

IN A NEVER-ENDING CIRCLE

LOW SELF-ESTEEM

ISOLATION

A CONSTANT STRUGGLE

**SOCIAL
SECURITY**

ENTRAPPING

STIGMATISING

NO FINANCIAL CONTROL

Social security

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What is social security, what should it be doing and why do we need it?

The role of the social security system is partly to prevent destitution and poverty, and partly to level out some of the financial disadvantage people face from their life circumstances. Markets on their own cannot ensure people do not experience poverty for the reasons described below. A successful social security system should support people out of poverty where the market cannot. There are three reasons for this.

A family's income can be too low to cover its core living costs

One function of the social security system is to replace or supplement the incomes of people who cannot earn enough money through work to meet their core living costs. This could be because of unemployment, low pay or low-quality work; unexpected life events leading to shocks in income or costs (like relationship breakdown or sudden illness); underlying characteristics that may limit earning capacity (like disability and caring responsibilities); and unaffordable core living costs like housing or Council Tax.

Social security benefits that respond to these needs include Universal Credit, Jobseeker's Allowance, Working Tax Credit and Housing Benefit. Such benefits tend to be means-tested, which means only people whose income or savings is below a certain amount can claim them. The size of the payment can also be reflective of need, for example a family might receive more if they have children.²⁰

Market wages cannot be set differently depending on need

Some people have higher core living costs than others. For example, living with a disability costs more, whether that's due to spending extra on transport, needing to make adaptations to your house, or requiring paid-for care (Smith et al, 2004). Similarly, having children is more expensive than not having children because there are extra people in the house who need supporting but who don't contribute to the household's collective income. Market wages cannot be set differently for people depending on need. Examples of benefits that respond in part to greater costs are Child Benefit and Disability Living Allowance. Such benefits aren't meant to provide an advantage to the recipient but rather to attempt to level the playing field. In many cases, they are paid to everyone who meets the criteria regardless of their income but they rarely cover the full costs they relate to.

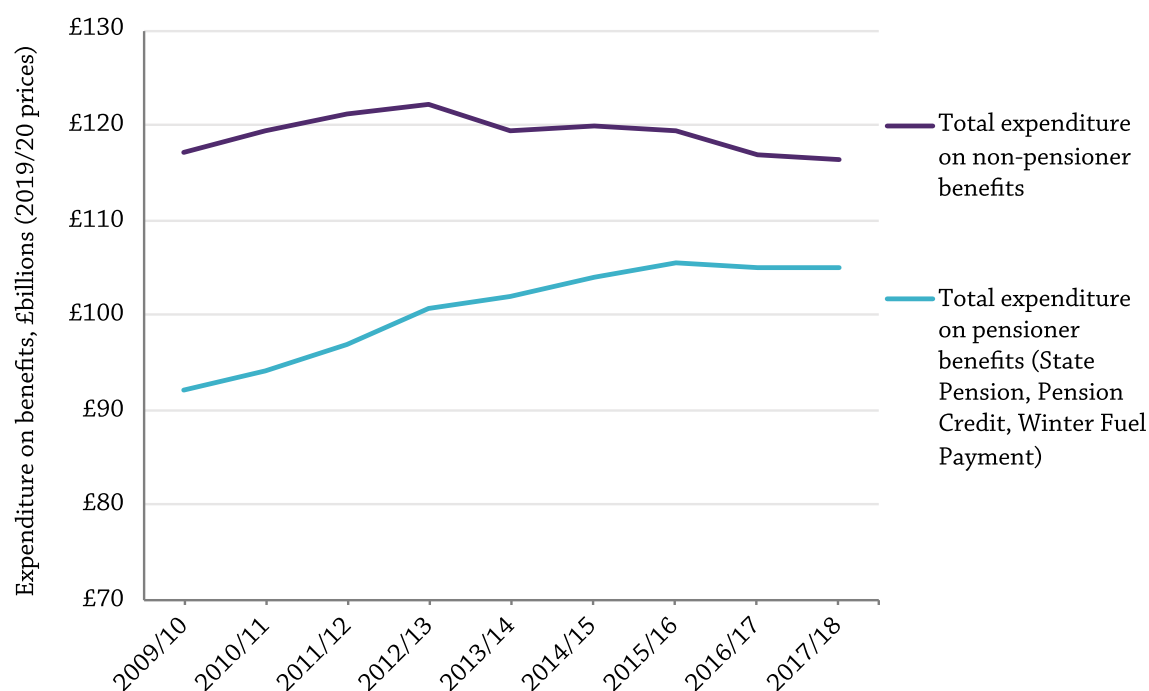
Difficulties of smoothing income over the life course

During their adult lives, people have known periods of low earnings and high costs. The most common of these are pregnancy, looking after young children and retirement. Examples of benefits that address this are Statutory Maternity Pay or Maternity Allowance and the state pension. This fluctuation of earnings and costs is one reason why, while only about one-fifth of people report receiving one of the UK’s main working-age means-tested benefits at any one time, more than half do so over an 18-year period (Roantree and Shaw, 2018).

The cost of social security and keeping benefits in line with the cost of living

Expenditure on social security across the UK makes up over a quarter of government spending (£220 billion in 2018/19). £100 billion of this is spent on the state pension.

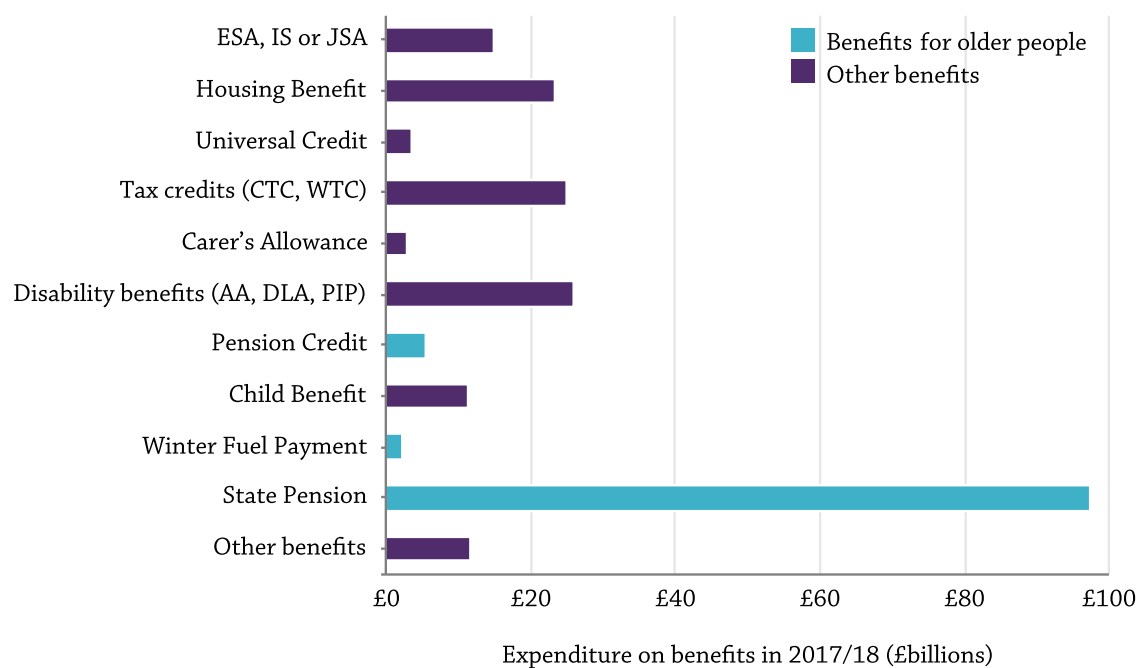
Government spending on non-pensioner benefits has been on a downward trend since 2012/13* partly due to benefit cuts



Source: Department for Work and Pensions

* Council Tax Benefit has been excluded from these figures. This was administered by the DWP until 2012/13 and has now been devolved to local authorities which can largely set their own payment levels and criteria.

The state pension accounts for a large amount of total government expenditure on benefits



Source: Department for Work and Pensions

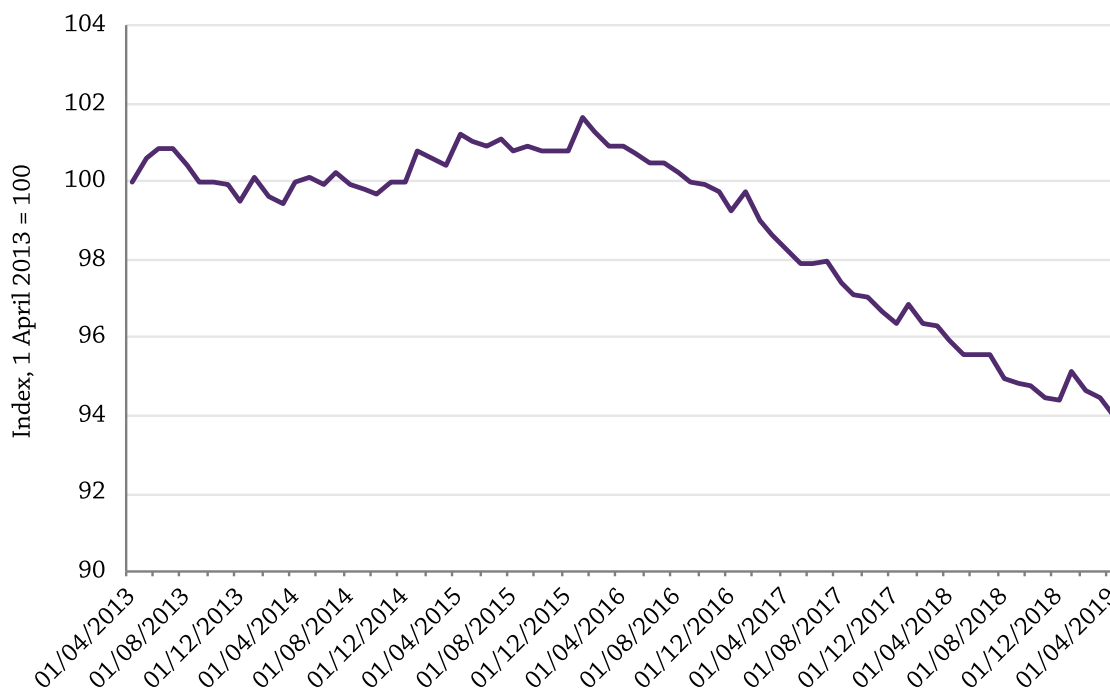
Note: AA = Attendance Allowance, CTC = Child Tax Credit, DLA = Disability Living Allowance, ESA = Employment and Support Allowance, IS = Income Support, JSA = Jobseeker's Allowance, PIP = Personal Independence Payment and WTC = Working Tax Credit.

In April each year, benefit amounts are reconsidered in the light of inflation²¹ and are sometimes changed to better reflect the cost of living (a process known as uprating). From the 1980s to 2012/13, many means-tested benefits were uprated in line with the cost of living and inflation rate each year, averaging around 2% between 1992 and 2012. Then for three years they were increased by 1% each year. Since 2016, benefits have not been uprated at all (the 'benefits freeze').

There are some exceptions to this. The state retirement pension is subject to a 'triple-lock' guarantee whereby the amount paid is the higher of three different scales, while some other payments (like the Winter Fuel Payment) have no regular uprating schedule and are only changed occasionally. If a method of uprating succeeds in maintaining the value of benefits (ie if a benefit could buy the same in 2019 as it could in 2013) then the benefit line on the chart below should be brought back to the 100 line each April.

However, as the chart below shows, since 2016, when inflation began to increase after a period where it remained low, the benefit freeze has led to benefits losing their real value year on year. Benefit levels lost 6% of their value between April 2013 and April 2019 purely as a result of the benefits freeze. Uprating of benefits is due to restart in April 2020. For poverty not to automatically increase over time, it's important that this happens.

The benefit freeze has seen the value of many benefits fall. The same benefit received in 2019 and 2013 is worth around 6% less

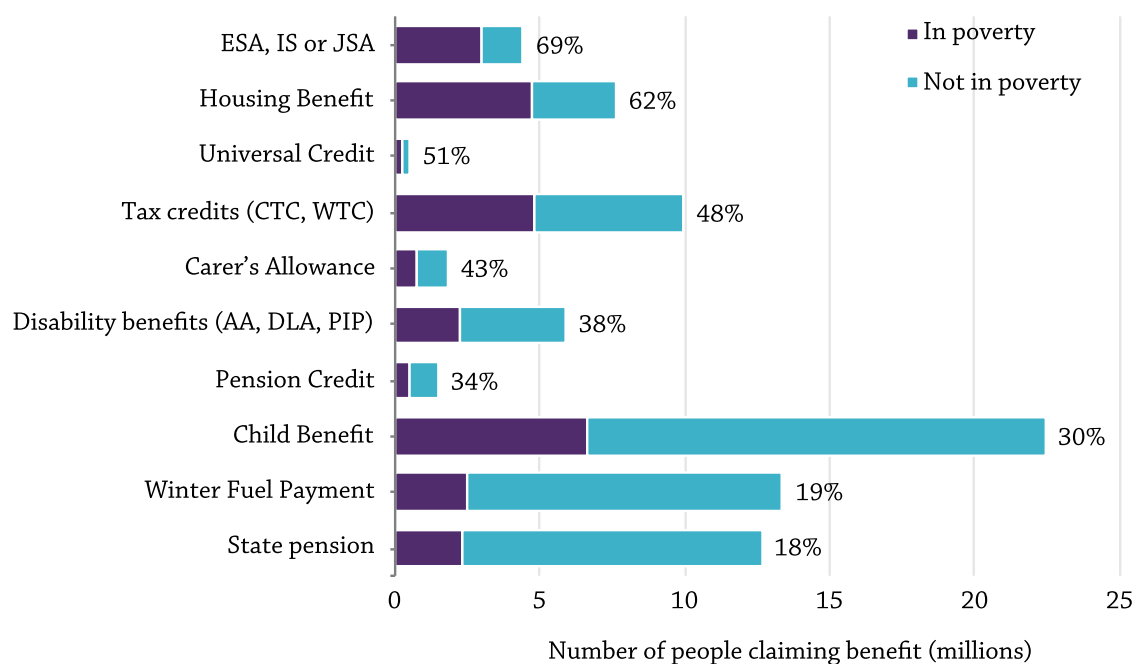


Source: Office for Budget Responsibility

What is available and the poverty rates for each benefit

The social security system should play a key role in preventing people entering destitution or long-term poverty. Poverty rates are higher for recipients of means-tested benefits than for the general population. This is partly because recipients of these benefits are, by default, low-income families, but it also demonstrates that the social security system does not help people to escape from poverty or protect them from deep poverty and destitution. The chart below shows the number of people who claimed different benefits in 2017/18 (including the children and immediate family members of claimants) and the percentage of them who are in poverty.

In 2017/18 the poverty rate was highest among recipients of income-replacement benefits, Housing Benefit and Universal Credit



Source: Households Below Average Income and Family Resources Survey

Poverty among disabled people and those with caring responsibilities

The analysis above gives an overview of the social security system. It highlights the type of benefits that are available and the impact that they have on poverty, why we have a social security system and what its purpose is, and how different families get different types of benefit. The next two sections focus specifically on two groups: disabled people and adult informal carers. These are groups who are more likely to claim benefits and have higher poverty rates. Future work will explore how social security affects other groups, for example those in work or families with children.

Poverty is based on low household incomes. While poverty rates for those in receipt of benefits are very high, not all benefit recipients are in poverty. Some recipients have other sources of income, receive benefits that are not means tested, or live with other household members whose incomes (in combination with the recipient's income) mean the total household income is above the poverty line.

Disability

Throughout this section, disability is defined according to the core definition within the Equality Act 2010:

‘a physical or mental impairment which has a substantial and long-term adverse effect on the ability to carry out normal day-to-day activities’.

There are several drivers of poverty for disabled people in the UK:

- Disabled people face higher costs of living (Smith et al, 2004).
- There is a sizeable difference in highest level of qualification between those who are disabled and those who are not: 19% of disabled adults have a degree or above, compared with 35% of non-disabled adults.
- Disability, ill-health and society’s response to these conditions often prevent people from working. For example, disabled people tend to earn less than their non-disabled counterparts even if they have the same qualification levels.

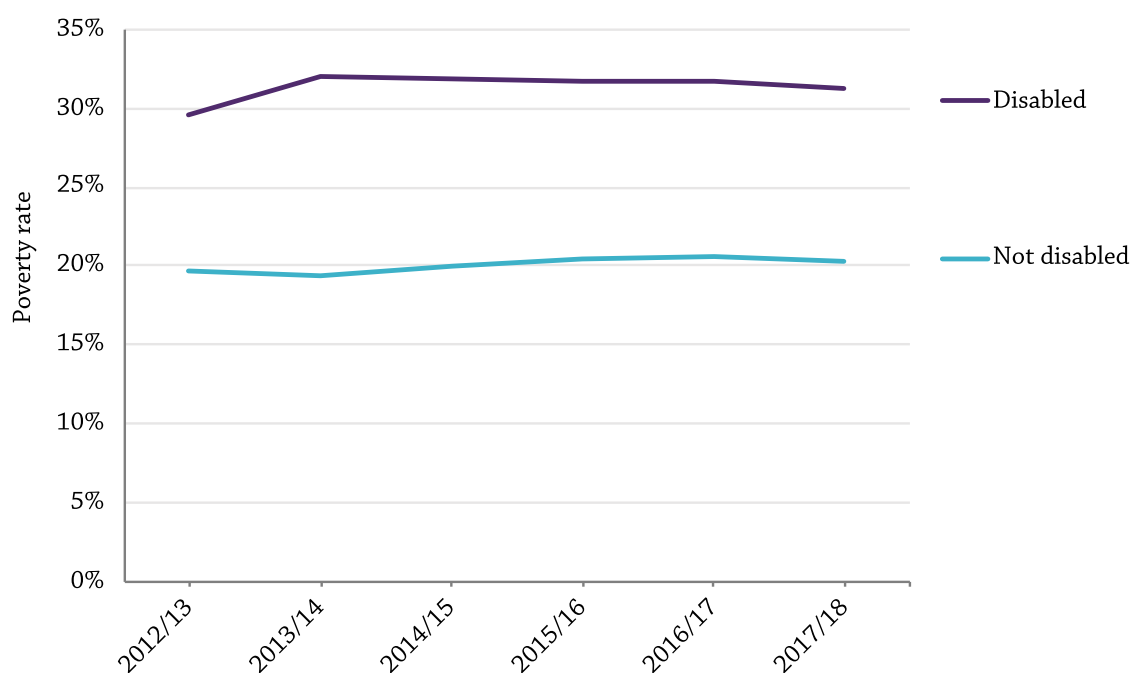
Disability is self-declared in the Family Resources Survey. Difficulties with vision, hearing, mobility, dexterity, stamina, breathing or fatigue are grouped as physical disabilities. Difficulties with learning, memory, mental health and social and behavioural difficulties are classified as mental disabilities.

Disability benefits should not be counted as income

Life is more expensive when you are disabled. To try to help with this, disabled people are eligible for several ‘extra-cost’ benefits (for example, Disability Living Allowance (DLA) and Personal Independence Payment (PIP)). These aim to contribute towards the additional costs associated with being disabled. They are distinct from the benefits that aim to enhance the income of those unable to work for health reasons, so can be claimed whether you are in employment or not.

The relative measure of poverty after housing costs (AHC) used elsewhere in this report includes disability benefits when measuring a family’s income. However, while the data shows the amount a family receives in disability benefits, it doesn’t show the extra costs associated with being disabled. Including disability benefits without accounting for the associated extra costs can therefore lead to a misleading assessment of poverty, which we can see reflected in the rates. The poverty rate for disabled people in 2017/18 was 31% when disability benefits are excluded from income. Including disability benefits in income reduces the poverty rate by 6 percentage points. The discussion around poverty within this chapter excludes disability benefits from income in order to give a more realistic picture of poverty and disability.

Being disabled increases the likelihood of being in poverty



Source: Family Resources Survey and Households Below Average Income

Disability increases the risk of poverty

Being disabled puts you at a higher risk of being in poverty. In 2017/18, 31% of the 13 million disabled adults and children in the UK lived in poverty – around four million people. By contrast, the poverty rate among the non-disabled population was 20% in 2017/18. This gap has persisted over time.

Furthermore, an additional 3 million people in poverty who are not themselves disabled live in a household where there is disability. In other words, of the 14 million people who live in poverty, nearly half of them are affected by disability in one way or another.

Disability is on the increase

The prevalence of disability has increased over the last five years. In 2017/18, 21% of the population had a disability, up from 19% in 2013/14. The prevalence of people with a physical disability has remained stable while there has been an increase in mental disability, particularly among children and working-age adults. There are now 1.6 million more people with a mental disability than in 2012/13.

Key stat

Four million people with disabilities in the UK are living in poverty.

In total, seven million people in poverty are either disabled or live with a disabled person – nearly half of everyone in poverty.

Exploring disability among the three main age groups reveals several differences. Disability among pensioners is relatively high at 43% in 2017/18; 18% of working-age adults are disabled, while the disability rate for children is 8%.

The poverty gap between disabled and non-disabled people depends on several factors, including age, gender, the type of disability and the disability mix within the family. The size of the gap varies greatly depending on the age of the individual, with the biggest gap for working-age adults. A disabled working-age adult is more than twice as likely to be in poverty as someone who is non-disabled.

Table 3: Disabled working-age adults have the highest poverty rate

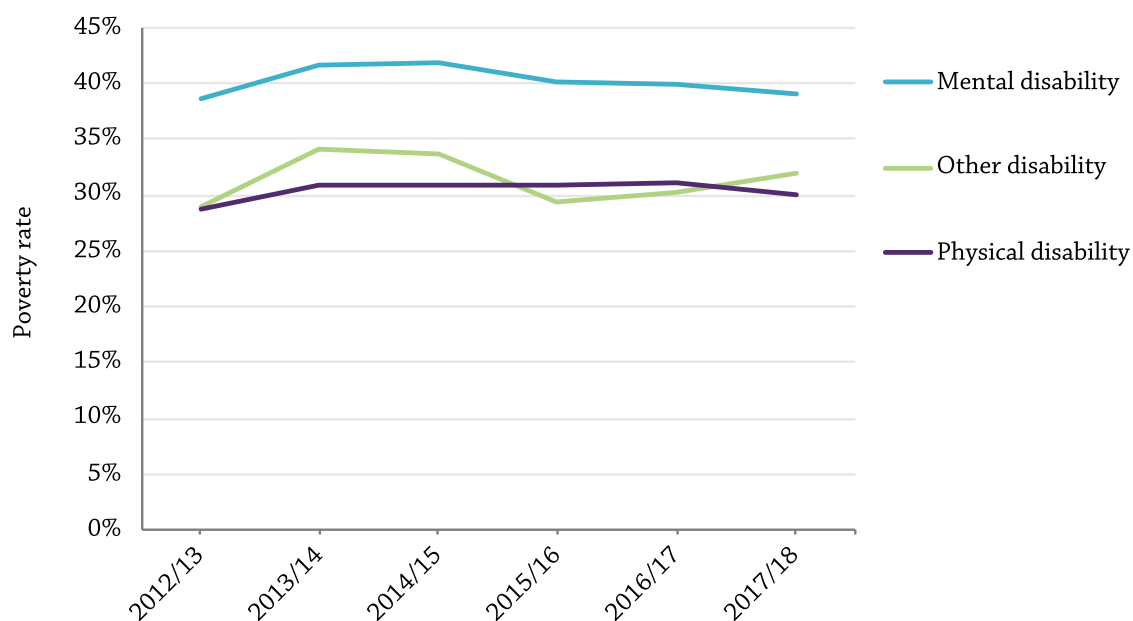
Age group	Whether has a disability	Number of people in poverty	Poverty rate
Child	Disabled	300,000	32%
Child	Not disabled	3,700,000	29%
Working-age adult	Disabled	2,700,000	38%
Working-age adult	Not disabled	5,600,000	18%
Pension-age adult	Disabled	1,100,000	22%
Pension-age adult	Not disabled	1,100,000	16%

Source: Households Below Average Income and Family Resources Survey 2017/18

These differences are more evident when the data is split further by gender. The poverty rate among working-age disabled men is 40%, 24 percentage points higher than those who are not disabled. The poverty rate among working-age women is 36%, 17 percentage points higher than those who are not disabled.

Nearly half of those who are disabled and living in poverty have a mental disability – around 2.1 million people. The poverty rate among those who are mentally disabled is 39%, 9 percentage points higher than those who have a physical disability.

People with a mental disability have a higher risk of poverty



Source: Households Below Average Income and Family Resources Survey

Note: Where an individual has more than one type of disability, they are counted in all relevant categories.

Poverty is especially high among families with a disabled adult and a disabled child (40%) – more than twice the rate where there is no disability. In families where there is only an adult who is disabled the poverty rate is also high – six million people living in poverty are in a family where there is a disabled adult.

Table 4: Disability in a family increases poverty

Disability mix within the family	Poverty rate	Number of people
Disabled adult and child	40%	600,000
Disabled adult only	30%	5,400,000
Disabled child only	26%	500,000
No disability	19%	8,100,000

Source: Households Below Average Income and Family Resources Survey 2017/18

Benefits do not protect disabled people against poverty

A family where at least one person is disabled and receives disability benefits has a much higher risk of being in poverty – 37% compared with 28% of families where at least one person is disabled but in which no one receives disability benefits. While the poverty rate for those not in receipt of disability benefits has remained relatively stable over the past 10 years, the rate for families who are receiving them has steadily increased over the past six years. This might be due to that group having more severe disabilities and also because we don't count disability benefits as income. Those receiving disability benefits have lower employment rates and are more likely to be reliant on other benefits for their income (the real value of which has been eroded by the freeze on benefits), including Employment and Support Allowance (ESA) or Universal Credit. Those who are of working age are particularly at risk: 1.3 million working-age adults who live in a family in receipt of disability benefits live in poverty. A family with a disabled member is three times more likely to claim income-related benefits, although the majority (seven in ten) do not.

Table 5: A family with disability is more likely to claim income-related benefits

Income-related benefits	Someone disabled within the family	No-one disabled within the family
In receipt	30%	9%
Not in receipt	70%	91%

Source: Households Below Average Income and Family Resources Survey 2017/18

Around 4.4 million disabled people lived in families receiving income-related benefits in 2017/18; over half of them in poverty. The following groups stand out as being at particular risk:

- people receiving both Housing Benefit and ESA – more than 900,000 in 2017/18; seven in ten of them lived in poverty
- those receiving only ESA – 400,000 people – had a poverty rate of 40%
- disabled pensioners receiving Pension Credit and Housing Benefit – around 500,000; three in ten lived in poverty.

It is not just social security, however, where there are issues for disabled people. The world of work can also compound their experience of poverty.

Disability and work

Disabled people are less likely to work: 50% of working-age disabled people were not working in 2017/18 compared with 18% of those who were not disabled.

This difference has persisted across the last six years, even though the overall proportion of those who are in work has increased. Worklessness is particularly high for those who have a mental disability, with nearly 2.1 million people with a mental disability not in work (63%).

Disabled people work fewer hours. Of those who are working, 32% work part-time, compared with 20% of the non-disabled population. This gap has persisted over the previous six years. On average, they work 13 fewer hours a week. Disabled people also earn less. In 2017/18, the weekly household income for disabled people was nearly £200 a week less than for those who were not disabled. There are likely to be a number of factors at play here, but this disparity is partly being driven by differences in working patterns. Disabled people are more likely to work part-time than full-time.

Table 6: Working-age disabled people on average work fewer hours and have lower incomes

	Disabled	Not disabled
Hours worked per week	17	30
Weekly household income	£404	£593

Source: Households Below Average Income and Family Resources Survey 2017/18

The differences in poverty rate, working status, hours worked and mean weekly income between non-disabled people and disabled people persist across all levels of qualification. Disabled people also tend to have lower qualification levels. Those who are disabled are much less likely to have a degree, and much more likely to have no qualifications at all.

Table 7: Disabled people have lower levels of qualification

Highest qualification attained	Disabled	Not disabled
Degree or above	19%	35%
Qualification below degree level	52%	54%
No qualification	29%	11%

Source: Households Below Average Income and Family Resources Survey 2017/18

However, higher levels of qualifications do close some of the gaps between disabled and non-disabled people for hours worked, weekly income and poverty rate. Further to this, a higher level of qualification makes not working much less likely (30% of disabled people with a degree were not working compared with 76% without any qualification). Nevertheless a gap remains; having a degree or higher level narrows the disability poverty gap to six percentage points.

Table 8: Having a degree-level or above qualification narrows the disability poverty gap

Highest qualification attained	Disabled poverty rate	Non-disabled poverty rate
Degree or above	17%	11%
Qualification below degree level	31%	19%
No qualification	41%	32%

Source: Households Below Average Income and Family Resources Survey 2017/18

The figures above show that disability increases poverty risk for families. Another feature of families with a disabled person is they often also include an informal carer. The next section looks in detail at the living standards of carers.

Carers

There were nearly 4.5 million informal adult carers²² in the UK in 2017/18, around 7% of the population. An informal carer is defined as someone providing informal help and support (that is, not in a professional capacity) to someone for disability or health reasons, either inside or outside of the family. More than half of them were women and three-quarters were of working age. The overall proportion of carers among the adult population has declined slightly over recent years, with this decline persisting across gender and age group. Carer prevalence is at its highest among working-age adults in their 50s and early 60s, who are twice as likely to be carers as younger adults.

Key stat

Of the nearly 4.5 million informal adult carers in the UK almost a quarter are living in poverty.

Table 9: The largest group of carers is working-age females

Age group	Gender	Number of people
Working age	Female	2,000,000
Working age	Male	1,300,000
Pension age	Female	600,000
Pension age	Male	500,000
Total		4,400,000

Source: Households Below Average Income and Family Resources Survey 2017/18

Most carers look after someone outside of the family

Note, the definition of a family here is in line with the benefit system, for example, a family is a single adult, or married or cohabiting couple plus any dependent children. This means, for example, that someone caring for an elderly parent would be counted as caring for someone outside the immediate family.

For every hundred carers:

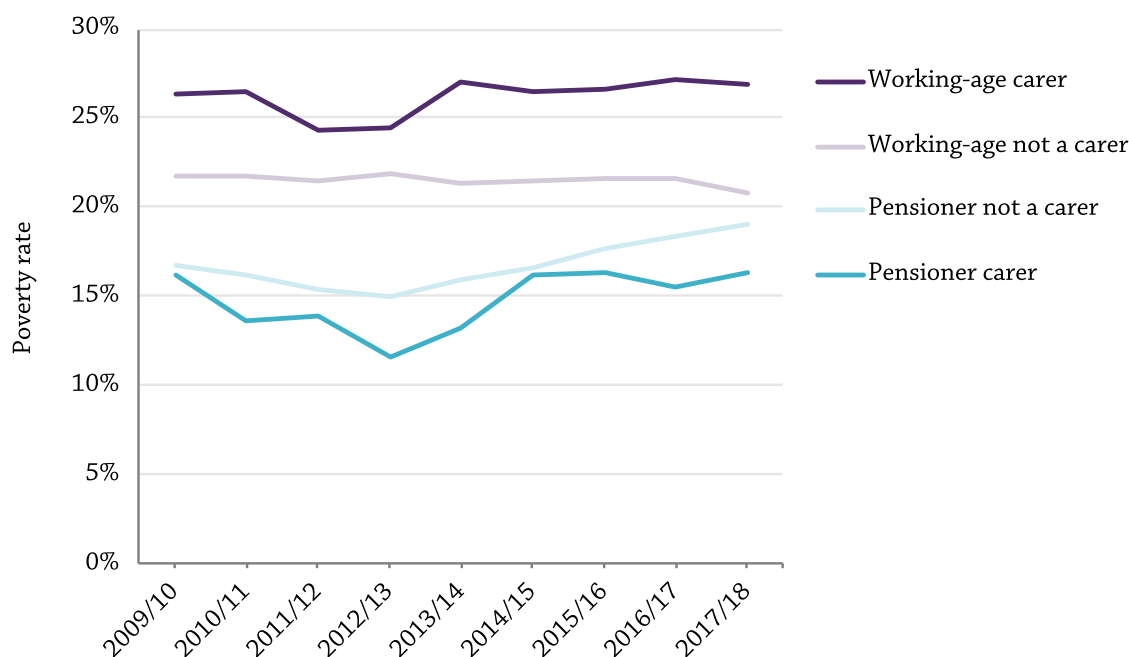
- 69 are caring for someone outside of the family
- 28 are caring for someone within the family
- three have care responsibilities both within and outside of the family.

Around 70% of those caring within the family tend to be caring for other adults and the rest are caring for disabled children (apart from a small proportion of less than 1% that are caring for both adults and children). The vast majority of those cared for outside of the family are either relatives or other adults (85% in all).

Being a carer increases the likelihood of poverty

Nearly a quarter of all informal carers were living in poverty in 2017/18 – more than a million people. The poverty gap between carers and non-carers has persisted in the last 10 years, with working-age carers constantly at a higher risk of poverty than their counterparts who are not carers. For pensioners the picture differs; poverty overall for carers is lower than for those who are not.

The poverty gap between carers and non-carers has persisted over the last 10 years



Source: Households Below Average Income and Family Resources Survey

Poverty among carers varies depending on age and gender. Carers of working age have a higher poverty rate than those who have no caring responsibilities, and although women of working age have the greatest risk of poverty of all, the risk for working-age male carers is close behind: more than a quarter of male working-age carers and female working-age carers live in poverty.

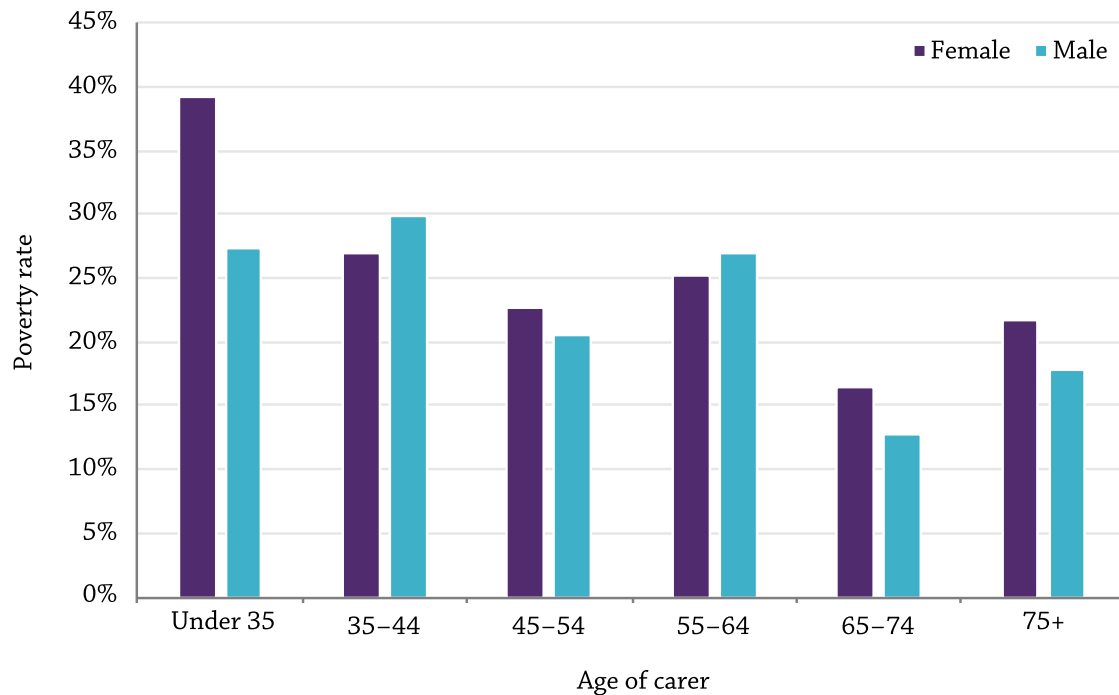
Table 10: Female carers of working age have the highest risk of poverty

Gender	Working age		Pensioners	
	Carer	Not a carer	Carer	Not a carer
Female	28%	21%	17%	20%
Male	26%	20%	15%	17%

Source: Households Below Average Income and Family Resources Survey 2017/18

Younger carers (under 35) have higher rates of poverty than older carers. There is also a marked gap between men and women, with nearly four in ten young female carers living in poverty. The gap between the two genders closes for older carers.

Young female carers have the highest poverty rate

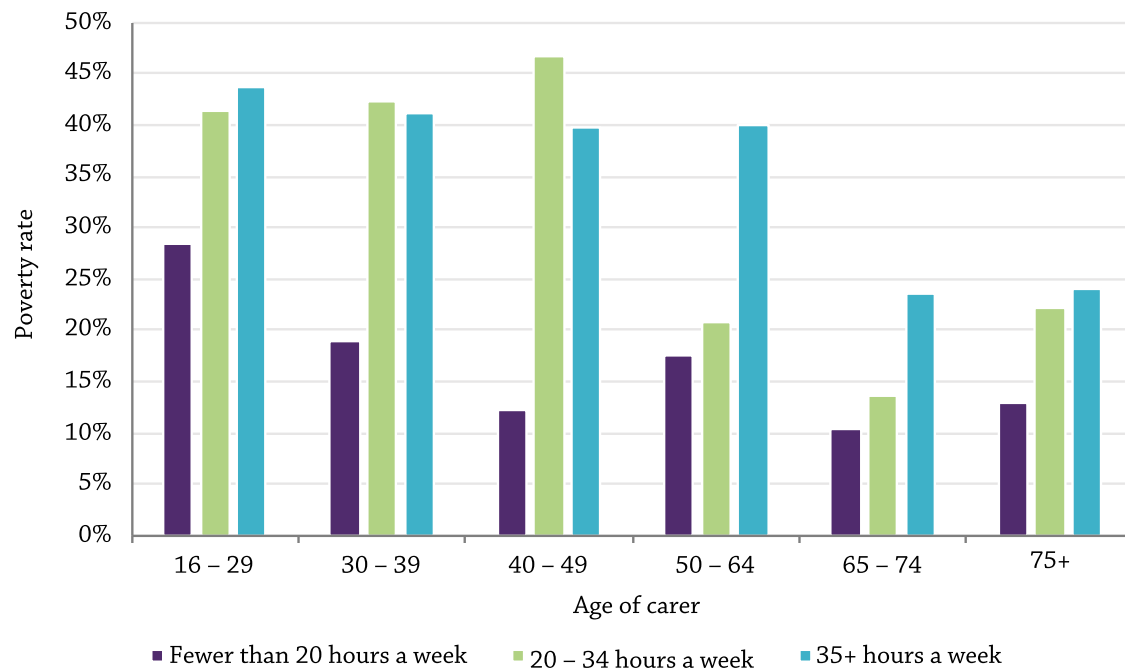


Source: Households Below Average Income and Family Resources Survey

The amount of time spent caring is, unsurprisingly, another driver for poverty. Those who have a higher caring responsibility have a higher poverty rate; this is particularly true for those who are of working age.

Those who care for 20 hours or more a week have a notably higher risk of being in poverty than those who care for fewer than 20 hours. There are also differences between those who care for between 20 and 34 hours a week, and those who care for 35 hours or more a week. Those who care for 35+ hours a week are eligible to claim Carer's Allowance but those caring for between 20 and 34 hours a week are not eligible yet may still find their ability to work or the hours they can work compromised by their caring responsibilities.

For most age groups, the more hours you care the higher your risk of poverty



Source: Households Below Average Income and Family Resources Survey

Carers and their families

Poverty is higher among families where there is at least one carer, with just over one in four such families living in poverty. The gap is particularly large for couples without children; where there is at least one carer, the poverty rate is double that for the same family type without a carer.

Table 11: Poverty is higher among families where someone is a carer

	At least one carer	No carers
Couple with children	30%	22%
Couple without children	24%	12%
Lone parent	45%	46%
Pensioner couple	18%	15%
Pensioner single	17%	25%
Single without children	34%	25%
All family types	27%	22%

Source: Households Below Average Income and Family Resources Survey 2017/18

Those caring for someone inside the family are more likely to be in poverty than those caring for someone outside the family. For all adults the gap is 14 percentage points. In these families, issues of caring and disability interact. This gap persists for all age groups and for both men and women.

Table 12: Caring for someone within the family greatly increases the likelihood of poverty

	Cares for someone inside the family	Cares only for someone outside the family
Female		
Working-age adult	40%	24%
Pension-age adult	24%	14%
Male		
Working-age adult	40%	20%
Pension-age adult	21%	8%
All adults	34%	20%

Source: Households Below Average Income and Family Resources Survey 2017/18

Note: Those caring both for someone inside the family and outside the family are included in the first column

Nearly half of all carers are looking after relatives outside of the immediate family. Around 400,000 of them (20%) live in poverty. Poverty is particularly high within families where there are adults cared for, with more than one-third living in poverty.

The inability to work is the key driver for poverty among carers. In 2017/18, some 36% of working-age carers were not in work, compared with 23% of non-carers. This gap persists across both men and women and all ages from 25 to 64 and has grown over the last six years.

Those who care 35+ hours a week are three times less likely to be working as those caring fewer than 20 hours a week. Carers work, on average, seven hours fewer a week than those who do not provide care. Weekly household income is £100 a week less for carers.

Table 13: Carers work fewer hours and have lower incomes

Whether a carer	Hours cared	Mean weekly hours worked	Mean weekly household income
No		28	£567
Yes	Less than 20 hours a week	27	£553
Yes	20–34 hours a week	21	£477
Yes	35+ hours a week	11	£335

Source: Households Below Average Income and Family Resources Survey 2017/18

This section shows clearly that being a carer increases the poverty risk for families. This, combined with the fact that many carers are caring for disabled family members (who themselves also increase the poverty risk for their families) makes the importance of understanding what is going on in this sector and how best we support carers paramount.

The Joseph Rowntree Foundation is working with governments, businesses, communities, charities and individuals to solve UK poverty. This report provides a comprehensive, independent and authoritative overview of UK poverty in 2019/20, which we hope will make more people want to solve poverty, understand it and take action.

This is an extract from JRF's UK Poverty 2019/20 report. A pdf version of the full publication is available from the JRF website www.jrf.org.uk. Further copies of this report, or any other JRF publication, can be obtained from the JRF website www.jrf.org.uk/publications or by emailing publications@jrf.org.uk

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