

<b>Institution:</b> University of East Anglia
<b>Unit of Assessment:</b> 22 Social Work and Social Policy
<b>Title of case study:</b> Influencing reform of disability benefits for older people
<p><b>1. Summary of the impact</b></p> <p>A potential policy change concerning disability benefits for older people (received by 2.44 million over 65s in Britain), which would have been based on an incorrect premise, has been avoided, partly as a result of research carried out in the submitting Unit. We highlighted a flaw in the income measure in analyses used in Government to conclude that disability benefits go to older people without substantial financial needs. Measuring income appropriately, our research showed that recipients of these benefits in fact tend to be on low incomes. We were quoted extensively in a Health Select Committee report and elsewhere. The policy change has been abandoned.</p>
<p><b>2. Underpinning research</b></p> <p>The case study stems from a body of research on the UK system of state support for older people with care needs. This system consists of two main types of support: care, largely in the form of services, provided via public bodies after an assessment of care needs, for which recipients pay user charges determined through a means test; and cash benefits paid on the basis of disability and care needs, which are not means tested. The aspect of our research which led to the impact described in this case study was analysis of data from three high quality household surveys (the Family Resources Survey, the British Household Panel Survey and the English Longitudinal Study of Ageing). Our analysis sought to establish the determinants of receipt of the two disability benefits, Attendance Allowance (AA) and Disability Living Allowance (DLA), among older people, paying particular attention to (1) the role of income (measured excluding these benefits), (2) the influence of severity of disability accounting for potential measurement error in the self-reported indicators of disability available in surveys and (3) the degree of agreement in data from different surveys. To assess the extent to which older disabled people could afford (or not) to lose AA/DLA we also examined the likely consequences for poverty rates among older people of various forms of means-testing AA and DLA.</p> <p>Our analysis made a specific contribution on the definition of income. It highlighted the need to exclude AA/DLA (or the costs they are intended to meet) from the definition of income when considering where recipients are in the distribution of income (and by implication of living standards). To do otherwise gives a misleadingly favourable view of the position of disabled people. By comparing their position including and excluding AA and DLA, we were able to show that the effect of inappropriately including AA/DLA in income is substantial. A second contribution was to derive continuous measures of 'latent' disability (using a latent variable structural equation modelling approach) which enabled a better assessment of the influence of severity of disability on receipt of AA/DLA than is possible using only the discrete indicators of disability in surveys. Finally we were able to show through our analysis that three major British surveys led to the same conclusion: AA and DLA are well targeted in terms of both financial and care needs.</p> <p>The UEA research team consisted of Hancock (Professor in the Economics of Health and Welfare at UEA since January 2008) and Morciano (Researcher at UEA since June 2008). The research has been continuous since January 2008. Preliminary analysis undertaken before Hancock joined UEA underpinned the publication presented in February 2008.</p>
<p><b>3. References to the research</b></p> <p>(UEA authors in bold.)</p> <p>1. Berthoud, R. and <b>Hancock</b>, R. (2008). Disability benefits and the costs of care. In N. Churchill (ed.), <i>Advancing Opportunity: Older People and Social Care</i>, Smith Institute, 2008. Also available as ISER working paper 2008-40 at <a href="https://www.iser.essex.ac.uk/publications/working-papers/iser/2008-40">https://www.iser.essex.ac.uk/publications/working-papers/iser/2008-40</a></p>

## Impact case study (REF3b)

Contains preliminary analysis of the potential effect of including AA/DLA in income without allowing for disability costs.

2. Pudney S., Zantomio, F., **Hancock** R. and **Morciano** M. (2010) Memorandum SC52. House of Commons Health Select Committee (2010) Social Care. Third report of 2009-10 Session Vol 2. <http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/268/268ii.pdf> accessed 29/03/2012  
Memorandum submitted to Committee in 2009 using findings subsequently written up in references 3-5 below.
3. **Hancock**, R. and Pudney S. (2012) 'Assessing the distributional implications of reforms to disability benefits for older people in the UK: implications of alternative measures of income and disability costs.' *Ageing and Society* available on CJO2012. doi:10.1017/S0144686X1200075X. [Earlier version issued in 2010 as ISER Working Paper 2010-35]. Shows that the misleading effects of including AA/DLA in income are substantial.
4. **Hancock**, R., **Morciano**, M. and Pudney, S. E. (2012). Attendance Allowance and Disability Living Allowance claimants in the older population: is there a difference in their economic circumstances?. *Journal of Poverty and Social Justice* 20 (2), 191-206 [Earlier version issued in 2010 as ISER Working Paper 2010-27]  
Shows that in the absence of disability benefits, the incomes of older DLA recipients are not substantially lower than those of older AA recipients, contrary to received wisdom.
5. **Morciano** M., Zantomio, F., **Hancock** R. and Pudney S. (2010). Disability status and older people's receipt of disability benefit in British population surveys: a multi-survey latent variable structural equation approach. Paper presented at the Winter Health Economists' Study Group meeting, London. (Available on request). Expanded version: Hancock R., Morciano M., Pudney S. and Zantomio F. (2013) Do household surveys give a coherent view of disability benefit targeting? A multi-survey latent variable analysis for the older population in Great Britain HEG working paper 13-03. Available at: [http://www.uea.ac.uk/documents/2363053/0/Hancock\\_Morciano\\_Pudney\\_Zantomio\\_13-03.pdf/62ca2242-3136-4f69-b10b-eaef28c42196](http://www.uea.ac.uk/documents/2363053/0/Hancock_Morciano_Pudney_Zantomio_13-03.pdf/62ca2242-3136-4f69-b10b-eaef28c42196)  
Provides robust evidence of consistent findings from three major household surveys that AA is well-targeted on older people with financial and disability needs.

Grants from which the research arises:

1. "The role and effectiveness of disability benefits for older people" Nuffield Foundation, 2008-2011: PI Ruth Hancock (UEA); Co-I Steve Pudney (Essex). Value £124k
2. "Can people afford to lose Attendance Allowance?" Age UK, 2010: PI Steve Pudney (Essex); Co-I Ruth Hancock Value £20k

The funds from each of these grants were shared approximately equally between UEA and Essex.

### 4. Details of the impact

Reform of the UK's parallel systems of social care and disability benefits – Attendance Allowance (AA) and Disability Living Allowance (DLA) – for older people have been the subject of active debate for a number of years. AA and DLA are not means-tested. The 2006 King's Fund Review of Social Care (chaired by Sir Derek Wanless) suggested that public funds used for AA and DLA might be better channelled through the means-tested social care system, on the grounds that AA and DLA were not well targeted on those in greatest financial or disability need. The then Government's 2009 Green Paper on the future of care endorsed the option of redirecting funds away from disability benefits into social care as worthy of further consideration. Our research challenged the premise that AA and DLA are not well targeted.

We highlighted a fundamental flaw in previous analyses which had suggested that recipients of AA and DLA were located within the middle and upper parts of the income distribution. Our first analysis drawing attention to this flaw was published in February 2008 and also presented to a seminar held at number 11 Downing Street, in the presence of the then minister for social care. The journalist David Brindle covered our findings in the Society pages of *The Guardian* the same day.

We then conducted more detailed research and drew on it in written evidence to the Health Select Committee's 2009-10 Inquiry into Social Care. Our written evidence was used by Age UK in their oral evidence (corroborating source 1a) and by a committee member in the oral evidence session with the Secretary of State for Health and senior officials from the Departments of Health and Work and Pensions (source 1b). It was also quoted heavily in the Committee's report published on 4th March 2010 (source 2). The Committee called on the Department of Health to publish evidence that contradicted our research, if they had any. The White Paper on Social Care published on 30th March 2010 ruled out, at least for the next Parliament, any reform of AA and DLA to fund its proposed reform of social care.

The subsequent change of government led to the establishment of the Commission on Funding Care and Support (CFSC) whose report recommended retaining non means-tested disability benefits for older people. Before its report was published we presented our research at a high profile seminar organised by the Strategic Society Centre (source 3) which was attended by representatives from the CFSC, relevant government departments (HM Treasury, Department of Health, Department for Work and Pensions), voluntary sector organisations (e.g. Age UK), Local Authorities, the private insurance sector and academics. Papers and briefings published by the Strategic Society Centre (sources 4 and 5) and Age UK (source 6) quoted heavily from our work, and have continued to do so (source 9). The 2012 Welfare Reform Act has replaced DLA with Personal Independence Payment for new claimants, which differs from DLA in detail but remains a non means-tested benefit for disabled people. AA is still in place. For the foreseeable future older people in the UK therefore retain access to non means-tested cash disability benefits to help them meet the costs that disability brings and these benefits are no longer seen as a primary source of funding for social care reform. They currently reach some 2.44 million people aged 65+ in Great Britain. These are the immediate beneficiaries of the decision to retain these benefits. Some of them would have lost as much as £79.15 per week (April 2013 rates) had AA and DLA been withdrawn completely. Perhaps more importantly, a public policy change based on an incorrect premise has been avoided.

There were of course many voices arguing for the retention of AA and DLA, and providing evidence of their benefit to older people. Our distinct and material contribution was to highlight the flaw in previous analysis, conduct rigorous academic research which corrected this flaw and improved in other ways on previous analysis of the influence of income and disability on receipt of AA/DLA.

The underpinning research and dissemination activities were undertaken in collaboration with colleagues at the University of Essex with each institution making equal contributions.

## 5. Sources to corroborate the impact

1. House of Commons Health Select Committee (2010) Social Care. Third report of 2009-10 Session Vol 2.  
<http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/22/22ii.pdf> Accessed 20/04/2012
  - (a) At Q619 of record of oral evidence session, Mr Harrop (Age UK) says '*I think that other submissions have provided you detailed modelling on the different income groups who are claiming [AA]. There does seem to be evidence that it is a reasonably well targeted benefit, in terms of which income groups receive it and what their incomes would be without it, taking into account the cost of their disability.*' This is an implicit reference, confirmed in source 9. Below, to our written evidence (research reference 2).
  - (b) Hancock cited by Select Committee member in record of oral evidence session, Q933
2. House of Commons Health Select Committee (2010) Social Care. Third report of 2009-10 Session Vol I.  
<http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/22/22.pdf> (Accessed 29/3/2012)  
 Hancock cited: page 91, para 319 and page 100, para 356 of main text; page 111, para 35 of

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3. Details of seminar held at Strategic Society Centre 14/4/2011 including our presentation slides <http://www.strategicsociety.org.uk/event/future-disability-benefits-social-care-and-welfare-reform.html> (Accessed 02/04/2012)
4. Lloyd J (2010) Towards a new co-production of care. London: the Strategic Society Centre [http://haec-clients-public.s3.amazonaws.com/ssc/pdf/2011/02/01/Toward\\_a\\_New\\_Co-Production\\_of\\_Care\\_v.MASTER\\_DOCUMENT.pdf](http://haec-clients-public.s3.amazonaws.com/ssc/pdf/2011/02/01/Toward_a_New_Co-Production_of_Care_v.MASTER_DOCUMENT.pdf) (Accessed 30/03/2012).  
Research reference 3 cited on page 15
5. Lloyd J (2011) Cash convergence: enabling choice and independence through disability benefits and social care. London: the Strategic Society Centre <http://socialwelfare.bl.uk/subject-areas/services-client-groups/older-adults/strategicsocietycentre/128646CashConvergenceEnablingchoiceandindependencethroughdisabilitybenefits.pdf> (Accessed 23/04/2013)  
Research reference 1 (ISER working paper version) cited: page 13 in main text; page 11 (footnote 8); page 13 (footnote 16); page 14 (footnote 21); page 15 (footnotes 24 and 26); page 16 (footnote 32); page 18 (footnote 38). Research reference 3 cited: page 11 (footnote 5).  
Research reference 4 cited: page 11 (footnote 7); page 15 (footnote 29); page 16 (footnote 30).
6. Age UK (2010) Attendance Allowance and Care Reform – Briefing [http://www.ageuk.org.uk/documents/en-gb/for-professionals/money-and-benefits/attendance\\_allowance\\_and\\_care\\_reform.pdf?dtrk=true](http://www.ageuk.org.uk/documents/en-gb/for-professionals/money-and-benefits/attendance_allowance_and_care_reform.pdf?dtrk=true) (Accessed 29/03/2012)  
Research reference 1: cited page 7; Research reference 4 cited page 8 and 11.
7. Letter from Jane Vass, Head of Public Policy at Age UK, dated 30 July 2013. This states that *“Andrew Harrop .... drew on your written evidence and briefings from colleagues who had been in close contact with you in preparing for the session. The Committee’s subsequent report quoted heavily from your work and we believe their report, and your submission to them, influenced the then Government’s decision not to reform AA or integrate it with means-tested care support.”* She also says *“It is our impression that the research has had an influence on the way the Department of Work and Pensions views the financial position of disabled older people in receipt of AA or DLA.”*
8. Email from Andrew Harrop, previously Acting Charity Director at Age UK, dated 13 August 2013. Referring to his appearance before the Health Select Committee, he states *“I drew heavily on your research. I note from the record of my evidence that at Q619 I referred to other submissions having provided detailed modelling which suggested that AA is reasonably well targeted in terms of income, when account is taken of disability costs that AA recipients face. This was an implicit reference to your own submission, which featured strongly in the briefing given to me by my Age UK colleagues who were in close contact with you to ensure they used your research accurately. You were of course quoted heavily in the Committee’s subsequent report and I am sure their report, and your submission to them, was very important in the then Government’s decision to back away from withdrawal of AA”*.
9. Lloyd J (2013) Independence Allowance: developing a new vision for Attendance Allowance in England. London: the Strategic Society Centre. <http://www.strategicsociety.org.uk/wp-content/uploads/2013/06/Independence-Allowance.pdf> (Accessed 28/08/2013). Cites the working paper version of research reference 3 on page 43 stating *“.....as previous research has identified, given that having a disability imposes extra day to day living costs, it would appear that many AA recipients would be in poverty if it were not for receipt of AA”*