# UK welfare reforms focus on tailored employment support amid funding boost



The UK government has confirmed a £338 million investment to support thousands of sick and disabled individuals in returning to work, coinciding with the formal passage of the Universal Credit Act into law. The announcement, made by the Department for Work and Pensions (DWP), forms part of wider welfare reforms aimed at reducing dependency on benefits and encouraging employment. According to the Independent, Work and Pensions Secretary Liz Kendall acknowledged the legislation had undergone a "bumpy ride," with some controversial elements, particularly restrictions to Personal Independence Payment (PIP) eligibility, postponed for further review by disability minister Sir Stephen Timms.

Central to the government's welfare reforms is an increase in the basic Universal Credit standard allowance, which will rise at least in line with inflation until the 2029/30 financial year. However, the health-related elements of Universal Credit will see reductions for new claimants from April 2026, except those with severe or terminal conditions, while the rate will remain frozen until 2030. The £338 million injection into the so-called 'Connect to Work' programme will deliver localised and tailored support in 15 areas across England—including London, South Yorkshire, and Greater Essex—providing personalised assistance to some 85,000 individuals with complex barriers to employment.

People eligible for the support can be referred by healthcare professionals, local authorities, voluntary organisations, or self-refer, receiving coaching from employment specialists, job matching services, and ongoing workplace support. The government expects around 300,000 people across England and Wales to benefit from this scheme over the next five years. Speaking about the initiative, Liz Kendall said, “For too long, millions of people have been denied the support they need to get back to health and back to work. It’s bad for their living standards, it’s bad for their families, and it’s bad for the economy.” She emphasised that the investment is part of a broader "Plan for Change" to help individuals overcome barriers and transition out of poverty into secure employment.

These reforms sit within a more extensive government strategy to promote economic activity among disabled and sick people, which also includes increasing employment support funding. The UK government has pledged £1 billion annually by 2029-30 to assist disabled individuals and people with health conditions in entering or returning to the workforce. This commitment involves £300 million accelerated over the next three years, bringing total employment support spending to £2.2 billion over four years. The funding aims to enhance tailored employment, health, and skills support, building on existing programmes like 'Connect to Work' that provide one-on-one support at the point individuals feel ready to work.

Government analyses suggest these reforms could have significant fiscal benefits, with projections estimating £18,000 annual savings per person who moves into full-time employment from health-related benefit dependency. However, there remains ongoing debate about the adequacy and impact of welfare changes, particularly concerning the reductions to health-related Universal Credit components. Critics have expressed concerns about the potential effects on vulnerable individuals, especially those whose conditions might not meet the severe or terminal thresholds but who still face substantial barriers to employment. The postponement of changes to PIP eligibility signals continued government caution and recognition of the need for careful review in this sensitive area.

Overall, the government's welfare reforms spell out an ambitious plan to reshape social support structures, with a strong emphasis on employment as a route out of poverty for sick and disabled people. The unfolding implementation of these reforms, alongside significant financial commitments, will be closely monitored to assess their effectiveness in delivering improved outcomes for those facing labour market disadvantages.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/news/uk/home-news/welfare-reform-sick-disabled-universal-credit-act-b2819653.html), [[2]](https://www.gov.uk/government/news/further-details-on-welfare-reforms-published-ahead-of-second-reading)
* Paragraph 2 – [[1]](https://www.independent.co.uk/news/uk/home-news/welfare-reform-sick-disabled-universal-credit-act-b2819653.html), [[2]](https://www.gov.uk/government/news/further-details-on-welfare-reforms-published-ahead-of-second-reading)
* Paragraph 3 – [[1]](https://www.independent.co.uk/news/uk/home-news/welfare-reform-sick-disabled-universal-credit-act-b2819653.html), [[2]](https://www.gov.uk/government/news/further-details-on-welfare-reforms-published-ahead-of-second-reading), [[4]](https://www.gov.uk/government/news/uk-government-announces-1-billion-investment-in-employment-support-for-disabled-people), [[5]](https://www.gov.uk/government/news/uk-government-announces-1-billion-investment-in-employment-support-for-disabled-people)
* Paragraph 4 – [[3]](https://www.gov.uk/government/consultations/pathways-to-work-reforming-benefits-and-support-to-get-britain-working-green-paper/spring-statement-2025-health-and-disability-benefit-reforms-impacts), [[4]](https://www.gov.uk/government/news/uk-government-announces-1-billion-investment-in-employment-support-for-disabled-people), [[5]](https://www.gov.uk/government/news/uk-government-announces-1-billion-investment-in-employment-support-for-disabled-people), [[6]](https://www.gov.uk/government/news/uk-government-announces-1-billion-investment-in-employment-support-for-disabled-people), [[7]](https://www.gov.uk/government/news/uk-government-announces-1-billion-investment-in-employment-support-for-disabled-people)
* Paragraph 5 – [[3]](https://www.gov.uk/government/consultations/pathways-to-work-reforming-benefits-and-support-to-get-britain-working-green-paper/spring-statement-2025-health-and-disability-benefit-reforms-impacts), [[1]](https://www.independent.co.uk/news/uk/home-news/welfare-reform-sick-disabled-universal-credit-act-b2819653.html)

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## Bibliography

1. <https://www.independent.co.uk/news/uk/home-news/welfare-reform-sick-disabled-universal-credit-act-b2819653.html> - Please view link - unable to able to access data
2. <https://www.gov.uk/government/news/further-details-on-welfare-reforms-published-ahead-of-second-reading> - The UK government has announced significant welfare reforms, including a £338 million investment in the 'Connect to Work' programme. This initiative aims to provide tailored support to 85,000 individuals facing health-related barriers to employment across 15 areas in England. The reforms also involve increasing the Universal Credit standard allowance in line with inflation until 2029/30 and reducing the health element for new claimants after April 2026, unless they have severe or terminal conditions. These measures are part of a broader strategy to encourage employment and reduce dependency on benefits.
3. <https://www.gov.uk/government/consultations/pathways-to-work-reforming-benefits-and-support-to-get-britain-working-green-paper/spring-statement-2025-health-and-disability-benefit-reforms-impacts> - The UK government has introduced reforms focusing on supporting individuals with health conditions and disabilities to return to work. Key measures include changes to Personal Independence Payment (PIP) eligibility, adjustments to Universal Credit health elements, and increased investment in employment support programmes. The reforms aim to reduce economic inactivity and provide tailored support to those with health-related barriers to employment, with a projected fiscal benefit of £18,000 per person annually for those moving into full-time work.
4. <https://www.gov.uk/government/news/uk-government-announces-1-billion-investment-in-employment-support-for-disabled-people> - The UK government has pledged £1 billion annually by 2029-30 to support disabled people and those with health conditions in entering or returning to work. This commitment includes £300 million brought forward over the next three years, increasing total employment support by £2.2 billion over four years. The funding will accelerate tailored employment, health, and skills support, building on programmes like 'Connect to Work' that provide one-to-one support to disabled individuals at the point they feel ready to work.
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