to work by up to 50%. However, this compares to an estimated 3.2 million people who will face benefit cuts. Extra employment support will benefit people and the public finances, but needs to be seen in the wider context of benefit changes and be part of a fuller plan for good work and living standards.**

### **What is the issue?**

The employment rate of disabled people is [28 percentage points below](#) that of non-disabled people, with little progress narrowing this gap in recent years. This holds back opportunity (many disabled people want to work), economic growth (limiting the talent pool employers can draw on), and contributes to rising benefit costs (incapacity and disability benefits are projected to cost £100 billion by 2029-30, up £14 billion from 2025-26).

The Government's [Pathways to Work Green Paper](#) proposes cuts to levels of and eligibility for incapacity and disability benefits. [DWP estimates](#) 800,000 current and future Personal Independence Payment claimants would receive an average £4,500 less per year, while 2.3 million existing claimants would lose £500 per year from Universal Credit health payments and 0.7 million new claimants would receive £3,000 less per year on average (both partially offset by rises in the UC standard allowance. The Joseph Rowntree Foundation (JRF) estimates relative income poverty could rise by up to 400,000 as a result.

The Government also proposes an expansion of employment support, with regular conversations with incapacity benefit claimants to hear about the support available and an extra £1 billion of help to find work by 2029-30. This aims to tackle the gap between two in ten out-of-work disabled people saying they want to work, but only one-in-ten getting help to find work each year. Today, only 1% of people economically inactive due to long-term sickness are in work six months later. The Government hopes to increase that.

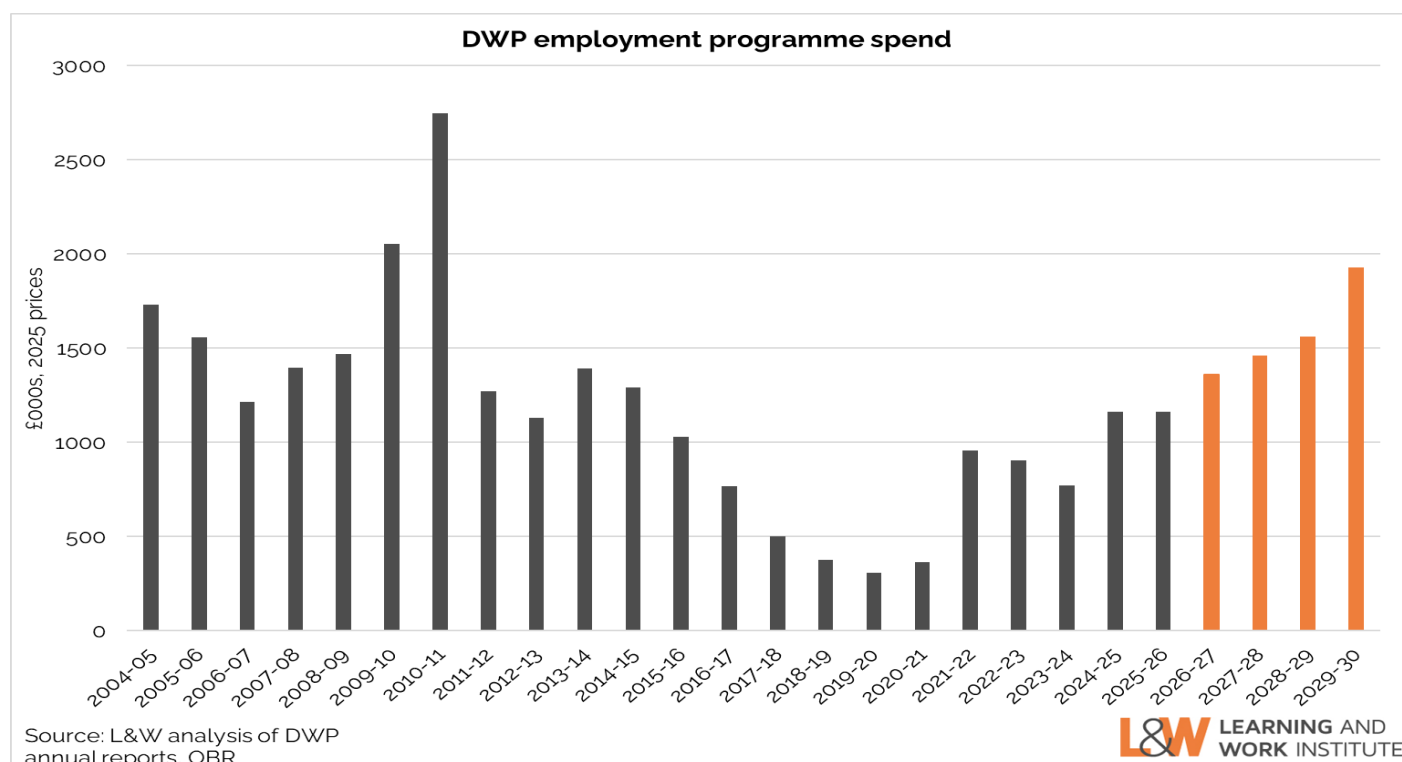
### **How big is the increase in employment support?**

Employment support provided by the Department for Work and Pensions (DWP) can be broadly categorised as: direct support by Work Coaches employed by Jobcentre Plus; and employment programmes contracted either by DWP or by local government on their behalf, and delivered by private, public and third sector providers. Of course, one can supplement the other: Work Coaches have some locally commissioned provision (such as training) they can refer people to, and claimants keep in contact with their Work Coach while on an employment programme. DWP is the largest investor in employment support, but other organisations, including health services, social housing and local government invest too.

The Pathways to Work Green Paper commits the Government to invest an extra £1.8 billion in employment support over the next four years, meaning an extra £1 billion being spent in 2029-30. It has not said how this will be invested, but the expectation is the bulk will be through contracted provision along with an expansion in the role of Work Coaches to have regular contact with incapacity benefit claimants.

A £1 billion expansion by 2029-30 would almost double spending compared to 2023-24, and be the highest in at least 25 years outside of a recession. It would be a substantial investment.

**Figure 1: Contracted employment programme spending by DWP**



However, we won't know if the extra funding is really on top of current spending, or whether it will in part substitute current provision, until the June 2025 Spending Review (which will set budgets to 2028-29) and the following spending review (which sets budgets for 2028-29 on).

This is particularly pertinent given many current programmes either have, or are scheduled to, end. The UK Shared Prosperity Fund is scheduled to end in March 2026, the Work and Health Programme (which supports disabled people into work) has closed to new referrals, Restart (for long-term unemployed and disabled people) is due to close to [new referrals in June 2026](#), and Connect to Work (a new supported employment programme) is funded until 2030.

### What difference can employment support make for disabled people?

Employment programmes can result in more people working than would otherwise be the case, generating net benefits for the economy and savings for the taxpayer. However, the scale of these benefits varies by programme (such as whether engagement is voluntary or mandatory and the type of support provided), target groups (including the types of disability and health condition, length of time out of work, and other barriers), and the economic environment (such as whether the economy is growing and the number of vacancies).

Evaluations of key programmes and interventions have shown the following impacts:

- **Work Choice.** A voluntary programme to help disabled people into work, with most referrals via Jobcentre Plus. [Evaluation showed](#) that participants had an employment rate 11 percentage points (pp) higher than non-participants at a cost per participant of £4,590.

- **New Deal for disabled people.** A voluntary programme with a national network of Job Brokers. [Evaluation showed](#) a 7-11pp increase in employment for participants compared to similar groups, with impacts generally larger for longer-term claimants and a cost per participant of £1,762 in 2025 prices.
- **Pathways to Work Programme.** The programme required new incapacity benefit claimants to take part in work-focused interviews, with participation mostly voluntary for existing claimants, and financial incentives and other employment support offered. [Evaluation showed](#) a 0-2pp increase in employment rates for participants, with a [cost per participant](#) of £2,400-4,800 in 2025 prices.
- **Solent City Deal.** A City Deal and European Social Fund programme from 2016-18, offering voluntary employment support including a personal adviser and a transitional employment programme for disabled people. [Evaluation showed](#) a 7-9pp rise in employment rates for participants with an estimated cost per participant of £1,900 in 2025 prices.
- **Work and Health Programme.** Providing voluntary employment support for disabled and long-term unemployed people. [Evaluation suggests](#) a 2-5 percentage point rise in working or having worked for participants.
- **Work Programme.** Employment support for long-term unemployed and disabled people (mix of voluntary and mandatory). [Estimated](#) employment impact of 2pp overall and cost per participant of £1,800 (though likely higher for disabled people).
- **Working Capital.** A voluntary employment support programme led by London local government. [Early DWP assessment](#) suggested a 2pp rise in employment rates with a cost per participant of £2,450 in 2025 prices.
- **Individual placement and support (IPS).** IPS approaches have been [shown](#) to increase employment rates in a number of countries, with the evidence base firmer for those with more severe mental health conditions (a 23pp rise in a small UK trial versus 13pp effect in a trial in Norway for those with less severe conditions).
- **Health-led trials.** These tested voluntary provision of IPS to different groups and by different providers. [Evaluation showed](#) a 0-4pp employment increase with a cost per participant of £3,525 in 2025 prices.
- **Additional Work Coach time.** Provided an additional and usually mandatory extra 30 minutes Work Coach time for incapacity benefit claimants every fortnight, a relatively light touch and less costly intervention than most employment programmes. [Evaluations showed](#) participants were 3pp more likely to get into work, and there was a further 2pp take-up of other DWP programmes within 12 months. Likely unit cost of £200 per person.<sup>1</sup>

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<sup>1</sup> Based on an average Work Coach salary including on costs of £36,000 and six 30 minute appointments per person with an additional 30-60 minutes per appointment for preparation and follow up.

## What impact might expanded employment support have?

To assess impact, we assume a cost per participant of £3-5,000.<sup>2</sup> Given take-up will be voluntary, this will require a strategy to promote take up, [L&W argued](#) this should be a combination of regular Work Support Conversations between claimants and Jobcentre Plus Work Coaches, plus partnerships of local organisations including local government, social housing, adult education, and community groups.

### **Base case**

Total investment of £1.8 billion over the next four years could engage 500,000 (plus or minus 100,000 depending on unit costs) people and help 70,000 people into work, with a range of 45,000-95,000.

This is based on a 7-11 percentage points increase in employment rates from the previous programmes highlighted above (this is the top end of the range so assumes best practice performance), which would give 35,000-65,000 more people in work. This is combined with a further 10,000-30,000 finding work through new light touch Jobcentre Plus Work Coach support. Take-up of this is uncertain, but if 200,000 people signed up (in line with the 200,000 who said they would like to work in a [recent DWP survey](#)) and the impact was in line with the impact of the additional Work Coach time pilot, this would mean 10,000 more people in work. If double that number took up support and impacts grew as the evidence on what works built, that could mean an extra 30,000 people into work.

The range accounts for uncertainty over the nature of support and target groups for it. In addition, changes to benefit levels and eligibility may also affect the number and type of people eligible for employment support and the incentives and barriers they face. These could either increase or decrease the employment impacts of extra employment support, as could other measures to work with employers to open up vacancies and support job retention for disabled people, reduce NHS waiting lists, and wider economic circumstances.

The central estimate is in line with the [OBR's previous assessment](#) of Connect to Work (known then as Universal Support). Based on its planned size of £200-250 million per year and evaluations of previous programmes like Work Choice, it, estimated Universal Support would raise employment by 10,000. The new investment is 4-5 times this in 2029-30, which would imply 40,000-50,000 more people into work on the same basis.

### **Upside case**

If the Government succeeds in other measures to reduce NHS waiting lists, work with employers to promote recruitment and retention of disabled people, and improve economic growth so more job opportunities are available, then the employment impacts could be higher. In addition, the Government has said it wants to use existing resources more effectively, joining up support better and taking a more inclusive approach. And take up of additional Work Coach support might be greater than the slightly arbitrary assumption made.

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<sup>2</sup> Costs per participant in previous programmes, detailed above, have ranged £1,900-4,800. Connect to Work has an [average unit cost](#) of £3,900. As programmes expand and reach further into the client group, people may have more complex needs and so need a greater range and depth of help, increasing costs.

It is difficult to estimate the potential impacts of this, particularly when any specific measures with employers are unlikely to be known until after the [Mayfield Review](#). However, L&W [previously estimated](#) that 150,000 disabled people were taking part in employment programmes each year (with more supported by Jobcentre Plus). A 15% performance uplift to both existing provision and the extra investment from the combination of these efforts would mean a further 70,000 people in work after 2029-30. That would mean a total increase in employment of disabled people of 115,000-165,000.

In addition, benefit reforms are also likely to mean more people required to search for work (though this is uncertain) and this could mean more people in work if they get good quality support that meets their needs and good job opportunities are available. Further details are needed to assess this impact. The Exchequer savings could also plausibly increase over time if people sustain work and if their earnings increase.

### **Impacts on poverty and other considerations**

The impacts on poverty are uncertain and depend on who goes into work (whether they were in relative income poverty before or not), the jobs they go into (including pay rates and number of hours worked), and their household characteristics (including housing costs, number of children, other adults etc). The full additional employment impacts only come from 2029-30 onwards, once investment has fully ramped up, whereas changes to benefits happen before then. In addition, even in the optimistic case the number of people finding work (up to 165,000) is far smaller than the number of people (affected by benefit cuts (3.2 million, with JRF estimating 1.2 million of those would be large cuts).

The ultimate impacts on both employment and income/poverty will also depend on the **details of benefit reform** (for example, the Government has said it will bring in more protections for the most severely disabled people), the success of any **measures taken with employers** to both open up more roles for disabled people through job design and to promote healthy workplaces to limit the number of disabled people leaving work, and the **wider economic picture** including the availability of good quality employment opportunities and changes in pay and living standards over time.

Increasing employment by 45,000-165,000 people would be an [increase of 50%](#) in flows from incapacity benefits to work each year. It could bring [fiscal benefits](#) of £900-3,000 million per year, and wider societal benefits of £1,500-5,600 million per year if people move into full-time work (the figures would be roughly halved if everyone moved into part-time work).

**Greater employment support is welcome and will make a real difference. But changes to benefits affect a much larger number of people. We need a benefit system that provides sufficient support to everybody, employment support open to all who can work, and a focus on good work and healthy workplaces.**

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