

The Disability Price Tag

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Scope
About disability

Introduction to extra costs

- Many disabled people face extra costs because of their impairment or condition
 - Purchasing specialised good or services
ex: powered wheelchair
 - Purchasing more of non-specialised good or services
ex: higher energy bills
 - Paying more for non-specialised goods
ex: higher insurance premiums

Our new analysis

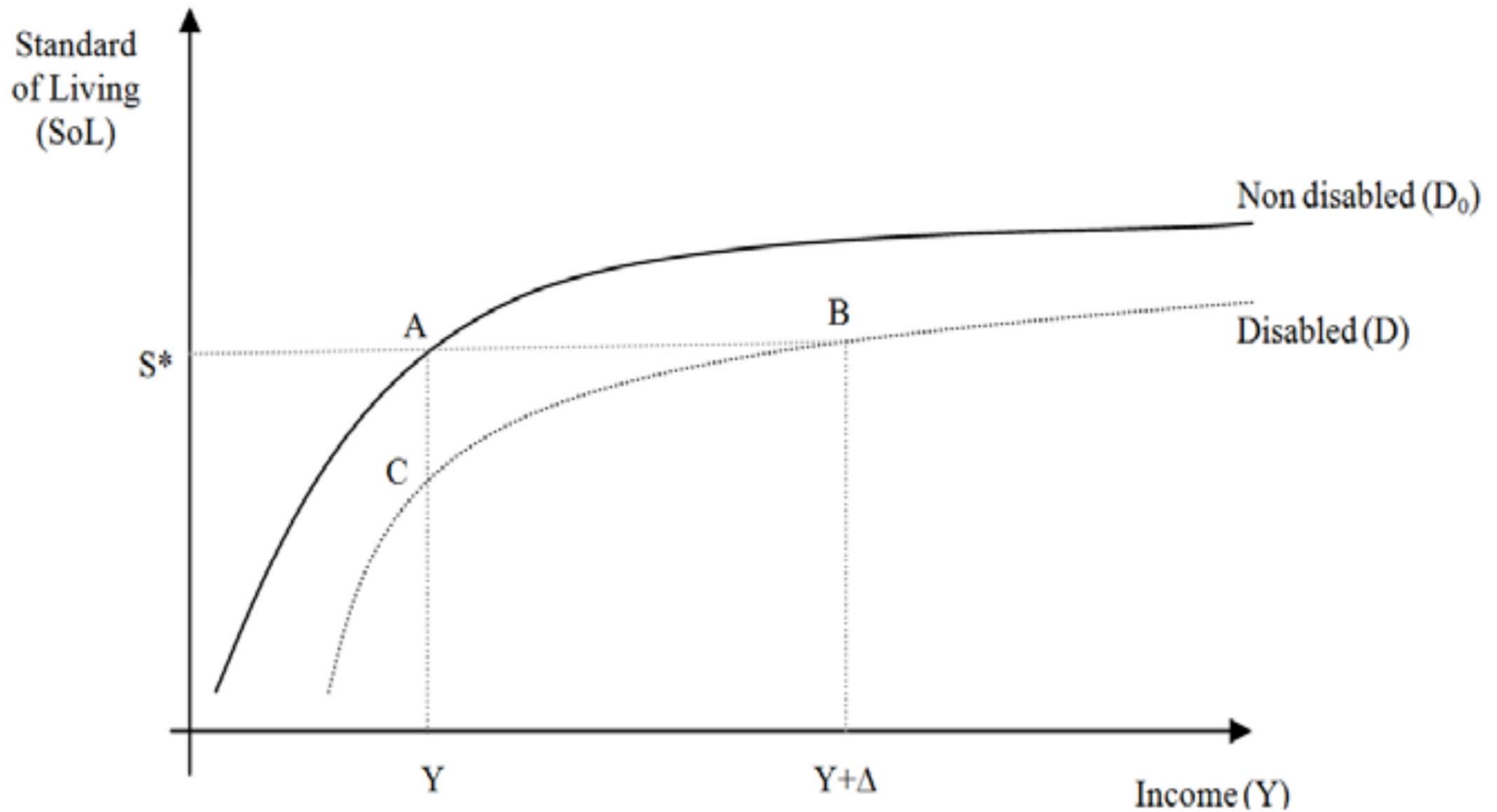
- 1- Previous estimate of £550 per month
 - 800 disabled adults interviewed
 - Subjective approach

- 2- New methodology
 - More robust
 - More flexible
 - **Financial impact on disabled people's lives**

Standard of Living (SoL) approach

- Disabled people **divert** part of their income towards good and services that non-disabled people don't have to pay
- Lower standard of living at any given level of income
- **Additional amount of income a disabled person needs to equate the same standard of living as a non-disabled person**

Standard of Living (SoL) approach



Structural equation modelling (SEM)

- This statistical model allows us to compute three elements to estimate extra costs:
 - 1- Standard of living index
 - 2- Income associated with levels of standard of living whilst controlling for socio-economic factors
 - 3- Disability index
- The SEM allows us to conduct regression-based analysis that includes latent variables

Family Resource Survey 2015/16

- Deprivation indicators provided used to compute a SoL index
- Health indicators to compute a disability index
- Income and other socio-economic factors
- Analysis computed at **benefit unit level** (family) in line with deprivation indicators
- Extra costs presented at individual level

Standard of living indicators

Do you/and your partner can afford to:

- replace worn-out clothes with new ones?
- internet access for personal use?
- keep your home in a decent state of decoration?
- get household contents insurance?
- replace any worn out furniture?
- replace electrical goods when broken?
- go on holiday away from home for at least one week a year?
- get together with friends or family around for a drink or meal at least once a month?

Health indicators

Does this disability mean that you have significant difficulties with any of these areas of your life?

- Difficulty with vision
- Difficulty with hearing
- Difficulty with dexterity
- Difficulty with
- Difficulty with learning
- Difficulty with memory
- Difficulty with mental health
- Difficulty with stamina or breathing or fatigue
- Difficulty with other areas of life

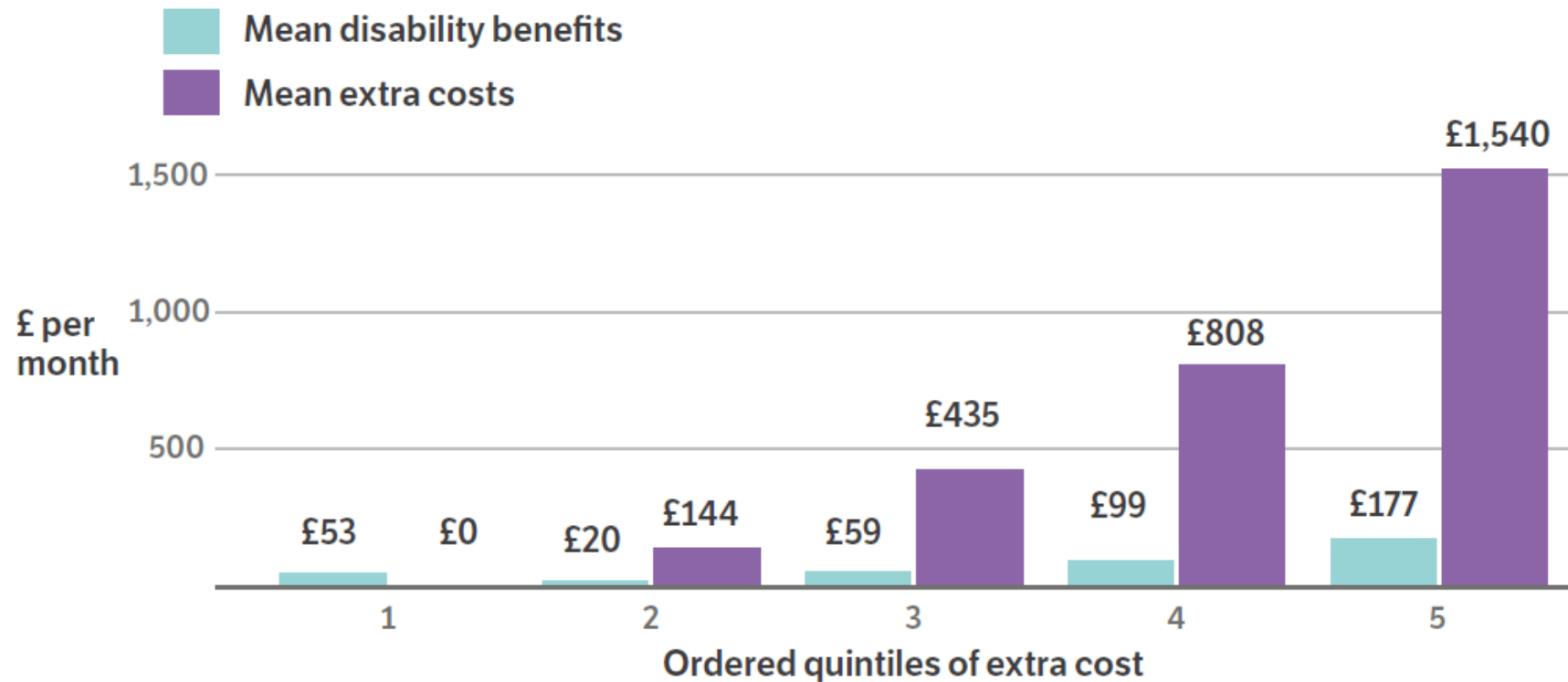
Socio-Economic factors

- Age
- Income
- Economic situation
- Gender
- Regions
- Number of children
- Level of education
- Tenure
- Partner employment situation

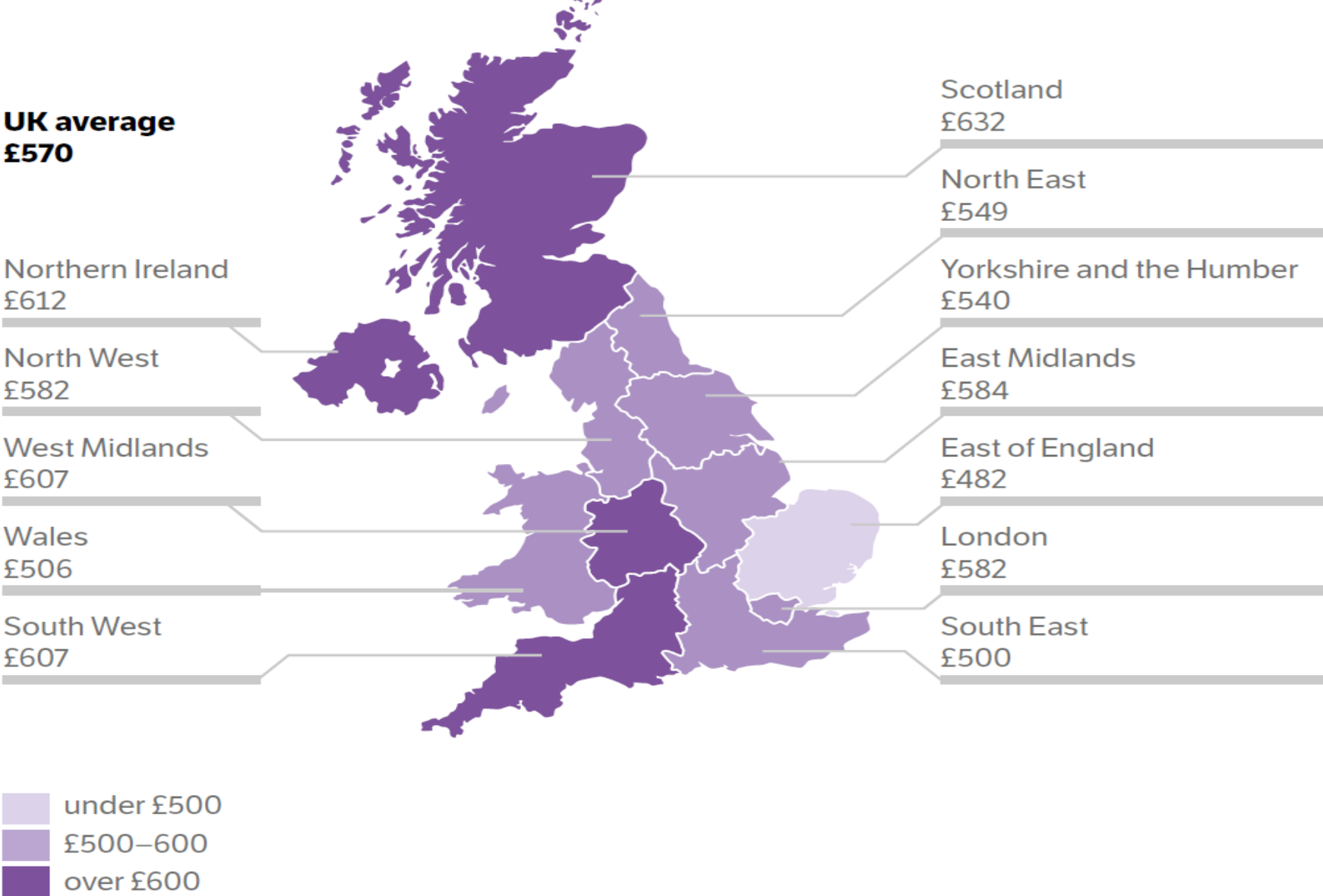
Key findings

- On average, disabled people face extra costs of **£570 a month** related to their impairment or condition
- For one in five disabled people, these costs amount to over **£1,000 a month**
- After housing costs, disabled people on average spend **49 per cent** of their income on disability-related costs

Extra Costs breakdowns (1)



Extra Costs breakdowns (2)

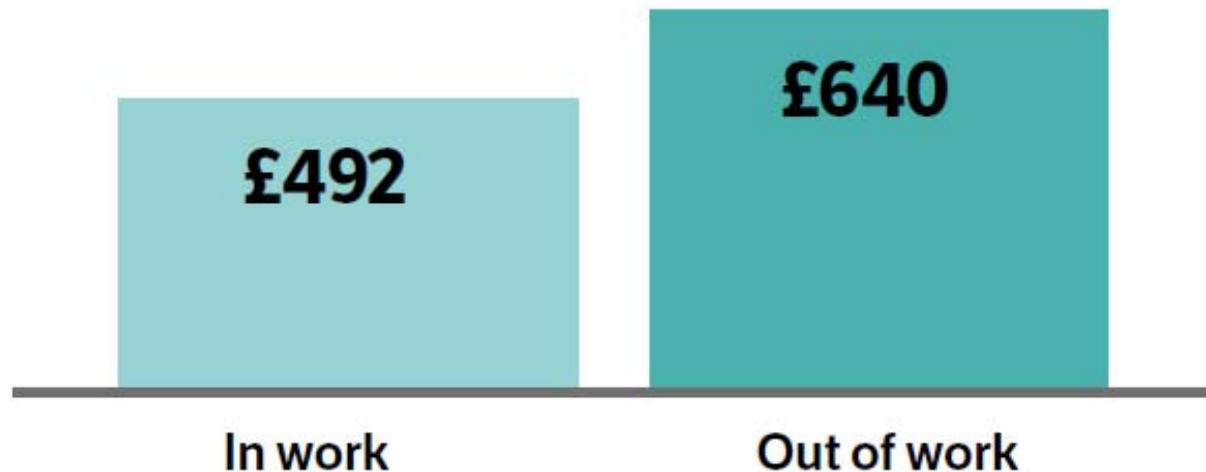


Extra Costs breakdowns (3)

Impact of employment on extra costs

Disabled people in work face 23% lower extra costs than those out of work. This is likely to be because there is a higher proportion of out-of-work disabled people who have multiple impairments or conditions that compound the costs they face.

Figure 8: Average monthly extra costs by employment status

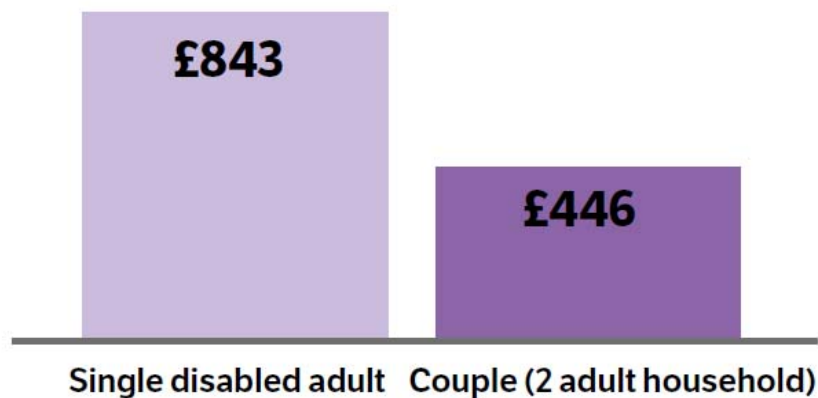


Extra Costs breakdowns (4)

Impact of family composition on extra costs

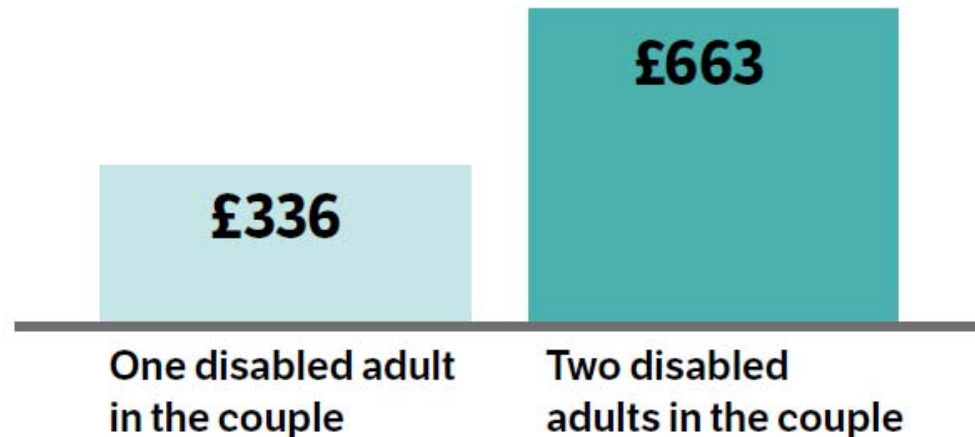
Couples including a disabled person face significantly lower extra costs than single disabled people. This is likely to be due to a non-disabled person in a couple reducing the impact of the extra costs.

Figure 9: Average month extra costs by singles and couples



Extra Costs breakdowns (5)

Figure 10: Average monthly extra costs by number of disabled adults in the couple



Extra costs vary significantly depending on the number of disabled adults in the family. The extra costs of a disabled adult living with a non-disabled adult are significantly lower than when a disabled adult lives with another disabled person. This may be explained by the non-disabled partner providing informal care to their disabled partner.

Tackling extra costs

- **Role of Personal Independence Payment** – ensuring disabled people have the right support to help meet extra costs
- **Improving how markets work** – driving down the extra costs disabled people face

What Scope will be doing next

- Focus on specific markets where disabled people face extra costs
- Annual reporting on the extra costs disabled people face
- Further research later this year into the extra costs faced by families of disabled children

Any questions?

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Path Model (SEM illustration)

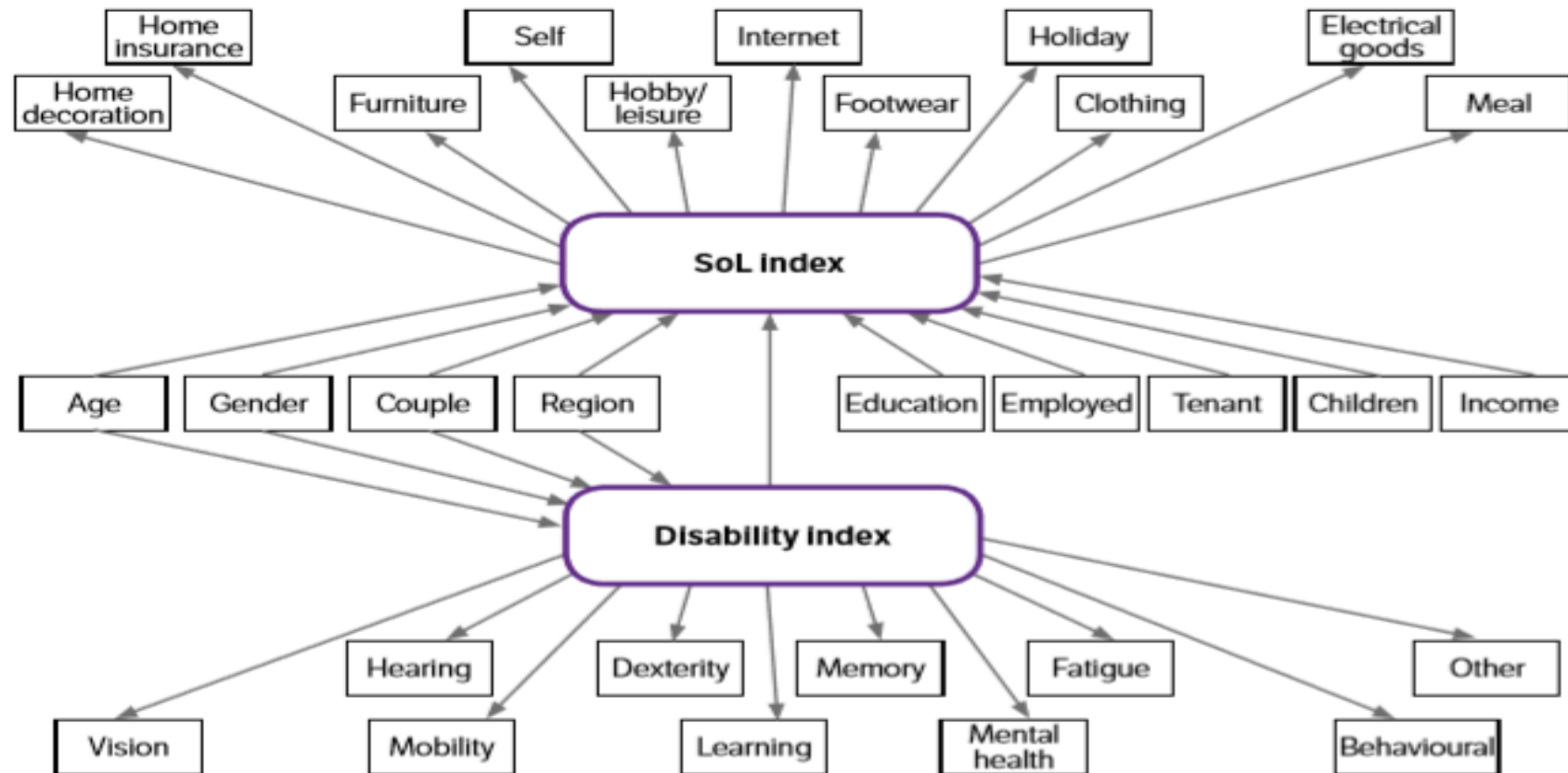


Figure 2: Path diagram: an illustration of the SEM framework

- Measured latent variable
- Observed variable
- Regression/causal effect