Briefing

Briefing: The financial impact of COVID-19 on disabled people and carers

Why extending the £20 uplift to legacy benefits is the right thing to do

In his Spending Review on 25 November, the Chancellor laid out the scale of the economic emergency facing our country, making it clear that recovery will be a long way off, even as the world starts to return to normal with the arrival of a vaccine.

We know that public concern about poverty is rising, and millions have found themselves relying on the support offered by our social security system. Yet the Chancellor did not take this opportunity to take bold action to tackle the threat of a rising tide of poverty. He chose to stay silent on whether the temporary £20 uplift to Universal Credit will be whipped away in April.

Making this lifeline permanent, and extending it to people on 'legacy' benefits (Employment and Support Allowance, Jobseeker's Allowance and Income Support), would have offered families much-needed certainty and security.

Throughout this pandemic, people receiving legacy benefit recipients have been unjustly excluded from the £20 uplift despite the fact that most people on legacy benefits are disabled, sick or carers. In fact, the majority of people who claim disability benefits are on legacy benefits rather than Universal Credit. It is only right that people claiming legacy benefits should be thrown the same £20-per-week lifeline as people in similar circumstances claiming Universal Credit.

Recommendation

- As well as keeping the £20 uplift in Universal Credit, the Government must throw this same lifeline to people on legacy benefits, who have so far been cut adrift without this crucial support.

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Increasing financial precarity for disabled people

Even without the impact of the pandemic, we know that households where someone is disabled or a carer are more likely to be in poverty. Nearly half of all individuals in poverty live in a household where someone is disabled and a quarter of unpaid carers live in poverty[1]. The pandemic has resulted in disabled people and carers facing rising costs, reduced incomes and heightened challenges in the labour market.

These factors may explain why we are seeing indicators that disabled people have been pushed into a more precarious financial position as a result of the COVID-19 outbreak. For example, research from the ONS in September 2020 shows that disabled people are more likely than non-disabled people to have experienced difficulty paying household bills as a result of the COVID-19 outbreak (22.1% vs 15.5%) and are more likely to be unable to withstand a sudden, significant emergency bill (43.7% vs 29.7%).[2]

Of people who said their finances had been affected by the pandemic in September 2020, 24.6% of disabled people reported having less money available to spend on food compared with 12.2% of non-disabled people, while 35.6% of disabled people believed their financial position would worsen over the next 12 months compared with 28.8% of non-disabled people.

Rising costs

Research from Scope before the pandemic suggested that, on average, disabled people face extra costs of £583 per month to sustain the same quality of life as a non-disabled person (even after disability benefits designed to meet those extra costs have been received). One in five disabled adults face extra costs of over £1,000 per month[3]. Examples of extra costs include specialist home or vehicle adaptations; therapies; equipment; sensory equipment or adapted toys for children; increased utility bills; taxis and higher insurance costs. In a country that is still very inaccessible for people with disabilities, these costs are often hidden – for example, as many of London's tube stations are still inaccessible to wheelchair users, people often have to take an expensive taxi for the final part of their journey.

Now, the pandemic has introduced further costs and barriers to access for disabled people and carers, worsening financial pressures: 31% of disabled people reported difficulties accessing groceries, medication and essentials as a result of the pandemic in September 2020 compared with 12% of non-disabled people[4]. People with a disability are more likely to report household outgoings have increased as a result of the pandemic: 36.7% vs. 22.8% of non-disabled people, as of September 2020[5].

Some disabled people have had to purchase additional personal protective equipment (PPE) for themselves and carers alongside maintaining an increased supply of cleaning equipment[6], turn to expensive convenience food, or rely on taxis to appointments in order to avoid public transport. The reintroduction of shielding for medically vulnerable people has not been accompanied by food boxes, which were a lifeline for many, yet the health risk remains as acute. Disabled people report that they are struggling to adapt to social distancing requirements, which can involve spending longer in shops, which aggravates conditions, and difficulties accessing supermarket online delivery slots, which often carry a minimum delivery charge[7].

Some people with disabilities pay for their own care – which can include the use of benefits like PIP and DLA. For many, care needs have increased throughout the pandemic – for example, due to the person being cared for, or their informal or formal care resource falling ill with COVID-19. We've heard examples of people having to pay around £30 per hour for privately-sourced care in order to make up shortfalls, causing people to fall into debt or chipping away at already typically low levels of savings[8].

Reduced incomes and heightened challenges in the labour market

Research by Turn2Us shows that 63% of disabled male workers and 67% of disabled female workers have had their employment affected as a result of the COVID-19 outbreak, compared to 43% and 50% of non-disabled workers respectively[9].

Research from Citizens Advice shows that disabled people are more likely to be facing redundancy as a result of the pandemic – 27% compared with 17% of non-disabled people. This figure rises to 37% for people living with a disability, which has a significant impact on their daily life, and 48% of those who are classified as 'extremely medically vulnerable' to COVID-19[10].

The pandemic has caused an increase in caring responsibilities for 25.5% of people who were providing care before the pandemic[11]. This could be due, for example, to the closure of respite opportunities, day centres, and reduced homecare, and providing additional assistance to help those they care for adapt to social distancing or travel adaptations. According to Carers UK, this has meant that 9% of carers have had to give up paid employment and 11% have had to reduce their hours[12]. This work will be difficult to recover.

The economic impact of the pandemic has meant that opportunities to raise income through paid employment have diminished for everyone, but this is particularly acute for people seeking work that can accommodate a disability, illness or caring requirements.

> "As a carer, it was already very hard to find a job which would provide flexibility around caring responsibilities. Covid has made that so much worse, coupled with the additional threats to the person I care for's health."
>
> Woman, London[13]

Pre-pandemic, disabled people were less likely to be in employment than non-disabled people. Half of disabled people were in employment (53.2%) compared with just over four out of five non-disabled people (81.8%) at the end of 2019[14].

The barriers to work that disabled people already encountered have been exacerbated by the crisis. In 2019, two-thirds of disabled people polled by Scope reported experiencing difficulties using public transport, with 30% saying that it had reduced their independence[15]. Many transport systems are still not designed with disabilities in mind – e.g. 71% of the London Underground is still not step-free as of March 2020[16].

Now, the need for restricted passenger numbers means employers will potentially need to offer adjustments to working hours or flexible working to facilitate safe travel for disabled people. Disabled people are also concerned that their jobs could be threatened by tensions between reasonable adjustments needed to do their work and remodelling workplaces in line with social distancing requirements[17] and just 14% of 874 disabled people polled by Scope felt safe about the prospect of returning to work as of September 2020[18].

The Office for Budget Responsibility projected that unemployment next year will surge to 2.6 million by mid-2021 – meaning people living with disability or sickness, or trying to balance the requirements of caring, will be going up against an extremely challenging employment market.

Impact of extending the lifeline to legacy benefits

Throwing the equivalent £20 lifeline to people on legacy benefits is the right thing to do. It would see 1.6 million more families who are most at risk of poverty benefiting from this crucial support in 2021/22[19]. It would also lift a further 200,000 people out of poverty. The cost of throwing this lifeline would fall over the coming years as most people on legacy benefits migrate to Universal Credit, but for families struggling to stay afloat the need is urgent.

Many people receiving legacy benefits cannot simply move onto Universal Credit

While many people could be financially better off on Universal Credit than legacy benefits, for many others a move to Universal Credit could mean very significant losses in income, outweighing the gains from the £20 uplift. By opting to move, rather than being moved by DWP via 'managed migration' (currently paused during the pandemic), they would miss out on 'transitional protection' payments provided if their Universal Credit ends up being less.

It's also a risky move for people: once someone has moved to Universal Credit they cannot return to their previous benefit. There are cases of people who have moved to Universal Credit during the pandemic and found out they are worse off than under their legacy benefit and cannot now go back. People might also move to Universal Credit on the basis of the £20 uplift but find that's subsequently withdrawn.

Even those who might receive more under Universal Credit may not be able to weather the long wait for the first payment, pulling them into greater hardship or requiring them to take on an advance and face difficulties paying this debt back to DWP. People will also be worried about delays in the application, differences in conditionality, or potentially having to go through another disability assessment that could result in their entitlement being cut.

It is a huge disappointment that the Government continues to exclude people on legacy benefits, who are predominantly disabled, sick or carers, from the £20 uplift.

Whilst the Government missed this latest opportunity to take bold action in response to the unfolding economic crisis, it still has time to do the right thing. Rather than cutting families adrift in April, it should make the £20 uplift to Universal Credit permanent and extend this same lifeline to people on legacy benefits.

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About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - We can solve poverty in the UK - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from www.jrf.org.uk

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