

# BUDGET 2010 – PROTECTING THE MOST VULNERABLE?

## Position Paper



Disability Action is an organisation working with and for people with disabilities in Northern Ireland. As a campaigning body we work to bring about change and influence policy to ensure that people with disabilities are not disadvantaged in society and can make a valuable and valued contribution.

In order to assist understanding of the issues faced by our stakeholders we have produced a series of papers that outline the key concerns that we believe may impact on the lives of disabled people in Northern Ireland. This paper aims to give stakeholders our position on the emergency budget published in June 2010 and also presents the views of disabled people who will be directly affected.

## Introduction

The Chancellor George Osborne presented his budget to the House of Commons on 22 June 2010. The Chancellor said that this budget, “aims to tackle the deficit, transform the economy through private sector led growth and to ensure that the most vulnerable are protected.”

However, the plans outlined in the budget will have a huge detrimental impact on the lives of disabled people and their families, many of whom are up to four times more likely to be unemployed, and to live in poverty.

Disability Action has major concerns about the following elements of the budget:

## Welfare Reform

The budget outlined the government’s plans to reduce spending on welfare benefits by £11 billion. These reforms aim to “reduce dependency and promote work<sup>1</sup>”. Many disabled people are already trapped in poverty and tend to be furthest from the labour market and thus rely on social security benefits in order to survive. Any reform to the benefits system will have a huge and disproportionate impact on the lives of disabled people.

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1. Budget 2010 June The Stationery Office - [www.hm-treasury.gov.uk/d/junebudget\\_complete.pdf](http://www.hm-treasury.gov.uk/d/junebudget_complete.pdf)

There is also a need to ensure that disabled people who are unable to enter the labour market continue to receive the benefits they require to live independently. These benefits should be adequate to ensure that they are not left in a poverty trap. As it currently stands the weekly income of a disabled person who relies solely on benefits is approximately “£200 below the amount required to live an acceptable and equitable quality of life”<sup>2</sup>.

## Disability Living Allowance (DLA)

The Chancellor announced that he would reform Disability Living Allowance (DLA) and introduce a medical assessment for all claimants. The budget document states: “The Government will reform the Disability Living Allowance (DLA) to ensure support is targeted on those with the highest medical need”<sup>3</sup>.

But we think that his underlying understanding of DLA is wrong. According to the Department of Social Development’s website:

“DLA is payable to people who are disabled and who have personal care needs, mobility needs or both”<sup>4</sup>...

DLA is **not** based on a person’s medical condition, it is based on one’s personal care and mobility needs resulting from the effects of an impairment on the individual. Each of us is different and we will each experience differing effects from the same medical condition. Disability Action would therefore question how a medical professional, without specialist knowledge on a wide range of conditions would be able to measure such an impact without having regular contact with the individual. Also the obvious consequence of moving to a medical assessment for DLA claimants is that many people will have the benefit removed.

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2. The Low Incomes Tax Reform Group <http://www.litr.org.uk/help/disability.cfm>

3. Budget 2010 June The Stationery Office  
[www.hm-treasury.gov.uk/d/junebudget\\_complete.pdf](http://www.hm-treasury.gov.uk/d/junebudget_complete.pdf)

4. Disability Living Allowance [www.dsdni.gov.uk/dla\\_background\\_notes.pdf](http://www.dsdni.gov.uk/dla_background_notes.pdf)

This belief is backed up by figures which estimate that by 2015, £1.4bn will be saved by introducing this strict medical assessment<sup>5</sup>. Disability Action would argue that if the main aim of these changes is to remove fraudulent claims then this is not the right way to do it. This change of process will mean that many disabled people will not receive a benefit that helps them maintain a basic standard of living and to stay in the community.

The misconception is that DLA is only available to people who are out of work however DLA is also available to people in work. If the benefit is removed this may also pose a barrier for many disabled people wishing to remain in or seeking employment. For many disabled people DLA is the only way to pay for the additional care, equipment and transport they require which allows them to live independently. Disabled people's day-to-day living costs – for basic items like mobility aids, care and transport – are 25% higher than those of non-disabled people<sup>6</sup>, therefore any cut in this or other benefits will mean that disabled people will be unable to live independent lives. This position conflicts with the Government's policy to ensure that all disabled people will be living independent and contributing lives by 2025.

## Rising Numbers

The most recent statistics show that just over 10%<sup>7</sup> (181,450) of Northern Ireland's population are in receipt of DLA. In the last decade the proportion of the working age population in receipt of DLA has risen from 8% to 9% and is twice the rate of GB. The predominant suggestion is that there are large numbers of people who make fraudulent claims - the reason for the high numbers on this benefit. However research evidence would suggest that "part of the explanation for higher DLA recipiency in Northern Ireland lies in its worse levels of ill-health".<sup>8</sup>

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5. "Budget 2010: Tougher disability allowance test to reduce claimants. New regime expected to save £1.4bn by 2015 by incentivising work and turning down applicants, to dismay of charities" Rachel Williams Tuesday 22 June 2010

6. [www.guardian.co.uk/uk/2010/jun/22/tougher-disability-allowance-test-budget](http://www.guardian.co.uk/uk/2010/jun/22/tougher-disability-allowance-test-budget)  
Facts and Figures Disability in the United Kingdom 2010  
[www.papworth.org.uk/downloads/disabilityfactsandfigures2010\\_100202152740.pdf](http://www.papworth.org.uk/downloads/disabilityfactsandfigures2010_100202152740.pdf)

7. DLA Summary of Statistics, Nov 2009, DSD [www.dsdni.gov.uk/dla\\_november\\_2009.xls](http://www.dsdni.gov.uk/dla_november_2009.xls)

8. Disability Living Allowance Recipients NI [www.poverty.org.uk/i15a/index.shtml](http://www.poverty.org.uk/i15a/index.shtml)

Disability Action would question the Government's view that the increase in the number of DLA claimants is as a result of fraud. Whilst we recognise that fraud does take place there are many other reasons why the number of claimants could have increased, for example, large numbers of people disabled as a result of the Troubles, an aging population, people living longer through better medical treatment, better outcomes for babies born prematurely all add to the claimant numbers. Recently the Minister for Social Development Alex Attwood MLA urged people to ensure they are receiving the benefits they are entitled to, Disability Action supports this call.

In addition:

- DLA is not a work related benefit so therefore it must be questioned why the Government has only decided to reassess people of working age. This automatically gives a negative message that all people on DLA do not work, in fact many do.
- At present the Department can ask for medical evidence from a person's GP, Consultant or other health professional and at times the person will be asked to come for a medical assessment. George Osborne's statement made reference to the length of the referral form and said that the medical assessment would be an alternative to this. However, there will still be a need to gather information from various health professionals unless the assessment is to be undertaken by the person's own medical practitioner.
- This announcement comes at a time when there is already concern about the level of provision of care services in the community. The DLA announcement could further impact on a disabled person's ability to source care in their home.

## Disability Living Allowance

Tracey is 43, she is currently employed and in receipt of the middle care and high mobility components of DLA.

Tracey is concerned by the proposed changes to DLA and the medical assessment.

“If I was to lose my DLA it would seriously impinge on my day to day requirements. It would obviously put me into financial difficulties and I wouldn't be as independent as I currently am. I also would be less active which would have serious impact on my health and wellbeing.

I get my DLA paid into a separate account and use it in full to accommodate my personal care and mobility requirements. People say you would be entitled to Access to Work, like a taxi, but that would just take me to and collect me from work. What would I do the rest of the time?

I live alone in a one bedroom NIHE flat and I pay two carers for housework, to buy groceries and pay the bills. Although not by choice I have Economy 7 heating which costs me a fortune especially in the winter. To cut costs last winter I lived in the bedroom as I could only heat one room. Due to my condition I fall a lot and destroy clothes which I have to replace regularly. I also have to buy a certain type of shoe which is hardwearing and more expensive.

I have concerns regarding the proposed medical assessment which will be carried out by health professionals who may or in fact may not understand the impact of living with my disability on a day to day basis.

If I lost my DLA I would socialise less. DLA has social consequences as well as economic.”

## Housing Benefit

The Chancellor also announced that he wants to cut Housing Benefit by £1.8bn by the end of this Parliament.

For a disabled person of working age, many of whom still face discrimination in trying to access the workplace, and who are up to four times more likely to be unemployed this reform could further impact on poverty levels. Disability Action also has particular concerns about the time limiting of the receipt of full housing benefit in relation to job seeking.

Disability Action does welcome the statement that from April 2011, Housing Benefit claimants with a disability and a non-resident carer will be entitled to funding for an extra bedroom.

## Lone Parents

In order to support lone parents into employment the government has outlined plans to move those parents with their youngest child over five onto Jobseekers Allowance rather than Income Support from 2011-12. This is of concern to Disability Action. The negative impact on families where a child or children have a disability could be significant due to the extra caring requirements, the lack of understanding of employers in relation to caring for a child with a disability and the lack of affordable accessible childcare for children with disabilities.

## Tax Credits

The proposed cut in tax credit payments to families earning more than £40,000 will impact significantly more on families with children who have disabilities. A family earning £40,000 with two children will lose £10.48 a week. However, a family with two children, one with a disability, will lose £39.98 a week, that's over £2000 in a year. The impact of this could be that a parent currently in work may not be able to sustain this and be forced to leave the workplace.

## VAT

The increase in VAT to 20% will have a significant impact on the lives of disabled people and those on low incomes. Disabled people have 25%<sup>9</sup> higher cost of living than non disabled people therefore this increase in VAT will disproportionately affect the day to day living costs of disabled people and make it more difficult to live independent lives.

### VAT INCREASE TO 20%

Patrick is 56, married with a grown up family. He receives Incapacity Benefit, a level of Housing Benefit and DLA high care and mobility components.

Patrick is concerned by the proposed increase in VAT to 20%.

“About twice a year, at sales time, we do a big shop for clothes and it’s not always for new clothes. We live day to day on a budget so it’s difficult to save enough to buy the big things that we need. The increase in VAT will mean that we will have to save for longer and probably buy less as we do not have pots of money and we do without as it is. Whilst I am exempt from paying VAT on items of equipment for my use, the increased VAT on clothes and household items will seriously impact on an already stretched budget.

We have old fashioned ethics and don’t believe in debt. Christmas has always been a nightmare as we have no choice but to borrow. I have approached bank and building society. The only places we can get a loan is from higher interest companies who I know are not averse to using aggressive and intimidating methods for repayment.

The idea of changes to benefits puts added pressure on vulnerable people – it puts them at risk of stress, heart attacks even suicide. Life is hard enough I just think why can’t they leave my life alone.”

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9. Facts and Figures Disability in the United Kingdom 2010

[www.papworth.org.uk/downloads/disabilityfactsandfigures2010\\_100202152740.pdf](http://www.papworth.org.uk/downloads/disabilityfactsandfigures2010_100202152740.pdf)

While Disability Action acknowledges the need to reduce the deficit, cut reliance on public sector employment and grow the economy, we have serious concerns about the impact on the budget on disabled people, one of the most vulnerable groups in society.

We also have concerns about some of the government's other plans to encourage private sector growth, and make savings from the Employment and Support Allowance (ESA).

**“George Osborne’s budget cuts will hit Britain’s poorest families six times harder than the richest”<sup>10</sup>**

## Private Sector Growth

The Government also wants to encourage private sector growth. This is because the UK economy has become less competitive and more reliant on public sector employment. In Northern Ireland the main political parties agree that there is a need to grow the private sector. The measures in the budget aim to “encourage firms to create new jobs and to help those out of work back into the labour market”<sup>11</sup>.

Disability Action supports this aim. However, we believe that more needs to be done to ensure that disabled people have the same employment opportunities as non-disabled people and access to jobs that are meaningful and fairly paid.

This is because disabled people who are employed are more likely to be in low skill, low paid jobs earning less than non-disabled people<sup>12</sup>. (The average gross hourly pay for disabled employees is £10.31 compared to £11.39 for non-disabled employees<sup>13</sup>.)

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10. “George Osborne’s budget cuts will hit Britain’s poorest families six times harder than the richest” Anushka Asthana Sunday 27 June 2010  
[www.guardian.co.uk/uk/2010/jun/27/osborne-budget-cuts-hit-poorest](http://www.guardian.co.uk/uk/2010/jun/27/osborne-budget-cuts-hit-poorest)
  11. Budget 2010 June 2010 The Stationery Office  
[www.hm-treasury.gov.uk/d/junebudget\\_complete.pdf](http://www.hm-treasury.gov.uk/d/junebudget_complete.pdf)
  12. Disability Poverty in the UK 2008 [www.lcdisability.org/?lid=6386](http://www.lcdisability.org/?lid=6386)
  13. Facts and Figures Disability in the United Kingdom 2010  
[www.papworth.org.uk/downloads/disabilityfactsandfigures2010\\_100202152740.pdf](http://www.papworth.org.uk/downloads/disabilityfactsandfigures2010_100202152740.pdf)

Statistics also show that “One in five disabled people in the UK are unemployed but want to work; this compares to one in 15 of non-disabled people<sup>14</sup>”.

This poses questions as to why there are so many disabled people who want to work and cannot obtain employment?

## **Employment and Support Allowance (ESA)**

The Chancellor also wants to make savings from the Employment and Support Allowance (ESA). ESA is a benefit, which aims to give greater support to disabled people who are deemed able to return to work. However one of the architects of ESA recently urged the government to delay rolling out the benefit. This is because thousands of disabled people are wrongly being found fit to work after the new medical assessment. The statistics shows that 68% of people who apply for the Employment Support Allowance (ESA) are being rejected on the grounds that their disability does not prevent them from working<sup>15</sup>. Disability Action would support the position that there should be a delay in rolling out the Employment Support Allowance (ESA).

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14. Disability Facts (EFD) [www.efd.org.uk/disability/disability-facts](http://www.efd.org.uk/disability/disability-facts)
  15. “New disability benefit system is flawed and could cost taxpayer MORE, says one of its architects” 26 May 2010  
[www.dailymail.co.uk/news/article-1281507/New-disability-benefitflawed-cost-taxpayerMORE-says-architects.html](http://www.dailymail.co.uk/news/article-1281507/New-disability-benefitflawed-cost-taxpayerMORE-says-architects.html)

## EMPLOYMENT AND SUPPORT ALLOWANCE

David is 30, single and receives Incapacity Benefit and DLA. He has had to leave work due to his disability. He lives at home with his parents.

David is concerned by the introduction of the Employment and Support Allowance.

“The change in my circumstances from work to benefits was very difficult to adjust to. I could not work part-time never mind full-time now. If I was forced into work my health would deteriorate. One of the benefits of not working is that it keeps you well. It is more cost effective in the long run as I would probably end up in hospital.

I agree that many people with disabilities can and would like to work however the threat that I may be forced to look for work, that I couldn't do, has me very worried.

The threat of moving to the new ESA benefit, which has replaced Incapacity Benefit, has made me feel very worried indeed. I have been reading in the newspapers and heard on radio and television about so many people failing the work capability assessment, subsequently failing the appeal process and then having to move onto Jobseekers Allowance. With Jobseekers, I know I would have to sign an agreement committing me to actively seek work and going through interviews with staff on a fairly regular basis to show how I have been actively seeking work (and where is the work to be found). I know I just couldn't cope with this at all and the fear of it is already impacting on my mental health as well as my physical health.”

## Conclusion

**“Disabled people are twice as likely to live in poverty as other citizens and are more likely to be hit first, hardest and longest by the current recession<sup>16</sup>”.**

If Government is to meet its own target that all disabled people will be living independent and contributing lives by 2025 it needs to immediately reassess the measures we have considered in this paper.

With specific reference to Northern Ireland, Disability Action would ask the Northern Ireland Assembly to lobby for special status for Northern Ireland, to protect disabled people here.

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16. Disability Alliance The Coalition: our programme for government [www.disabilityalliance.org/conlib.htm](http://www.disabilityalliance.org/conlib.htm)

This paper is one of a range of briefing, position and discussion papers produced by Disability Action's Policy Committee.

Other papers are available through the Hot Topics Section on [www.disabilityaction.org](http://www.disabilityaction.org) or by contacting us on the details below.

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