Low income and visual impairment: do benefits and wages meet minimum needs?

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Contents

Acknowledgements 4
Executive summary 5
1. Introduction 9
2. The system in brief: key sources of income for disabled people, and how they interact 11
3. Do ‘universal’ disability benefits meet the additional cost of visual impairment? 14
4. Income compared to MIS: calculations 20
4.1 Visually impaired people of working age 20
4.1.1 A sight-impaired person of working age 21
4.1.2 A severely sight impaired person of working age 25
4.2 Visually impaired people of pension age 28
5. Conclusion 32
References 35
Annex Calculations 36

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Executive summary

This paper looks at whether visually impaired people can meet the Minimum Income Standard (MIS) if they are on out of work benefits or in low-paid work. It draws on the MIS calculations of the income required for a minimum acceptable standard of living, including additional costs identified for someone who is visually impaired.

Benefits such as Personal Independence Payment (PIP) and Attendance Allowance help cover the additional cost of disability, while Employment and Support Allowance (ESA), tax credits and Pension Credit provide income for everyday living costs for those who lack sufficient income from other sources such as earnings or pensions.

Additional disability cost benefits often fall short of covering the extra cost of being visually impaired. For working age people who are sight-impaired with some usable sight, a PIP award covers extra costs except if it is only awarded for the mobility component at the standard rate. But for severely sight impaired people with little or no usable sight, it only covers extra costs if both components are awarded at the enhanced rate. For pensioners, Attendance Allowance only covers additional costs if it is awarded at the higher rate for people who are sight impaired, but even this higher rate does not cover additional costs at the severe level.

However, receipt of PIP or Attendance Allowance can also trigger supplements to other benefits such as ESA and Pension Credit for those who receive them. Thus, it is necessary to consider incomes from all sources combined.

For visually impaired single people of working age, who are not working or on low earnings, the adequacy of income varies according to a combination of factors. Some are able to meet their minimum needs, while others fall far short, by up to £150 a week.

The level of PIP award, if any, is a crucial factor. In the outgoing benefits system (but not under Universal Credit), the award of a daily living component is particularly important, since it triggers other means-tested supplements. In some cases, a daily living award can make the difference between having an income at the MIS level and being more than £100 a week below it.

A second important factor, for those out of work, is benefit status, and particularly whether someone is in the “support” or “work-related activity” group of ESA or the equivalents under Universal Credit. The abolition of the £29 benefit supplement for work-related activity in 2017 for new claimants is hitting disabled people hard, particularly for those in the Universal Credit system, where other disability-related supplements have been abolished. In many but not all cases, the switch to Universal Credit involves substantial losses for new claimants.

A third key factor is working status, but being in work, even full time, does not guarantee that a visually impaired person has enough income to meet their needs. This is heavily dependent on the level of PIP award. In general the Universal Credit system makes it harder for visually impaired people with low earnings to reach an adequate minimum income.

For people who have become visually impaired above pension age, Attendance Allowance can play a crucial role in determining whether income meets minimum needs: without such support, they are likely to fall well short of doing so. For those on Pension Credit, the supplement triggered by the allowance is worth a similar amount to the allowance itself. However, for a severely sight impaired pensioner on Pension Credit, only if Attendance Allowance is paid at the higher rate will income reach the minimum.

In conclusion, the adequacy of visually impaired people's incomes is influenced by a highly complex benefits system, but three recent developments in this system are particularly important.

First, the replacement of Disability Living Allowance with PIP has not, as feared, reduced entitlements of visually impaired people who see through their claims, but has often required them to challenge initial assessments to achieve the right award. This paper shows the crucial importance of PIP awards to whether visually impaired people's incomes are adequate, and therefore recommends that priority is given to ensuring that claimants are given the correct award in the initial assessment.

Second, the switch to Universal Credit and the reduction of benefits for the work-related activity group in ESA have eroded entitlements for many visually impaired people. The aim of Universal Credit to enable people to enhance their income by moving in and out of work more easily without changing their status is undermined by these reductions in entitlements, giving visually impaired people no security that their needs will be met. A second recommendation is therefore that the

adequacy of benefits for visually impaired and other disabled people who work occasionally is reviewed as the Universal Credit system rolls out.

A third, more positive development has been the abandoning of a proposal to abolish Attendance Allowance at a national level. This paper has shown why the continuation of this benefit is so welcome to visually impaired people, as it contributes greatly to their ability to reach an adequate overall income.

This analysis will be followed up by qualitative research, interviewing visually impaired people who are not working or on low earnings. This will explore with them to what extent their benefits and overall income levels allow them to meet their needs and participate in society.

1. Introduction

This paper considers the extent to which benefits and minimum wages can provide visually impaired people with part or all of the income they need in order to meet a minimum income standard (MIS). The paper is part of a wider project that will also carry out interviews with visually impaired people with incomes below MIS to explore their experiences of coping on low income in practice.

The Minimum Income Standard is a measure of what incomes people in different situations require for a minimum acceptable standard of living. It is regularly researched for non-disabled people in various household types (Davis et al., 2016), and the additional costs experienced by people of working and pension age who are sight impaired and severely sight impaired have also been calculated, for single people only (Hill et al., 2017). Both the main MIS research and the research on additional costs of visual impairment are based on agreement among groups of people experiencing the living situations being described, about what is required for a minimum living standard covering material needs and allowing someone to participate in society.

Evidence shows that visually impaired people are less likely to work or to earn well than non-disabled people. Only about a quarter of blind and partially sighted people of working age work, and over a third of these are in part-time work (Slade and Edwards, 2015). Moreover their employment rate has decreased over the past decade, at a time when the employment rate for disabled people more generally has risen (Saunders, 2017). The proportion of blind and partially sighted people

saying that they struggle financially rises from one in five for all age groups to nearly half of those aged 30-49 (Slade and Edwards, 2015).

The fact that only a minority of visually impaired people have earned income and that for many of these it is low makes it particularly important to consider how different forms of financial support from the state can help them to achieve adequate incomes overall. To what extent does this assistance allow them to meet their needs, or leave them having to struggle financially, adding to the other disadvantages of having a visual impairment?

This paper makes some calculations drawing on examples of single people receiving different amounts of income from different sources, and comparing this to their overall needs according to MIS. While the example of a single person living on their own is only one case of how visually impaired adults live, it serves to illustrate as a starting point the extent to which the benefit system supports a visually impaired person to live independently at an adequate standard.

Note that the following analysis is supported by a small number of graphs. To ensure accessibility for visually impaired readers, a short summary of what each graph shows is included underneath the graph, and the appendix states the full numbers used for those who wish to know these details.

2. The system in brief: key sources of income for disabled people, and how they interact

In order to analyse the adequacy of different income streams for visually impaired people, it is worth considering the nature of different sources of income and how they interact. The UK benefits system is highly complex, but the following gives a very simplified view of some features that are relevant for this analysis.

It is useful to distinguish first of all between benefits designed to help *cover the additional cost of disability* and benefits designed to provide someone with everyday living costs, by *replacing or supplementing earnings.* Benefits in the first category such as PIP and Attendance Allowance tend to be paid irrespective of a person's means, as a contribution to the additional costs of anyone with a given level of impairment. Conversely, benefits replacing working income, such as Employment and Support Allowance, are often means-tested (although for people with sufficient insurance contributions they can also be paid for a period out of work without a means test), as are tax credits, which can top up low working incomes. For pensioners, an important benefit guaranteeing a basic level of income is Pension Credit, which is means-tested against other pension income that someone has accrued by building up state or private pension entitlements.

Thus a starting point is that additional benefits to cover the extra cost of disability are paid regardless of means, and supplement other income covering general living costs that can come from work, from safety-net or insurance benefits or from a combination of earnings and means-tested top-up benefits.

This division is however an oversimplification. This is because a number of important supplements are triggered by a *combination* of a threshold of disability and the level of one's other resources. For example, people who are on either out of work benefits or tax credits may be entitled to a severe and/or an enhanced disability supplement to those benefits if they are eligible for PIPs. Similarly someone eligible for Attendance Allowance is entitled to a severe disability addition as part of their Pension Credit.

These additions effectively mean that the extra help given to people assessed as having a given level of impairment is often higher if they are on certain benefits associated with having low income. Moreover, people on such benefits may also get more as a consequence not just of impairment per se but also as a result of its effect on their work capacity. For example, people receiving Employment and Support Allowance (ESA) whose disability is considered to prevent them from carrying out work-related activity (those in the Support Group) get a higher level of benefit as a result. Those in the work-related activity group, on the other hand, have lost the £29 supplement they used to get compared to non-disabled job seekers, if they are new claimants from April 2017.

Under Universal Credit, some but not all additions to means-tested benefits associated with disability are disappearing for those of working age. The supplements associated with ESA and tax credits will no longer apply. On the other hand, additional support for those unable to carry out work related activity will continue (equivalent to the 'support group' in ESA). For someone working but on a low income, having a limited work capability triggers an allowance of about £45 in the amount

that can be earned before Universal Credit is reduced, whereas a single person without that limitation will have Universal Credit reduced by an amount equal to nearly two thirds of earnings from the first pound earned. On the other hand, the current permitted earnings of up to £115.50 per week which people working up to 16 hours a week are allowed to earn while claiming ESA is not being continued in Universal Credit. This will significantly reduce the potential for becoming better off by working a few hours a week.

In summary, a visually impaired person on a low income may be eligible for multiple sources of additional financial help not available to non-disabled people. The overall level of entitlements is not linked to any single concept of the additional costs of disability, and this is underscored by what seems like an arbitrary restructuring of entitlements under Universal Credit.

The following section considers the extent to which PIP and Attendance Allowance on their own cover additional costs that arise as a consequence of visual impairment. Section 4 then looks at visually impaired people's incomes more broadly compared to their needs – taking account of both the adequacy or otherwise of safety-net benefits and the extent to which all sources of income combine to help to bring incomes to a level that covers general and disability-related costs. Section 5 draws conclusions, and an annex sets out the calculations made in this paper – of interest to those who wish to understand in more detail precisely how different income sources combine to produce disposable incomes above or below the MIS level.

3. Do ‘universal’ disability benefits meet the additional cost of visual impairment?

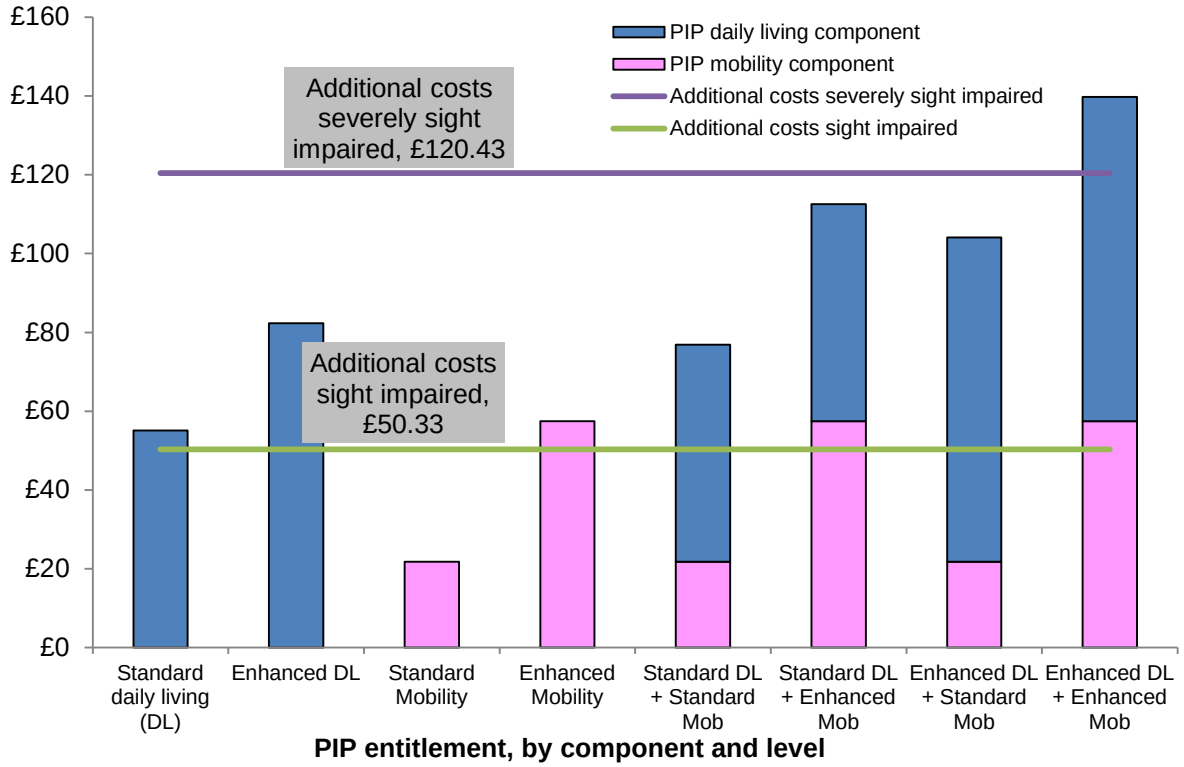
Personal Independence Payments (PIP), Attendance Allowance (AA) and Disability Living Allowance (DLA) are non-means-tested benefits whose purpose is to help cover the additional cost of disability. For working age people, PIP has replaced DLA, which continues to be received by pension age people who started claiming when they were of working age, but new pension age claims are for AA. This paper focuses on single people who are either visually impaired in working life and thus potentially eligible for PIP, or who become visually impaired later in life and may be eligible for AA.

The Minimum Income Standards work has shown that visual impairment brings substantial additional costs, deriving from expenses such as domestic help (e.g. cleaning), transport (e.g. taxis), social reciprocity (treating a friend who has helped you out), technological aids (such as a more accessible phone or computer) and household items (e.g. different lighting or equipment). These are set out in Hill et al., (2017). Costs are greater for severely sight impaired than for sight impaired people and for people of pension age than for those of working age. Note that the distinction between ‘sight impaired’ and “severely sight impaired” individuals below refers to visual impairment registration categories. These are in fact an imperfect proxy for impairment levels, and the differences in need should be understood to distinguish, more precisely, those who are visually impaired with some usable sight from those with little or no usable sight – descriptors that guided the identification of needs in the MIS research.

The following calculations compare benefits only to the additional cost of visual impairment, and do not take account of other types of disability to whose costs benefits may contribute.

Figure 1 shows that for those of working age, a PIP award will generally cover the additional cost of being sight impaired, but will only cover the cost of being severely sight impaired if it is paid at the enhanced rate for both the daily living and mobility elements.

Figure 1 Additional cost of visual impairment (working age) and PIP rates (weekly)



Summary of Figure 1: Being sight impaired adds £50.43 and being severely sight impaired adds £120.43 a week to minimum weekly costs for a single person of working age. Comparing these to possible PIP entitlements shows that at the standard rates, the mobility component

on its own falls short of meeting additional costs, but that anyone getting either the daily living component or the enhanced mobility component will cover the cost of non-severe sight impairment. However, PIPs only cover the higher cost of being severely sight impaired in the case where both components are received at the enhanced rate. (End of graph summary.)

There is no systematic relationship between the impairment levels that make one eligible to be certified as sight impaired or severely sight impaired and getting a particular PIP award. Visually impaired people can score points on the PIP assessment in a range of categories, including requiring aids for food preparation and for other daily activities such as washing, needing aids or help with reading or requiring mobility assistance or aids when going out. It is striking that some of the most significant sources of points in the PIP assessment for people with sight loss concern aids (such as a talking scales) which do not in themselves create large additional weekly costs, whereas some other needs such as requiring a cleaner are more expensive but do not figure in the assessment. This underlines the fact that disability-cost benefits have never directly assessed where extra spending is needed, but rather are assessed on 'proxy' indicators showing the extent of disability. This important point was cited by organisations defending the retention of 'aids and appliances' elements of the PIP assessment in 2016, the role of the assessment of the proxy having been explicitly acknowledged by government (DWP 2012, paragraph 3.6).

Any proxy system is bound to be highly imprecise in predicting spending needs. There are therefore a large number of different

scenarios in terms of how additional needs and the entitlement or otherwise to the various components of PIP could be combined.

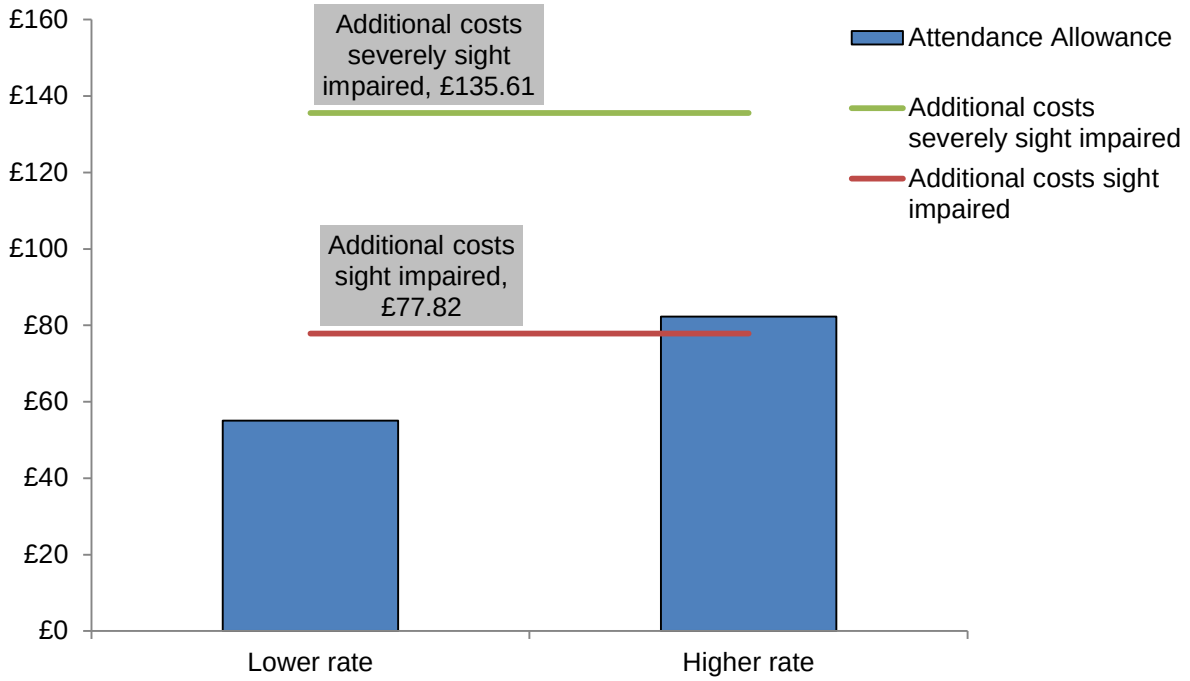
This paper simplifies by looking at a lower and higher level of visual impairment (sight impaired and severely sight impaired), and in each case looking at two examples of PIP entitlement, with the broad assumption that greater severity tends to go with higher entitlement. For those who are sight impaired, it considers two cases for which PIP is awarded at the standard rate: first for mobility only and second for both mobility and daily living. For those who are severely sight impaired, it compares a situation where both components are awarded at the standard rate and where both are awarded at the enhanced rate.

These examples are based on conversations with advisers about what PIP levels people with visual impairment might typically expect, although this will vary greatly in different circumstances. It is worth noting that success in gaining some PIP award has been high for visually impaired people who have been helped to navigate their way through the system (which often requires reassessments and appeals): a survey found that all those who had been eligible for DLA were given an award if they followed through with their claim (Davies et al, 2017). Yet as the examples below show, the type of award can make a huge difference.

A similar analysis can be applied to disability benefits and costs for people of pension age, with disabilities acquired after the age of 65, making them potentially eligible for Attendance Allowance rather than DLA / PIP. Figure 2 shows the extent to which Attendance Allowance on its own meets the additional needs of people who have become

visually impaired after reaching pension age. In most cases, it does not meet these additional costs, which are substantially higher at pension age than for working age adults, related to additional vulnerability, reduced confidence and the difficulty in adapting to visual impairment in later life (Hill et al., 2017). The one exception is that the higher rate of Attendance Allowance is awarded to someone with sight impairment that is not severe. This is unlikely on the basis of the visual impairment alone, since the higher rate of Attendance Allowance is awarded only to people deemed to require help or supervision both day and night. In the analysis below, therefore, income of pensioners who are sight impaired and severely sight impaired is in each case considered for two rates of Attendance Allowance that involve a shortfall: for sight impaired people, getting no Attendance Allowance or getting it at the lower rate; for severely sight impaired people, getting it at the lower or at the higher rate. As with the working age cases, pensioner income is considered in the next section in the round, including not just Attendance Allowance but also other entitlements to those on low incomes.

Figure 2 Additional cost of visual impairment (pension age) and Attendance Allowance rates (weekly)



Summary of Figure 2: Being sight impaired adds £77.82 and being severely sight impaired adds £135.61 to the minimum weekly costs of a single person of pension age. Attendance Allowance at the lower rate falls well short of meeting these costs, and at the higher rate it just meets the cost of sight impairment but falls well short of meeting the cost of severe sight impairment. (End of graph summary.)

4. Income compared to MIS: calculations

This section illustrates the effects of the benefits, tax credit and Universal Credit systems on the incomes of visually impaired people who are either not working (including at pension age) or working with modest earnings. Various examples of people's working and benefit status are considered in combination with levels of entitlement to PIP and Attendance Allowance, and the resulting income compared to the MIS requirements for visually impaired people. All sums are expressed in terms of weekly disposable income (what remains each week after paying taxes, receiving benefits and paying rent and council tax). The detailed calculations used to reach the results below are shown in the annex.

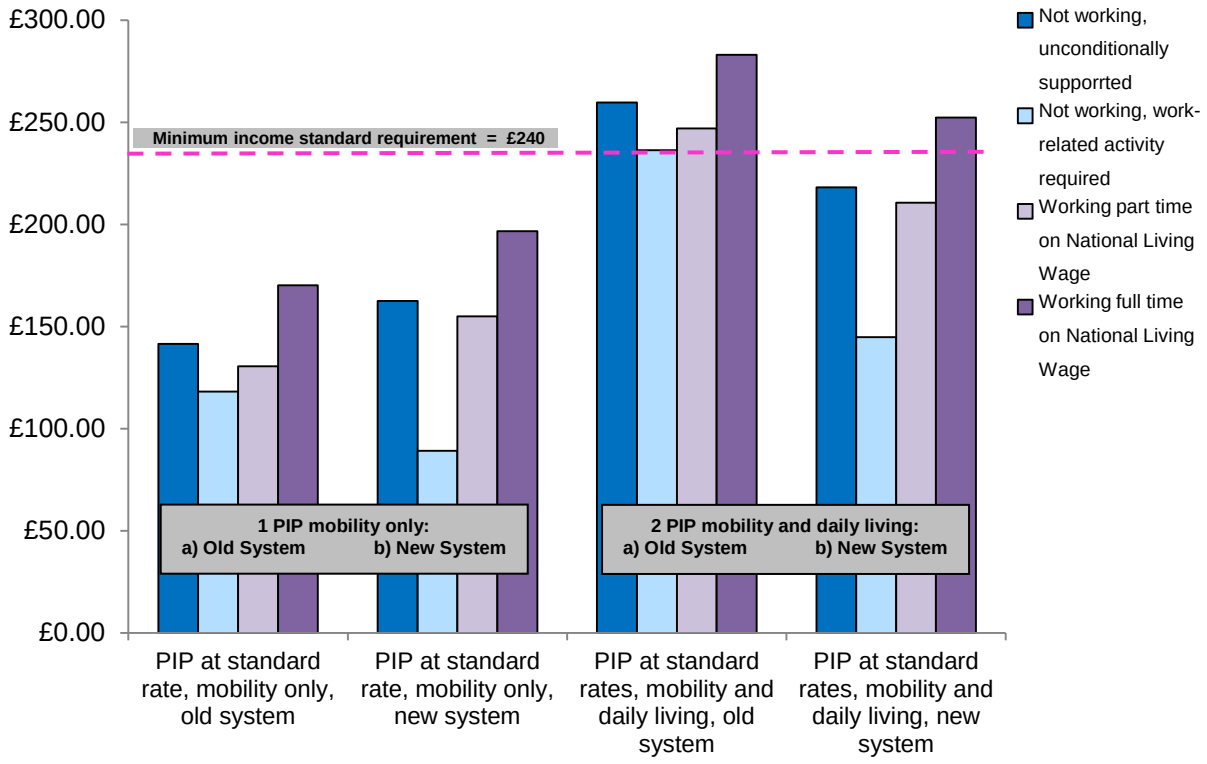
4.1 Visually impaired people of working age

The following calculations compare incomes of working age visually impaired people to their MIS requirement, in various situations where they are on out-of-work benefits or working on the National Living Wage. These results are a product both of how disability-related benefits compare to the additional cost of disability and how income from general benefits and wages compare to general living costs. It is important to bear in mind that, as a starting point, a single non-disabled person attains less than half the MIS level through out of work benefits, and reaches just over three quarters of MIS on the National Living Wage (Padley and Hirsch, 2017).

4.1.1 A sight-impaired person of working age

Consider first the case of someone who is sight impaired. As discussed above, two examples of PIP status for such a person are that they receive just the mobility element at the standard rate, or that they get both the mobility and daily living components at the standard rate.

Figure 3 Weekly disposable income for a sight-impaired single person, compared to MIS. At two levels of PIP entitlement, comparing universal credit in 2017 with previous system



Summary of Figure 3: For a single sight-impaired person on out of work benefits or working on the National Living Wage, income falls well short of the minimum needed if only the mobility component of PIP is paid, at the standard rate. This shortfall is most serious for new claimants in the work related activity group. For those receiving both components of

PIPs at the standard rate, on the other hand, income is generally sufficient to reach the Minimum Income Standard, with the exception of new claimants in the work-related activity category, who again fall well short. (Graph summary ends.)

Figure 3 shows how the income of a sight-impaired person's income compares to the MIS requirement of £240 a week. It can range from over £150 below this level to over £40 above it in the circumstances shown, according to three things that can vary:

First, income varies according to whether the PIP entitlement includes both components, or just one component. The two blocks of bars on the left of the graph show income for someone just receiving the mobility component, and the right, both the mobility and daily living components.

Second, income varies according to whether benefit entitlement is based on the outgoing system of benefits or on the incoming system of Universal Credit, distinguished by the two blocks of bars within each PIP category. (The new system shown here also includes the £29 cut in ESA for the 'work-related activity' group implemented for new claims from 2017, whereas the old system includes the £29, which still goes to those with a continuous claim from before April 2017.)

Third, the graph shows the effect on income of benefit and working status: whether the person is working full or part time (on the National Living Wage), or out of work, and if so in which benefit category. This is shown by the different colour bars in each block. (Note that the part

time example is of someone working half time. This is someone who would be eligible for tax credits under the present system.)
These comparisons can be used to answer a series of questions about the system.

a) Can sight impaired people receiving PIP at standard rates reach MIS?

Under the old system, they can reach it or get close to it in most cases, provided they receive both elements of PIP, but not with the mobility element alone. With Universal Credit, it will only be possible to reach MIS if they get both elements AND work full time. In other cases, both working and non-working, a visually impaired person can fall well short of MIS, sometimes with under half of what they need.

b) How much difference does the type of PIP award make?

The level of the PIP award makes a huge difference under the outgoing system – as shown by the contrast between the first and third sets of bars. It can influence not just whether PIP itself is paid, but also which if any supplements and premiums are paid in benefits and tax credits. The crucial benefit that unlocks these additions is the receipt of the daily living component. If you only get the mobility component, you are not eligible for the supplements. For this reason, under the old system, the award of the daily living component at the standard rate, while worth an additional £55.65 in PIP, can raise total income by over twice that amount. Thus, someone who has just about enough to meet their needs if they get awarded the mobility and daily living components of PIP at the standard rate may fall over £100 a week short of doing so if only getting the mobility component. The abolition of the supplements

under the Universal Credit system means that this difference is lessened greatly.

c) How much difference does someone's benefit or working status make to all this?

For those who do not work, benefits are much more generous if they are supported unconditionally, with no obligation to undertake work-related activity (the 'support group' under Employment and Support Allowance). This difference is growing with the loss of the £29 supplement in basic benefits for the work-related activity group, and under the new structure of Universal Credit. The difference that it makes to income for those in work also varies. Under the ESA system, a support group claimant has only a slightly lower income than if they were working full time on the National Living Wage. Even those in the work related activity group may be no better off if they work part time, due to the loss of disability-related supplements. On the other hand, the incentive to work is increased greatly in the new system for the work-related group, mainly because their out of work benefits are being cut so severely. As shown in the second block of Figure 3, a sight impaired person receiving only the mobility element of PIP at the standard rate can have disposable income below £90 a week doing work-related activity on Universal Credit, rising to around £150 working part time or nearly £200 full time.

d) How much difference are current changes in the system making overall?

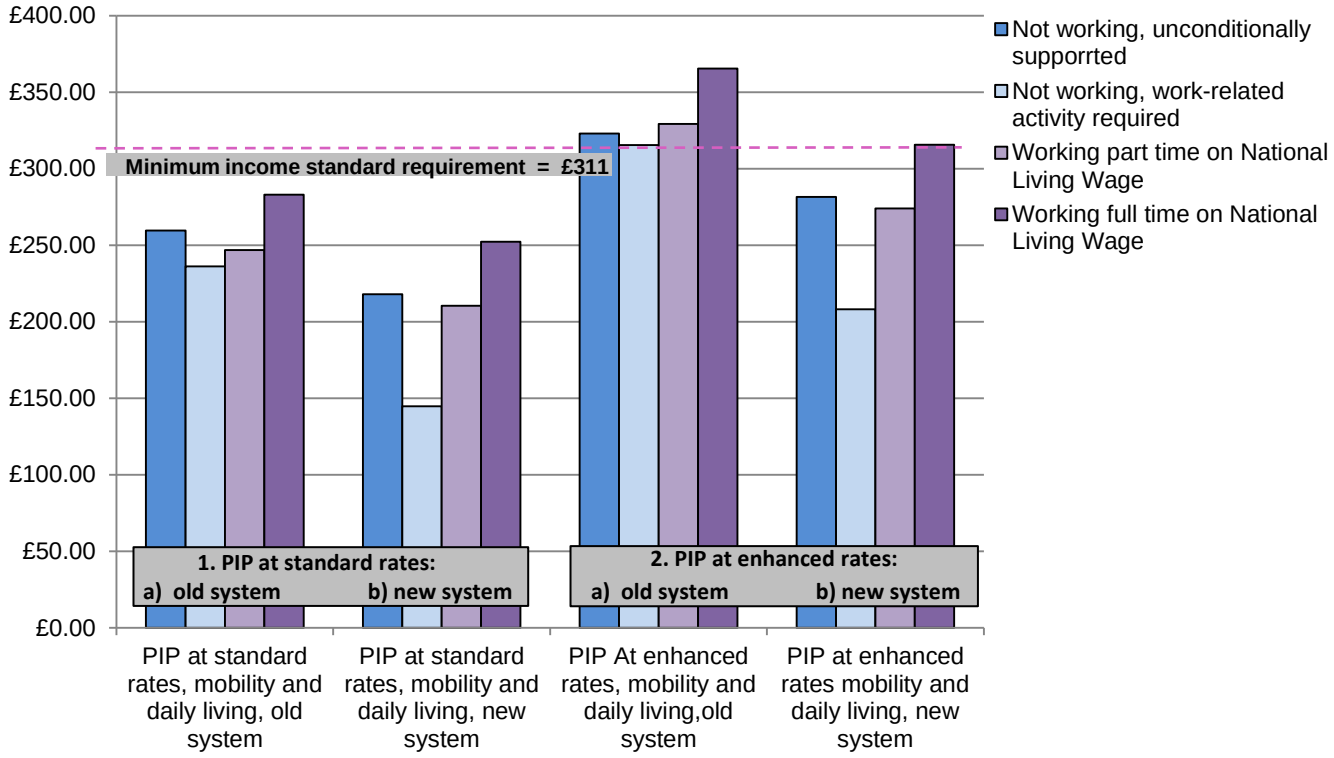
In addition to the abolition of the £29 supplement for non-working claimants required to do work-related activity, the switch to Universal Credit is generally unfavourable to disabled people receiving PIP. This is largely because of the loss of disability-related supplements. The cut is particularly severe for people out of work required to do work-related activity. As shown by comparing the second bars in the last two blocks of Figure 3, such claimants had about enough to reach MIS, if receiving both elements of PIP, under the old system, but under the new system fall £90 a week doing so – a dramatic cut in disposable income for new claimants. The picture however is slightly different for those who do not get a PIP award that includes the daily living component (first two blocks of Figure 3). They have not been entitled to supplements under the old system, so have had less to lose. In some cases they do better under Universal Credit, but still fall well short of an income sufficient to meet their minimum.

4.1.2 A severely sight impaired person of working age

The same comparisons can be made for someone who is severely sight impaired. Although there is no exact correspondence between level of visual impairment and PIP awards, we assume here that as a minimum, a severely sight impaired person gets both elements of PIP at the standard rate, and compare this with a case where they get both elements at the enhanced rate.

Figure 4 shows a similar overall pattern to the sight-impaired case in Figure 3. Specifically, on the four questions considered for that case, the following picture emerges for someone who is severely sight impaired:

Figure 4 Weekly disposable income for a severely sight-impaired single person, compared to MIS. At two levels of PIP entitlement, comparing universal credit in 2017 with previous system



Summary of Figure 4: For a single severely sight-impaired person on out of work benefits or working on the National Living Wage, income falls well short of the minimum needed if PIP is only paid at standard rate for each component. This shortfall is most serious for new claimants in the work related activity group. For those receiving both components of PIP at the enhanced rates, on the other hand, income has generally been sufficient to reach the Minimum Income Standard, but is more likely to fall short in future as a result of the introduction of Universal Credit and the recent cut affecting new claimants in the work-related activity category. (Graph summary ends.)

a) Can severely sight impaired people receiving PIP in both the daily living and mobility categories reach the Minimum Income Standard?

Someone who is severely sight impaired has greater additional costs to cover, under the MIS calculation – an additional £72, taking the minimum required to £311 a week. As shown in Figure 4, getting both components of PIP at the standard rate leaves such a person between around £30 and £170 short of MIS. Does receipt of an enhanced rate of PIP close this gap? Under the old system, a severely sight impaired person receiving both PIP components at the enhanced rate can usually reach MIS. Under the new system, this is only true for someone working full time. In other cases, there remains a shortfall, by as much as £100 a week for someone doing work related activity under Universal Credit, despite receiving PIP at the enhanced rate.

b) How much difference does the type of PIP award make?

When comparing people on the standard and enhanced rates, there is again a wide income difference. The main difference in this case is the amount received in PIPs themselves, with an additional £63 associated with getting both components at the enhanced rather than standard rate. In this case, the difference in the level of supplements associated with different PIP levels is less important, since the largest supplements are triggered by receiving the daily living component at any level.

c) How much difference does someone's benefit or working status make to all this?

As noted in the earlier discussion, people receiving the standard rate of PIP can be little or no better off working than being supported on benefits, although these work incentives improve under Universal Credit as a result of benefit entitlements being lower. For people on the enhanced rates of PIP, the picture is broadly similar, except that under the old system, there has not been a work disincentive. Working full time can make someone significantly better off than on benefits in this case.

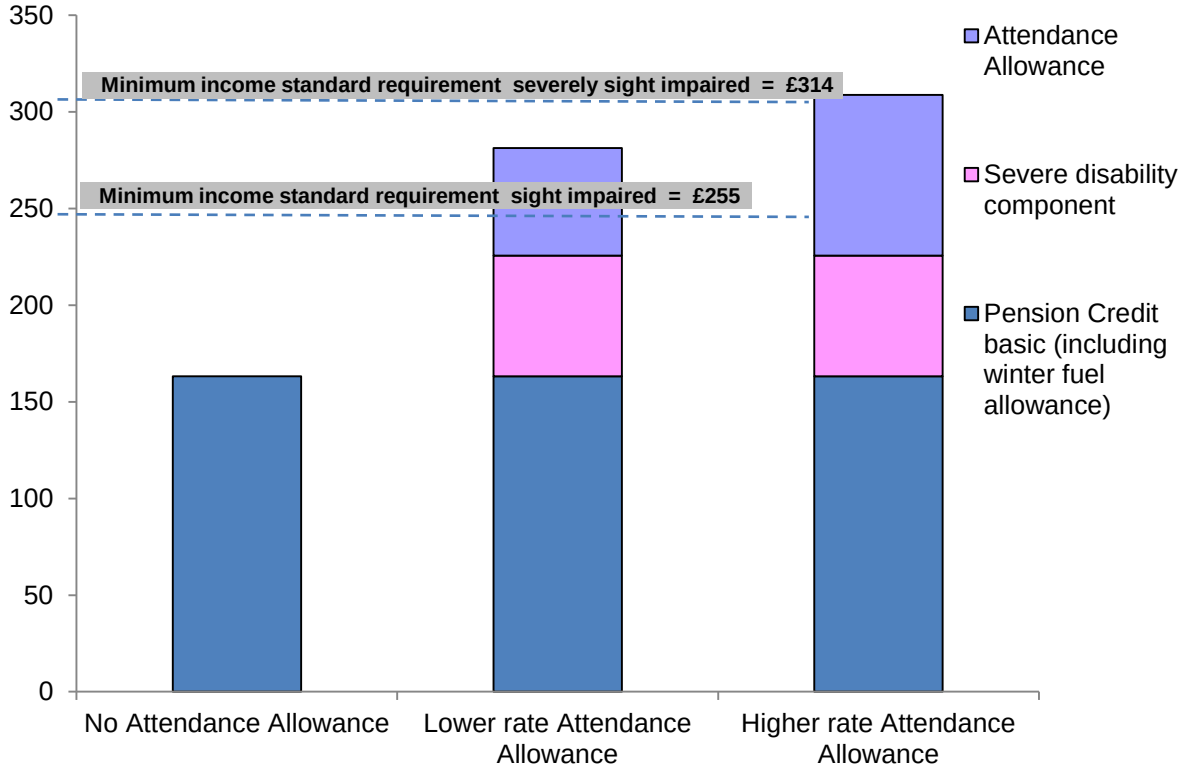
d) How much difference are current changes in the system making overall?

The changes are causing severe cuts for people shown in these examples, all of whom are eligible for supplements under the old system which they will lose under the new one. A severely sight impaired person getting the enhanced rates of PIP and engaged in work-related activity will have disposable income over £100 a week below the MIS level under Universal Credit, rather than having enough income to reach MIS under the old system.

4.2 Visually impaired people of pension age

Turning now to sight impaired and severely sight impaired people of pension age, a similar comparison can be made to income on Pension Credit. This situation is less complex than for working age people, since the guarantee level of Pension Credit represents a single means-tested threshold for people above pension age, contrasting with the different levels of income guaranteed for working age people according to the category of out of work benefit or whether they are working.

Figure 5 Income on Pension Credit (guarantee level) for visually impaired people compared to MIS, 2017



Summary of Figure 5: For a single sight-impaired person of pension age on the guarantee level of Pension Credit, income falls well short of the minimum without Attendance Allowance. If Attendance Allowance is paid at the lower rate, this enables such a person to achieve a minimum income, helped by triggering the addition of a severe disability component to the Pension Credit. For a severely sight-impaired person, on the other hand, the minimum income is only achieved if Attendance Allowance is paid at the higher rate.

(Graph summary ends.)

Pensioners enjoy a better starting point in terms of the adequacy of means-tested benefits: for a single person without sight loss, Pension Credit guarantees an income above 90% of the MIS requirement.

However, Figure 5 shows that pensioners who are on means-tested benefits and facing the additional cost of sight loss depend on Attendance Allowance to avoid this creating a serious shortfall in their resources compared to need. Without Attendance Allowance, a sight-impaired pensioner falls over £90 short of meeting their needs. On the other hand, receipt of Attendance Allowance, even at the lower rate of £55.65 a week, allows a sight impaired pensioner to cover this shortfall and end up with an income slightly higher than the minimum required. This is helped by the fact that Attendance Allowance also triggers the £62.45 severe disability component of Pension Credit, for those receiving that benefit.

For a severely sight-impaired pensioner, this is still not enough to cover additional costs. Only if they receive the higher rate of Attendance Allowance will they have an income close to the MIS level. Eligibility for this higher rate requires a high threshold of assessed need, involving help overnight. Not all severely sight impaired pensioners can expect to receive such an assessment based on sight loss alone.

These results underline how significant Attendance Allowance can be in allowing visually impaired pensioners to participate in society. Without any Attendance Allowance, even someone whose sight impairment is not severe can fall far short of what they need for social participation, creating a risk of loneliness and isolation if it becomes difficult to go out. On the other hand, the combination of Attendance Allowance and the

severe disability addition to Pension Credit that it unlocks ensure that, like a pensioner without a disability, sight-impaired pensioners have a minimum income guarantee that roughly corresponds to minimum needs.

5. Conclusion

The calculations in this paper show that the adequacy of visually impaired people's incomes relative to the Minimum Income Standard is subject to a complex set of influences. Benefits designed to help cover the cost of disability interact with wages and benefits designed to replace them or top them up. Since such a complex system has no clear over-arching rationale, people with similar costs can experience very different results. For example, if you are a single severely sight-impaired working age person out of work, you might at best have enough disposable income to cover a minimum acceptable living standard sufficient to participate in society, but at worst have only half this disposable income.

Three particular developments in the welfare system in the past five years have affected this situation in important ways.

The replacement of DLA with PIP threatened to make it much harder for working age visually impaired people to get help with their living costs; in practice it has made the process harder, although entitlements appear to have been maintained or improved. Where claims are followed through (which often requires reassessment or appeal), they have a good chance of resulting in an award that gets the claimant some or all of the way to achieving an adequate income.

At a policy level, this underlines the importance of creating a better functioning PIP system, in which claimants do not have to challenge assessments in order to get a fair award

Second however, other changes in the benefits system are in many cases making it harder for visually impaired people to achieve an adequate income. The removal of the work-related activity component of ESA will be a severe blow to those who are not working. The introduction of Universal Credit itself is in many, although not all cases, detrimental to disabled workers' incomes. In particular it harms further those who are not working but required to carry out work-related activity, who lose disability supplements in their benefits with no compensatory rise in the basic benefit entitlement.

An important policy priority should therefore to keep under close review the support given to visually impaired and other disabled people who are able to work, but may do so sporadically and with limited earnings. This group, deemed capable of work-related activity, are generally falling woefully short of the income required to meet their needs when they are not working. Universal Credit gives the flexibility to spend periods earning to supplement one's benefit income, but if it is set at such an inadequate level, many will find it hard to thrive under this new regime. The biggest incentive under the new system could be to prove that you cannot work, and thus move into the more generous benefits category. A system that gives adequate baseline support and opportunities to supplement this through earnings would be more fruitful.

Finally the decision not, as envisaged, to abolish a national system of Attendance Allowance (handing it to local authorities, subject to rationing and means-testing) makes a crucial difference to visually impaired people of pension age, who without it could be left with very low incomes relative to their needs.

Overall, these findings show that precise entitlements within a complex and in many respects arbitrary system can make a huge difference to the economic well-being of visually impaired people. The qualitative research that follows this analysis will explore how in practice the incomes that result affect their ability to meet material needs and participate in society.

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Annex Calculations

The following figures show for each case referred to in this report what are the components of weekly income, what this adds up to and how total disposable income for single visually impaired people compares to the amounts that MIS calculates that they need as a minimum.

1. **A single working age person who is sight impaired** is estimated to require £239.61 to cover living costs (of which £51.53 comprises the cost of disability), not including the cost of rent and council tax.

1.1 For those on **out of work benefits**, Income Support (which also forms the starting point for calculating ESA) provides £73.10 towards this. This is reduced to £67.14 once contributions to rent and council tax are taken into account, based on a typical case. (The current freezing of the maximum rent payable to a private tenant under the Local Housing Allowance means that the contribution to rent will grow as rents increase. On this basis, the calculation incorporates an assumption about how much a private tenant currently contributes to rent out of their general benefits.) A claimant is likely to get the following additions, according to their PIP assessment and work-related status:

1.1.1 **Awarded PIP mobility element at the standard rat**e: A PIP award of £22, plus:

- If in support category of ESA:
  £36.55 for support component plus £15.90 enhanced disability supplement.
  Total disposable income = £67.14+£22+36.55+15.90 = £141.59
  This is about £98 below the £240 needed.
- If in work-related activity category of ESA, with a claim starting before 1 April 2017:
  £29.05 for the work-related activity component.
  Total disposable income = £67.14+£22+£29.05 = £118.19
  This is about £121 below the £240 needed.
- Under Universal Credit, if limited capability for work or work-related activity:
  £73.36 addition (equivalent to ESA support group).
  Total disposable income = £67.14+£22+£73.36=£162.50
  This is about £77 below the £240 needed.

- Under Universal Credit, if work-related activity deemed appropriate, for claim after 1 April 2017:
  No addition.
  Total disposable income = £67.14+£22= £89.14.
  This is about £150 below the £240 needed.

1.1.2 **Awarded PIP at standard rate for both mobility and the daily living components:** a PIP award of £77.65 plus:

- If in support category of ESA:
  £36.55 for support component plus £62.45 severe disability supplement plus £15.90 enhanced disability supplement.
  Total disposable income =
  £67.14+£77.65+36.55+£62.45+15.90 = £259.69
  This is about £20 above the £240 needed.
- If in the work-related activity category of ESA, with a claim starting before 1 April 2017:
  £29.05 for the work-related activity component and £62.45 for the severe disability supplement.
  Total disposable income = £67.14+£77.65+£29.05+£62.45= £236.29
  This is about £3 below the £240 needed.
- Under Universal Credit, if limited capability for work or work-related activity:
  £73.36 addition (equivalent to ESA support group).
  Total disposable income = 67.14+£77.65+73.36=218.15
  This is about £21 below the £240 needed.
- Under Universal Credit, if work-related activity deemed appropriate, for claim after 1 April 2017:
  No addition.
  Total disposable income = £67.14+£77.65= £144.79.
  This is about £95 below the £240 needed.

1.2 For a single working-aged person who is sight impaired and **working on the National Living Wage**, weekly earnings after tax contribute £251.54 or £138.75 for working full (37 hours a week) or half time respectively. After paying council tax and a modest rent, this leaves £145.97 or £33.18 out of the £240 needed for MIS. In addition,

1.2.1 If they **receive PIP at the standard mobility rate only**, they will get £22, and in addition:
They will be ineligible for the disability premium in Working Tax Credit, but it is assumed that limited work capacity will make

them eligible for - disability allowances that affect the earnings at which Housing Benefit and Universal Credit are withdrawn. On this basis:

- Working full time under the tax credits system, they will receive:
  £2.28 in Housing Benefit, and no Working Tax Credit.
  Total disposable income= £145.97+£22+£2.28=£170.25
  This is about £70 less than the £240 needed.
- Working part time under the tax credit system, they will receive:
  £44.22 in Housing Benefit and £31.18 in Working Tax Credit.
  Total disposable income = 3.18+£22+44.22+£31.18 =£130.58
  This is about £109 less than the £240 needed.
- Working full time under Universal Credit, they will receive £28.70 in UC.
  Total disposable income= £145.97+£22+£28.70=£196.67
  This is about £43 less than the £240 needed.
- Working part time under Universal Credit, they will receive £99.76 in UC.
  Total disposable income = £33.18+£22+£99.76=£154.94
  This is about £85 less than the £240 needed.

1.2.2 A single working-aged person who is sight-impaired and working on the National Living Wage and receiving **both the mobility and daily living components of PIP on the standard rate** will get a higher PIP award, £77.65, than the previous example of only qualifying for the mobility component. The other difference with the previous example is that getting PIP at the standard rate will trigger the severe disability supplement to Working Tax Credit, although this also reduces Housing Benefit entitlement which takes Working Tax Credit income into account. In the case of Universal Credit, the receipt of the daily living component of PIP makes no difference. On this basis:

- Working full time in the tax credits system, they will get:
  £47.36 in Working Tax Credit and £12.09 in Housing Benefit, in addition to disposable income of £145.97 in disposable income from pay and £77.65 from PIP.
  Total income of £283.07, is about £43 more than the £240 needed.

- Working part time in the tax credits system, they will get: £88.71 in Working Tax Credit and £47.41 in Housing Benefit, in addition to the £33.18 disposable income from pay and £77.65 from PIP.
  Total income of £246.95, is about £7 more than the £240 needed.
- Working on Universal Credit, the same income as shown above for those on PIP mobility only in section 1.2.1 plus the daily living component of £55.65, and therefore:
- £196.67 plus £55.65 = £252.32 if working full time - £13 more than the £240 needed; and
- £154.94 plus £55.65 = £210.59 if working part time, £39 less than the £240 needed.

2. **A single working age person who is severely sight impaired**, requires a disposable income of £311.39, which is £71.78 more than if they were sight impaired and not in the "severe" category. Calculations for this person's income are based on receiving both components of PIP, either at the standard or at the enhanced rate.

   For those receiving the standard rate, income will be as already calculated in subsections 1.1.2 and 1.2.2 in section 1 above – ie someone with a lower category of impairment whose PIP is also being awarded at the standard rate for both categories. For these cases, the only difference will be in how income compares to MIS, based on the higher level of additional costs. For the additional example of PIP being awarded at the enhanced rate in both categories, the additional £71.78 in costs will be offset by an additional £63.45 in PIP entitlement. Other income streams will mainly be the same, except that receiving PIP at the enhanced rate triggers the enhanced disability supplement of £15.90 in ESA for people in the work-related activity group, and a severe disability element of £24.74 in Working Tax Credit. (In-work Housing Benefit entitlements will also be affected, both by the higher Working Tax Credit and by an additional HB allowance associated with enhanced disability status.)

   On this basis, a working age person who receives both components of PIP as a result of being severely sight impaired has the following disposable income, compared to the £311.39 that they require according to MIS:

2.1 **On out of work benefits**:

- If in support category of ESA:
  On standard rates of PIP: £259.69, (as in 1.1.2 above), about £52 below the £311 needed.
  On enhanced rates of PIP: £63.45 higher= £323.14, about £12 above the £311 needed.
- If in the work-related activity category of ESA, with a claim starting before 1 April 2017:
  On standard rates of PIP: £236.29 (as in 1.1.2 above), about £75 below the £311 needed.
  On enhanced rates of PIP: £63.45+£15.90 higher (the £15.90 is the enhanced disability supplement) = £315.64, about £4 above the £311 needed.
- Under Universal Credit, if limited capability for work or work-related activity:
  On standard rates of PIP: £218.15 (as in 1.1.2 above), about £93 below the £311 needed.
  On enhanced rates of PIP: £63.45 higher = £281.60, about £30 below the £311 needed.
- Under Universal Credit, if work-related activity deemed appropriate, for claim after 1 April 2017:
  On standard rates of PIP: £144.79 (as in 1.1.2 above), about £167 below the £311 needed.
  On enhanced rates of PIP: £63.45 higher = £208.24, about £103 below the £311 needed.

2.2 **Working on the National Living Wage**:

- Working full-time in the tax credits system:
  On standard rates of PIP: £283.07 (as in 1.2.2 above), about £28 below the £331 needed.
  On enhanced rates of PIP: £63.45+£24.74-£5.75 higher (£24.75 comes from the severe disability premium in Working Tax Credit; the £5.75 is the net reduction in Housing Benefit) = £365.51, about £54 above the £331 needed.
- Working part time in the tax credits system:
  On standard rates of PIP: £246.95 (as in 1.2.2 above), about £64 below the £311 needed.
  On enhanced rates of PIP: £63.45+£24.74-£5.75 higher (£24.75 comes from the severe disability premium in

Working Tax Credit; the £5.75 is the net reduction in Housing Benefit) = £329.39, about £18 above the £331 needed.

- Working full time in the Universal Credit system:
  On standard rates of PIP: £252.32 (as in 1.2.2 above), about £59 below the £311 needed.
  On enhanced rates of PIP: £63.45 higher = £315.77, about £4 above the £311 needed.
- Working part time in the Universal Credit system:
  On standard rates of PIP: £210.59 (as in 1.2.2 above, about £101 below the £311 needed.
  On enhanced rates of PIP: £63.45 higher = £274.04, about £37 below the £311 needed.

3. **A pensioner who is sight impaired** requires a total of £254.61 in disposable income to meet MIS, including £79.68 in to cover the cost of disability. Pension Credit combined with winter fuel allowance guarantees £163.19 of this, and Attendance Allowance influences how much additional income is available to meet minimum requirements. For example:

3.1 **Without any Attendance Allowance**, there is no addition, meaning that disposable income is £163.19: about £91 short of the £255 needed.

3.2 **With Attendance Allowance** at the standard rate of £55.65, this amount plus the Pension Credit severe disability component of £62.45 raises income to £163.19 + £55.65 + £62.45 = £281.29 : about £27 above the £255 needed.

4. A pensioner who is **severely sight impaired** requires £59.18 more than a sight impaired pensioner, adding up to £313.78 in disposable income needed to meet MIS. Pension Credit combined with winter fuel allowance guarantees £163.19 of this, and Attendance Allowance influences how much additional income is available to meet minimum requirements. For example:

4.1 **With Attendance Allowance at the standard rate**, disposable income is £281.29 (as in 3b above): about £32 short of the £314 needed.

4.2 **With Attendance Allowance at the higher rate** of £83.10 rather than the standard rate of £55.65, the additional £27.45 raises income to £308.74: £5 below the £314 needed.

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