Estimated costs of providing mobility support as part of Disability Assistance for Older People

1. Key Points

- This paper provides our best estimates of the costs of providing mobility support as part of Disability Assistance for Older People (DAOP). This note covers the cost of payments to individuals, but not the cost of administering any new payments.
- **[redacted]** We also give illustrative figures for the potential scale of expenditure associated with introducing a mobility component for DAOP that's similar to that for Disability Living Allowance (DLA).
- **[redacted]** The DLA 65+ caseload is our best comparison to DAOP and we have used it to generate claimant volumes and costs for a DAOP mobility element if it followed the same claiming patterns as DLA. However, there may be some fundamental differences between the people receiving the two benefits, such as the age profile of the recipients. For this reason we cannot be confident that any estimates found by applying information from DLA to DAOP are robust - they are presented to illustrate the scale.
- **[redacted]** around £580 million per year if a full DLA-style mobility component is introduced. However, as already noted, there is significant uncertainty **[redacted]**. For example, it is difficult to say whether the DAOP caseload are likely to have more mobility needs because of their older age profile, which could increase the cost estimate, or whether the DLA recipients have more mobility needs as they have experienced ill health from a younger age, which would suggest the cost estimate would be lower.
- **[redacted]**

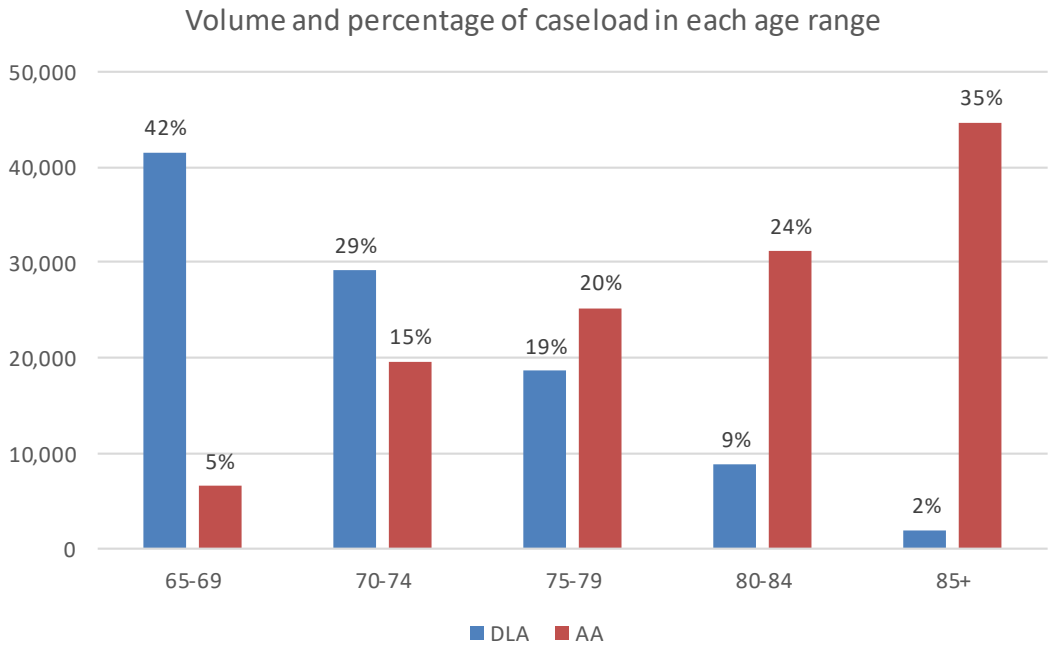
2. Introduction

Disability Living Allowance (DLA) and Personal Independence Payment (PIP) consist of both 'care' (called 'daily living' in the case of PIP) and 'mobility' components, which means that individuals in receipt of DLA or PIP can receive more than if they were in receipt of AA, which only has a 'care' component. While individuals over the State Pension Age (SPA) cannot apply for DLA or PIP, individuals in receipt of one of them before SPA can continue to receive it when they are over SPA. It is possible for individuals to receive care payments without mobility payments and vice versa. This note presents estimates of the additional costs of adding a mobility component for DAOP that would be similar to the mobility component of DLA or PIP. This paper also estimates the additional cost of alternative cash based interventions to provide support for mobility for DAOP recipients.

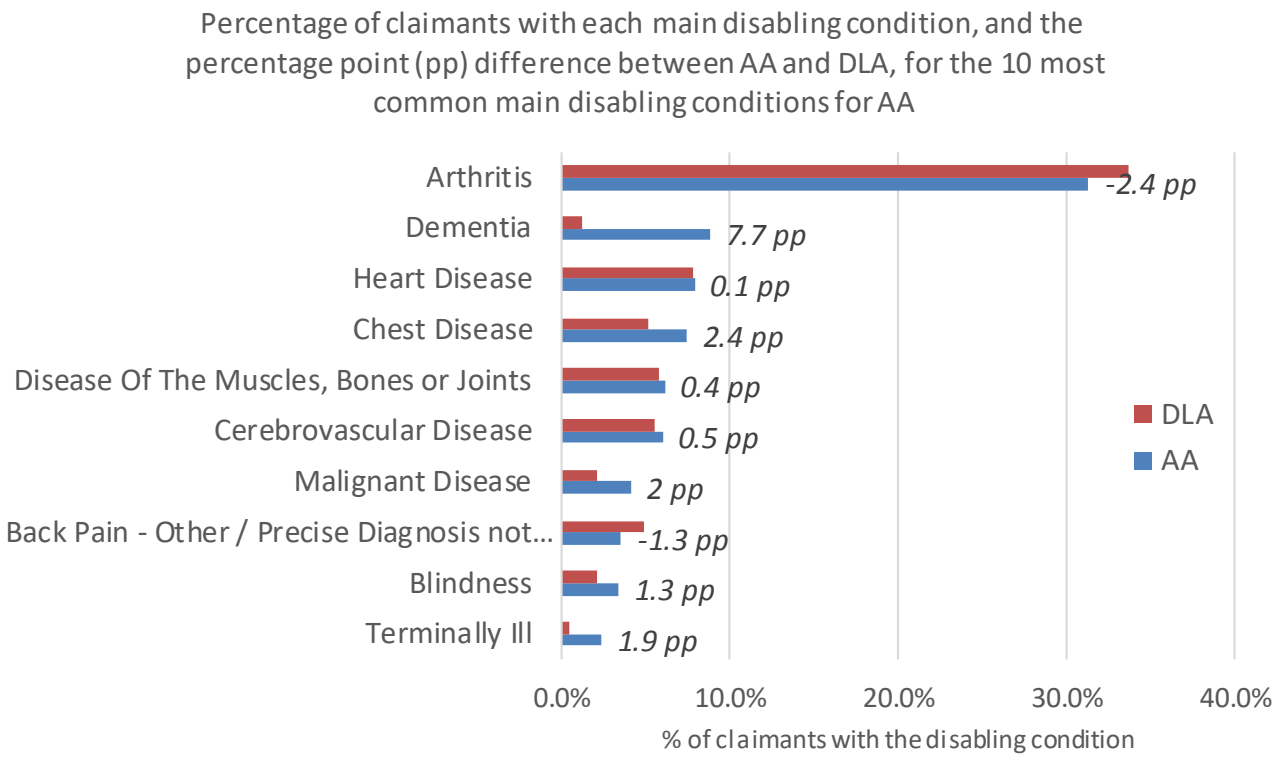
This paper uses the DLA 65+ caseload from February 2013 as the best available comparison to AA. This is because it is the most recent data available before PIP was introduced and the DLA caseload starts to reduce. This gives more data to work with when breaking down the caseload into age ranges than if more recent data was used.

However, it should be noted that the age profiles for 65+ DLA and AA are very different – most of the pension age DLA claimants are between 65 and 75 (71% of the caseload), whereas most AA

claimants are 80 or above (59% of the caseload). This means we have limited information to estimate the mobility payments for the DAOP 85+ age range, which account for a large part of DAOP caseload (35%) and has the biggest effect on the estimates.



We can also consider the main disabling conditions noted for AA and DLA and in this regard the DLA and AA caseload are more similar. Comparing these shows that the conditions noted for AA and DLA somewhat follow the same pattern, but with a few exceptions, such as dementia being much more common for AA than DLA, and Psychoneurosis, Spondylosis and Psychosis being more prevalent for DLA. Comparing the disabling conditions suggests that DLA might be a reasonable comparator for AA. However, it should be noted that people may have multiple conditions, and a condition not related to the main disabling one might be the reason they are eligibility for a mobility award.



3. [redacted]

4. Estimating costs and claimant volumes for a full mobility component [redacted]

However, to provide some illustrative figures about the potential scale of the cost, we have done some analysis based on the assumption that the 65+ DLA award combinations would also apply to the DAOP caseload. In other words, that if 50% of 70 year olds on a higher DLA care rate also receive a higher mobility rate, then we assume that approximately 50% of 70 year olds on a higher DAOP care rate would receive a higher mobility.

However, it's important to note that these costs are purely illustrative and the cost of adding a mobility component to DAOP could be higher or lower than the estimates shown here because there could be some significant differences between the DAOP and DLA caseload for the same age groups.

- One particular issue is that there relatively few DLA claimants in the older age groups (as shown in chart on p2), but there are expected to be many older DAOP claimants, introducing uncertainty to the estimates.
- The DLA pension age claimants cannot have the mobility component of their award increased, only decreased, at an award review. This could mean that the number of people receiving higher rates of mobility for DLA are lower than if individuals could have their award increased to meet their actual need. This seems likely given people experience more mobility needs as they get older.

- It is possible that the mobility needs for the lower age range DLA claimants are higher than what we would expect for DAOP claimants, given that anyone receiving a mobility award for DLA 65+ must also have been receiving a mobility award at a younger age. This could mean the caseload for DLA and DAOP are inherently different, with DLA claimants experiencing health problems earlier in life meaning they have more mobility needs than DAOP claimants.
- It is not possible to say whether these effects combined would mean more or less people are likely to receive mobility payments for DAOP than for DLA pension age, and whether our costs estimates could be higher or lower.

[redacted]

[redacted] However, estimates have been produced by comparing DLA and DAOP to illustrate the possible scale of the costs.

Payments to all qualifying individuals **[redacted]**

The introduction of a mobility component for DAOP in Scotland could see around 190,000 people qualify for it at a cost of around £580 million per annum. The impacts can be considered in terms of two groups:

a) Individuals that would receive DAOP under existing rules being eligible for the new mobility component. Around £370 million of the total expenditure would be associated with this group of around 120,000 people.
b) Individuals not in receipt of DAOP that would claim only the new mobility component and not the care component. The remaining expenditure, around £210 million, would be on this group of around 70,000 people.

There is greater uncertainty in the calculation in relation to the estimated number of claimants in group (b) due to the estimate being for a group that wouldn't receive DAOP under the existing rules so would be new claimants to the benefit.

Table 2: Estimates of the number of new and existing DAOP claimants who would receive a mobility award, and the cost of the mobility claims, 2020/21

Total number of existing claimants who would receive a mobility award	120,000
Total number of new claimants who would receive a mobility award	70,000
Cost of mobility payments to existing claimants	£370m
Cost of mobility payments to new claimants	£210m
Total cost of mobility payments per year	£580m

These costs are based on internal SSAFE forecasts for the AA caseload in 2020/21. The AA caseload is expected to rise after this, so costs could be even higher in the future.

[redacted]

It should also be noted that the above costs would be different if the amount awarded for a mobility element was different from that awarded for DLA and PIP.

As noted earlier, the main disabling conditions for DLA and AA follow a somewhat similar pattern. Analysis was done to consider the expected cost of a mobility element if mobility element claims were linked to the main disabling condition i.e. if 90% of people claiming DLA who name heart disease as their main disabling condition receive the high rate of mobility, that 90% of people claiming AA with the same main disabling condition would receive a high rate mobility award. This produced fairly similar results to the analysis noted above for existing AA claimants (within 10% of expenditure). However, it should be noted that the prevalence of DLA mobility awards varies over different age groups for some conditions. Because of the age difference between AA and DLA claimants this means the same uncertainty described using the methodology above also applies here. However, it is encouraging that this alternative methodology produces similar results to that above.

[redacted]

Social Security Analysis, Forecasting and Evaluation (SSAFE)
Communities Analysis Division
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Annex A – Methodology

All cost estimates in this document for the introduction of a mobility element for DAOP in the same way as DLA are based on mobility awards equal to those of DLA. They are uprated to potential 2020/21 levels – £62.49 per week for the higher award and £23.69 per week for the lower award.

Data

Data on the DLA caseload is taken from Stat Xplore, and DLA average weekly rates are obtained from gov.uk. Estimates on the care rates awarded to the DAOP caseload are taken from the SSAFE's internal caseload forecasts for DAOP in 2020/21. As such, all estimates provided are annual estimates for 2020/21 DAOP.

Methodology

For the analysis where we consider the impact of the introduction of a mobility element for DAOP **[redacted]** the estimates were produced by considering the proportion of people receiving a high, low or nil mobility award within each care rate and age band for DLA. This was then applied to the relevant care rate and age band for DAOP. This assumes that high rate DLA care is directly comparable to DAOP high rate care.

For example, we calculated that 89% of DLA high rate care claimants aged 65-69 received a high mobility award. We applied this proportion to the forecasted 4,400 high rate care DAOP claimants aged 65-69 we expect in 2020/21 to estimate there would be around 3,900 DAOP claimants receiving high rate care and mobility aged 65-69. The same calculation was done for each combination of mobility and care rates and age band.

An adjustment was made to the methodology for the low care rate DAOP claimants, as it is not clear whether they are comparable to DLA middle care, DLA middle care and low care combined, or DLA middle care with some proportion of DLA low care. We considered the percentage of

people who transitioned for DLA to PIP and their care rate before and after the transition. This was considered a good proxy for comparing DAOP and DLA since there are only two rates of care in PIP as with DAOP. This allowed us to assign the DLA low care recipients to either a low rate care award in DAOP or no care award for DAOP.

To produce the estimates for new claimants (those applying to receive DAOP mobility only) we look at the proportion of all DLA mobility awards that are to claimants receiving Nil care and apply that to our DAOP estimates for mobility awards for existing claimants.