

Disability Living Allowance caseload without reform: 2010/11-2015/16

January 2012

Contents

Background 3

Methodology 4

 Key Figures – DLA caseloads without reform..... 5

Background

Disability Living Allowance (DLA) is a non taxable, non means tested benefit for adults and children, intended to help with the extra living costs associated with disability. There is a care component paid at three rates and a mobility component paid at two rates. DLA has been in place for almost 20 years and has remained largely unchanged. It is being reformed to better reflect today's understanding of disability. Personal Independence Payment (PIP) is a new benefit which will replace DLA for 16-64 year olds from April 2013. The stock of DLA claimants aged 16 to 64 will be reassessed for PIP between April 2013 and March 2016.

The current published caseload forecasts¹ take into account the effect of PIP as published in the June 2010 Budget Policy Costings². That is, a 20% reduction in working age caseload and expenditure by the end of the three year reassessment period. The forecast effect of PIP will likely change as we better understand the different interactions of particular subsets of the DLA caseload and PIP.

¹ Available http://research.dwp.gov.uk/asd/asd4/index.php?page=medium_term

² Available http://www.hm-treasury.gov.uk/d/junebudget_costings.pdf page 36

Methodology

Assumptions used within this forecast have been consulted on and agreed with the Office for Budget Responsibility.

The DLA award forecast is the most significant of the assumptions contributing to the caseload and is based on the historical number of awards per thousand of the population, broken down by care/mobility components, gender and age (in five-year bands). The forecast is therefore largely driven by the Office for National Statistics population projections and new awards change in line with the population in each age band.

Historically, awards to DLA have fluctuated considerably, influenced by factors such as changes to administrative arrangements and maturing of the post-war and 1960's baby boomers, plus policy changes such as the rules on exportability of the benefit and possibly the influence of consumer representative groups and care providers who might encourage claims.

The number of exits from DLA is based on the historical probabilities of leaving the benefit, broken down by care/mobility components, gender, age, duration of claim and whether terminally ill or not. The recent trend in exit rates has been downward which also contributes to the growth in caseload.

Movements between the different rates of DLA are based on similar factors.

Because DLA is forecast in a combined working age benefit forecasting model, receipt of other benefits and individuals' benefit histories can also have an impact on the likelihood of claiming, moving between rates, and leaving DLA.

The combination of claims, movements between rates, and exits from DLA delivers the caseload forecasts provided below.

Key Figures – DLA caseloads without reform

Total DLA Caseload without the effect of PIP – Great Britain, thousands

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Total	3,195	3,249	3,319	3,392	3,458	3,528
16-64	2,018	2,034	2,057	2,093	2,130	2,166

Rate Combination Breakdown for 16-64 Caseload – Great Britain, thousands

16-64	2010/11	2015/16
High Care, High Mobility	324	346
High Care, Low Mobility	126	168
High Care Only	7	10
Middle Care, High Mobility	275	291
Middle Care, Low Mobility	364	452
Middle Care Only	44	40
Low Care, High Mobility	277	273
Low Care, Low Mobility	190	227
Low Care Only	190	187
High Mobility Only	170	126
Low Mobility Only	51	47
Total 16-64	2,018	2,166

Volumes refer only to cases in payment.

Volumes are consistent with Autumn 2011 forecasts published by the Office for Budget Responsibility. These are published at

http://cdn.budgetresponsibility.independent.gov.uk/Autumn2011EFO_web_version138469072346.pdf

Benefit level information for Great Britain is available at

http://research.dwp.gov.uk/asd/asd4/autumn_2011.xls

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January 2012