

Universal Credit and cuts to the disabled child element

## Summary

- Under Universal Credit extra payments for a disabled child are to be cut by more than 50% for the majority of disabled children.
- Consequently many families with a disabled child will be worse off. In particular those families whose caring responsibilities prevent them from working and who qualify for the lower disability element appear certain to be worse off by at least £1600 per year. This is because there is no prospect of them seeing the reduction in their disabled child element offset by other features of the Universal Credit designed to make work pay.
- Whilst it is possible that some working families could see the reduction in their disabled child element offset by other features of Universal Credit, this is now less likely as a result of cuts to Universal Credit work allowances from April 2016.
- It seems certain that the number of families with disabled children who will be worse off is likely to be significantly more than 100,000. Many of these families are already struggling to afford basic essentials such as food and heating. The impact of a further cut of more than £1600 a year for many is likely to be increased debt, stress and ill health.
- **Contact a Family is therefore calling on government to reverse cuts to the lower disabled child element under Universal Credit.**

## Detailed explanation and case studies

Under the pre-existing benefits system, tax credit claimants with a dependent child on either Disability Living Allowance (DLA) or Personal Independence Payment (PIP) can receive an additional disability element for that child as part of their child tax credit award. This is £60.06 per week for 2016/17. Children who get the higher rate of the DLA care component or PIP daily living component at the enhanced rate qualify for a further additional payment called the severe disability element – bringing additional tax credit payments for these children up to £84.49 per week. For those out of work families who have not yet claimed tax credits, there are equivalent additional disability payments within income support, and certain other means tested benefits.

### **The disabled child element and Universal Credit**

Like the benefits it is replacing Universal Credit also includes an additional disability element for children. This will be paid at one of two rates.

### **The higher rate disabled child element**

The higher disabled child element is paid at the same amount as under the existing benefit system. However entitlement to the higher disabled child element will be limited to two main groups - those with a severe visual impairment and those who qualify for either the highest rate of the DLA care component or the enhanced rate of the daily living component of PIP.

Contact a Family, 209–211, City Road, London, EC1V 1JN [www.cafamily.org.uk](http://www.cafamily.org.uk)  
Tel: 020 7608 8700. Fax 020 7608 8701. Email: [info@cafamily.org.uk](mailto:info@cafamily.org.uk)

**Freephone national helpline: 0808 808 3555**

Registered Charity No. 284912. Charity registered in Scotland No. SC039169. Company limited by guarantee. Registered in England and Wales No 1633333. VAT Registraton Number GB 749 3846 82.



### **The lower rate disabled child element**

All other disabled children on DLA or PIP will qualify for the lower disabled child element. This will be paid at a rate of £29.05 per week (£126.11 per month). This amounts to a cut of £31.01 per week, or over £1600 per year. Since the addition is paid per child, families with two disabled children could see a cut of twice that amount.

Even under the current benefits system many families with a disabled child struggle financially. A 2014 survey carried out by Contact a Family<sup>1</sup> found that 33% of respondents were going without heating, 31% going without food and 45% having had to borrow from friends and family to keep afloat or pay for essentials. Against this backdrop cuts to child disability payments under Universal Credit are likely to lead to significant financial hardship.

	Tax Credit rate 16/17	Universal Credit rate 16/17	Monetary difference per week	Monetary difference per year
Lower disability child element	£60.06	£29.05	- £31.01	- £1612
Higher disabled child element	£84.49	£84.49	nil	nil

### **Severely disabled children will be left worse off**

The government has argued that these cuts to the lower child disability element are justified as savings will fund increased payments for the most severely disabled adults. However this policy is difficult to justify, particularly given that many of the children facing a cut are themselves severely disabled.

Entitlement to the higher disabled child element will be restricted to those who either have a severe visual impairment or who qualify for either the care component of DLA at the highest rate or the enhanced component of PIP daily living component.

In terms of a child aged under 16, this means that you will only qualify for the higher rate of the disability element and thus be protected from any cut, if you either have a severe visual impairment or your condition is such that you not only need frequent care throughout the day but also need care during the night. A child who doesn't require help during the night will only ever be eligible for the low rate disability addition. This will remain the case even if he or she has very severe and complex disabilities requiring continual care for the whole time that they are awake. The only exceptions to this will be where a child either has a severe visual impairment or has a terminal illness and their death is expected within six months.

---

<sup>1</sup> Counting the Cost 2014 Report – Contact a Family

As a result many severely disabled children with substantial day time care needs and related costs but who do not have night time care needs, will face a cut of more than £1600 a year. This will include many children with down's syndrome, cerebral palsy, autism, learning disabilities as well as children who are profoundly deaf.

### **The numbers of children likely to be affected by cuts in the lower disabled child element**

In 2011 the government estimated that once fully implemented approximately 100,000 disabled children “would have a lower entitlement as a result of the reform of disability benefits under universal credit”<sup>2</sup>. However cuts in universal credit work allowances planned from April 2016, are likely to mean this figure under-estimates the numbers of working families who will end up worse off.

#### **In-work families**

Recent HMRC statistics state that of 178,800 disabled children within ‘in-work families’, 75,400 qualified for the higher disabled child element<sup>3</sup>. This leaves just over 103,000 children living within in-work families who will see their disabled child element cut by £1600 a year. It is true that not all of these families will necessarily be worse off overall. Some working families with a disabled child could see cuts in their child disability element offset by gains arising from other features of Universal Credit. However cuts to Universal Credit work allowances make it likely that more working families than previously predicted will be left worse off.

#### **Out of work families**

What is certain is that families whose caring responsibilities prevent them working at all, will be worse off if their son or daughter qualifies for the lower disabled child element. Since out of work families don't benefit from any of the features of the Universal Credit designed to make work pay, they will inevitably face a cut of at least £1600 per year, once any transitional protection is eroded.

These families are not out of work as a result of a life style choice. Substantial caring responsibilities, scarcity of suitable and affordable childcare and inflexible employment practices can all combine to make it extremely difficult for many parents with a disabled child to move into or sustain employment. This is particularly likely where the disabled child's parent is a lone parent<sup>4</sup> or where there is more than one disabled child within a household.

#### **Likely number of out of work families**

HMRC does not routinely publish statistics on the numbers of out of work families in

---

<sup>2</sup> Chris Grayling, 08/06/2011 - in response to parliamentary question

<sup>3</sup> Child and Working Tax Credit statistics – tables 5.2 & 5.4; HMRC December 2015

<sup>4</sup> Holes in the safety net: the impact of Universal Credit on families with disabled children. The Children's Society 2012

receipt of the child disability elements. However in 2011 the Tax Credits Office confirmed that the numbers of children in out of work families who qualified for the lower disabled child element (and who are therefore likely to see a cut in this payment under Universal Credit) was 67,500<sup>5</sup>. However a further 25,000 out of work families were not claiming tax credits and instead receive a disabled child premium via income support or income based job seekers allowance. If we assume that the percentage of these families who qualified for the lower rather than higher element is consistent with tax credits (around 60%), this would suggest another 15,000 children. This means that in 2011 there were 83,500 children in out of work families who were likely to see their disabled child element halved.

### **Transitional protection**

Some families at risk of being worse off under Universal Credit will be 'transitionally protected'. This means if they would get less money under Universal Credit than their current benefits, they will receive a top-up payment to ensure they don't lose out.

However you are only transitionally protected if you are an existing claimant who has no change of circumstances and who is moved onto Universal Credit by the Department for Work and Pensions as part of their programme of 'managed migration' of current benefit claimants onto Universal Credit. But even those who are transitionally protected will be worse off over-time as transitional top-up payments are eroded by inflation or brought to an end by some changes in circumstances.

Those who need to claim Universal Credit as a result of a change of circumstances will not receive any transitional protection. So for example, if someone living in an area where Universal Credit is introduced has a change of circumstances necessitating a new claim for one of the benefits Universal Credit is replacing (e.g. housing benefit or income support), they will need to claim Universal Credit instead and their award will not include any transitional protection.

### **No assessment of the impact on families with disabled children**

To date the government has not carried out any assessment of how Universal Credit will impact on families with disabled children as a distinct group. It is important that the government provide clear and up to date information on:

- The total number of disabled children - in both working families and out of work families - who face a cut in their disabled child elements when they move to Universal Credit from legacy benefits.
- The total number of families with a disabled child who are likely to have a lower entitlement to Universal Credit, than under existing legacy benefits, once the process of managed migration is completed in 2020.

Even on the limited statistics available it seems certain that the number of families with a

---

<sup>5</sup> Contact a Family correspondence with HMRC

disabled child who will be worse off is likely to be significantly more than 100,000. Many of these families are already struggling to afford basic essentials such as food heating. The impact of a further cut of more than £1600 a year for many is likely to be increased debt, stress and ill health. Contact a Family is therefore calling on government to reverse cuts to the lower disabled child element under Universal Credit.

## CASE STUDIES

Case study A – Out of work, lone parent with one lower disability element.

Mrs A is a lone parent with one child aged 4. Her daughter has a chromosome disorder and qualifies for DLA at the middle rate for personal care and the higher rate for mobility. Mrs A doesn't work due to her caring responsibilities and the lack of suitable childcare in her area. She receives carer's allowance, income support and child tax credit. She also gets housing benefit of £100 per week towards the rent on her two bedroom flat.

Mrs A currently receives the following payments in addition to her DLA:

Carer's Allowance	£ 62.10
Child Benefit	£ 20.30
Income Support	£ 45.60
Child Tax Credit	£123.98
Housing Benefit	£100.00
<b>TOTAL</b>	<b>£351.98</b>

Under Universal Credit she would be entitled to:

Carer's Allowance	£ 62.10
Child Benefit	£ 20.30
Universal Credit	£238.57
<b>TOTAL</b>	<b>£320.97</b>

**Loss of £31.01 per week**

Case study B – out of work couple, with two lower child disability elements

Mr and Mrs B have three children all of whom have severe learning disabilities. One of their children receives DLA at the highest rate for personal care whilst his siblings both get the middle rate. Neither parent is able to work due to their caring roles and they each receive carer's allowance. This is topped up with income support. They also receive child tax credit and housing benefit of £140 pw on their 3 bedroom property.

Under the existing benefits system Mr and Mrs A would get the following payments in addition to their DLA:

Carer's Allowance	£ 62.10
Carer's Allowance	£ 62.10
Child Benefit	£ 47.50
Income Support	£ 59.85
Child Tax Credit	£375.51
Housing Benefit	£140.00
<b>TOTAL</b>	<b>£747.05</b>

Under Universal Credit they would be entitled to:

Carer's Allowance	£ 62.10
Carer's Allowance	£ 62.10
Child Benefit	£ 47.50
Universal Credit	£513.33
<b>TOTAL</b>	<b>£685.03</b>

**Loss of £62.02 per week**

Case study C – working lone parent, one lower disabled child element

Ms C is a lone parent with two children, one of whom has cerebral palsy and gets DLA at the middle rate for personal care and the low rate for mobility. Ms C works 20 hours a week and earns £150 per week. She rents a 2 bedroom flat for £130 per week. She has no childcare costs. Mrs C currently receives child tax credits and a partial rent rebate via housing benefit.

Mrs C currently receives the following payments in addition to her DLA:

Child Benefit	£ 20.30
Child Tax Credit	£242.58
Housing Benefit	£ 87.02
<b>TOTAL</b>	<b>£349.90</b>

Under Universal Credit she would be entitled to:

Child Benefit	£ 20.30
Universal Credit	£315.65
<b>TOTAL</b>	<b>£335.95</b>

**Loss of £13.95 per week**

### **About Contact a Family**

Contact a Family, is the charity for families with disabled children and young people. We support and advice families whatever their child's condition, providing advice and support to build each family's resilience; and linking families together for mutual support and self care.

Each year, our freephone helpline offers specialist advice to more than 10,000 families on any aspect of caring for a disabled child. We have a dedicated welfare rights teams provided specialist in-depth benefits advice. In sample follow up surveys 68% of parents who had been identified as 'missing out' had successfully claimed extra benefits within six months of speaking to us. We estimate that that as a result of our advice parents cumulatively received an estimated £1,214,109 in extra benefits during 14/1

### **For more information**

Please contact Una Summerson on 020 7608 8742 or [una.summerson@cafamily.org.uk](mailto:una.summerson@cafamily.org.uk)

Date: April 2016