Spending Review 2017

Disability Allowance Expenditure Drivers

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This paper has been prepared by IGEES staff in the Department of Public Expenditure & Reform in the context of the Spending Review 2017. The views presented in this paper do not represent the official views of the Minister for Public Expenditure and Reform or the Department of Employment Affairs and Social Protection.
Summary

Disability Allowance scheme has greatly expanded in scale over the past twenty years

- Over the past two decades expenditure on Disability Allowance has increased from €185m to €1,358m driven by a combination of an increased number of recipients and increases in the weekly payment rate.

Since 2012 there has been a marked change in the expenditure trend and underlying drivers of the scheme.

- From 2012 to 2016 there has been an annual average growth in expenditure of €68m or 5.7%. As payment rates were flat over the period, growth in expenditure has been due to increasing recipients.
- The number of recipients increased by 24,358 or 25% in this four year period.

Current trends in expenditure growth are unsustainable.

- Continued increases in expenditure at 5.7% per annum would result in expenditure exceeding €1.7bn by 2020.

Approx. 40% of the inflow of recipients can be readily explained

- A quarter of the inflow can be attributed to demographic change and changes in disability prevalence rates as reported in Census 2016.
- A further 14% can be explained by movement from Illness Benefit following the implementation of a 2 year duration cap on the scheme.

There are a number of trends which may help to explain the remaining 60% of the inflow

- 21% of the inflow relates to the 16-18 year cohort. While some of this increase may be explained by changes in population and disability prevalence, the majority relates to persons who were formerly a qualified child on a parent’s social welfare payment
- 13% of the inflow relates to persons migrating from jobseeker schemes.
- Another significant cohort are qualified adults.

Going forward both reform of the scheme and the policy area may be required

- The next step is to uncover the unexplained inflows to the scheme to help inform future policy reform in this area. In this context, DEASP should undertake an assessment of DA early in 2018 which focuses on the objectives and legislative basis of the DA scheme to assess whether it remains fit-for-purpose in this evolving policy environment.
- Ireland’s experience of increasing disability income support recipients is similar to other European countries. There are many examples of reforms undertaken in other EU countries to improve both the operational aspects and the integration of income supports with employment services.

Activation services are a vital policy tool in helping to improve outcomes for people with disabilities and other cohorts removed from the labour market.

- One of the cornerstone of the Comprehensive Employment Strategy for People with Disabilities is to improve the employability of people with disabilities through providing enhanced supports. Given the improvements in the labour market and the significant investment which has been made in activation services over the past few years, there is ample scope to deliver enhanced activation services to a broader cohort beyond jobseekers.
- Both the Action Plan for Jobs and Pathways to Work strategies commit to extending activation services, on a voluntary basis, to qualified adults and people with disabilities. This should be actively progressed by DEASP in 2018.
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1. Introduction

A range of supports are provided to people with disabilities, including income\(^1\) and integration supports\(^2\). The main income support is Disability Allowance (DA) which is a weekly payment provided to people with a disability. At end 2016 there were over 126,000 recipients of the allowance with associated expenditure of €1.36bn. The objectives of the Disability Allowance scheme\(^3\), as set out by the Department of Employment Affairs and Social Protection, are twofold:

1. To provide income supports to people with disabilities whose employment capacity is substantially reduced by reason of their disability and whose means are insufficient to meet their own needs and those of their dependents
2. To encourage and assist people with disabilities and long-term illnesses to identify and take up employment, training, educational and other self-development opportunities, where appropriate.

The aim of this paper is to identify and quantify the expenditure drivers underpinning the Disability Allowance scheme. A previous paper examined the overall expenditure trends and recipient profile of the main schemes under the Illness, Disability and Carer’s portion of the Department of Employment Affairs and Social Protection budget (IGEES, 2017). The paper concluded that expenditure on Disability Allowance has been increasing significantly due to an increasing number of scheme recipients since 2012. This analysis will explore the reasons behind this upward trend.

- Section Two sets out the scheme’s historical and recent expenditure trends, and the profile of recipients;
- Section Three analyses the specific drivers of increased recipient numbers since 2012 including demographic change, disability prevalence rates, migration from other schemes, policy changes and economic conditions;
- Section Four presents some international best practice regarding reforms of disability supports; and
- Section Five describes the range of employment and employability supports available to support people with disabilities to actively engage with the labour market; and
- Section Six concludes with a summary of the key findings and next steps.

Background

In 1996 Disability Allowance replaced the Disabled Persons Maintenance Allowance (DPMA).\(^4\) DPMA was a contingency-led and budget-driven scheme with a maximum number of participant places. In contrast,

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\(^1\) Income supports refer to sickness benefit values and availability.
\(^2\) Integration supports refer to special employment programmes, vocational rehabilitation and in-work benefits as defined by the OECD.
\(^4\) As per the Social Welfare (Consolidated Payments Provisions) Regulations (1996)
Disability Allowance is a demand-led support awarded to all persons who satisfy the qualification criteria, meaning recipient numbers increase or decrease in line with the demand of eligible applicants. Qualification criteria for Disability Allowance therefore represent an important first point in ensuring that the scheme is appropriate to the needs of the applicants and reflects their capacities. The qualification criteria can have an impact on the level of scheme inflow and subsequently scheme expenditure.

Chapter 10 of the Social Welfare Consolidation Act (2005), as amended by Statutory Instrument No. 142/2007, set out the existing qualification criteria and operational guidelines for the Disability Allowance scheme (Social Welfare Consolidation Act Part 3 Chapter 10, 2005). It specifies that to qualify for Disability Allowance a person must be habitually resident in the State, satisfy a means test, and fall within the medical qualification criteria. Means testing criteria for the scheme are set out in detail in Appendix A. The medical qualification criteria for Disability Allowance primarily centre on a requirement that the applicant be unable to undertake suitable employment, as follows:

“... [the applicant must be] substantially restricted in undertaking employment ... of a kind which, if the person was not suffering from that disability, would be suited to that person’s age, experience and qualifications...”

The existing primary legislation does not further define ‘substantially restricted’. However in 2007 the Social Welfare (Consolidated Claims, Payments and Control) Regulations (2007) stipulated that an applicant shall be regarded as “substantially restricted in undertaking suitable employment by reason of a specified disability where he or she suffers from an injury, disease, congenital deformity or physical or mental illness which has continued or, in the opinion of a deciding officer or an appeals officer, may reasonably expect to continue for a period of at least 1 year”.

Previous Reviews of DA
A number of reports have previously examined this scheme. The 2010 Value for Money Review of Disability Allowance (Department of Employment Affairs and Social Protection, 2010) identified a number of potential drivers behind scheme expenditure, including easing of the means test, extension of the scheme to people in long-term institutional care, demographic trends, and progression from Domiciliary Care Allowance. The second report of the Advisory Group on Tax and Social Welfare (Advisory Group on Tax and Social Welfare, 2012) also identified a number of factors behind increases in Disability, Illness and Carer’s expenditure, particularly in relation to rising recipient numbers on the Disability Allowance and Domiciliary Care Allowance schemes that included:

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5 Domiciliary Care Allowance (DCA) is a monthly payment for a child aged under 16 with a severe disability, who requires ongoing care and attention, substantially over and above the care and attention usually required by a child of the same age. It is not means tested (Citizens Information, 2017)
• Population changes and ageing trends;
• Economic factors, including labour market fluctuations and the availability and attractiveness of work;
• Movement from other social welfare schemes;
• Changes to the prevalence of disability, or different types of disability, within the population;
• Changes to standard medical definition and diagnosis practices; and
• Changes to qualification criteria including means testing, and medical assessment.

However no further detail was provided setting out the size of the contribution of each of the above factors to the overall increase in expenditure.

In terms of providing additional information, the Department of Employment Affairs and Social Protection undertook a survey of Disability Allowance (DA) recipients in 2015 (Department of Employment Affairs and Social Protection, 2015). The overall objective of the survey was to “inform the design of supports and interventions which will assist people in receipt of the allowance to participate in the labour force according to their capacity”. The results of the survey provide information regarding the profile of DA recipients, employment and education ambitions, and barriers to employment faced by this cohort.

Overall, this paper aims to build on this evidence base using a variety of data sources, including scheme administrative data, to quantify the factors underpinning the continued increase in recipient numbers.
2. Trend Analysis

This section considers a number of trends in Disability Allowance expenditure. Firstly, the change in overall expenditure from 1997 to 2016 will be set out. Following this, the evolution of recipient numbers and weekly payment rates will be presented and the relative impact of these two factors on total expenditure will be disaggregated. The end of the section will focus on more recent trends in the profile of recipients since 2012, specifically looking at gender, age, nationality and duration of time spent on the scheme.

Historical Trends

Since its introduction in 1997 to 2016, Disability Allowance expenditure increased from €185m to €1,358m – growth of €1,173m or 634.1% over two decades, as shown in Figure 1 below. This upward expenditure trend has continued into 2017, with an increased allocation of €1,416m (Revised Estimates Volume, 2017).

The trajectory of expenditure over the period 1997 to 2016 can be split into three distinct phases:

- 1997 to 2009 with average annual growth of €80m or 16.4%;
- 2009 to 2012 with average annual decreases of €19m or 1.7%; and
- 2012 onwards with a return to growth, averaging €68m or 5.7% annually.

Figure 1: Expenditure on Disability Allowance, 1997 to 2016

Source: (Department of Employment Affairs and Social Protection, 1997-2015), 2016 Provisional Outturn

*Allocated; Figures for 1997, 1998 and 1999 have been converted into euro by the author.
Growth in Disability Allowance expenditure can be decomposed into two main components: the number of recipients and the weekly rate of payment. It is also impacted by the number of qualified dependents associated with recipients and the relevant weekly rate applicable, which varies depending on whether the dependent is an adult or child. In 2015 10.4% of DA recipients were in receipt of a Qualified Adult (QA) payment and 14.4% were in receipt of a Qualified Child (QC) payment. These percentages have increased since 2012 when the percentage of DA recipients in receipt of a QA was 4.8% while the percentage with QC was 12.4%. The drivers behind changes in recipient numbers are discussed in the next section.

Over the period 1997 to 2016, recipient numbers grew from 43,192 to 126,132, an increase of 82,940 or 192.0%. Figure 2 below charts the number of recipients of Disability Allowance from its establishment in 1997 until 2016. As with the trend in expenditure, the period can be broken into three phases:

- 1997 to 2011 with average annual growth of 6.4% over the period;
- 2011 to 2012 with a decline of 1.1% recipients; and,
- 2012 onwards with a return to growth, averaging 5.5% annually.

**Figure 2: Number of recipients of Disability Allowance, 1997 to 2016**

Source: (Department of Employment Affairs and Social Protection, 1997-2015)

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6 Qualified dependants refer to Qualified Adults and Children. A qualified adult is someone a recipient is married to or living with as a couple and who is wholly or mainly maintained by that recipient. A qualified child is a child who normally lives with the recipient and is being maintained by the recipient up to the end of the academic year in which they reach age 18, or they are aged 18 to 22 and in full time education by day at a recognised school or college.

7 In 2016 the Increase for a Qualified Child (IQC) is €29.80 for full-rate and €14.90 for half-rate per week. For a Qualified Adult the corresponding full weekly rate is €124.10.

8 These figures are taken from the Department of Social Protection's Annual Statistical Report 2015.
Over the same period the weekly personal payment rate increased from €85.66\(^9\) to €188.00, an increase of €102.34 or 119.5%. Figure 3 below charts the weekly rate of payment for Disability Allowance from 1997 to 2016. Again, the period can be subdivided into three phases:

- 1997 to 2009 when the weekly rate was increased every year, by an annual average of 7.6%;
- 2010 and 2011 when the rate was reduced in consecutive years, by an annual average of 4.1%; and,
- 2011 onwards when the weekly rate did not change\(^{10}\).

Figure 3: Disability Allowance weekly payment rates, 1997 to 2016

Taking the data presented in Figures 1 to 3 together, the €1,173m increase in expenditure over the period can be explained by a €693m increase attributable to growth in recipient numbers and €367m attributable to weekly payment rate changes. The residual of €112m relates mainly to supplementary payments for qualified dependents under the scheme, which increased from 12,195 in 1997 to 50,339 in 2016.

In order to illustrate the scale of the various components contributing to the increase in Disability Allowance expenditure, a decomposition analysis is presented in Figure 4.

- From 1997 until 2009 large increases in spending were fuelled by a combination of rising recipient numbers and increasing weekly rates.

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\(^9\) This rate has been calculated using the following conversion rate from Irish pound to euro: £1 = €0.78756

\(^{10}\) From 1 March 2017 the weekly rate is €193.00.
- At peak weekly rate levels in 2009, rate changes explained €459m of the total increase of €958m since 1997 while recipient numbers explained €405m.
- From 2009 until 2012 a small fall in expenditure was brought about through a combination of a slowdown in the growth of recipient numbers and two reductions to the weekly rate in 2010 and 2011.
- Finally, since 2012, the return to expenditure growth has been mainly due to an acceleration of the annual growth in recipient numbers; as payment rates were flat, they explain none of the increase in expenditure from 2012 to 2016. There was a very small increase in dependent payments over the same period.

**Figure 4: Decomposition of cumulative Disability Allowance expenditure growth, 1997 to 2016**

Source: Author calculation based on Statistical Reports data (Department of Employment Affairs and Social Protection, 1997-2015)

Overall expenditure has increased by 5.5% per annum over the period 2012 to 2016. This includes the provision of a Christmas Bonus from 2014 onwards. Going forward this level of annual increase over the next 3 to 4 years could see total expenditure on Disability Allowance exceed €1.7bn by 2020. This does not take account of any potential future changes in the personal payment rate.

Having looked at long-term trends since the establishment of Disability Allowance in 1997, the remainder of this section will focus in on some of the trends underlying the renewed period of expenditure growth from 2012 onwards.
Recent Trends: 2012-2016

From 2012 to 2016 the number of recipients increased from 101,784 to 126,132, an increase of 24,348 or nearly 25% in four years. By comparison, in the four-year period from 2008 to 2012 the number of recipients grew from 95,754 to 101,784, an increase of 6,030 or 6.3%. As the number of Disability Allowance recipients has increased sharply since 2012, the characteristics of those in receipt of the payment has evolved. Figure 5 and Figure 6 below break down recipients by gender and age group for 2012 and 2016.

In 2016 57.7% of recipients were male. As can be seen, the absolute increase in the number of males and females claiming the allowance is fairly similar at 12,655 and 11,764 respectively.

**Figure 5: Disability Allowance recipients by gender, 2012 and 2016**

The number of DA recipients in older age cohorts has increased, as illustrated in Figure 6. This reflects the fact that disability prevalence tends to increase with age. At age 66 DA recipients are no longer eligible for the Disability Allowance payment but are assessed for pension payments and this is reflected in the small number of over 65 recipients. Every cohort increased in size between 2012 and 2016. The largest nominal increases occurred in the 45-54 and 55-64 age cohorts at 7,105 and 6,899 respectively. In terms of percentage growth, the 16-24 and 45-54 age cohorts grew most significantly over the period at 30%.

Source: (Department of Employment Affairs and Social Protection, 1997-2015)
In terms of nationality the largest category is Irish, accounting for 91% of the total cohort in 2016. The largest increase was recorded among Irish recipients, which grew by 20,483 from 94,280 to 114,763 as set out in Table 1. However, while this was the largest increase in absolute terms, in relative terms the growth in recipients from the UK and elsewhere in the EU was greater. The largest increase in relative terms was in the number of recipients from countries that have joined the EU since May 2004 which grew from 1,663 in 2012 to 4,206 in 2016 – an increase of 2,543 or 152.9%. Finally, there was a small decline in the number of non-EU recipients, from 1,828 to 1,606.

**Table 1: Disability Allowance recipients by nationality, 2012 and 2016**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2016</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>94,280</td>
<td>114,763</td>
<td>20,483</td>
<td>21.7%</td>
</tr>
<tr>
<td>UK</td>
<td>3,658</td>
<td>5,093</td>
<td>1,435</td>
<td>39.2%</td>
</tr>
<tr>
<td>Other EU15</td>
<td>355</td>
<td>535</td>
<td>180</td>
<td>50.7%</td>
</tr>
<tr>
<td>Other EU¹¹</td>
<td>1,663</td>
<td>4,206</td>
<td>2,543</td>
<td>152.9%</td>
</tr>
<tr>
<td>Non-EU</td>
<td>1,828</td>
<td>1,606</td>
<td>-222</td>
<td>-12.1%</td>
</tr>
</tbody>
</table>

Source: (Department of Employment Affairs and Social Protection, 1997-2015)

¹¹ Other EU countries refer to Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.
In terms of the stock of DA recipients, 55% of recipients have a duration of more than 5 years on the scheme. This reflects the low level of outflow from the scheme which will be discussed in detail in Section 3. This is consistent with international experience, where outflow is very small and disability schemes are permanent or quasi-permanent in nature. As depicted in Figure 7, the single largest duration category was the 1 to 5 years with 45,000 recipients or 36% of the total in 2016 compared to the 6 to 10 year category which was the largest back in 2013. The 1 to 5 years category saw the largest increase over the period with growth of 16,698. The less than 1 year cohort saw the most significant relative increase over the period, increasing by 8,535 or 251%. These developments point to an increasing level of inflow into the scheme over the past 5 years.

Figure 7: DA Recipient cohort by duration of time spent on scheme, 2012 to 2016

Key points

- Expenditure on Disability Allowance has risen significantly since its establishment in 1997, from €185m to €1,358m in 2016.
- Continued increases in expenditure at 6% per annum (the average growth rate over the past 4 years), would result in expenditure exceeding €1.7bn by 2020.
- In the period since 2012 alone, expenditure has increased by €271m. Given that payment rates were flat during this time, the increase was primarily due to growth in the volume of recipients, which increased from 101,784 in 2012 to 126,132 in 2016.
- Over the past five years there have been large annual inflows into DA with limited outflow in line with international experience. The growth in the categories with duration of less than 5 years reflects this increasing inflow trend.
- Underlying this increase, growth among those aged under 25 and those aged 45 to 54 has been disproportionately large.
• Though Irish nationals are still by far the largest group receiving the allowance, the proportion of recipients from elsewhere in the EU has increased in recent years, particularly those from countries which have joined the EU since May 2004.

Having set out some of the key trends in and components of Disability Allowance expenditure and recipients in recent years, Section 3 of the paper will focus on the drivers of this growth in greater detail.
3. Expenditure Drivers

Building on Section 2, which demonstrated substantial increases in Disability Allowance expenditure since 2012 driven primarily by increasing recipient numbers, this Section will seek to explore the drivers behind this growth pattern.

Demographic change

When trying to identify the cause of increased inflow in recent years, demographics is an obvious starting point – all else being equal, a growing eligible population\(^{12}\) implies a growing number of recipients. Over the period 2011 to 2016 the population aged 15 to 64 increased by 44,500 or 1.4%. The 15-24 year cohort decreased by 0.7% (see Table 2). Overall the 22.6% growth seen in the number of Disability Allowance recipients over the same period is in excess of demographic developments. Of course, this finding must be caveated by the fact that the disabled population is a subset of the total population and may not have the same growth characteristics. Nevertheless, there would appear to be a large gap between scheme uptake since 2011 and demographic developments which suggests that demographic change alone cannot explain the inflows into the scheme that is driving up expenditure over the period.

Table 2: Key disability-related Census metrics

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Population (Census 2016)</strong></td>
<td>000s</td>
<td>000s</td>
<td>000s</td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-64 (working age adults)</td>
<td>3073.3</td>
<td>3117.7</td>
<td>44.5</td>
</tr>
<tr>
<td>of which 15-24 (young working age)</td>
<td>580.3</td>
<td>576.5</td>
<td>-3.8</td>
</tr>
<tr>
<td><strong>Population with a disability (Census 2016)</strong></td>
<td>000s</td>
<td>000s</td>
<td>000s</td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-64 (working age adults)</td>
<td>338.2</td>
<td>359.7</td>
<td>21.4</td>
</tr>
<tr>
<td>15-24 (young working age)</td>
<td>44.5</td>
<td>53.5</td>
<td>9</td>
</tr>
<tr>
<td><strong>Disability Prevalence</strong></td>
<td>%</td>
<td>%</td>
<td>Percentage point</td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-64 (working age adults)</td>
<td>11.0%</td>
<td>11.5%</td>
<td>0.5p.p</td>
</tr>
<tr>
<td>15-24 (young working age)</td>
<td>7.7%</td>
<td>9.3%</td>
<td>1.6p.p</td>
</tr>
</tbody>
</table>

Source: (Central Statistics Office, 2016)

\(^{12}\) Eligibility for Disability Allowance is age 16 to 66. CSO population data is only available for the 15 to 64 year cohort and is used as an approximation.
Disability Prevalence

Census 2016 data also allows an analysis of the prevalence of disability in the population although this data is subject to numerous caveats. It is based on self-reported answers to three questions (see Appendix B). The number of people recorded as having a disability is sensitive to what definition is used, and how it is measured. Unlike age or gender, ‘disability’ is not sharply defined. People’s perception of what constitutes a threshold of disability can also vary over time (National Disability Authority, 2017). As demonstrated in Table 2, the percentage of the population reporting a disability increased by 0.5 percentage points from 13% to 13.5% between 2011 and 2016. There was an increase of 21,400 in the number of persons reporting a disability among the 15-64 age cohort over the period 2011 to 2016. In terms of the 15-24 age cohort, this figure increased by 9,000 despite a fall in the size of this population cohort.

The diagram below illustrates the difference between the growth in the number of Disability Allowance recipients and a counterfactual generated using population and disability prevalence statistics reported in Census 2016. This analysis is based on extrapolating the current Disability Allowance population coverage rate per age cohort and then adding an average annual change in disability prevalence as per Census data. Overall, it suggests that approx. one quarter of the increase in the number of DA recipients can be accounted for by demographic change and changes in disability prevalence rates.

Figure 8: Comparison of DA recipients versus population and disability prevalence counterfactual


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13 Given the fact that the Census measures self-reported disability status, it is not directly related to the number of persons in receipt of Disability Allowance. Therefore only the increase in disability prevalence is included in this analysis rather than the prevalence rate itself.
**Previous Status of DA recipients**

The rest of this section will focus on analysing the inflow cohort over the period 2013 to 2016. As can be seen in Figure 9 below, the annual inflow has been increasing since 2013 while the number of people leaving the scheme is more stable, averaging just over 7,900 from 2013 to 2016.

**Figure 9: Annual Disability Allowance recipient inflow and outflow, 2013 to 2016**

![Bar chart showing annual Disability Allowance recipient inflow and outflow from 2013 to 2016](chart.png)

Source: DEASP Admin Data

DEASP administrative data is a useful lens through which to analyse the previous status of DA recipients as it provides detail on the status of all persons prior to entering the Disability Allowance scheme. However, this type of data is not available for the inflow cohort but only the entire cohort on an annual basis. As a proxy, Table 3 sets out the change in the number of recipients in each of 8 categories of previous status. Further detail on this data is available in Appendix C. This data is subject to significant caveats given there are a significant number of unknown variables. For instance, the number of unknown variables declined significantly over the period, presumably due to re-categorisation following data improvements. There are a number of assumptions underpinning the data presented in Table 3 and therefore the data should be interpreted in this context:

- Changes in the previous status of the cohort of DA recipients broadly mirrors the inflow of recipients into DA over the period 2012 to 2016;

- A portion of the unknown variables were re-categorised over the period. In particular, the number of persons recorded with a previous status of Long-Term Unemployment Assistance increased over the period by 4,193. However, this scheme did not exist over this period being replaced by Jobseeker’s
Allowance in 2006. Therefore it is assumed that a portion of the fall in the number of unknown variables over the period can be attributed to this re-categorisation.

Overall, the inclusion of the unknown variables in the percentage calculations in Table 3 would alter the magnitude slightly but the ordering of the previous status of DA recipients would remain unchanged.

**Table 3: Profile of the change in previous status of Disability Allowance Recipients using proxy inflow data, 2012 to 2016**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2016</th>
<th>Change 2012-2016</th>
<th>Percentage of known change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplementary Welfare Allowance</td>
<td>19,243</td>
<td>27,506</td>
<td>8,263</td>
<td>29%</td>
</tr>
<tr>
<td>Children (16-18 year olds)</td>
<td>3,953</td>
<td>9,950</td>
<td>5,997</td>
<td>21%</td>
</tr>
<tr>
<td>Other Welfare</td>
<td>4,439</td>
<td>8,651</td>
<td>4,212</td>
<td>15%</td>
</tr>
<tr>
<td>Illness Benefit</td>
<td>2,497</td>
<td>6,505</td>
<td>4,008</td>
<td>14%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>13,722</td>
<td>17,463</td>
<td>3,741</td>
<td>13%</td>
</tr>
<tr>
<td>Not on Welfare</td>
<td>266</td>
<td>2,978</td>
<td>2,712</td>
<td>9%</td>
</tr>
<tr>
<td>Working</td>
<td>417</td>
<td>1,186</td>
<td>769</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>2,048</td>
<td>2,683</td>
<td>635</td>
<td>2%</td>
</tr>
<tr>
<td>Other Disability Related Scheme</td>
<td>10,960</td>
<td>9,218</td>
<td>-1,742</td>
<td>-6%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>57,545</td>
<td>86,140</td>
<td>28,595</td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td>42,579</td>
<td>34,148</td>
<td>-8,431</td>
<td></td>
</tr>
<tr>
<td>Long Term Unemployment Assistance(^{14})</td>
<td>1,651</td>
<td>5,844</td>
<td>4,193</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>101,775</td>
<td>126,132</td>
<td>24,357</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author analysis of DEASP Admin data

Based on the sample of DA recipients with known previous status, the following points are made:

- The largest category is Supplementary Welfare Allowance\(^{15}\) at 29%, and this is likely related to the nature of SWA as a transitional payment providing an income for people with low means while their DA application is being processed. The status of persons prior to SWA is not known but further evidence on this large cohort would be useful to include in future analysis.

\(^{14}\) This is a legacy scheme and was not in operation over the period 2012 to 2016.

\(^{15}\) Basic Supplementary Welfare Allowance is a weekly allowance paid to people who do not have enough income to meet their needs and those of their families (http://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/supplementary_welfare_schemes/supplementary_welfare_allow.html)
The second largest category refers to the children or 16-18 year cohort with an increase of 21%. This category includes persons formerly identified as a Qualified Child, children on the Domiciliary Care Allowance scheme or persons under the age of 18 prior to receiving the Disability Allowance Payment. Further detail is set out in Information Box 1.

The third largest category, at 15% of the total change, refers to persons formerly in receipt of other social welfare payments. The most significant subcategory here relates to Qualified Adults (part of their spouse’s social welfare payment) followed by One-Parent Family recipients and then Carer’s Allowance recipients.

Approx. 14% were previously in receipt of Illness Benefit and this is discussed in more detail below. This finding is consistent with international evidence which shows that sickness absence is a significant precursor to entry into a disability benefit scheme (OECD, 2010). Interestingly, the number of persons previously in receipt of other disability related schemes fell over the period.

The number of persons formerly identified as former jobseekers or persons on employment support schemes constitutes 13% of the change in previous status. The impact of economic conditions is discussed later in this section.

9% of persons were formerly not in receipt of any welfare payment with a further 3% identified as moving from employment into Disability Allowance.

Overall, a majority of the change in status of the recipient cohort relates to persons migrating from other non-Disability and Illness related Social Welfare schemes excluding Supplementary Welfare Allowance. In particular the number of Qualified Adult and Children is considerable at 2,564 and 3,924 respectively.

Changes to Illness Benefit

As set out on the previous page, there has been a significant inflow from Illness Benefit. Illness Benefit is a “short-term payment for insured people who cannot work due to illness”\(^\text{16}\). In 2009 a maximum duration of 2 years was introduced for new entrants onto the scheme. A previous IGEES paper “Expenditure Review of Disability and Illness Schemes and other non-Jobseeker related Income Supports” noted the possibility of persons moving from Illness Benefit to Disability Allowance following the implementation of this measure (Carberry & Doyle, 2014).

Taking a closer look at this policy change points to a number of different movements between schemes. Firstly, the number of persons on long term Illness benefit (LTIB) fell by 15,200 or 47% over the period 2011 to 2016. This coincided with an increase in the number of Disability Allowance recipients and an increase in the number of Invalidity Pension recipients (6,700 or 13.8% over the period)\(^\text{17}\). Using DEASP’s administrative data on


\(^{17}\) Also it should be borne in mind that the numbers of Invalidity Pension in 2011 were artificially low because of processing difficulties and that the abolition of the State Pension Transition over the period may have delayed exits from Illness Benefit and Disability Allowance.
previous status of Disability Allowance recipients, there was an approximate 4,000 increase in the number of persons reporting Illness Benefit as their previous status over the period 2012 to 2016. This would account for **approx. 14% of the increase in the total number of Disability Allowance recipients over the period**. This is likely to be a lower estimate given that some persons formerly in receipt of Illness Benefit may have moved to a temporary/transition payment, such as Supplementary Welfare Allowance, while awaiting processing of their DA application.

Overall, changes to the duration of eligibility for Illness Benefit are likely to have contributed to increased inflow into Disability Allowance but can only explain a portion of the total increase. It is not clear what ongoing impact this policy development is likely to have on the scheme.
Information Box 1 – 16-18 year cohort

While overall demographic change and changes in the rate of disability prevalence cannot explain all of the increase in recipient numbers since 2012, there has been a considerable increase in the number of young people receiving Disability Allowance in recent years (as set out on page 12). As recipients must ordinarily be aged 16 or over, 16 year olds tend to make up a large proportion of the annual inflow. The parents of some of these recipients will have interacted with the Department of Social Protection before if they were in receipt of the Domiciliary Care Allowance or a qualified child benefiting from another payment. Others present themselves for the first time at age 16.

Figure 10 below charts the inflow of children into Disability Allowance from 2013 to 2016. This inflow is broken down by the estimated number who previously received Domiciliary Care Allowance, the number who were previously qualified children and other. As inflow data is not available for individual’s previous Social Protection status, this breakdown is approximated by taking the net annual change in recipients for the three categories.

**Figure 10: Inflow of children into Disability Allowance by previous status, 2013 to 2016**

In total, the increase in the number of 16-18 year olds accounts for approx. 6,000 or 21% of the total known change in the number of recipient numbers since 2012. As previously described on page 15, the disability prevalence rate among the 15-24 year population increased by 1.6 percentage points. This was accompanied by a decline in that age cohort of the population. Overall, demographic and disability prevalence can explain 2,270 of the change in this cohort. This represents 38% of the inflow from this age cohort and 8% of the total inflow cohort.

Further analysis is required to assess the reasons behind the considerable number of qualified children moving into Disability Allowance at age 16.
Economic Conditions/Unemployment

As set out in Table 3, the unemployment category accounts for 13% of the change in the previous status of DA recipients over the period 2012 to 2016. Taking a closer look at this trend, Table 4 illustrates the two subcomponents including jobseeker payments\(^{18}\) and employment supports\(^{19}\). The number of people reporting their previous status as receiving a jobseeker payment grew over the period at a time when the Live Register was declining. In particular 2015 and 2016 saw significant increases in the number of people reporting jobseeker payment as their previous status, 1,169 and 1,457 people respectively. The average number of persons on the Live Register fell by 10% and 12% in 2015 and 2016 respectively\(^\text{20}\). Data from JobPath\(^\text{21}\) indicates that 17% of cancellations are attributable to a client becoming eligible for Disability Allowance.

Table 4: Number of people reporting unemployed as previous status, 2012-2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobseeker payment</td>
<td>5,322</td>
<td>5,959</td>
<td>6,750</td>
<td>7,919</td>
<td>9,376</td>
<td>4,054</td>
</tr>
<tr>
<td>Employment supports</td>
<td>8,400</td>
<td>8,554</td>
<td>8,447</td>
<td>8,249</td>
<td>8,087</td>
<td>-313</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,722</strong></td>
<td><strong>14,513</strong></td>
<td><strong>15,197</strong></td>
<td><strong>16,168</strong></td>
<td><strong>17,463</strong></td>
<td><strong>3,741</strong></td>
</tr>
</tbody>
</table>

Source: DEASP Admin data

The number of people reporting previous status as participating on an employment support scheme, such as Community Employment, fell over the period particularly in 2015 and 2016. This reflects the overall falling level of participation on employment supports following a peak in 2014.

Other Inflow Drivers

As noted in Section 1, previous reports set out a list of potential drivers of expenditure beyond demographic change, disability prevalence and migration from other social welfare schemes. These may include structural policy changes such as changes to the terms of the Disability Allowance scheme itself or changes to other related schemes. A number of these drivers are briefly discussed below.

As mentioned in Section 1, there are a number of eligibility requirements in place for entry onto the Disability Allowance scheme. This may include the means-test and other qualification criteria. Previous reports have mentioned changes to the DA means-test as one possible driver of growth. While this may have been the case

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\(^{18}\) Jobseeker payments refer to Jobseekers Allowance, Jobseekers Benefit and their previous versions.

\(^{19}\) Employment supports refer to a range of schemes to support unemployed people to find employment. These include previous FAS schemes and Community Employment.

\(^{20}\) See IGEES Paper 2017 – Analysis of Jobseekers and Related Expenditure

\(^{21}\) JobPath was launched in mid-2015 and fully rolled out in 2016.
in the past, there has been no significant changes to the DA means-test since 2012. Therefore, it cannot explain the recent increased inflow\textsuperscript{22}.

The other element of the qualification criteria is the medical assessment. There are two ways changes to the medical assessment could impact on the number of recipients: (i) changes to medical/diagnosis definitions and (ii) changes to how the medical assessment is carried out. In relation to (i), Section One of the paper noted there has been no change to medical criteria definition in the legislation underpinning this scheme. However, the Census data shows an increase in the number of persons reporting having a disability. Data was not available on the type of disability of DA recipients, therefore it is not possible to adequately assess the impact of changes to medical definitions or diagnoses. \textbf{This data should be collected and made available for analysis going forward.}

\textbf{Outflow}

Previously, Figure 9 illustrated the annual inflow and outflow from Disability Allowance over the period 2013 to 2016. An average of 7,900 persons left the Disability Allowance scheme each year over that period. Given that an individual no longer qualifies for Disability Allowance at age 66 but is instead assessed for the State Pension, this point marks a natural outflow point. Table 5 sets out the total number of people leaving Disability Allowance each year over the period 2013 to 2016. \textbf{An average of 36\% of the outflow each year is accounted for by persons aged 65 and over.}

\textbf{Table 5: Outflow of 65+ cohort from Disability Allowance, 2013-2016}

<table>
<thead>
<tr>
<th>Total Outflow</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>65+</td>
<td>2,728</td>
<td>2,706</td>
<td>2,882</td>
<td>3,091</td>
<td>2,852</td>
</tr>
<tr>
<td>65+ cohort as percentage of total outflow</td>
<td>35%</td>
<td>35%</td>
<td>39%</td>
<td>35%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: DEASP Admin data

The remaining 64\% of outflow is spread across the other age cohorts with the 21 to 29 age cohort reporting marginally higher levels of outflow. Low levels of outflow from disability schemes is common across OECD countries.

\textsuperscript{22} This paper does not consider the impact of changes to the means-test or other qualification criteria of other schemes on the Disability Allowance scheme.
Key points

- Growth in Disability Allowance recipient numbers since 2012 has been fueled by rising inflow, with a net increase of over 24,000 in the four years to 2016.

- Based on this analysis, approximately a quarter of the inflow over the period since 2012 can be attributed to demographic change and changes in the rate of disability prevalence. In addition, Illness Benefit policy change is also likely to have contributed to a minimum of 14% of the inflow.

- Based on the available data, this analysis cannot readily explain the remaining approx. 60% of the inflow. Changes in the previous status of DA recipients over the period 2012 to 2016 provides some useful information:
  - 21% of recipients entered the scheme at age 16 years with the majority previously a qualified child on a parent’s social welfare payment; and
  - A very significant number of people move into Disability Allowance from other non-disability related social welfare schemes, including 13% previously in receipt of a Jobseeker payment or on an employment support scheme.

- In line with international experience, outflow from Disability Allowance is limited and one third is concentrated on the over 65 cohort as they are no longer eligible for the payment.

Overall, further work is required to assess the reasons behind the continuing increasing inflow into DA particularly among young people. Previous reports have highlighted changes to medical diagnosis and medical assessment and these should be the subject of future detailed investigation.
4. International Best Practice

Increased inflows of persons into disability support schemes has occurred across a range of OECD countries. This section briefly highlights a number of reforms implemented in an international context with the aim of improving the operation of schemes.

Income Support Policy

The OECD have previously recommended a number of options for reform of income supports such as Disability Allowance (OECD, 2010). These reforms do not relate to the level of benefit provided but rather to the operation of the scheme. The options include:

1. The use of more objective medical criteria in the assessment of applications;
2. The application of more stringent vocational criteria in the assessment and review of applications; and
3. Implementation of changes to the duration of benefit payment.

Each of these options and the scope for improvement in relation to the Disability Allowance scheme will be discussed below.

Assessment and objectivity of medical criteria

This reform option refers to the tightening of the medical criteria used to determine eligibility for the scheme. Currently, the main medical assessment as part of the Disability Allowance application is carried out by the individual’s personal doctor. Some countries have moved away from general practitioners carrying out medical assessments towards a more uniform evaluation system with medical assessments carried out independently by the benefit authority.

For example in New Zealand, the authorities have moved away from a system that is similar to Ireland with assessment by a medical practitioner completing a certificate for eligibility. The new system uses case managers to determine eligibility on the basis of advice from medical practitioners, interviews with the applicant and other relevant assessments.

Stringency of vocational criteria

This reform centres on the criteria used to assess the applicant’s ability to work. In Ireland this assessment is determined in conjunction with the doctor’s medical assessment. Some countries have appointed medical professionals to carry out work ability assessments. Best practice suggests that clear guidelines should be provided to medical professionals on what constitutes full and partial working capacity.

The OECD report on disability and sickness benefits (OECD, 2010) emphasises the transformation of disability benefits into an employment instrument. The current Irish system is based on the assumption that the work capacity of the benefit recipient is unlikely to improve, resulting in low scheme outflows. In recent years, there
has been progress made; Intreo is being used as a gateway to employment activation with a person with a
disability offered an interview with an employment officer on a voluntary basis. Even when the overall health
does not improve, work capacity might have changed due to new work availability and adaptations of the work
environment. For example in the Netherlands, a broad perspective is taken when considering an applicant’s
ability to work by including more jobs as a reference point in determining benefit eligibility (see Information
Box 2 for further detail).

**Benefit payment duration**

The previous analysis has identified low level of outflows from DA and consequent high duration on the
scheme across clients under 65. This would suggest that it is a de facto permanent benefit in many cases. In
addition to income support to people with disabilities, DA scheme is also supposed to, among other things,
assist clients to identify and take up employment opportunities. In addition to extending activation measures
to DA recipients there may be scope to consider introducing a system for regular reassessment or
reapplication. This approach, which is applied by many OECD countries, could help prevent Disability
Allowance becoming a permanent benefit. For example, in Germany and Austria, disability benefits have
become strictly temporary for the majority of recipients; systematic reassessments of eligibility are carried out
at different intervals, e.g. 3 years.

Overall, it is important to note that in order to ensure that eligibility for income supports is assessed effectively
and fairly, cooperation between different actors – medical professionals, professionals within the public
employment services, and employers – with clear guidelines and procedures is crucial.

Based on international experience the following features can play an important role in achieving an effective,
cost-efficient and transparent scheme:

- Disability income supports can be flexible, allowing for more options than ‘payment’ or ‘no payment’.
- Regular reapplication or reassessment can prevent disability allowance from becoming a semi-
  permanent state.
- Job-seeking requirement should be based on someone’s capacity to work, instead of his or her medical
  condition.

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23 Comprehensive Employment Strategy for People with Disabilities.
Information Box 2: The Participation Act in the Netherlands

With the introduction of the Participation Act in 2015 the distinction between job-seekers allowance and disability allowance is no longer applicable in the Netherlands. In order to be eligible for the job-seeker allowance, a person needs to undergo a work capacity assessment, and seek work according to the outcome of this assessment. If appropriate, it can be decided that the person should undertake some other, non-paid activity in return for receiving benefits. This requirement, however, only applies when there is no reasonable chance of finding a paid occupancy within six months. The obligation to undertake unpaid work can last up to three years. Apart from the requirement of actively searching for and accepting work that is within one’s capacity, the recipient can be required to follow additional training when this is regarded as beneficial to his or her chances of finding suitable work. In addition, the recipient can be asked to travel or move to a municipality where appropriate work is available.

The above obligations prevent the allowance becoming a semi-permanent payment for people with disabilities. Since the introduction of the Participation Act, fewer people receive benefits and more people move into paid work. On top of the job-seeker allowance, there is a yearly payment for people that are (partially) disabled.
5. Employment and Employability Supports

The second objective of the DA scheme is to “identify and take up employment, training, educational and other self-development opportunities”. A combination of such supports are the extension of activation services on a voluntary basis with the availability of special employment programmes and vocational rehabilitation and in-work benefits. The importance of these types of supports was set out in the Comprehensive Employment Strategy for People with Disabilities published by the Government in 2015.

Current Strategies/Supports

The Comprehensive Employment Strategy for People with Disabilities (2015) aims to improve labour market access for the target cohort. It sets out a ten-year approach to supporting people with disabilities who would like to and are able to work. Supports into employment are centred on 6 strategic goals, as per Table 6.


<table>
<thead>
<tr>
<th>Strategic Goal 1</th>
<th>Build skills, capacity and independence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Goal 2</td>
<td>Provide bridges and supports into work</td>
</tr>
<tr>
<td>Strategic Goal 3</td>
<td>Make work pay</td>
</tr>
<tr>
<td>Strategic Goal 4</td>
<td>Promote job retention and re-entry to work</td>
</tr>
<tr>
<td>Strategic Goal 5</td>
<td>Provide co-ordinated and seamless support</td>
</tr>
<tr>
<td>Strategic Goal 6</td>
<td>Engage employers</td>
</tr>
</tbody>
</table>

The strategy sets out a number of structural changes and initiatives in order to achieve these goals, including an increase in the public service employment target of persons with disabilities from 3% to 6%. The report also identifies improvements that might be made to existing Department of Employment Affairs and Social Protection supports in this area:

EmployAbility: The EmployAbility scheme, with expenditure of €9.5m in 2016, provides an employment services, including advisory and career guidance services, to people with a disability who are ready to undertake employment and would benefit from additional support. The support provided can include access to job vacancies, assistance with applications, professional guidance, and general advice. A review of the effectiveness of the scheme was undertaken by Indecon Consultants. It found that “the service supports only a small cohort of clients (fewer than 3,000 at any one time) relative to the potential demand for supported employment services, while the geographical configuration of the service may not adequately reflect the location of demand”.

Wage Subsidy Scheme (WSS): The scheme, with expenditure of €22m in 2016, provides a financial incentive for private sector employers to employ a person with a disability. Participating employers may avail of 3 levels or ‘strands’ of subsidy, based on the number of persons with a disability they employ.

Extension of Intreo: The CES also provides for the expansion of the DEASP’s Intreo employment and activation service to better support persons with disabilities, who want to pursue further education, training or work opportunities.

Making Work Pay for People with Disabilities Report (Department of Employment Affairs and Social Protection, 2017): This report to Government, published in April 2017, sought to analyse the financial incentives to work available to people with disabilities. The income disregard for the Disability Allowance allows recipients to earn up to €120 per week while retaining their full DA payment and a taper of 50% applies to earnings between €120 and €350. This is intended to provide a strong financial incentive to take up employment. In addition recommendations 9 and 10 point to the need to “reconfigure the Disability Allowance scheme for new entrants to give effect to the principle of early intervention, as follows:

- Support for 16-18 year olds with significant support needs, which is currently paid by means of Disability Allowance, to be paid via Domiciliary Care Allowance up to 18 years of age;
- Explore possibilities for the reform of the structure of the Disability Allowance for those between the ages of 18-22 to focus on participation in education, training and/or social inclusion according to individual capacity”.

The take-up of various employment supports should be closely monitored. The Early Intervention recommendation should be progressed as soon as possible.
6. Conclusions and Next Steps

Disability Allowance scheme has greatly expanded in scale over the past twenty years

- Over the past two decades expenditure on Disability Allowance has increased from €185m to €1,358m driven by a combination of an increased number of recipients and increases in the weekly payment rate.

Since 2012 there has been a marked change in the expenditure trend and underlying drivers of the scheme.

- From 2012 to 2016 there has been annual average growth in expenditure of €68m or 5.7%. As payment rates were flat over the period, growth in expenditure has been due to increasing recipients.
- The number of recipients increased by 24,358 or 25% in this four year period.

Current trends in expenditure growth are unsustainable.

- Continued increases in expenditure at 5.7% per annum would result in expenditure exceeding €1.7bn by 2020.

Approx. 40% of the inflow of recipients can be readily explained

- A quarter of the inflow can be attributed to demographic change and changes in disability prevalence rates as reported in Census 2016.
- A further 14% can be explained by movement from Illness Benefit following the implementation of a 2 year duration cap on the scheme.

There are a number of trends which may help to explain the remaining 60% of the inflow

- 21% of the inflow relates to the 16-18 year cohort. While some of this increase may be explained by changes in population and disability prevalence, the majority relates to persons formerly a qualified child on a parent’s social welfare payment.
- 13% of the inflow relates to persons migrating from jobseeker schemes.
- Another significant cohort are qualified adults.

Going forward both reform of the scheme and the policy area may be required

- The next step is to uncover the unexplained inflows to the scheme to help inform future policy reform in this area. In this context, DEASP should undertake an assessment of DA early in 2018 which focuses
on the objectives and legislative basis of the DA scheme to assess whether it remains fit-for-purpose in this evolving policy environment.

- Ireland’s experience of increasing disability income support recipients is similar to other European countries. There are many examples of reforms undertaken in other EU countries to improve both the operational aspects and the integration of income supports with employment services.

**Activation services are a vital policy tool in helping to improve outcomes for people with disabilities and other cohorts removed from the labour market.**

- One of the cornerstones of the Comprehensive Employment Strategy for People with Disabilities is to improve the employability of people with disabilities through providing enhanced supports. Given the improvements in the labour market and the significant investment which has been made in activation services over the past few years, there is ample scope to deliver enhanced activation services to a broader cohort beyond jobseekers.

- Both the Action Plan for Jobs and Pathways to Work strategies commit to extending activation services, on a voluntary basis, to qualified adults and people with disabilities. This should be actively progressed by DEASP in 2018.
7. References


IGEES. (2017). Disability and Special Education Related Expenditure.


8. Appendix A – Disability Allowance Means-Testing Criteria

Disability Allowance is a means-tested payment. For the purposes of Disability Allowance, means are calculated in accordance with Part 2 of the Schedule 3 of the Social Welfare Consolidation Act 2005 as amended.

In assessing means for social assistance payments the main items that count are:

- cash income,
- the value of any investments, savings and shares,
- the value of any property, except the applicant’s home,
- maintenance payments,
- certain income that maybe derived from employment or self-employment.

The following items do not count as means:

- the applicant’s own home,
- a payment from the Department of Employment Affairs and Social Protection to another member of the applicant’s household,
- the first €20 per day of the applicant’s spouse’s, civil partner’s or cohabitant’s weekly earnings from insurable employment (excluding self-employment) subject to a maximum of €60 per week and 40% of the balance.
- the first €50,000 of capital assets, such as savings,
- money received from a recognised charity (excluding a public or local authority),
- the maintenance element of a higher education grant paid for certain courses,
- income up to a certain limit from rehabilitative employment,
- income from rehabilitative training,
- Domiciliary Care Allowance paid for any qualified child,
- Child Benefit, Supplementary Welfare Allowance or allowances paid by the Health Service Executive (HSE) for children placed in foster care or with relatives by the (HSE),
- Mobility Allowance from the HSE, and
- Compensation received from certain state tribunals such as the Hepatitis C, HIV, Residential Redress Board, Lourdes Hospital Payment Scheme and the Symphysiotomy Payment Scheme.

The assessment formula for Disability Allowance provides for the first €50,000 of capital to be disregarded. This means that a single person may have €50,000 in savings, and if they have no other means, they will receive the full rate of such payments. This additional disregard is in recognition that a person in receipt of Disability
Allowance may have a substantial permanent disability with no prospects of employment in the future. In these cases, parents, for example, may wish to provide some capital for their adult children as a safety net, without it impacting on their child’s weekly payment. The €50,000 disregard applies to both single and couple DA claimants: i.e. one €50,000 disregard is available.

Formula used to assess the weekly value of capital for Disability Allowance:

<table>
<thead>
<tr>
<th>Formula</th>
<th>Weekly Means</th>
</tr>
</thead>
<tbody>
<tr>
<td>First €50,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Next €10,000</td>
<td>€1 per €1,000</td>
</tr>
<tr>
<td>Next €10,000</td>
<td>€2 per €1,000</td>
</tr>
<tr>
<td>Excess of €70,000</td>
<td>€4 per €1,000</td>
</tr>
</tbody>
</table>
9. Appendix B - Census disability-related questions

In the 2011 and 2016 Census, questions relating to disabilities were namely Questions 16, 17 and 18.

‘Question 16: Do you have any of the following long-lasting conditions or difficulties?

- Blindness or serious vision impairment
- Deafness or serious hearing impairment
- A difficulty with basic physical activities such as walking, climbing stairs, reaching, lifting or carrying?
- An intellectual disability
- A difficulty with learning, remembering or concentrating
- A psychological or emotional condition
- A difficulty with pain, breathing, or any other chronic illness or condition’

‘Question 17: If ‘Yes’ to any of the categories specified in Question 16, do you have any difficulty in doing any the following?

- Dressing, bathing or getting around inside the home
- Going outside the home alone to shop or visit a doctor’s surgery
- Working at a job or business or attending school or college
- Participating in other activities, for example leisure or using transport’

‘Question 18: How is your health in general?

- Very Good
- Good
- Fair
- Bad
- Very Bad’

Source: CSO
### 10. Appendix C – Previous Status of DA Recipients

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Children</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child</td>
<td>3,953</td>
<td>9,950</td>
<td>5,997</td>
</tr>
<tr>
<td>Qualified Child</td>
<td>103</td>
<td>1,101</td>
<td>998</td>
</tr>
<tr>
<td>Domiciliary Care Allowance</td>
<td>3,541</td>
<td>4,616</td>
<td>1,075</td>
</tr>
<tr>
<td><strong>Unemployed</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td>13,722</td>
<td>17,463</td>
<td>3,741</td>
</tr>
<tr>
<td>Jobseeker payments</td>
<td>5,322</td>
<td>9,376</td>
<td>4,054</td>
</tr>
<tr>
<td>Employment supports (CES, FAS)</td>
<td>8,400</td>
<td>8,087</td>
<td>-313</td>
</tr>
<tr>
<td><strong>Other Welfare</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Welfare</td>
<td>4,439</td>
<td>8,651</td>
<td>4,212</td>
</tr>
<tr>
<td>Carer’s Allowance</td>
<td>1,114</td>
<td>1,337</td>
<td>223</td>
</tr>
<tr>
<td>One-Parent Family</td>
<td>1,083</td>
<td>2,508</td>
<td>1,425</td>
</tr>
<tr>
<td>Qualified Adult</td>
<td>2,242</td>
<td>4,806</td>
<td>2,564</td>
</tr>
<tr>
<td><strong>Working</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working</td>
<td>417</td>
<td>1,186</td>
<td>769</td>
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<td>635</td>
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<td>24,357</td>
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</table>

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Quality Assurance Process:
In addition to the Spending Review Working Group, the author also engaged with the Department of Employment Affairs and Social Protection.