

Response from Disability Benefits Consortium to HM Treasury on the 'Long-term opportunities and challenges for the UK: analysis for the 2007 Comprehensive Spending Review' paper

Summary of key points

- 1) DBC argues that the obvious way to lift disabled people out of poverty, to enable them to properly meet their extra needs, to reduce indebtedness and reduce spending from other Government departments is to:**
 - increase the levels of benefits to adequate amounts, that properly cover the extra costs of disability,
 - improve the take-up of benefits, and
 - vastly improve the standards of decision-making on disability and incapacity benefits.

Further, DBC feels that DWP should provide costings related to adequate income standards for disabled people, in terms of paying appropriate rates of benefit and meeting extra costs of disability.
- 2) DBC argues for specific Public Service Agreement targets being set for DWP in relation to:**
 - levels of benefits take-up,
 - decision making standards,
 - the budget for, and uprating of, welfare benefits at least keeping pace with inflation, as well as
 - a cross cutting target with DoH for information and advice provision.
- 3) Whilst DBC supports government proposals to improve the support available for disabled people to move into work as a route out of poverty, it is clear that there are a variety of barriers for many disabled people that will take a number of years to overcome.**
- 4) In the meantime, we argue that it is essential to ensure that all disabled people are provided with an income to meet their diverse range of needs. Thus, the rates of welfare benefits and tax credits must be set at adequate levels for the needs of all disabled people and the parents of disabled children.**
- 5) DBC thinks that welfare savings should not be recycled into the general DWP budget, but must be clearly hypothecated for further investment in high quality employment support services and extra support benefits for disabled people. Given the serious implications of how the in principle agreement is applied in practice, we believe that a full consultation on both the mechanism used and how the savings are spent is needed.**

Introduction

- 6) The Disability Benefits Consortium (DBC) brings together a wide range of disability organisations, cancer charities, older people's organisations, advice services, carers' organisations and other organisations¹. The DBC aims to lobby and campaign on welfare benefits as they relate to disabled people.
- 7) We welcome the publication of this wide ranging paper, published in advance of the 2007 Comprehensive Spending Review (CSR), which aims to set the course for public services over the next three years. We acknowledge some of the undoubted gains and improvements that have occurred following previous rounds of the CSR, in the areas of increased spending on health and education, along with lower child and pensioner poverty.
- 8) However, we are deeply concerned and disappointed that the plight of the countries 6.8 million disabled people is comprehensively overlooked within this paper. Disabled people of working age are a group of people who have fallen more deeply into poverty over the past 10 years².
- 9) We support efforts to improve the rights of unemployed disabled people to move closer to employment, as well as efforts to enable people retain their jobs when they may experience ill health and disability for the first time (3.43). And there is some recognition that moving into work can reduce the levels of poverty of some disabled people.
- 10) However, beyond a cursory mention of labour market trends being affected by the fact that 70% of economically inactive people are incapacitated or disabled (3.48), there appears to be very little impetus to properly address the wide and varied needs of disabled people to bring about real change in this area. There are a number of issues that require attention in relation to the needs, rights and aspirations of disabled people that we would like to highlight in relation to the CSR 2007.

Income

- 11) Disabled adults are twice as likely to live in low-income households as non-disabled adults and this gap has grown in the last ten years³. Around two-fifths of disabled working people in poverty are single adults without dependent children.
- 12) These statistics underestimate the true extent of poverty among disabled people because they are based solely on income (including disability benefits), and they do not take into account the additional costs many disabled people incur because of their disabilities.

1 Organisations on DBC include Action for Blind People, Age Concern, Arthritis Care, Child Poverty Action Group, Citizens Advice, Disability Alliance, Disability Wales, Leonard Cheshire Foundation, Macmillan Cancer Support, Mencap, Mind, Motor Neurone Disease (MND) Association, MS Society, National Autistic Society (NAS), National Deaf Children's Society, Parkinson's Disease Society, Royal Association for Disability and Rehabilitation (RADAR), Rethink, Royal National Institute of the Blind (RNIB), Royal National Institute for the Deaf (RNID), Scope, Skill, TUC

² *Monitoring poverty and social exclusion 2006*, Guy Palmer, Tom MacInnes and Peter Kenway, Joseph Rowntree Foundation, 2005

³ *Households Below Average Income 2004/05*, Department for Work and Pensions, 2006.

Extra costs of disability

- 13) A report on the additional costs of disability suggests that the income of disabled people solely dependent on benefits, irrespective of the type or level of their need, is approximately £200 less than the weekly amount required for them to ensure a minimum standard of living⁴. These figures suggest that, even without including personal assistance costs, benefits meet only:
- 28 per cent of the costs of people with low-medium needs;
 - 30 per cent of the costs of people with intermittent/fluctuating needs;
 - 35 per cent of the costs of deaf people and people with visual impairments;
 - 50 per cent of the costs of people with high-medium support needs.
- 14) Other literature looking at extra costs of disability finds general, if not universal, agreement on the existence of extra costs⁵. It suggests that extra costs are not as significant as the lower lifetime earnings of disabled people. There is common agreement that disability living allowance (DLA) and attendance allowance (AA) at their current levels are not sufficient to meet costs.
- 15) Most studies conclude that disabled people's needs are not met fully through social care services and that the cost of private provision to meet these needs is not covered by extra benefit costs. As a result, carers, unpaid relatives and friends are thought to be bearing the costs of ever-tighter eligibility criteria in accessing social care services⁶.
- 16) With employment, it has been found that disabled full-time workers and part-time workers are more likely to be low paid than non-disabled counterparts. This could be because disabled people are being discriminated against within the labour market⁷, as well as arising from skills deficits due to educational difficulties in early life.

Debt

- 17) In addition to disabled people facing higher costs whilst having lower than average incomes, there is evidence that this situation is driving many disabled people towards problem debt⁸. The credit industry is failing to recognise the impact that disability has on borrowers. In-depth research with disabled people facing debt problems found that nine out of ten of those interviewed found themselves running out of money on a regular basis. The majority (53%) had annual incomes of less than £10,000 a year (the national median is £22,060) and said their level of income was not meeting their basic needs.

⁴ *Disabled people's cost of living: More than you would think*, Noel Smith et al, Joseph Rowntree Foundation, 2004

⁵ *Review of existing research on the extra costs of disability*, Mike Tibble, DWP Working Paper No.21, 2005

⁶ See, for eg, *The state of social care in England 2005-06*, Commission for Social Care Inspection

⁷ *A route out of poverty? Disabled people, work and welfare reform*, Gabrielle Preston et al, Child Poverty Action Group 2006

⁸ *In the balance: disabled people's experience of debt*, Clare Kober, Leonard Cheshire, 2005

- 18) Over one third surveyed (39%) dealt with existing debts by taking on more borrowing, and most said their creditors were inflexible when discussing repayments and showed little understanding of the impact of their disability. The effect of debt on disabled people's well-being was also documented in the report. Most respondents felt that debt had impacted negatively on their health, with 12 percent stating that their situation had driven them to such levels of despair that they had contemplated suicide.
- 19) Consumer borrowing has now topped the £1trillion mark in the UK and problem debt is often linked to overspending on luxury items. The research established that disabled people, many of whom are already living on or below the poverty line, often end up in debt because their income is not sufficient to cover the additional costs directly related to their disability.
- 20) We argue that forcing disabled people into debt in this manner incurs significant extra spending upon other government departments. First, in terms of the provision of money and debt advice for disabled people who cannot manage their debts (at least £45million spent on face-to-face advice in 2006⁹).
- 21) Second, in incurring extra burdens on health and social care budgets, due to the detrimental effects that being in debt has on disabled peoples' health, both in terms of the stress and strain caused to them as well as their inability to properly meet their needs for adaptations, social care and support.
- 22) DBC argues that the obvious way to lift disabled people out of poverty, to enable them to properly meet their extra needs, to reduce indebtedness and reduce spending from other Government departments is to:**
- **increase the levels of benefits to adequate amounts, that properly cover the extra costs of disability,**
 - **improve the take-up of benefits, and**
 - **vastly improve the standards of decision-making on disability and incapacity benefits.**
- Further, DBC feels that DWP should provide costings related to adequate income standards for disabled people, in terms of paying appropriate rates of benefit and meeting extra costs of disability.**

Take-up of benefits

- 23) Data on unclaimed benefits can be difficult to estimate and obtain. We do know that 54% of people who die as a result of cancer are not receiving DLA and AA despite the fact that terminally ill patients should be automatically entitled¹⁰. In an unpublished paper written in 1998, the Department for Work and Pensions (DWP) acknowledged that take-up of DLA amongst the population as a whole was between 40% and 60%¹¹ - an unacceptably low figure. A complex system puts many families off applying.

⁹ Answer from Department of Trade and Industry to Parliamentary Question, 21 November 2006

¹⁰ *Unclaimed Millions*, Macmillan Cancer Support, 2004

¹¹ First findings from the disability follow-up to the FRS (Research summary No. 5) March 1998

- 24) A lack of knowledge and information amongst eligible groups is a major cause of low benefits take-up rates. For example, a National Audit Office report found that 77% of cancer patients in England were not given information about financial support to which they might be entitled¹². Disabled people need to be told about benefits, as well as help to access appropriate support and advice to claim when needed.
- 25) Furthermore, research indicates that 'socially disadvantaged' families who are most in need of additional support are less likely to apply for DLA and carer's allowance, are more likely to be turned down if they do apply, or to be awarded lower rates than families with similar needs. Families from minority ethnic groups with a disabled child are even more disadvantaged than already disadvantaged white families with comparable needs¹³.

Decision making

- 26) Parents with disabled children and disabled adults may not get their full benefit entitlement because of the provision of poor – and sometimes incorrect – advice from DWP staff. The fact that approximately 50% of appellants are successful at appeal against decisions relating to DLA and incapacity benefit indicates the severity of the problems within the DWP decision-making process.

Cross-cutting targets

- 27) DBC argues that DWP and the Department of Health (DoH) should have a cross cutting target to increase levels of awareness about key disability benefits amongst potentially eligible groups. This awareness should be a joint responsibility as DoH, through the National Health Service, will routinely come into contact with eligible groups and is therefore uniquely well placed to signpost clients to the right information at the right time.
- 28) People who don't know disability benefits exist may not approach DWP agencies to ask about them. However, at present, very few healthcare professionals tell people about benefit entitlements. DoH's current stated intention is to include benefits information in the information prescriptions given to people with long term conditions from 2008 - this could help but it remains to be seen whether it will meet all patients' needs and we are unsure as to whether all disabled people will be covered.

29) DBC argues for specific Public Service Agreement targets being set for DWP in relation to:

- **levels of benefits take-up,**
- **decision making standards,**
- **the budget for, and uprating of, welfare benefits at least keeping pace with inflation, as well as**
- **a cross cutting target with DoH for information and advice provision.**

¹² *Tackling Cancer: Improving the Patient Journey*, National Audit Office, February 2005

¹³ *Reaching its target? Disability living allowance for children*, Social Policy Report No. 9, Keri Roberts, Dot Lawton, Social Policy Research Unit, University of York, 1999 and *On the edge: Minority ethnic families caring for a severely disabled child*, Chamba, Rampaul, Adham, Waqar, Hirst, Michael, Lawton, Dot, Beresford, Bryony, Policy Press, May 1999

Welfare to work, employment & discrimination

- 30) In light of the substandard rates of benefit income paid to most disabled people, including children, it may be correct to state that work does indeed represent the best route out of poverty for many people. However, it is not so simple to say this will always be the case for all people, with many disabled adults and parents with disabled children remaining in poverty despite being in employment.
- 31) The lowest risk of facing in-work poverty is for a couple where both people work in full-time jobs. For disabled people, and parents of disabled children, this situation is often impracticable and unrealistic, due to any combination of caring responsibilities, functional limitations, and direct or indirect discrimination from employers.

Employment rates

- 32) In the UK, the employment rate of disabled people has risen from 30% to 50%, an increase of 66% in ten years. So in one sense, it could be said that the Disability Discrimination Act (DDA) has been successful. The question should not, however, be whether the Act has been successful but whether it has been successful enough and whether it has reached all disabled people.
- 33) Although there is an employment rate of 50% for all disabled people, the figure is not so good if dissected further. The employment rate for the rest of the working age population is nearly 80%, so there remains a gap of 30%. The employment rate of people with mental health conditions is just 20% and only 10% for people with learning disabilities.

Discrimination

- 34) A recent survey found 30% of employers stating that they would not employ anyone who has a history of mental illness, even though such discrimination is unlawful¹⁴. This suggests there is still much to do in convincing employers of the economic and social benefits of employing disabled people.
- 35) The progressive intentions of the DDA are failing to achieve change for some groups of disabled people. For example, nine out of ten employers rate blind and partially sighted people as either “*difficult*” or “*impossible*” to employ, only one in four (27 %) of blind and partially sighted people of working age are actually in work and this figure has not changed over the last decade¹⁵, despite the DDA.
- 36) Similarly, research shows that one in five deaf people are unemployed and actively looking for work, compared to one in twenty of the UK workforce as a whole, with a significant majority identifying employer attitudes as the main barrier to finding work¹⁶.

¹⁴ *Labour Market Outlook Survey Report summer/autumn 2005*, Chartered Institute of Personnel and Development 2005.

¹⁵ *Employment and unemployment amongst people with sight problems in the UK*, I. Bruce and M. Baker, RNIB, 2003

¹⁶ *Opportunity Blocked*, Mark Baker, RNID, 2006

- 37) There is evidence that the general population's awareness of the DDA is reducing over time, with the latest DWP performance report showing a fall of 1.6 percentage points from the baseline figure¹⁷.
- 38) Whilst DBC supports government proposals to improve the support available for disabled people to move into work as a route out of poverty, it is clear that there are a variety of barriers for many disabled people that will take a number of years to overcome.**
- 39) In the meantime, we argue that it is essential to ensure that all disabled people are provided with an income to meet their diverse range of needs. Thus, the rates of welfare benefits and tax credits must be set at adequate levels for the needs of all disabled people and the parents of disabled children.**

Recycling of welfare reform savings back to DWP

- 40) We understand that an 'in principle' agreement has been reached between the Treasury and DWP to recycle net gains to the DWP budget that the Government expects to result from welfare reform (through benefits budget savings and an increased employment rate). This has potential for positive outcomes, but also raises some serious concerns.
- 41) We feel that any mechanism by which such savings are recycled must not provide any perverse incentives to narrow gateways to entitlement, to force disabled people into inappropriate work, nor into work before they are ready, or increase the application of sanctions.
- 42) DBC thinks that welfare savings should not be recycled into the general DWP budget, but must be clearly hypothecated for further investment in high quality employment support services and extra support benefits for disabled people. Given the serious implications of how the in principle agreement is applied in practice, we believe that a full consultation on both the mechanism used and how the savings are spent is needed.**

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¹⁷ *Progress against Public Service Agreement targets*, DWP Autumn Performance Report 2006