Patterns of health-related benefit claims in the UK - Ill health or ailing labour markets?

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There has been a large increase in the number of people awarded disability benefits, Personal Independence Payment (PIP) in England and Wales between 2021 and 2024 (IFS, 2025). PIP is aimed to help compensate some of the living costs associated with disability; it is not means tested and does not depend on one's working status.

The increase of 48% between 2021 and 2024 has been far from uniform across space, ranging from 18% to 90% for local authorities. Joyce, Chaudhuri and Waters (2022) suggest the reason for the increase to be deterioration in health across all conditions that disability payments are granted for. A complimentary, economic explanation behind the persistence and the increase in health-related benefits has been maintained by Beatty and Fothergill (2002; 2005; 2020; 2023) who have maintained that uneven uptake of health-related benefits by geographical areas indicates the problem of hidden unemployment. Regional and local job opportunities influence the decision to apply for disability benefits. The diversion into disability benefits is more pronounced in areas with high levels of unemployment, that being older industrial areas and many coastal towns (Beatty and Fothergill, 2023).

The aim of this study is to ascertain if economic factors are associated with the increase in PIP by local authorities. The study uses local authority level data. A spatial econometrics model is used to explain the spatial pattern of the increase in PIP claims. The dependent variable is the percentage increase in PIP claims between 2021 and 2024. The explanatory variables are local authority level data on the level of PIP recipients in 2019, industry sectors, occupation, unemployment rate, demographic characteristics from 2021 Census data for local authorities, as well as households at risk of poverty rate for UK local authorities computed as part of Horizon 2020 IMAJINE project. The results indicate that the at risk of poverty rate and unemployment rate are positively related to increase in PIP claims; 2019 stock of PIP benefit recipients is negatively related to PIP claims increase indicating conditional "convergence" in claims levels.