

Thurrock Coalition



Potential Impacts of Welfare Reforms upon Thurrock Council

Summary

Apart from the obvious impacts on the circumstances and hence the health of disabled people, welfare reforms will have three main impacts on Thurrock as a borough. There will be some affect on the local economy as less money comes into the borough; and a direct impact on some of the financial settlements made on Thurrock Council which are based on the numbers of benefit recipients. However, the biggest predictable impact will be on the cost of the provision of services for those in substantial need who may no longer be in receipt of financial support from the state.

In the current demographic climate, alongside disabled people of particular concern will be those who have retired from work at whatever age and have no income other than state benefits.

Current context

Based on a population of 162,200 in 2011 this distribution existed between age groups in Thurrock overall.

Thurrock - Population by age - Population aged 18-64, projected to 2030.¹

	2011	2015	2020	2025	2030
People aged 18-24	14,100	14,100	13,900	14,400	16,200
People aged 25-34	24,000	26,300	27,800	27,500	27,000
People aged 35-44	25,600	25,300	26,400	29,000	30,200
People aged 45-54	21,800	24,400	25,400	25,000	26,100
People aged 55-64	17,200	16,900	19,500	22,500	23,200
Total population aged 18-64	102,700	107,000	113,000	118,400	122,700

¹ <http://pansi.org.uk/index.php>

Total population - all ages	162,200	171,500	182,700	193,000	202,100
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Thurrock - Population by age - Population aged 65 and over, projected to 2030²

	2011	2015	2020	2025	2030
People aged 65-69	6,600	8,000	7,200	7,900	9,500
People aged 70-74	5,100	5,700	7,300	6,600	7,300
People aged 75-79	3,800	4,400	5,000	6,400	5,900
People aged 80-84	3,000	3,000	3,600	4,100	5,400
People aged 85-89	2,000	1,900	2,100	2,600	3,000
People aged 90 and over	1,000	1,300	1,600	1,900	2,400
Total population 65 and over	21,500	24,300	26,800	29,500	33,500

Taking the figures from 2011 there are 102,700 people aged 16-64 living in Thurrock and 21,500 people aged 65 and over. Around 4.8 people of working age for each one of those apparently dependent due to their age. Of course, not all who could be dependent will be dependent and not all who could be working will be working as the following figures show, but there is not much margin for additional capacity to manage the potential imbalances and demands of demographic change as shown below.

The above table shows government estimates for the population of Thurrock up to 2030. These projections show increased levels of growth in the population from that experienced in the past. The main reasons for this are a forecast natural growth in the older population as people tend to live longer, as well as a net migration of people into the Borough. We are already beginning to see these changes but sadly the detail will not be available until the outputs from the 2011 census emerge.

Levels of potential dependency in Thurrock indicated by benefits

Assessment of the Disability Living Allowance Reforms – to be become “Personal Independence Payment”

The Government is planning to cut Disability Living Allowance DLA expenditure by 20%, and replace it with a new benefit - ‘Personal Independence Payment’.

The government intends to introduce a new comprehensive “objective” assessment (via interviews and evidence gathering), limit the care component

²<http://poppi.org.uk/index.php?pageNo=372&PHPSESSID=ke428s0hb0pljbnmjel88k4lj5&sc=1&loc=8321&np=1>

(to be renamed 'daily living') to two rates. And to create a new style mobility test. The government plans to roll out the new benefit from 2013 onwards, to assess new claimants and to re-assess existing claimants and to remove indefinite awards of the benefit.

There has been discussion in DWP consultation papers of the "penalties" that will be put in place for individuals who don't report changes in their circumstances which is all well and good but it is unfortunate that DLA claimants have been unfairly stigmatized (particularly in the media³). The consultation report didn't take the opportunity to note that the fraud rates for DLA (for 2009/10) of 0.5% which is significantly lower than the 2.8% fraud rate for Income Support and the 2.5% fraud rate for Job Seeker's Allowance. The table from the DWP *Report on Fraud and Error in the Benefit System*⁴ (at page 9) and overpayment is below:

Benefit	Expenditure ₁	Fraud & Error	Fraud	Customer Error	Official Error	Last Measured				
Continuously reviewed										
Income Support	£8.5bn	5.7%	£480m	2.8%	£240m	1.5%	£120m	1.4%	£120m	Oct 08 - Sept 09
Jobseeker's Allowance	£4.7bn	5.2%	£240m	2.5%	£120m	0.3%	£10m	2.3%	£110m	Oct 08 - Sept 09
Pension Credit ²	£8.2bn	4.4%	£360m	1.0%	£90m	1.6%	£130m	1.8%	£150m	Oct 08 - Sept 09
Housing Benefit ³	£19.9bn	4.4%	£880m	1.3%	£260m	2.1%	£420m	1.0%	£200m	Oct 08 - Sept 09
Incapacity Benefit ⁴	£6.2bn	3.3%	£200m	0.5%	£30m	0.7%	£40m	2.1%	£130m	Oct 08 - Sept 09
Instrument of Payment		£10m		£10m		Oct 08 - Sept 09				
Occasionally reviewed										
Disability Living Allowance ⁵	£11.5bn	1.9%	£220m	0.5%	£60m	0.6%	£70m	0.8%	£90m	Apr 04 - Mar 05
Retirement Pension ^{6,7}	£66.9bn	0.1%	£90m	0.0%	£0m	0.1%	£60m	0.1%	£30m	Apr 05 - Mar 06
Carer's Allowance	£1.5bn	5.5%	£80m	3.9%	£60m	1.0%	£20m	0.6%	£10m	Apr 96 - Mar 97
Interdependencies ⁸		£40m		£10m		£10m		£20m		Apr 09 - Mar 10

³ http://www.bbc.co.uk/ouch/fact/ouch_q_a_10_disability_benefit_fraud.shtml

⁴ http://statistics.dwp.gov.uk/asd/asd2/fem/fem_oct08_sep09.pdf

The effect of the DLA reforms upon Thurrock

Disability living allowance

Population aged 18-64, Disability Living Allowance (DLA) cases in payment, as at May 2010

	Disability Living Allowance - Cases in payment
People aged 18-24 DLA cases in payment	320
People aged 25-34 DLA cases in payment	400
People aged 35-44 DLA cases in payment	720
People aged 45-54 DLA cases in payment	1,000
People aged 55-64 DLA cases in payment	1,480
Total population aged 18-64 DLA cases in payment⁵	3,920

Against the figures of those of working age needs to be set the detail of those in receipt of Disability Living Allowance (DLA) for those up to 65, which include those aged 16 and 17 who can claim in their own right. According to the DWP the average weekly amount of benefit for Thurrock residents is £69.71 and there are currently **3,920** claimants - so around £273,263 a year coming in to support care needs. It is the Governments declared intention to reduce the numbers on DLA by 20% so by 784 losing £54,880 or so to the borough's economy overall but also requiring some attention to be paid to the needs of those who are on the margins of eligibility. We know that the fraudulent claims for DLA run at less than 2% so the majority who lose benefit will be genuinely disabled.

Work related benefits

People may work and claim DLA – a matter of which the Government itself seems unaware – and changes to Access to Work Grants which are also threatened may have an impact on those disabled people who do work being able to manage to continue to do so. Applicants who request work related

⁵ The Disability Living Allowance provides a non-contributory, non means-tested and tax-free contribution towards the disability-related extra costs of severely disabled people under the age of 65. The Allowance has two components: a care component - for people who need help with personal care and are likely to go on needing that help; and a mobility component - for people who have walking difficulties and are likely to continue to have those difficulties.

Data from DWP, Disability Living Allowance - cases in payment, Caseload (thousands), by Local authority of claimant, by age, for May 2010.

Figures in this table have not been projected forward as the figures would not be reliable.

travel costs will now have to undergo a medical assessment to ascertain why they are not able to use public transport – this will not allow for the fact that public transport itself is limited and not accessible in some areas.

Proposed Reforms to Employment and Support Allowance (ESA) and Incapacity Benefit (ICB)

Incapacity benefits

Population aged 18-64, receiving SDA, Long Term IB, or in the ESA support group, as at February 2011⁶

	People aged 18-64
Men aged 18-64 and women aged 18-60 SDA cases in payment	350
Men aged 18-64 and women aged 18-60 Long Term Incapacity Benefit cases in payment	1,990
Men aged 18-64 and women aged 18-60 assessed as suitable for ESA Support group	110

ICB/ESA Background Information

In 2008, Employment Support Allowance replaced Incapacity Benefit and Income Support for new claimants.

From April 2011 the Government will also start to migrate 1.6 million people currently claiming Incapacity Benefit over to ESA, forcing them to undergo a flawed medical assessment process - the Work Capability Assessment. This will lead to around 20 per cent of people failing the assessment and losing

⁶ Incapacity benefits are those which can be claimed if someone is unable to work on a long term or permanent basis. Types of benefit available have changed over the years.

Severe disablement allowance (SDA) was in place from 1984 to 2001. This is given to people who are incapable of work who did not satisfy the contribution conditions for Incapacity Benefit. Numbers for cases still in payment are published as part of figures for Incapacity Benefits.

The most severe cases of Incapacity Benefits are Long Term Incapacity Benefits, paid to those who have been sick for more than a year. The next group up, the Higher Rate, is paid to those who have been sick for weeks 29 to 52.

Incapacity Benefit was replaced by Employment and support allowance (ESA) for new claims from 2008. Assessment is through the Work Capability Assessment. From 2011-2014 Incapacity Benefit recipients will also undertake this assessment. Those claimants who are assessed as suitable for the ESA support group are those with the most severe conditions. The next group up, Work related activity group, are assessed as being able to work in the short to medium term.

Regarding age, benefits are payable from age 18. Numbers are given for those of working age: for men this is up to age 65; note that the age at which women reach State Pension age is gradually increasing from 60 to 65 between April 2010 and April 2018.

In the long term Incapacity Benefit cases will move across to the ESA support group or lose their entitlement following assessment. SDA cases will reduce over time as this benefit is only available to existing recipients.

The figures have not been projected forward as the figures would not be reliable.

entitlement to ESA.

One of the biggest elements of the Government's Comprehensive Spending Review was the announcement that the contributory ESA benefit will be limited to twelve months for people on the 'work related activity group' (people who are judged able to move into work over time, with support).

The twelve month time limit takes no account of the often complex issues that disabled people need to address in preparing for and finding work.

Disabled Peoples' Organisations have major concerns about the fairness and effectiveness of the Work Capability Assessment which is used to decide who is eligible for ESA. Substantial recommendations for improving the assessment process were made during a recent independent review by Prof Malcolm Harrington, but these will take time to be implemented. Until Prof Harrington's recommendations on the Assessment process are fully implemented by Government, the migration of Incapacity Benefit claimants should not begin.

The severity of the cuts relating to ESA and ICB has been discussed at length by the House of Lords (Legislative Chamber) (moved by Lord Low of Dalston) to call attention to the impact of government policies on disabled people – 5th May 2011).

The Government have a massive programme to reassess more than 1.5 million people on incapacity benefit by 2013 to see whether they qualify for employment and support allowance. However, the assessment process is deeply flawed. Forty per cent of appeals are successful, and there is widespread dissatisfaction with Atos Healthcare, the company carrying out the assessments. There are also serious concerns with the way that the process is being handled. The descriptors in the work capability assessment have been repeatedly revised over recent years so as to raise the bar for claimants. Further changes are now being rushed through before Professor Harrington has concluded the all-important second stage of his review, against the advice of the Social Security Advisory Committee. In particular, the committee felt that the work capability assessment measured theoretical work capability and took insufficient account of the realities of the work environment and the labour market, which has not enabled significant numbers to move into employment, even in relatively favourable pre-recession conditions. Some 92 per cent of employers say that they would find it difficult or impossible to employ someone who is blind or partially sighted, for instance. Now we learn that increasing numbers of disabled people are experiencing rigorous reassessments of their access-to-work support packages, which is hardly going to ameliorate the situation.

The vast majority of incapacity benefit claimants have been on benefit for at least five years, which puts them a very long way indeed from the labour market. Yet, following the changes to the work capability

assessment, the Government estimate that around a quarter of these claimants will fail to qualify for ESA, which will mean that they have to make a claim for jobseeker's allowance or some other benefit or lose their benefit altogether. Can the Minister say what support will be available for disabled people who fail the work capability assessment but nevertheless face significant barriers in finding work?

Even if you qualify for ESA-employment and support allowance-you may be no better off, because anyone receiving contributory ESA from next April who is in the work-related activity group will have payment of their benefit means tested after 12 months. This change is to be made retrospective. People will still be able to apply for income-related ESA after their contributory ESA ends, but if their partner is earning as little as £150 or working 24 hours or more a week, they will no longer be eligible for ESA. These are particularly savage policies going far beyond anything contemplated in the Thatcher era. They will cause great hardship and have a devastating effect on the lives of hundreds of thousands of disabled people. It is estimated that by 2015-16, 700,000 people will be affected by limiting contributory ESA to one year: 203,000 will lose on average £11 a week; 217,000 will lose £22 a week; and 280,000, a good 40 per cent, will lose as much as £89 a week. To people forced to live on benefit, these figures are mind-boggling.

Disabled people see this as a betrayal of the citizen by the state. People have paid in through tax and national insurance contributions in the belief that if they became sick or disabled the benefits system would support them as they came to terms with their impairment, retrained and moved towards work again. The Minister may say that disabled people with a partner in work or with savings of more than £16,000 have other means of support and should use them, as people on contributory JSA have to after only six months. However, this totally fails to appreciate the difference between someone who is work-ready on JSA and a disabled person who may need some years of support to enter work. Most important of all, there simply are not the jobs to enable someone on ESA to get a job within 12 months. The number of long-term unemployed far outstrips the number of job vacancies. DWP figures show that only 13 per cent of people on the Pathways to Work programme in 2008-09 returned to work within one year. How is one to account for this, other than in terms of coalition heartlessness-picking on disabled people, to cut the deficit, by returning us to the hard-faced days of the means test?⁷

⁷ <http://www.publications.parliament.uk/pa/ld201011/ldhansrd/text/110505-0001.htm#11050562000604>

The effect of the ESA reforms upon Thurrock

The implications of the review of Incapacity Benefit claimants and again the intention to reduce the numbers will adversely impact on unemployment rates in the borough and also reduce income and therefore the spending capacity of many disabled people. Although IB was abolished in October 2008 there are still **1,990** people whose ability to work is limited by ill health or disability in receipt of Incapacity Benefit. All new applicants and all current claimants are now subject to a work capability assessment. There are an additional **110** people in the borough assessed as suitable for the ESA Support group.

Attendance Allowance in Thurrock

There is as yet no intention so we are told to review Attendance Allowance (AA). However according to the DWP (from June 2011) we have **1,900** older people on high rate AA (requiring attendance both day and night) and **1,560** on low rate AA – 3,460 disabled older people in all.

According to the DWP the average amount in payment is £60.94 weekly which is £3,169 a year each or £109,643 a year overall coming into the borough to be spent on care and assistance. We know that take up of AA is low as older people do not always recognise their eligibility for help and/or have difficulty completing the applications - so the numbers who are high rate particularly is of some concern already being 10% of the elderly population with proven substantial need. Add to this the numbers on lower rate and 18% of the over 65s appear to have some form of impairment. As the numbers overall increase so will the numbers who identify as having a care need. An effort needs to be made to get as many as possible applying for the benefits to which they are entitled before the option is lost. Often older people are cared for by equally aged partners and the potential for two people becoming dependent on help from the borough is high. Carers are also entitled to assessment of need and this may not be something of which either party is fully aware.

Numbers of people with physical impairments in Thurrock

The table below⁸ shows the current and projected numbers of individuals with physical impairments from between 2011 and 2030.

⁸ The table is based on the prevalence data for moderate and serious disability by age and sex included in the Health Survey for England, 2001, edited by Madhavi Bajekal, Paola Primatesta and Gillian Prior. Rates given in the survey for moderate and serious physical disability are as follows:

Age range	% moderate	% serious
18-24	4.1	0.8
25-34	4.2	0.4
35-44	5.6	1.7

The increases are worthy of note given the likely overall impact of Welfare Reforms upon disabled people detailed above. The reforms consist of increasingly strict eligibility criteria; it is likely therefore that many individuals currently receiving welfare support will not meet the new criteria. Thus, many disabled people will seek support from their Local Authority (Thurrock Council) for care and mobility needs that were previously met by the Welfare system.

Moderate or serious physical disability - People aged 18-64 predicted to have a moderate or serious physical disability, by age, projected to 2030.

	2011	2015	2020	2025	2030
People aged 18-24 predicted to have a moderate physical disability	578	578	570	590	664
People aged 25-34 predicted to have a moderate physical disability	1,008	1,105	1,168	1,155	1,134
People aged 35-44 predicted to have a moderate physical disability	1,434	1,417	1,478	1,624	1,691
People aged 45-54 predicted to have a moderate physical disability	2,115	2,367	2,464	2,425	2,532
People aged 55-64 predicted to have a moderate physical disability	2,563	2,518	2,905	3,352	3,457
Total population aged 18-64 predicted to have a serious physical disability	2,230	2,287	2,488	2,698	2,801

Abolition of the Independent Living Fund

On 31st March 1993 the Government decided overnight to change the eligibility for the ILF to exclude people over 65 and to apply a different set of rules to new applicants. Many of the original recipients of the fund have now died though 4 still remain in Thurrock. There are an additional 17 disabled people who have been allocated funds since April 1993. In order to receive ILF a person has to be in receipt of the high care component of DLA. There were 680 such people in Thurrock altogether in November 2010.

The 21 ILF recipients in Thurrock, all of whom must receive a basic amount in local authority services (currently £320 a week) to qualify, receive an average quarterly payment of £1727.58 or a yearly amount of £145,117 to supplement

45-54	9.7	2.7
55-64	14.9	5.8

The prevalence rates have been applied to ONS population projections of the 18 to 64 population to give estimated numbers predicted to have a moderate or serious physical disability to 2030.

the ASC contribution of around £350,000. No new applicants have been accepted on the scheme since April. The Government argue that this was a fund set up to support local authorities temporarily and the costs must now be met directly from local authority budgets.

There are two major implications of the reform. Firstly anyone currently on high rate DLA who loses that rate will also lose ILF – and these are large packages which will have to be picked up, at least in the short term. So 20% reduction in DLA will mean a minimum £20,000 a year extra pressure on budgets.

More significantly, though it has not been used well in the past, the fact that ILF will no longer be available implies that the full cost not just the first £320 of every package will have to be met by ASC. As there are already 680 people on high rate care component that would imply a possibility of around £450,000 extra demand on the budgets to pay for those big packages in their entirety in future.

Impact of changes in DLA on Council income

The Disabled Facilities Grant

The need indicator for Disabled Facilities Grants (DFGs) is the number of people in receipt of DLA and AA. Thurrock already has issues about its DFG (£402,000 in 2010/11) which have resulted in long waiting lists for basic access to amenities such as kitchens and bathrooms. In turn this creates demand on domiciliary support services, some of which have to be provided by Adult Social Care since nourishment and personal hygiene may be considered critical or substantial needs for those who cannot manage to assist themselves. Any reduction in this funding will result in even longer waiting lists and therefore even greater demand for services pending the adaptation of dwelling houses.

Failing to address the access and adaptation issues for disabled tenants and owner occupiers in a coherent way and in partnership across housing and adult social care will result in more dependency and unnecessary expenditure on temporary personal help and equipment. With access a disabled person may be able to continue or learn to help themselves and maintain both their independence and dignity. An investment of re-ablement monies in this area might pay dividends.

There will be further impacts on adapted housing and homes in which disabled people may be living from the reform of housing benefits. Reduction of rates and tightening of eligibility criteria will force people out of accessible housing and some into dependency.

In Thurrock around 28% of households are single person and 10% lone parent – looking at under occupancy may have a real impact.

Finance Settlement

Numbers of people on DLA/AA is also a factor in terms of the annual financial settlement as it is part of the formula. Thurrock may already be missing out on monies because of numbers of children increasing and schools opting out of the system, disabled adults losing benefit may have a marginal effect and this needs to be set against the possibility that the monies will reduce to meet the needs that are rising and unable to be met elsewhere. There is a corporate responsibility to meet the needs of vulnerable residents which has to be considered in budget setting.

Interestingly a local straw poll taken at T Fest suggested that residents did not notice the drop in Council Tax and would happily have paid more to preserve services for older and disabled people.

Conclusion

The above is just some initial work to demonstrate that, whilst disabled and older people in Thurrock will be affected directly in their pockets by changes in benefits and eligibility rules and in their physical and mental health by the knock on effects of having less money to manage on, there are also equally disconcerting societal concerns. There is likely to be a number of pressures from different sides on local authority budgets and an impact on service provision from increasing numbers of people unable to cope either with their own care needs or with the needs of others for whom they care. The figures are the best that could be obtained for an overview but more detailed work needs to be done to project the full impact. Using actual current ASC figures and estimates of hidden need and in partnership with health and local authority colleagues a strategy needs to be developed to meet the substantial potential needs of disabled/older residents of Thurrock.

Thurrock Coalition January 2012