

The disability price tag

Policy report

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About Scope

Scope exists to make this country a place where disabled people have the same opportunities as everyone else. Until then, we'll be here.

We know that life costs more if you are disabled. Four years ago we published research into the extra costs disabled people face due to their impairment or condition. This report contains new and in-depth analysis into the extra costs experienced by disabled people, as well as recommendations for Government, regulators and businesses to tackle the financial penalty of disability.

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Introduction

In 2018, life is still more expensive if you are disabled.

From the high cost of a powered wheelchair or adaptive clothing; to greater consumption of energy or more costly insurance premiums, disabled people face extra costs related to their impairment or condition across many areas of their lives¹.

These are costs that non-disabled people don't experience – they represent an unfair financial penalty for disabled people.

Four years ago, Scope published research into disabled people's extra costs and began to campaign for change². Since then, we've seen the Government commit to support one million more disabled people into work by 2027³. The Prime Minister has pledged to tackle the “burning injustice” of disability discrimination⁴. And we've seen regulators and businesses think more about the needs of disabled consumers⁵.

These are starting points to help improve disabled people's living standards. Yet, our latest research shows that disabled people still have to pay more to live their lives.

The extra costs of disability mean disabled people are less able to build financial resilience. They make it harder for disabled people to get a job, access education and training opportunities, pay into savings and pensions, and participate fully in society⁶.

This situation is detrimental, not only to individuals and families, but to society as a whole.

We cannot afford to ignore this problem.

Scope urges the Government to step up and set out a viable plan for ensuring disabled people have the same opportunity to be financially secure as everyone else, working with businesses and regulators to deliver the reforms needed.

1. Scope (2015). Driving down the extra costs disabled people face – Final report <https://www.scope.org.uk/Scope/media/Interim-report/Extra-Costs-Commission-Final-Report.pdf>

2. Scope (2014). Priced Out: Ending the financial penalty of disability by 2020 <https://www.scope.org.uk/Scope/media/Documents/Publication%20Directory/Extra-Costs-Report.pdf>

3. The Conservative Party (2017). Forward Together – The Conservative and Unionist Party Manifesto 2017 <https://www.conservatives.com/manifesto>

4. Ibid

5. Scope (2016). Driving down the extra costs disabled people face: Progress Review <https://www.scope.org.uk/Scope/media/Documents/Publication%20Directory/Extra-Costs-Commission-Progress-Review.pdf>

6. See Scope (2014). Priced Out

Key findings

Our new analysis shows that disabled people face substantial costs for essential goods and services.⁷

- On average, disabled people face extra costs of £570 a month related to their impairment or condition. This is on top of welfare payments designed to help meet these costs.
- For one in five disabled people, extra costs amount to over £1,000 per month.
- After housing costs, disabled people on average spend 49 per cent of their income on disability-related costs.
- Extra costs mean that disabled people's money doesn't go as far: £100 for a non-disabled person is equivalent to just £67 for a disabled person.

7. See Scope (2018). The disability price tag – Technical report.

Our measure of disabled people's extra costs

On average, disabled people face extra costs of **£570 a month** related to their impairment or condition



Scope has developed a new methodology to estimate the extra costs faced by disabled people⁸. Our accompanying technical report has further detail on our analysis and findings.

Extra costs are measured by comparing the difference in the standard of living experienced by disabled people and non-disabled people. We are measuring a person's standard of living based upon their ability to afford a series of items and activities.⁹ This includes things such as being able to replace worn-out clothes, get household contents insurance, and have enough money to replace electrical goods that break (see technical report for full list).

Our analysis shows that on average, disabled people are unable to afford the same standard of living as non-disabled people. By accounting for other factors that can have an impact on someone's standard of living, such as age, employment situation, income level and geographical location, we estimate that the lower standard of living experienced by disabled people is because of the need to spend money on disability-related costs. These extra costs amount to an average of **£570 a month**.

8. This measure looks at the difference in the standard of living experienced by disabled people and non-disabled people. This differs from the methodology for the £550 figure used previously, which asked disabled people to add up their disability-related expenditure each month, meaning the two figures are not directly comparable.

9 For the purposes of this analysis we have looked at the overall amount of money disabled people have to spend, which includes Personal Independence Payment and Disability Living Allowance.

On average, extra costs represent **half** of disabled people's income



The effect of this is clear. After housing costs have been met, on average almost half (49 per cent) of disabled people's remaining income – along with any money from extra cost payments like Personal Independence Payment (PIP) – is spent on disability-related costs. This leaves disabled people with much less money to live on.

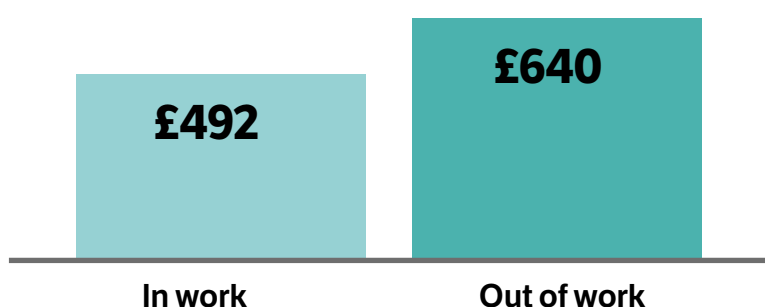
While elements of the welfare system like PIP are intended to help cover these costs, the support only goes so far. This leaves disabled people with less money for other essential purchases: £100 for a non-disabled person is equivalent to just £67 for a disabled person.

Breakdowns of extra costs

We have looked at how extra costs vary according to different aspects of disabled people's lives.

Our analysis shows that extra costs occur irrespective of whether somebody is in employment or not. These costs amount to an average of £492 a month for disabled people who are in work, but are significantly higher for those who are not in work, an average of £640 a month.

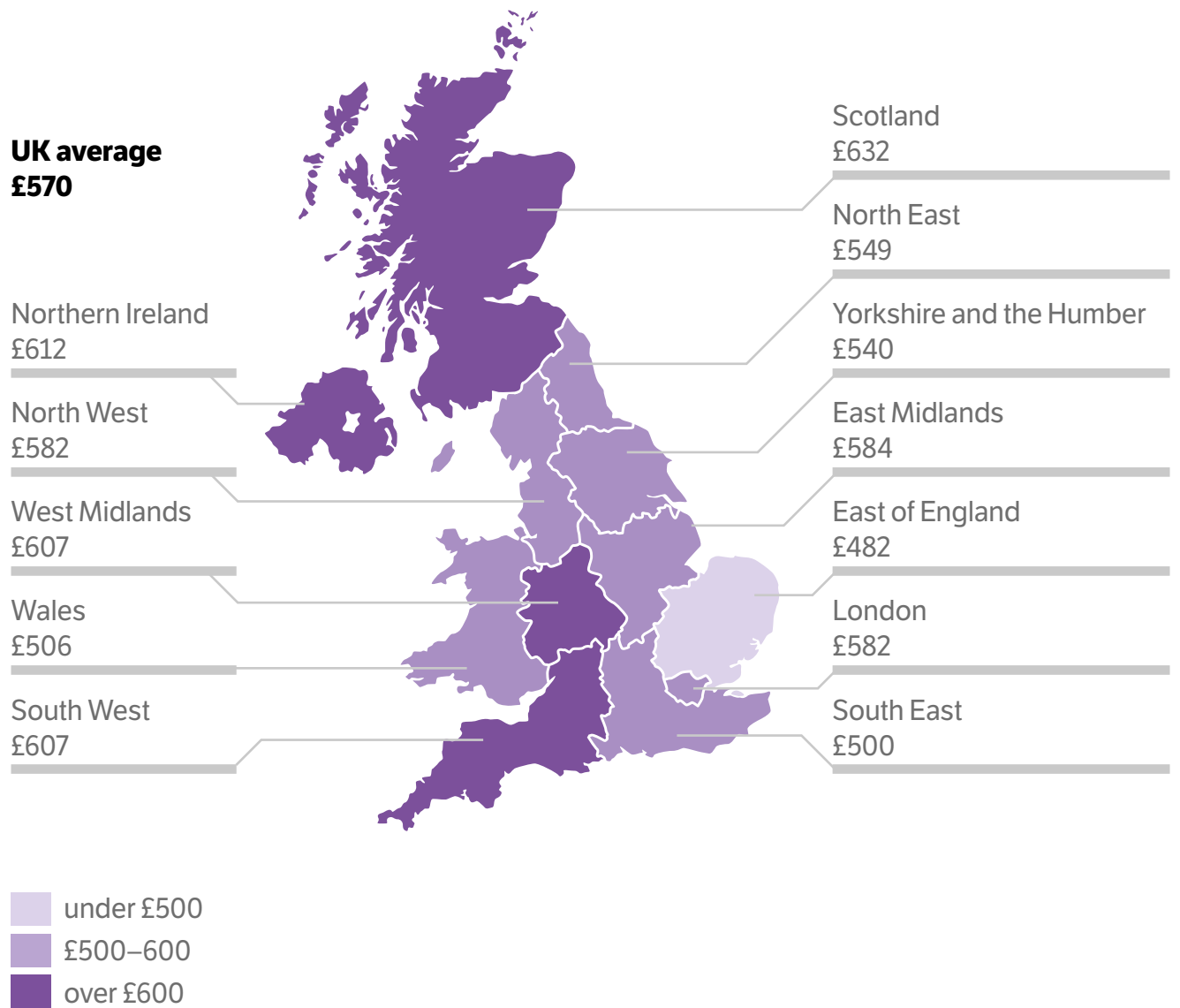
Figure 1: Average monthly extra costs by employment status



We have also looked at how extra costs vary according to where somebody lives. Our analysis shows that disabled people in the East of England face the lowest level of disability-related costs, spending £482 a month on average. At the top end, disabled people in Scotland spend an average on £632 a month on extra costs.

These geographical variations show the need to take into consideration where disabled people live as part of any solutions for tackling the financial penalty of disability – both in terms of assessments for support from our welfare system, and how markets for essential goods and services function for disabled people.

Figure 2: UK regional average extra costs per month



What are the extra costs disabled people face?

Disabled people face extra costs across many areas of their lives. These costs broadly fall into three categories:

- **Paying for specialised goods and services.** This may include one-off, but expensive purchases, such as assistive technology, wheelchairs and other mobility aids or adapted items of clothing.
- **Greater use of non-specialised goods and services.** For example, someone with multiple sclerosis may have to spend more on energy to maintain an optimum temperature to manage their condition, whilst a wheelchair user may have to use taxis more frequently if public transport is inaccessible.
- **Spending more on non-specialised goods and services.** This may include things such as higher tariffs for accessible hotel rooms, or having to pay higher premiums on insurance products like travel insurance.

Extra costs have a significant impact on disabled people's financial stability. On average, disabled people have assets and savings worth £108,000 less than non-disabled people¹⁰. Households containing a disabled person are twice as likely (16 per cent) as households without a disabled member (8 per cent) to have unsecured debt totalling more than half their household income¹¹.

10. McKnight A. (2014). Disabled people's financial histories: uncovering the disability wealth penalty. CASE paper 181 <http://sticerd.lse.ac.uk/dps/case/cp/casepaper181.pdf>

11. Scope (2013). Disabled people and financial well-being – credit and debt. <http://www.scope.org.uk/Scope/media/Documents/Publication%20Directory/Credit-and-Debt.pdf>

Lynda's story

I've had rheumatoid arthritis since I was two-years-old.

Because of my arthritis I need to keep warm. I need to have the heating on to keep the house warm. So, heating costs are expensive, maybe £70 a month.

I can't go to the toilet unless I've got a bidet toilet, and mine cost over £4,000. Some of my friends see it as a luxury, but I need it so I can be fully independent.

Another cost for me is my electric powerchair, which cost £5,500. I also need to service and maintain my chair, and recently I had a fault which cost me £140 to fix.



Marie's story

I have osteogenesis imperfecta and need quite a complex wheelchair. I need a new one but this will cost me £9,000. Where do you get that sort of money from?

The last time the suspension broke on my wheelchair it was so bad that I couldn't go out anywhere. It just wouldn't move. In the end, I had to hire a powerchair while I waited for mine to be fixed, but this cost me a couple of hundred pounds a week.

We've got an adapted kitchen so I can use it, but we had to pay for that ourselves. I get Disability Living Allowance but it doesn't cover my extra costs – I get about £80 a week but the kitchen alone cost four or five thousand pounds.



Tackling the extra costs of disability

There is an urgent need to address the problem of extra costs, which requires action on two different fronts. It means ensuring disabled people have the right support from our welfare system to help with extra costs, and taking action to drive down these costs in the first place.

The role of Personal Independence Payment

Personal Independence Payment (PIP) – and its predecessor Disability Living Allowance (DLA) – plays a key role in supporting disabled people to meet the extra costs of disability. It is not an income replacer like Jobseekers Allowance, or an income booster like tax credits, but serves to level the playing field between disabled people and non-disabled people by helping to tackle the financial penalty of disability.

However, even with support from PIP or DLA, disabled people face average extra costs of £570 a month.

Extra costs are unique to each person, varying according to the nature and severity of someone's impairment. Currently though, this is not reflected in the design of PIP. All too often disabled people tell us that the PIP assessment isn't working and they aren't getting the support they need. This is clearly shown by the fact that two thirds of claimants are successful in overturning a decision on their PIP award.¹²

For example, the assessment for PIP would reflect that a wheelchair user may need a mobile shower chair to make it easier to get in and out of the shower. As a result of reduced mobility, that same person may consume more heating in order to stay warm, but this is something that the assessment would not identify clearly.

Last year, a second independent review of PIP identified issues around trust and transparency with the PIP assessment¹³. While the Government has accepted or partially accepted all the recommendations, a complete overhaul of the PIP assessment is required.

12. Ministry of Justice (2017). Tribunals and gender recognition certificate statistics quarterly – July to September 2017 <https://www.gov.uk/government/statistics/tribunals-and-gender-recognition-certificate-statistics-quarterly-july-to-september-2017>

13. Paul Gray (2017). The Second Independent Review of the Personal Independence Payment Assessment https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604097/pip-assessment-second-independent-review.pdf

A new PIP assessment is needed that more accurately identifies the barriers that can lead to extra costs for disabled people, and in turn, the level of support needed to help meet these costs.

The Government should:

- continue to protect PIP from any form of taxation or means-testing
- commit to reform of the assessment for PIP to ensure it accurately captures the type and level of extra costs faced by disabled people, so that individuals receive the support they need to help meet these costs.

Improving how markets work for disabled people

The Extra Costs Commission, a year-long inquiry into costs faced by disabled people, found that disabled people are often underserved by businesses across several markets, leading to increased costs for vital goods and services like energy and insurance¹⁴.

To drive down extra costs, essential markets need to function better for disabled consumers.

In order for this to happen, businesses and regulators need to do more to understand and address the challenges faced by disabled consumers.

For instance:

- There are 939,000 fuel poor households in England with a disabled person, the equivalent of 38 per cent of all fuel poor households¹⁵.
- Twenty six per cent of disabled adults feel they have been charged more for insurance or denied cover altogether because of their impairment or condition¹⁶.

14. See Extra Costs Commission (2015). Driving down the extra costs disabled people face – Final report

15. Department of Business, Energy and Industrial Strategy (2017). Fuel poverty detailed tables: 2015 <https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2017>

16 Scope (2017). Improving access to insurance for disabled people [https://www.scope.org.uk/Scope/media/Documents/Publication%20Directory/Improving-access-to-insurance-for-disabled-people-\(August-2017\).pdf](https://www.scope.org.uk/Scope/media/Documents/Publication%20Directory/Improving-access-to-insurance-for-disabled-people-(August-2017).pdf)

Another example is the specialised equipment market, where disabled people often pay over the odds for things like a powered wheelchair, an adjustable bed, or adapted cutlery¹⁷.

It is unclear what is driving the high cost for items like this, and the extent to which a lack of competition in the market is a factor. To understand this further, a review is needed to explore whether the specialised equipment market is working effectively for disabled people.

Businesses should:

- put in place processes to identify and understand the needs of their disabled customers, developing goods and services that help reduce costs.
- ensure disabled customers are aware of any support that could help with reducing extra costs, for example grants to support with energy bills.

Regulators should:

- work together to develop a shared definition of vulnerability that recognises the extra costs faced by disabled people.
- develop plans to ensure disabled consumers are treated fairly and not forced to pay over the odds for goods and services.

- The Competition and Markets Authority should conduct a review into how competition is working in the specialised equipment market, to see whether it is working effectively for disabled people.

There is also a crucial role for Government to play in intervening in consumer markets where disabled people face unfair extra costs.

This requires action by a number of different departments. For instance:

- The Department for Business, Energy and Industrial Strategy has a role to play in ensuring disabled people are not penalised in the energy market, simply because of their impairment or condition.
- The Treasury must address the challenges disabled people face in accessing affordable insurance, if it deemed that insurance products are being priced in accordance with risk and premiums remain high.

17. See Extra Costs Commission (2015). Driving down the extra costs disabled people face – Interim report <https://www.barrowcadbury.org.uk/wp-content/uploads/2015/03/Extra-Costs-Commission-Interim-Report.pdf>

A joined-up approach across government departments is called for in recognition of the fact that disabled people experience extra costs for a range of goods and services.

The Government should set out a cross-department approach to tackle the extra costs disabled people face across different markets.

What Scope will be doing next

We hope that our new research will help to raise awareness of disabled people's experiences of extra costs.

Scope will be reporting annually on the extra costs disabled people face, which will allow us to assess any changes over time. We also plan to carry out further analysis into disability-related costs faced by families with disabled children.

These additional costs make it harder for disabled people to enjoy the same standard of living as non-disabled people. Together we must tackle this problem.

Building upon our new analysis, we will continue to work with Government, businesses and regulators to ensure that there is a tangible impact in tackling the financial penalty experienced by disabled people. Our annual measure of disabled people's extra costs will therefore provide Scope with a way to assess its own progress in delivering social change over the longer term.

Scope exists to make this country a place where disabled people have the same opportunities as everyone else. Until then, we'll be here.

We'll provide support, information and advice through our services when disabled people and their families need us. And we'll raise awareness of the issues that matter. We'll keep influencing change across society until this country is great for everyone.

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