

Disability Living Allowance and work: Exploratory research and evidence review

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Background

Disabled people of working age have a lower rate of employment and suffer relatively high levels of poverty. In line with welfare reform policy, the Government wishes to increase the numbers of disabled people in work and, in 2006, set an ambitious target of reducing by one million the number of people on incapacity benefits by 2015. Because there is a large overlap between the population of incapacity benefits claimants and those in receipt of Disability Living Allowance (DLA), the Department for Work and Pensions (DWP) wished to find out more about this group of customers about whom relatively little data exists.

Aims and objectives

The broad aim of the research was to find out more about people receiving DLA and to explore why they appear to behave differently from other disabled people. In particular, the research sought possible reasons for the very low level of employment among recipients. A specific objective for the research was to establish the constraints to working experienced by DLA recipients and to examine whether receipt of the benefit had any incentive or enabling effects (or conversely disincentive effects) on their perceptions and their behaviour regarding paid employment.

Methods

The research study was essentially qualitative and comprised several different elements: a review of evidence from previous research; discussion groups with Pensions, Disability and Carers Service staff and with Jobcentre Plus

and Pathways providers advisers; a customer focus group with disabled people in receipt of DLA; two telephone surveys of DLA applicants before and after receiving the decision on their DLA claim (1,005 and 637 respondents respectively); and face-to-face qualitative interviews with 110 purposively selected individual DLA customers who had participated in the surveys and been screened in according to their various different relations to work and changes in their employment situation over the period between surveys.

The research explored a number of hypotheses about DLA recipients that were generated from the review of evidence, namely:

- That they might be **additionally disadvantaged** in the labour market
- That they might be **more severely impaired** than other disabled people
- That they might be **less likely to want to work** than other disabled people for reasons specific to their DLA claim.

Key findings

DLA recipients were found to be, on average, more severely impaired than other disabled people, and additionally disadvantaged in the labour market because they were affected disproportionately by the types of impairment that carry the greatest employment disadvantage (locomotor, intellectual and behavioural impairments).

The employment rate among working-age DLA recipients is very low compared both to other disabled people and to non-disabled people. However, this difference could not be explained

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entirely by the severity of disadvantage associated with eligibility for DLA.

Secondary data analysis has established a significant association between receipt of DLA and lower work expectations and aspirations, and confirmed a possible DLA-specific factor affecting employment rates. One element of this appears to be a financial disincentive to working, especially for those on higher level benefit rates, and manifests itself in higher reservation wage expectations than other incapacity benefits claimants.

Our qualitative research explored this potential DLA-specific factor in greater depth and confirmed that there is some financial disincentive effect to receipt of DLA, as well as other elements relating to the process, timing and experience of making a claim, and to perceptions of the nature and value of the benefit.

While there was no evidence of DLA incentivising work for recipients, it was found to have positive enabling effects for some, allowing the retention of jobs and facilitating a number of adjustments both to working situations and to household arrangements that permitted people to remain in work.

Face-to-face interviews

Evidence from the face-to-face qualitative interviews with DLA customers further found that:

DLA seen as out-of-work benefit

- The process of claiming DLA was strongly associated with the process of leaving or remaining out of work.
- Claimants' perceptions of DLA were predominantly that it was an out-of-work benefit, compensating for someone being unable to work due to a disability or health condition and thus unable to earn an income.
- The majority of recipients assumed they would lose all their DLA if they returned to work.

- DLA was typically claimed at a point when the claimant had come to view their disability as both serious and long term.

Views reinforced by third parties

- These perceptions were sometimes reinforced by third parties who were involved in precipitating claims or actively engaged in the process of making an application on someone's behalf (medical professionals and staff in support and advisory agencies).
- The choices that people were making about working or not working were frequently being made under extreme financial pressure, and claims for DLA were typically precipitated at points of financial crisis subsequent upon health crises. For a significant proportion of applicants this financial crisis was the immediate consequence of leaving work.

Those long-term out of work

- Those DLA applicants who were long-term out of work were more likely to be financially motivated than those more recently in work, and they shared many of the familiar labour market disadvantages and barriers typical of other long-term unemployed people.
- They were more likely than those closer to work to view their disabilities as preventing them from doing any work at all.

Applicants in or close to work

- Many of those applying for DLA from within employment, or while on sick leave from a job, had strong intentions and expectations to continue in some form of work, though their expectations appeared over-optimistic when compared to their actual situations some five months later.
- Accepting impairment, and rethinking in practical terms what work was possible and viable for them in the future, were major psychological barriers for many recently employed applicants –nevertheless, immediate practical adjustments to work situations were common, in particular moving to part-time working.

- The best route (back) into work for DLA recipients appeared to be with known previous employers who knew their longer term work record, felt a degree of responsibility for them, and could look to make practical adjustments to existing workplaces and working hours and conditions. Nearly three-quarters of those who moved into work in the period of the research did so with employers they knew – and this included many who had been out of work when they applied for DLA.
- DLA recipients felt that attempting to compete in the open labour market for a new job put them at a serious disadvantage and that their recent health record would make finding work even more difficult.

Fear of review and loss of DLA

- DLA recipients were found to see themselves as having more to lose and less to gain than other benefits claimants.
- There was evident concern that working could lead to a review of eligibility and a reduction or loss of DLA, particularly where whole household incomes were based on multiple benefits and complex interrelationships of caring.
- Many expressed a pervading sense of the vulnerability of their benefits income and perceived considerable risk to attach to any change in circumstances or move back to working that could disrupt benefit ‘packages’ that had been put together over a considerable period of time and with much perceived effort.
- This was particularly the case for those recipients of higher levels of DLA and passported benefits and supplements, as well as in households with more than one disabled person.

Job retention

- While disincentives operated for many, there were those for whom DLA was seen as having supported job retention. The key ways this had been achieved were by facilitating regular and informal travel to work arrangements, and allowing people to adjust the tasks they undertook and the hours they worked to better suit their reduced capabilities.

Conclusions

There is still much to be learned about the DLA recipient population. This study dealt with new recipients and sought to explore their decision making at and around the time of their application for DLA and in the subsequent months. It remains to be seen whether our findings would be equally applicable to the long-term claimants who make up the great majority of the DLA population.

Getting DLA does appear to have some disincentive effect regarding paid employment. Long-term incapacity benefits recipients and those with complex household arrangements of benefits perceive the greatest risks and are likely to be more difficult to move into work than those more recently employed. The Government target of moving one million incapacity benefits claimants into work remains a huge challenge.

There is an evident need for better information to be made available about DLA and scope for more intensive, personalised rehabilitation and employment support to applicants and recipients.

The time of application for DLA would be an appropriate point for support intervention for many people because a significant proportion of applicants are still in touch with employers and it is with known previous employers that most of the successful job adaptations and outcomes are being achieved.

DLA can successfully enable some people to remain in work, and the greatest potential from additional support may exist in focusing on job retention with those struggling to maintain employment in the face of new disability and health issues.

The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 84712 755 6. Research Report 648. July 2010).

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