

Personal Independence Payments:

Supporting participation in society and
the labour market

The logo for Citizens Advice, featuring a dark blue speech bubble shape with a tail pointing towards the bottom right. Inside the bubble, the words "citizens" and "advice" are written in white, lowercase, sans-serif font, stacked vertically.

**citizens
advice**

Summary

Our welfare system rightly recognises the challenges that people who are disabled or living with a long-term health condition face. In comparison to those who are not disabled, disabled people are more likely to live in relative income poverty, are significantly less likely to be in employment and face barriers to participating in wider society and leading active and independent lives.¹ The Personal Independence Payment (PIP) is the main benefit designed to provide support with meeting these needs for people of working age.

The design of PIP is based on two key principles. The first is to ensure support reaches those who need it. PIP is informed by the 'social model of disability' - support based on an assessment of how a person's disability or condition impacts on their ability to lead an independent life, not on the condition they have.² The second is to make the benefit financially sustainable. PIP is expected to save 20% of the expenditure forecast for Disability Living Allowance (DLA) - the main benefit it replaced - or £2bn for the Exchequer.³

The initial implementation of PIP in 2013 was problematic and highlighted the risks to realising its central aims. Delays meant many claimants were left without much-needed support, and also meant costs to the public purse were higher than expected.⁴ In response, the current Government has stated its commitment to improving the employment and life chances for disabled people and has taken a number of measures to ensure that the continued roll-out of PIP is successful. Yet in the context of a wider programme of reduction in welfare spending, it is not clear whether or not further changes will be made to PIP in future.

Citizens Advice has helped thousands of clients claiming PIP, giving us a unique insight into the importance of the benefit for disabled people and their families. Any further changes to PIP would have considerable implications for:

- People's ability to cope with the extra costs associated with disability and health problems;

¹ Office for Disability Issues and Department for Work & Pensions (January 2014), Disability facts and figures. At <https://www.gov.uk/government/publications/disability-facts-and-figures/disability-facts-and-figures> (Accessed 25.06.2015)

² Department for Work & Pensions (Updated May 2015). Policy Paper: 2010 to 2015 government policy: welfare reform. At <https://www.gov.uk/government/publications/2010-to-2015-government-policy-welfare-reform/2010-to-2015-government-policy-welfare-reform> (Accessed 25.06.2015)

³ Department for Work and Pensions (2012), Disability Living Allowance reform (Personal Independence Payment) impact assessment. At https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220176/dla-reform-wr2011-ia.pdf (Accessed 25.06.2015)

⁴ The Office for Budget Responsibility (OBR) found that spending on DLA and PIP was £0.6 billion higher than forecast in March 2014. OBR (2015), Welfare trends report. At <http://cdn.budgetresponsibility.independent.gov.uk/49754-OBR-Welfare-Accessible-v0.2.pdf> (Accessed 25.06.2015)

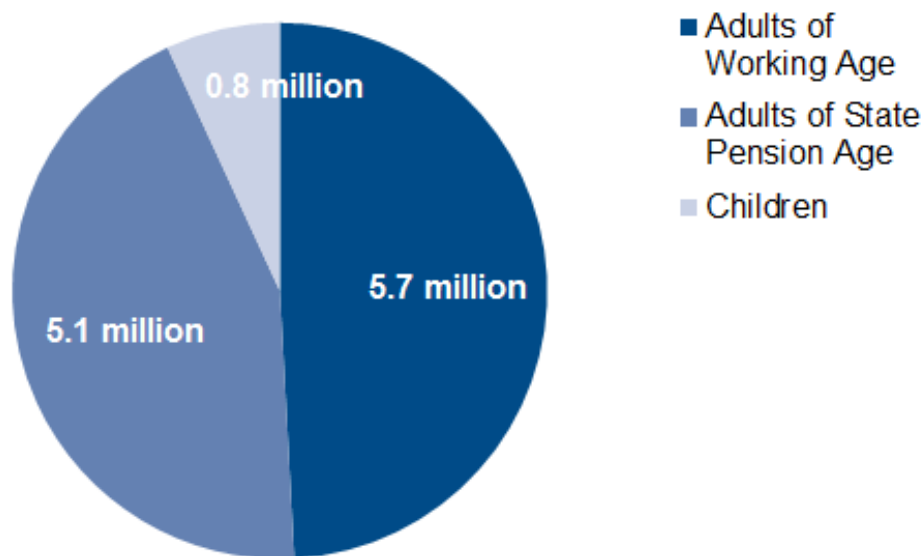
- People's ability to work and take part in society;
- Disabled people's wider support networks, including support for their families and carers and their assistance from their local communities

This report explores these implications in more detail. It is important that any further changes to the design or implementation of PIP are made with careful consideration of these potential impacts, and the circumstances of those affected, and that changes take place in a safe and steady way.

Understanding PIP

Personal Independence Payment (PIP) is designed to help with some of the additional costs which disabled people are likely to incur, both in day-to-day living and due to additional barriers to employment.⁵ It can be claimed by anyone with a disability or long-term health condition, defined as a physical or mental impairment that has a substantial and long-term impact on an individual's ability to carry out normal activities. PIP is available to all working age adults. This group currently makes up close to half (5.7 million) of the 11.6m people in the UK who are disabled.

Figure 1: Disability Prevalence Estimates by Age Group, 2011/12



Source: the Office for Disability Issues⁶

PIP is a relatively new benefit, having been brought in as a replacement for DLA under the Welfare Reform Act 2012. Roll-out began in April 2013 and continues in this parliament. In April 2015, there were 460,000 PIP claims in payment; the benefit now covers all new claimants and will cover most former DLA recipients from late 2015.⁷ Caseload is projected to be 1.7 million once fully rolled out.

People can get PIP whether they are in or out of work. It is tax free and not means-tested. Awards are based on an assessment of a person's needs in two areas: activities related to daily living and mobility issues. Depending on the extent

⁵ Throughout this report we use the term 'disabled people' to refer to all whose disability or health problem means that they need extra support with daily living or mobility.

⁶ Office for Disability Issues, (January 2014), Disability prevalence estimates 2011/12, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/321594/disability-prevalence.pdf (Accessed 25.06.2015)

⁷ Department for Work and Pensions (June 2015), Personal Independence Payment: Official Statistics to April 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/434838/pip-stats-apr-2013-apr-2015.pdf (Accessed 25.06.2015)

of those needs, awards are made at a standard or an enhanced rate. Currently, weekly amounts awarded to claimants range between £21.80 to £139.75 per week. PIP awards are intended to be regularly reassessed to make sure claimants are getting the right support.

Table 1: weekly rates for PIP by component

	Daily living component	Mobility component
Standard (weekly rate)	£55.10	£21.80
Enhanced (weekly rate)	£82.30	£57.45

Source: PIP Information, gov.uk⁸

Why is PIP important?

Anyone could develop a long term health condition or disability at any point in their lives. This includes life-changing events such as diagnosis of terminal illness, an accident, sudden onset disability or significant deterioration in an existing condition.⁹

A disability or long-term health condition brings significant challenges. These can be financial, but also social, practical or personal. Disabled people may be unable to work, limited in the jobs they can do, or forced to reduce their working hours. They could struggle to access transport and carry out day-to-day activities. They might need to adapt their living arrangements. They may also rely on help and care from others, on either a formal or informal basis. This could, in turn, place additional demands on their families and friends. These issues are discussed in more detail in the next section.

The main aims of PIP are to identify and meet such needs arising from the effects of health conditions, and disabilities, in order to enable and empower disabled people to lead independent and active lives. Once roll-out is complete, PIP will be the main source of additional support for close to half of all disabled people in the UK. It is a direct financial contribution to the variety of additional costs related to these challenges.

PIP also acts as a passport to other sources of support for people who are disabled and their wider support networks. For example, people claiming PIP may be

⁸ GOV.UK, Personal Independence Payment (PIP). At: <https://www.gov.uk/pip> (Accessed 25.06.2015)

⁹ The prevalence of disability rises with age. 6% of children are disabled, compared to 16% of working age adults and 45% of adults over State Pension age. Source: Family Resources Survey 2010/11

entitled to additional payments or 'premiums' if they claim certain means-tested benefits, such as Income Support and income-based Employment and Support Allowance (ESA). An award of the PIP daily living component is also one of the core eligibility criteria for Carer's Allowance, the main benefit supporting people providing unpaid care, discussed further in our report on Carer's Allowance.¹⁰ At a local level, support offered by local authorities for disabled residents may be conditional on them receiving PIP.

¹⁰ Citizens Advice (July 2015), *The role of Carer's Allowance in supporting unpaid care*.

Changes to PIP: factors to consider

The Government has committed to retaining and improving support for disabled people within the welfare system. As such, it has pledged to exempt people receiving DLA or PIP from the benefits cap and the uprating freeze, to halve the disability employment gap, and to increase support for full-time unpaid carers. These are important and welcome commitments which recognise the financial challenges, labour market difficulties, and care needs disabled people currently face.

However, if these commitments are to be realised, the Government needs to give careful consideration to the circumstances of those who rely on benefits such as PIP. Within a context of ongoing welfare reform, any future changes to the benefit must take a number of factors into account. We set out the key areas which we believe will require close scrutiny below.

Financial factors

What are the current challenges?

People who are disabled are significantly more likely to experience poverty; 19% of people in families with at least one disabled member live in relative income poverty, compared to 15% of people in families with no disabled member.¹¹ This is linked to a number of factors, including the relative barriers to employment faced by disabled people (addressed in more detail below) and the additional costs of living for those with a disability or limiting health condition. The provision of disability benefits such as PIP is intended to acknowledge these financial challenges and go some way to addressing them. Where problems occur in administration of the benefit, disabled people can be left facing significant financial difficulties.

¹¹ Office for Disability Issues and Department for Work & Pensions (January 2014), Disability prevalence estimates 2011/12. At https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/321594/disability-prevalence.pdf (Accessed 25.06.2015)

Case study: Ill health leading to extra costs

Jill came to Citizens Advice for help with her claim for PIP. She was recovering from a stroke, and explained she needed PIP to help her with the extra costs of her disability. She could no longer cook and so had to buy pre-prepared meals which are relatively expensive. She also had to take public transport or taxis to move around, whereas previously she had normally walked. While waiting for her claim to be processed, Jill was struggling to cope financially and had started doing without heating.

That life costs more for people who are disabled is now an accepted policy concern. The Extra Costs Commission found that disabled people pay on average £550 per month more than people who are not disabled on everyday living costs.¹² This means that even those on middle incomes gain considerable benefit from additional financial support. For those with fluctuating conditions, the costs they are likely to incur can also vary substantially from month to month, creating significant challenges for budgeting. With the average award of DLA or PIP at £360 per month, it is clear that the benefit continues to leave a marked shortfall for many disabled people, something that must be considered if any further changes to the benefit are proposed.

Considerations for future changes

PIP provides much needed financial support for disabled people who often face significant extra costs arising from their condition or impairment. While PIP often does not meet the majority of extra costs disabled people face, it provides a necessary contribution. Any changes to benefits like PIP have serious financial implications for people with conditions that already entail significant extra costs.

Labour market factors

What are the current challenges?

With its wider commitment to working towards full employment, the current Government is keen to improve employment rates among disabled people. This would offer potential benefits to both the wellbeing of disabled people and the wider economy. However, recent Labour Force Survey figures continue to show a gap of 30 percentage points between employment rates for people who are disabled and those who are not disabled - a shortfall of two million people.¹³ The

¹² The Extra Costs Commission (June 2015), Driving down the extra costs disabled people face: Final report. At <http://www.scope.org.uk/Scope/media/Interim-report/Extra-Costs-Commission-Final-Report.pdf> (Accessed 25.06.2015)

¹³ Office for Disability Issues and Department for Work & Pensions (January 2014), Disability prevalence estimates 2011/12. At https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/321594/disability-prevalence.pdf (Accessed 25.06.2015)

Conservative manifesto pledged to halve this disability employment gap, alongside wider welfare reform intentions to make work pay.¹⁴

If PIP is successful in its aim of supporting disabled people to lead independent and active lives, this could make a significant contribution to their opportunities to participate in the labour market. Many disabled people are keen to work and the support provided by PIP offers the security they need to look for employment, retain their current jobs or to seek progression opportunities. It could enable someone to run a car if they are unable to take public transport, or to pay for support with more physical domestic tasks to give them the energy to go out to work. Its financial contribution can also help those with fluctuating conditions to temporarily reduce their hours if needed, making work a more feasible prospect. The benefit therefore provides a valuable intervention to stop people slipping out of the labour market due to cumulative pressures.

Case study: Impact of ill health on work and finances

Cathy has multiple health conditions, including heart problems, arthritis and problems with her back and neck. She has been able to continue working, but only after cutting down her hours to two days a week, which has meant that her income is much reduced. She values her independence; and wants to help herself and work but is not able to manage a full-time position. Cathy applied for PIP in August 2013 but came to speak to advisers February 2014, concerned about the lack of progress on her claim. She explained she needed support from the benefit to help with her extra costs and allow her to continue to work.

Without support from PIP, Cathy was finding it hard to make ends meet and had got into debt. Her monthly income from work was less than £600 was barely enough to cover her financial needs, and she found herself having to rely on financial help from her family.

Considerations for future changes

While PIP is not a work-related benefit, it can clearly make an important contribution in providing the basic financial assistance needed to allow disabled people to focus on their wider employment prospects. A degree of financial stability is vital for those who are already facing additional barriers in the labour market, allowing them the flexibility to seek suitable jobs and working patterns. If the Government is to realise its commitment to halve the disability employment gap, it must recognise the significance of support from benefits such as PIP in any future changes it makes in this area.

¹⁴ The Conservative Party (April 2015), The Conservative Party Manifesto 2015. At <https://www.conservatives.com/manifesto> (Accessed 25.06.2015)

Family and local factors

What are the current challenges?

PIP is not only a financial contribution to the direct costs of a disability or health condition. It also opens access to a much more extensive range of assistance. Disabled people are often supported by wider networks. This may come through their family and friends or the local community.

At the local level, community support networks can provide a variety of opportunities for social interaction and participation in activities. With close links between physical and mental health, such opportunities can play an important role not only in offering practical help, but also in improving mental health and emotional wellbeing.¹⁵ The role of benefits such as PIP in contributing to mobility requirements and other daily living tasks often acts as an important aid to participation in wider networks.

Local authorities have generally played a significant role in the provision of services for disabled people. However, with a £3.5bn cut to funding for social care, support services are under pressure, making the security provided by benefits such as PIP even more important. Receipt of PIP is also frequently used as part of the criteria by which local authorities determine access to their support schemes for disabled residents, such as the Blue Badge (which helps with the cost of driving).¹⁶

At the household level, PIP is not only an important source of direct help to those who receive it, but also offers indirect support to their family and carers. It forms part of the eligibility criteria for a number of key 'passport' benefits such as Carer's Allowance, premiums in means-tested benefits, and exemptions from non-dependent deductions in Housing Benefit and Council Tax Support.¹⁷

The role of informal care provided by family and friends to those with health conditions or disabilities should not be overlooked. Our recent research on Carer's Allowance highlighted the fact that such unpaid care is estimated to be worth £119 billion per year, £6 billion more than the planned expenditure for the NHS in 2014/15.¹⁸ Carers face numerous challenges themselves, with many forced to give

¹⁵ Academy of Medical Royal Colleges (2009), *No Health without Mental Health*, London: Academy of Medical Royal Colleges.

¹⁶ Department for Transport, and the blue badge improvement service (January 2013) Personal Independence Payment (PIP) and the Blue Badge Scheme: Implications for Local Authorities that issue Blue Badges in England. At https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/192216/pip-blue-badge-scheme.pdf (Accessed 25.06.2015)

¹⁷ Sheffield Citizens Advice have published a report on the impacts of delays and problems with administration and communication on the disabled people they saw, which highlights how important PIP is for families. Sheffield Citizens Advice (June 2015), Personal Independence Payment: A report into the impact on the people of Sheffield who approached Sheffield Citizens Advice for help. At <http://www.disabilitysheffield.org.uk/admin/resources/pip-sheffield-citizens-advice-may-2015final.pdf> (Accessed 25.06.2015)

¹⁸ Citizens Advice (July 2015), The role of Carer's Allowance in supporting unpaid care.

up paid employment or reduce their hours. In these circumstances, the passport PIP offers to other forms of financial and practical support is vital.

Case study: Impact of need for PIP on wider family

Michael and Anna came to Citizens Advice in Sheffield with financial problems. Michael had become very ill following a heart attack and was no longer able to work. Due to the severity of his condition, his wife, Anna, also had to give up work to look after him. This resulted in their joint income being reduced to around £170 per week Employment and Support Allowance.

Michael claimed PIP in January 2014. The benefit would have had a significant impact for the family, as a PIP award would have allowed Anna to claim Carer's Allowance, helping to make up a small proportion of her lost earnings. It would also have meant that the family would be exempt from non-dependant deductions for Housing and Council Tax Support for Michael's son, who lives with them.

It took over nine months for a decision to be made to award him both the Daily Living and Mobility Components. During this time, without PIP support for the extra costs of Michael's ill-health, the family had very little money to live on and fell into arrears with their rent and Council Tax. This led to them being threatened with possession action for their home and bailiffs being sent to recover the Council Tax. Michael was increasingly stressed by the situation and suffered another heart attack.

Considerations for future changes

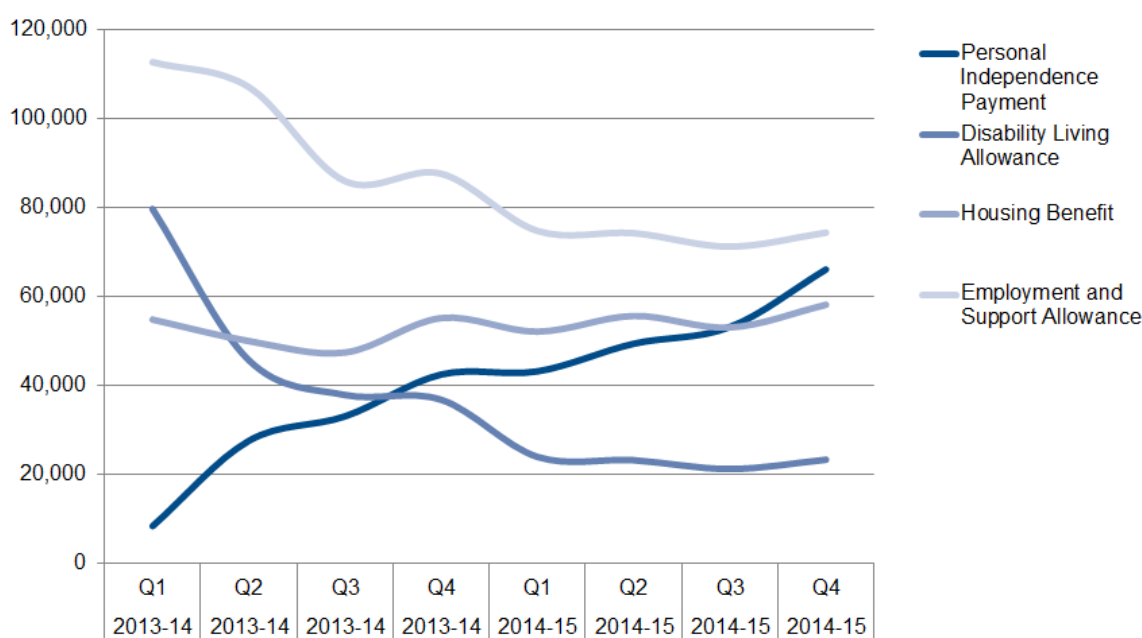
PIP is not just an important benefit in itself, but is also a passport to wider support networks. With funding for social care under pressure, receipt of PIP is now an important eligibility requirement for access to many local services. It also serves as an indirect source of support to the families and carers of people with disabilities; for example, it is a critical component of eligibility for Carer's Allowance, the main benefit for the UK's 6 million unpaid carers. With welfare reform ongoing, policymakers need to consider the interaction of the various benefits which make up support for people with disabilities before making any changes to the system.

Implementing PIP: Access to Advice and Support

Over the last two years Citizens Advice has seen a big increase in volumes of enquiries about PIP. Between the introduction of the benefit in April 2013 and June 2015, Local Citizens Advice in England and Wales have advised 143,132 people on 323,528 issues with PIP, covering all aspects of the process. Currently, PIP makes up more than one in ten (12%) of all enquiries we receive about benefits. This increase reflects the continued roll-out of the benefit, and also to delays and difficulties navigating the claims journey.

The chart below shows the increase in clients asking for help with their PIP claims, in the context of trends for other important benefits issues our clients raise.

Figure 2: PIP issues dealt with by Citizens Advice, April 2013 – June 2015



Source: Citizens Advice Management Information¹⁹

Many claimants of PIP coming to Citizens Advice for help have been experiencing difficulties with navigating the claims process and often significant delays.²⁰ Problems have included long waits for assessments, challenges with the accessibility of assessment centres, issues with communications and

¹⁹ Citizens Advice (June 2015), Citizens Advice management information.

²⁰ This is set out in more detail in our response to the first Independent Review of the PIP assessment: Citizens Advice (September 2014), Response to Personal Independence Payment (PIP) Assessment - first Independent Review. At <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/welfare-policy-research/personal-independence-payment-pip-assessment-first-independent-review-citizens-advice-response/> (Accessed 25.06.2015)

administration, and inconsistencies in quality of decision-making.²¹ A recent successful legal challenge on assessment delays has further highlighted the importance and urgency of addressing implementation challenges.²²

In response, the Government has taken a series of measures to improve the roll-out of PIP. These now appear to be taking effect; in particular, it is encouraging to see average clearance times coming down, including progress with reducing delays for people claiming under special rules.²³ However, the experience of PIP implementation to date demonstrates the importance of taking the time needed to assess impact, plan programme development, and review and monitor performance for major reforms to financial support for disabled people.

In part this is due to the complexity of administering any disability-related benefit. This requires accurate assessments of conditions and support needs which may fluctuate, are affected by personal circumstances and can interact with other physical and mental health issues. It is therefore hard for even a very well-designed and delivered system to get it right in all cases.

For these reasons, a robust and accessible system for advice and support will be central to both the effective roll-out and ongoing delivery of PIP. During initial administrative processes, many claimants will need advice on understanding their eligibility for the benefit and on systems for making and managing a claim. People may be trying to claim at times when they are experiencing numerous other challenges and there will also be particular groups who require extra support to navigate the system, such as those with certain mental health conditions. Where things go wrong, claimants should be able to access support in seeking reconsideration; for benefits such as PIP, which play a significant role in facilitating day-to-day living, getting award decisions right is crucial.

In the context of an ongoing programme of welfare reform, advice and support requirements should be factored into any changes in this area. Those receiving benefits such as PIP are likely to be concerned about any reforms, given the importance of such support to their independence, employment and care. Free and trusted advice services are central both to facilitating benefit transitions and monitoring complex delivery processes.

²¹ Citizens Advice (September 2014), Response to Personal Independence Payment (PIP) Assessment - first Independent Review, <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/welfare-policy-research/personal-independence-payment-pip-assessment-first-independent-review-citizens-advice-response/> (Accessed 25.06.2015)

²² BBC News (5 June 2015), PIPs disability benefit delay unlawful, says High Court, <http://www.bbc.co.uk/news/uk-33020987> (Accessed 25.06.2015)

²³ Department for Work and Pensions (June 2015), Personal Independence Payment: Official Statistics to April 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/434838/pip-stats-apr-2013-apr-2015.pdf (Accessed 25.06.2015)

Conclusion

PIP was introduced in the last parliament for two main reasons: to provide better targeted support to help disabled people with the extra costs arising from their disability; and to bring down overall costs to ensure financial sustainability. In some respects, it is a more modern benefit than DLA; its rationale is better aligned with newer ways of thinking about disability, and it focuses on enabling disabled people to lead full, independent and active lives. With the number of disabled people of working age on the rise, and in the context of continuing challenges disabled people face with securing and maintaining a decent standard of living, PIP is a central component of the current welfare system.

However, implementation issues to date have prevented PIP from realising its two key aims set out above. They have also resulted in much anxiety for vulnerable claimants affected by this policy change. In part, this is due to the complexity of administering and reforming any disability-related benefits, which must try to accurately assess health needs which may fluctuate, interact and link to personal circumstances. Such challenges highlight the need for robust and accessible advice and support services, available to support both claimants and service providers.

Roll-out of PIP is now continuing against a backdrop of ongoing welfare reform and plans to significantly reduce welfare spending. This means that PIP - and the wider set of passported benefits it supports - may be subject to further change in future. Drawing on our extensive experience of supporting PIP claimants and those who care for them, Citizens Advice has sought to highlight the areas that must be carefully considered by policymakers before any further reforms are made. These include disabled people's financial requirements, their ability to participate in the labour market, and the wider networks of support on which many rely.

Failure to take account of these issues risk the benefit failing to realise its aims of both effective assistance for disabled people and financial sustainability. Lessons can and should be drawn from previous problems with rushed implementation. The Government has recently indicated not only its commitments to improve the administration of PIP, but also its desire to improve the position of disabled people and unpaid carers in the labour market and wider society. This should be welcomed. Such commitments must also form the basis for any changes to welfare provision for disabled people in future.

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