

DIG'S NATIONAL DISABILITY INCOME

A policy statement issued by
The Disablement Income Group
1987

THE PROBLEM

1.

Many of the worst cases of financial hardship in Britain today are to be found amongst chronically sick and disabled people. Disability*, be it mental or physical or sensory, goes hand in hand with financial deprivation, a fact that is insufficiently recognised by the welfare state. For while some disabled people obtain special benefits for their disability from the war pensions or industrial injuries schemes or by compensation through the courts, most do not. If they have any entitlement at all it is simply to the ordinary benefits of the national insurance scheme. These take no account of the extra needs and difficulties caused by disablement or chronic sickness except where mobility is so severely restricted or personal care is so frequently required that mobility or attendance allowance is payable. Worse still, many have been prevented by disability from building up a national insurance contribution record. Apart from any attendance or mobility allowance, these people have to subsist at the level of the official poverty line. In future on top of any attendance or mobility allowance, they will receive only means-tested income support benefits and perhaps an occasional small discretionary loan or grant from the social fund. While the former may include modest disability premiums, neither support system has been specifically designed to take account of all the special needs of disabled people. Indeed, disabled people were expressly excluded from the reviews that led to these changes introduced by the Social Security Act 1986. Consequently neither system will give disabled people anything but a threadbare life with serious financial anxieties and for many people even real discomfort.

* Disability is an imprecise word with a very wide meaning. In this statement we use it to denote any impairment which has a substantial impact on living costs and/or earning ability.

2.

Although many people seek to guard against adversity in the future by contributing to statutory or private insurance schemes or by building up personal savings, they usually do so only whilst able-bodied. Moreover, personal savings do not last long if disability is prolonged. The state must therefore be responsible for providing a basic level of benefits consistently for all disabled people, regardless of how long (if at all) they were able to contribute before becoming disabled. This is not the case at present. For example, young adults disabled before working age face a lifetime on the poverty line and married or cohabiting women working in the home as housewives are not covered by insurance in their own right because the state does not consider them gainfully employed. Both groups can qualify for a modest benefit called severe disablement allowance, but they must be both incapable of work and 80 per cent or more disabled to be eligible and this does not help families in which the wage-earner is unemployed, sick or disabled.

3.

Quite apart from questions of common humanity, in the long run it must be advantageous to society to help people to play a fulfilled role by making them financially self-sufficient. Disabled people with adequate incomes generally require less help with rehabilitation and are less of a burden on local authorities than those who cannot make ends meet. Rehabilitation services for disabled people are still in a relatively rudimentary state compared with those in Scandinavia and the European Community. They are intended to extend the scope for independence but are often vitiated by the client's lack of an adequate income. It is frequently this, rather than medical problems, that forces disabled people to resort to institutional care at even greater cost to the community. Moreover, in the absence of a benefit for partial incapacity in the current social security arrangements, it can be very difficult to get back to work after becoming disabled (or to start working if disabled since childhood) without incurring financial loss.

Two financial consequences of disability

4.

It is not generally realised how expensive it can be for disabled people to live a full life. Many activities have to be carried out in special ways, while others must be abandoned altogether and acceptable substitutes must be found if their quality of life is not to suffer. In each case extra costs are likely. There may also be recurring expenses such as extra heating, special diets and the need to replace clothing at frequent intervals. Having to pay for all jobs around the house, being unable to shop around for bargains and incurring the heavy costs of repairs and replacements are further examples of extra costs. Others may be major items incurred infrequently, such as additions and alterations to a home to allow a disabled person to get into the toilet or have a bath or shower. Further examples would be the purchase of household equipment, such as a mixer or food processor, or of mechanical or electronic aids such as front-door openers and intercom systems -equipment which non-disabled people might consider a luxury but which can be essential to a disabled person. Although the state and the local authorities help with some items, there is no comprehensive and consistent scheme of payments to cover these special needs, most of which are simply not recognised. Without money to meet them the life of the disabled person and of any dependants becomes far more restricted than it need be. This point has been amply illustrated by DIG's research: Mavis Hyman's *The Extra Costs of Disabled Living* (1977), Richard Stowell's *Disabled People on Supplementary Benefits* (1980) and Judith Buckle's *Mental Handicap Costs More* (1984).

5.

Of course the cost of enabling a disabled person to lead as full a life as possible is difficult to quantify exactly. What is necessary is a structured disablement costs allowance, payable at a rate depending on severity of disability, which recognises in a general way the distortion and restriction of a person's range of activities. This would enable individual

choice to be exercised in mitigating the impoverishment of life that is otherwise inevitable.

6.

The problem of cost and restriction of lifestyle is fundamental because it applies to all disabled people, regardless of their age or financial situation. Very often, however, the cost of overcoming its worst effects imposes a burden on a family with an income already greatly depleted. This is the second consequence of disablement: it impairs a person's ability to carry out his or her main role in life. For a person of working age this usually means that earning power is reduced or even completely annihilated, with immediate consequences for any dependants. Moreover, disability may preclude housework or looking after children and, of course, can prevent a spouse choosing to augment the family income. It can even mean that the non-disabled spouse has to give up work to look after the disabled person and any children. In extreme cases the family may have to split up. Quite often the cause of such a tragedy is simply the lack of money to pay others to do what can' no longer be done because of disability.

7.

Many disabled people therefore lack the financial resources to cover the essentials of their lives. The consequence is a severe limitation in those activities which most people would take absolutely for granted.

The industrial injuries model

8.

The financial consequences of disability discussed above are already recognised in the benefits of the industrial injuries scheme. This provides people injured at work with a system of disablement pensions and allowances related solely to the nature of their disability, and also

ensures that the full national insurance invalidity benefits are payable if they cannot return to work. In extreme cases the scheme gives disabled men and women incomes more than double those they would have got from the ordinary national insurance scheme if their disabilities had not occurred at work.

9.

For two reasons the industrial injuries scheme is not wholly suited to the problems of all disabled people. Firstly, the injuries occurring in industry correspond to a very narrow range of the disabilities in the population as a whole; for this reason the system of assessment would need to be developed so that due weight was given, for example, to impairment due to crippling and degenerative diseases and to mental handicap. Some progress on this is being made as a result of experience gained with assessments for the severe disablement allowance. Secondly, the scheme covers only people whose disabling conditions were incurred at work and so it would obviously need extension to cover other categories such as children and those who become disabled only after retirement. Nevertheless, it provides a measure of society's concern for a particular group of disabled people.

10.

Experts in the field of social care agree with DIG that the case for helping all disabled people financially through a National Disability Income is overwhelming. DIG believes that the industrial injuries scheme, though not to be copied slavishly, is a useful model for a National Disability Income which should be introduced as a matter of urgency. This National Disability Income should have two parts to reflect the two major financial consequences of disablement. The benefits should be increased regularly in line with the appropriate cost of living index (or with average earnings if these are rising faster).

A TWO-PART SOLUTION ...

.... One to meet the expenses and other difficulties of daily living

11.

Firstly, the expenses and restrictions of disabled living should be offset by a tax-free system of benefits that depend on the degree and the nature of the disability. This would correspond to the disablement benefit component of the war pensions and industrial injuries schemes and it is convenient to give it the name of "disablement costs allowance". The method of assessing degree of disablement would need to be expanded, however, to cover the variety of disabilities not attributable to industry or war service, to avoid the limitations of a pure loss-of-faculty approach and to reflect, very broadly, the effect of the disability on the cost and quality of life. The allowance should be available at all ages, though not necessarily at the same rates. Handicapped children, for example, involve their parents in extra expense, though not always at the same level as adults.

12.

This allowance would be intended to cover, without the need to identify them, the very varied expenses and restrictions affecting the majority of disabled people. In addition, however, we believe it will continue to be necessary to have allowances for large identifiable expenses incurred by specific groups of disabled people. These would include the existing mobility and attendance allowances.

13.

DIG acknowledges the vital contribution of those who look after severely disabled people in their homes and believes that they should be fully recompensed. The invalid care allowance, which is paid to

“*carers*”, partly recognises this contribution. But current social security benefits are completely inadequate for disabled people needing to employ someone to look after them full-time. DIG believes that a third rate of attendance allowance, substantially higher than the rates presently payable, should be introduced to enable even the most severely disabled to buy the help they need to live outside institutions. As with the existing attendance allowances, this should be payable to the disabled person, thus giving disabled beneficiaries a measure of control over their own lives.

14.

In theory it would be possible to develop the disablement costs allowance in such a way that the existing attendance allowance, and perhaps the mobility allowance, could be subsumed within its structure. Such an arrangement would appear to have the advantage of simplifying the current multiplicity of assessment and appeal procedures. DIG is not at present persuaded, however, that this could be achieved without detriment to the more severely disabled people. It would not be acceptable if a unified disablement costs allowance were to result in a redistribution of income from the more severely to the less severely disabled.

15.

Leaving aside the mobility allowance, which is payable to help towards the exceptional costs of anyone who is unable or virtually unable to walk, at July 1986 benefit rates the disablement costs allowance with attendance allowance would need to reach almost £140 a week in the severest cases if it were to match the corresponding benefits of the industrial injuries scheme. A more typical example might be a benefit of £25 or so a week for a disability assessed at 50 per cent, assuming that no attendance allowance was payable.

... the other to provide an alternative to earnings

16.

Secondly, if a properly assessed disability also causes incapacity for work or an inability to obtain it, there ought to be an automatic entitlement to a benefit which will take care of normal living costs. This could reasonably be provided by extending the present eligibility for the basic national insurance invalidity pension. This pension, which replaces sick pay and sickness benefit after 28 weeks incapacity for work, is payable at a flat rate and is supplemented by allowances for dependants and for the early onset of invalidity. However, leaving aside war pensioners and the industrially injured, it is currently available only to those who have established a record of contributions to the national insurance scheme.

17.

It should be possible for disabled men and women with deficient national insurance contribution records to qualify for the basic element of the contributory invalidity benefit on the same basis as others, namely without test of degree of disability, and solely on the basis of incapacity for work. Such a development would make it possible to abolish the severe disablement allowance, a benefit that is only some 60 per cent of the contributory invalidity benefit and with the added disadvantage of involving a double test of incapacity for work and 80 per cent or more disability.

18.

In order to remove any disincentive to take up work or return to work, the invalidity pension should be continued at reduced levels where earning power is only partially developed or restored (as, for example, where a man or woman can do light or part-time work); this would represent a considerable improvement over the present situation where earnings above a modest amount (the "therapeutic earnings limit") result in a total loss of entitlement to invalidity pension. Equally, the rule

which reduces a married person's invalidity benefit when the spouse earns more than a specified limit should be relaxed or abolished; it should certainly not be harsher in its effects than the earnings rule now applied to non-disabled retirement pensioners.

19.

Because national insurance also provides an alternative to membership of an occupational or personal pension scheme, the present earnings-related supplement to invalidity and retirement pensions - the "additional pension" should be retained. But to avoid unfairness to those whose disabilities have struck them down early in their working lives, some enhancement of the rate of build-up of the additional pension should be introduced for these people. The invalidity allowance which some now receive and which is offset against any state earnings related supplement would be subsumed within the disablement costs allowance.

20.

Invalidity benefits, being in lieu of earnings, should be subject to taxation in the same way as earnings. Similarly they should be replaced at the appropriate age by the state retirement pension, to which all disablement pensioners should have automatic entitlement. As in many European countries, their general level (and that of the retirement pensions which replace them) should be high enough to meet normal living costs without recourse to any means-tested income support or social fund benefits and must be higher in relation to the national average wage than they are at present. (For a single person the basic invalidity pension is less than a quarter of the average weekly earnings of men working full-time in industry).

21.

Whenever pension schemes are negotiated in industry and commerce to provide benefits on top of national insurance, the needs of employees who become too disabled to work should not be forgotten. In legislating

for such 'schemes, governments should automatically treat invalidity on a par with retirement or widowhood.

IMPLEMENTING THE SCHEME

22.

The questions of definition and assessment in relation to the disablement costs allowance and a partial incapacity pension have been regarded as difficulties in introducing a National Disability Income. The problem does exist, but various solutions have been applied abroad and a great deal of experience has been built up in assessments for the industrial injuries scheme and, recently, for the severe disablement allowance. The problem must not therefore be used as an excuse for inaction. That would be equivalent to saying not so much that society is unprepared to help, but that it cares so little that it will not take the trouble to work out how to assess the need. In fact there is no reason to think that appropriate assessment procedures need be too complicated or expensive to administer. It would not be difficult to draw up easily recognisable categories, to one or more of which the majority of disabled people could be assigned by appropriate professional teams -according to the nature of the disability and purpose of the benefit. Suitable rights of appeal should be available.

The cost

23.

To move from the present miscellany of benefits to a properly designed National Disability Income is bound to increase expenditure on social security. The disablement costs allowance is likely to be the main contributor to this increase, whose magnitude will therefore be heavily dependent on the levels of benefit payable for different degrees of disablement and the number of persons in each category.

24.

But whatever it costs this must be seen in perspective. Firstly, it is a comparatively small proportion of the total outlay on social security. It will be far less than an annual uprating of *existing* benefits which, in 1985 cost £2 billion, bringing the total spent annually on cash benefits to £42 billion. And, secondly, it will be a good investment. Many disabled people will be enabled to avoid undignified and costly institutionalisation. Families will be kept together and the stress of disability in a family, which can lead to additional health care expenditure and social services costs, will be greatly relieved. Moreover, many disabled people and their families will be able to live a life of greater fulfilment and thereby contribute generally to society and in some measure to the country's economy. Others who at present have to rely heavily on the health and social services (for example, by occupying an expensive hospital bed) will be able to afford greater independence (for example, by living at home).

25.

To sum up, the net cost of a National Disability Income would be much less than the apparent cost. Above all it would secure an infinitely fairer social contract than exists at present between the disabled and non-disabled sections of our society and between one group of disabled people and another. A social security system that parcels out help according to where, when and how one becomes disabled -not according to the financial effects of the disability- has long been outdated and is now in urgent need of reform.

About DIG

The Disablement Income Group was founded in 1965. Its aims are:

To promote the economic and general welfare of disabled people

To carry out research into the economic and social problems of disablement

To co-operate with other organisations for the improvement of the economic and social position of disabled and chronically sick people

DIG is a registered charity with a network of branches throughout England and Wales. Further information about DIG's work, membership or publications may be obtained from the DIG Office.

Registered Office: Attlee House, 28 Commercial Street, London E1 6LR
Registered Charity No. 290744

The Disablement Income Group Publications List

COMPASS:- A 60 Page information guide for disabled people and their families. Updated information supplements published. Price £2.25 + p&p.

MENTAL HANDICAP COSTS MORE by Judith Buckle:- A research study of mentally handicapped people and their families and the extra costs incurred in everyday living. 1984. Price £3.50 + p&p.

MONEY MATTERS FOR PEOPLE WITH A MENTAL HANDICAP by Robert Brown. A Southampton report and study into the process of improving the inadequate and complex welfare benefit provisions for people with mental handicaps and for their families. Price £2.25 + p&p.

TELL ME WHAT YOU WANT AND I'LL GET IT ,FOR YOU:- A study of shopping when disabled, its costs and access problems. 1'83. Price 85p + p&p.

THE CHANCE TO WORK by Diana Robbins:- Research into improving employment prospects for disabled people. 1982. Price £3.00 + p&p.

WHOSE BENEFIT by Jean Simkins:- An examination of the existing system of cash benefits and related provisions for intrinsically handicapped adults and their families. 1978. Price £2.00 + p&p.

SOCIAL SECURITY and DISABILITY by Paul Greene. A study of the financial provisions for disabled people in France, West Germany, Denmark, Sweden, Norway, The Netherlands & Great Britain. 1978. Price £1.65 + p&p.

THE EXTRA COSTS OF DISABLED LIVING by Mavis Hyman:- A case history study of the financial hardship faced by disabled people, particularly those in wheelchairs. 1977. Price £2.00 + p&p.

PROGRESS:- Three times yearly journal. Subscription £4.00 per year.

BRIEFING PAPERS, PARLIAMENTARY REPORTS, SCHEDULES OF BENEFITS:- Details available on request.