

Growing pressures

Exploring trends in children's disability benefits

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Over the last decade, the number of under-16s in receipt of Disability Living Allowance (DLA) in England and Wales has doubled, reaching 682,000 in 2023, equivalent to one-in-sixteen children. This growing caseload has been driven almost entirely by awards made to children whose main condition is either a learning difficulty, behavioural disorder or attention deficit hyperactivity disorder (ADHD): in 2023, four-fifths of all Child DLA awards were for children whose main condition was one of these three.

This rapid increase in children's disability benefit awards has inevitable fiscal consequences. Children's disability benefits remain a relatively small part of public spending, but nonetheless have more than doubled from £1.9 billion in 2013-14 to £4.0 billion in 2023-24, and are set to reach £6.4 billion by 2028-29 (all figures in 2024-25 prices). Moreover, this has knock-on impacts on working-age disability benefit spending: in 2023, more than four-fifths of initial Child DLA-to-PIP reassessments led to a PIP award.

However, alongside those young people who previously received Child DLA and whose claim for PIP at age 16 is unsuccessful is another group who simply do not go on to make a PIP claim (estimated to be 13 per cent of those receiving Child DLA in 2022). As a result, the number of young people in receipt of disability benefits falls by more than one-quarter between the ages of 15 and 17, a time when, at the cusp of adulthood, a smoother transition would clearly be ideal.

Finally, these benefit trends mirror the rising number of disabled children in Great Britain overall. Over the past decade, their number has increased by almost half a million to 1.2 million in 2022-23, with more than four-fifths of this increase being children with a social or behavioural impairment. It is arguably *this* trend that should be of greatest concern to policy makers today, not least because tackling the burgeoning child disability benefits caseload requires action at root.



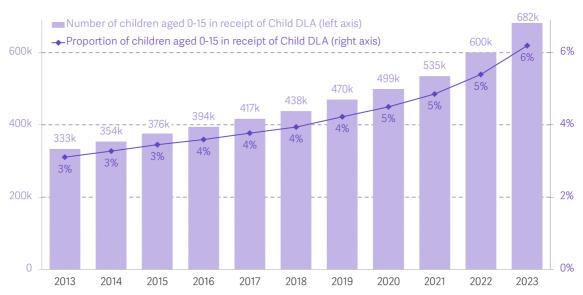
The number of children in receipt of disability benefits has risen dramatically in the last decade

In recent years, adult disability benefits have been the subject of <u>considerable concern</u>, with the number of claimants – and the overall cost – rising fast. In this Spotlight, we turn our attention to children's disability benefits, an area which represents a small but rapidly growing source of public spending. <u>Disability Living Allowance for children</u> (which we will refer to as Child DLA) is the main benefit in England and Wales today for children aged under 16 who have a health condition or disability. Paid to their parents or guardians, it is designed to reflect the extra costs associated with caring for children aged 0-15 who have difficulties walking, or who need significantly more looking after than a child of the same age with no disability does. 3

As Figure 1 shows, the scale of the increase in Child DLA awards over the past decade is dramatic, with the number of children in England and Wales who are in receipt of this benefit more than doubling between 2013 and 2023, rising from 333,000 to 682,000 (a rise of 348,000, or 104 per cent). By 2023, one-in-sixteen (6 per cent) children aged 0-15 were in receipt of Child DLA, double the proportion in 2013. Strikingly (and as shown in Figure 5 later in this Spotlight), the high receipt rate for disability benefits among teenagers means that, in 2023, children and young people aged 15 and 16 were more likely than those in their 20s, 30s, or 40s to be claiming a disability benefit; it was only by age 52 that the proportion of adults in receipt of disability benefits was higher than among these teenagers.

Figure 1 The number of children in receipt of disability benefits has doubled over the past decade

Number (left axis) and proportion (right axis) of children aged 0-15 in receipt of Child DLA: England and Wales



Notes: Caseload is for November each year. Scotland excluded due to the devolution of disability benefits. Source: RF analysis of DWP, Stat-Xplore; ONS, mid-year population estimates; ONS, 2021-based interim national population projections.



To better understand this trend, it is useful to explore the conditions associated with Child DLA awards. The most prevalent main conditions recorded for children in receipt of DLA are those relating to learning difficulties, behavioural disorders, or attention deficit hyperactivity disorder (ADHD).⁴ In 2023, four-in-five (544,000 of the 682,000) recipients of Child DLA in England and Wales had one of these as their main condition (see Figure 2). It is also among children with these three main conditions where Child DLA awards have risen most quickly in recent years. The Child DLA caseload in England and Wales has risen dramatically between 2013 and 2023 for children whose main condition is a behavioural disorder (up 562 per cent), learning difficulties (up 117 per cent) and ADHD (up 71 per cent). Meanwhile, the Child DLA caseload for children with all other main conditions has remained relatively steady, rising by just 10 per cent between 2013 and 2023, from 126,000 to 138,000.

Figure 2 Four-in-five children in receipt of DLA have a main condition relating to learning difficulties, a behavioural disorder or ADHD

Number of children aged 0-15 in receipt of Child DLA, by main disabling condition:
England and Wales



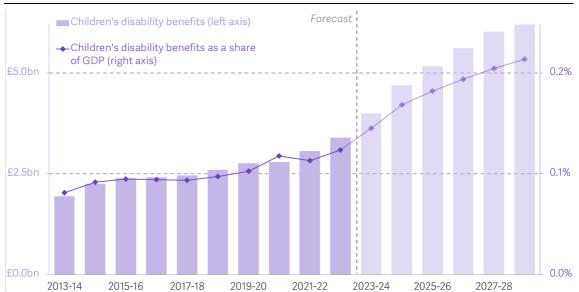
Notes: The conditions shown are the three most common main disabling conditions among Child DLA recipients in November 2023. Data is from November each year. ADHD refers to the DWP classification 'Hyperkinetic Syndrome'. Scotland excluded due to the rollout of Child Disability Payment. Source: RF analysis of DWP, Stat-Xplore.

Unsurprisingly, this growth in the number of children being awarded DLA is having an impact on the public purse. In real terms, spending on children's disability benefits more than doubled from £1.9 billion in 2013-14 to £4.0 billion in 2023-24 (all figures in 2024-25 prices), equivalent to an average rise of 6.2 per cent a year (see Figure 3). And this fiscal pressure is set to grow further still, and at a faster rate: the <u>latest OBR estimates</u> are for real-terms spending on children's disability benefits to increase by £2.4 billion between 2023-24 and 2028-29, from £4.0 billion to £6.4 billion, an average increase of 11.3 per cent a year.



Figure 3 Real-terms spending on children's disability benefits has doubled over the past decade

Real-terms spending on children's disability benefits (left axis) and children's disability benefits as a proportion of GDP (right axis): Great Britain



Notes: Deflated to 2024-25 prices using the OBR forecast for the GDP deflator. Children's disability benefits include Child DLA and Scottish Child Disability Payment.

Source: RF analysis of DWP, Spring Statement 2024 Expenditure and Caseload forecasts; Scottish Fiscal Commission, Economic & Fiscal Forecasts, various; OBR, Economic and Fiscal Outlook.

Of course, children's disability benefits are still a relatively small part of all government spending (and benefit spending overall). But the cost is rising steadily. Children's disability benefits accounted for just 0.08 per cent of GDP in 2013-14, but this has increased to reach 0.15 per cent of GDP in 2023-24. By the end of the forecast period in 2028-29, spending on children's disability benefits is set to reach 0.21 per cent of GDP.

Child DLA awards increasingly relate to care, not mobility

Although the overwhelming majority (90 per cent) of the increase in spending on Child DLA between 2013-14 and 2023-24 relates to the growing caseload, the remaining 10 per cent of upward pressure comes from the fact that the value of the average award has increased too.

To understand why average awards have risen, we need look at the <u>two components</u> of a Child DLA award: one relating to care, and the other relating to mobility. The care component is paid at one of three levels: the lowest rate is awarded to those who need help for some of the day; the middle rate to those who need frequent help or constant supervision during the day or supervision at night; and the highest rate to those who need help or supervision throughout both the day and night. Similarly, the mobility component is paid at one of two levels: the lowest rate for children who can walk but need help or supervision when outdoors, and the highest rate to those who cannot walk or can only walk very short distances without discomfort.⁵



As Figure 4 shows, the vast majority of Child DLA awards in 2023 include a care element at the middle or highest rate. Of the 682,000 Child DLA cases that year, 272,000 (40 per cent) included a care element at the highest rate and 383,000 (56 per cent) included a care element at the middle rate; by contrast, just 27,000 cases (4 per cent) included a lowest or nil rate care element. Meanwhile, it is the lowest rates of the mobility element that are more common: just 55,000 (8 per cent) of the total 682,000 Child DLA cases in 2023 a highest rate mobility element, whereas 460,000 (67 per cent) included a mobility element at the lowest rate, and 167,000 (24 per cent) included a nil-rate mobility element.

Figure 4 Child DLA awards increasingly relate to care, not mobility

Number of children in receipt of Child DLA, by care component rate (left) and mobility
component rate (right): England and Wales



Notes: Data is from November each year. Scotland excluded due to the rollout of Child Disability Payment. Source: RF analysis of DWP, Stat-Xplore.

As Figure 4 shows, the makeup of Child DLA awards has changed considerably, with the general trend being towards awards predominantly relating to care and away from awards predominantly relating to mobility. The number of Child DLA cases that include a care element at the middle rate has increased from 178,000 to 383,000 over the past decade (up 116 per cent), and those including a care element at the highest rate has increased from 136,000 to 272,000 (up 100 per cent). The number of cases including lowest or nil rate care elements remains low, meanwhile, standing at just 27,000 in 2023. But when it comes to the mobility component, there has been no increase in the number of cases that include a mobility element at the highest rate: there were 55,000 cases in both 2013 and 2023. This means that the share of all Child DLA cases that include the highest-rate mobility component has halved, from 16 per cent to 8 per cent. Instead, it is cases that include the lower rate that have grown most quickly, rising from 186,000 to 460,000 over the past decade (a rise of 147 per cent).



This shift away from mobility and towards care is important, because the middle and highest care components are worth £314 and £470 a month respectively, compared to £328 a month for the highest-rate mobility component. (The lowest care and mobility components are both worth £124 a month.) In addition, very low Child DLA awards – those that only include lowest-or nil-rate elements – remain rare. In 2023, these awards accounted for just 4 per cent of Child DLA cases (26,000 cases); this is virtually unchanged from 2013, when these awards represented 5 per cent of the total (18,000 cases). So, although there has been an upsurge in Child DLA awards over the past decade, this does not reflect an increase in children being awarded DLA for less-disabling conditions. Instead, the majority of children in receipt of Child DLA are deemed as having significant care needs that affect their day-to-day life.

The sharp drop-off in receipt as young people transition to adult disability benefits should also be a policy concern

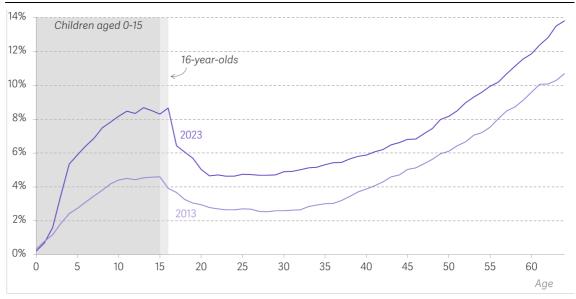
These trends in Child DLA matter not just because of the growing spend on *children's* disability benefits, but for working-age disability benefit spending too. Not all children receiving DLA apply for Personal Independence Payment (PIP) at age 16 (as we discuss below), but those who do tend to be successful. In 2023, more than four-fifths (86 per cent) of first Child DLA-to-PIP reassessments resulted in PIP being awarded – and seven-in-ten (70 per cent) of these reassessments resulted in a PIP award that was higher than the previous Child DLA award. In addition, more than three-quarters (77 per cent) of those whose main impairment is ADHD, behavioural disorder or learning difficulties receive a higher PIP award than their previous Child DLA award; for those with other main impairments, this stands at less than half (45 per cent). The on-flow is already showing up in the adult disability benefits system: in 2023, for example, there were 318,000 young people aged 16-24 in receipt of PIP, up from 172,000 in 2018.

But although the spending pressures that result from children moving onto PIP are concerning, there is also a case to be worried about those who do *not* move onto adult disability benefits. As Figure 5 makes plain, there is a big drop off in the disability benefit receipt rate between the ages of 15 and 17, and this has become larger over the past decade. In 2023, 8 per cent of all 15-year-olds were in receipt of disability benefits, falling back to 6 per cent of 17-year-olds (a fall of one-quarter); in 2013, there was less of a dip, with 5 per cent of 15-year-olds, and 4 per cent of 17-year-olds, in receipt of disability benefits.



Figure 5 There is a sharp drop off in disability benefit receipt between the ages of 15 and 17

Proportion of the population aged 0-64 in receipt of disability benefits, by single year of age: England and Wales, 2013 and 2023



Notes: Caseload is for November each year. Scotland excluded due to the devolution of disability benefits. Source: RF analysis of DWP, Stat-Xplore; ONS, mid-year population estimates; ONS, 2021-based interim national population projections.

This drop off stems from two sources. First, we estimate that one-in-six 15-year-olds (16 per cent) who were in receipt of Child DLA in 2022 went on to apply for PIP when they turned 16, but did not receive an award. It is not surprising to see some drop-off in benefit receipt as young people move from Child DLA to PIP: these are different benefits with fundamentally different assessment criteria. For example, the care element of DLA is awarded depending on whether or not children need extra looking after (largely from parents or caregivers), whereas the equivalent component of PIP is awarded based on young people's *own* ability to do certain everyday tasks; it is inevitable that some children and young people may meet the former criteria when a young teenager, but not the latter when they are slightly older. But alongside this, Child DLA is often awarded for reasonably long durations: in 2023 almost three-fifths (58 per cent) of Child DLA recipients aged 15 in England and Wales were receiving DLA for a claim that had lasted five years or more without reapplication. As a result, it may be the case that some children with conditions that have improved only see this reflected in the benefits system when they have to apply and be assessed for PIP at age 16.

Second, and more concerningly, we estimate that one-in-eight 15-year-olds (13 per cent) who were in receipt of Child DLA in 2022 did not apply for PIP when they turned 16. Why might this be the case? As above, some young people might have seen their health improve and no longer need (or expect to receive) support from the benefits system. However, there are reasons to think the transition from Child DLA to PIP may be particularly difficult. Child DLA



is claimed by parents because they are caring for a child with a disability, but PIP has to be claimed by the young adult themselves. Clearly, most young people will have little experience of engaging with formal processes at this age; although parents or guardians can be made 'appointees', this does not happen automatically. Moreover, the PIP application process is very different to that for Child DLA: the Child DLA application is paper-based, while the majority (81 per cent) of PIP applications involve a face-to-face or telephone assessment. Given the known difficulties that adults have claiming PIP, we should not be surprised if these were even greater for 16-year-olds at the cusp of adulthood.

Improving transitions between different benefits, especially for children and young people, is a difficult task. But the status quo is not good enough: such a large decline in benefit receipt as young people transition into adulthood suggests policy is failing somewhere. Actions to improve this could include aligning the DLA to PIP transition age with the cut-off age used in benefits such as Child Benefit, so that young people make this transition between the ages of 16 and 19 when they leave education or training, rather than at their 16th birthday. A similar approach is taken in Scotland, where young people aged 16-18 can choose to stay on Child Disability Payment (equivalent to Child DLA) or apply for Adult Disability Payment (equivalent to PIP). On the other hand, if there is evidence to suggest that some children's conditions improve before they turn 16, then it could be beneficial to move to shorter Child DLA awards so that children and young people flow out of the benefits system when their condition improves, rather than at an artificial cut off point at age 16.

Understanding trends in children's disability benefits requires policy makers to look not just at the benefits system, but also beyond

It is clear, then, that policy makers should be interested in trends in children's disability benefits: the doubling in caseload over the past decade is an understandably concerning source of spending pressure. But this concern needs to turn into greater attention on the drivers of the burgeoning caseload.

Some drivers may be similar to the factors pushing up claims for disability benefits among working-age adults. For example, family finances have been squeezed in recent years by the cost of living crisis and Covid-19 pandemic; this means that the financial impact of being awarded Child DLA (and the knock-on additions to benefits such as Universal Credit) can be transformational. For a family with two children in receipt of maximum Universal Credit, their monthly benefit incomes would double (increase by 104 per cent) if they were to be awarded Child DLA and the UC disabled child element for a severely disabled child. Similarly, it can be argued that benefit policy choices over the past decade have made the decision to apply for Child DLA higher-stakes: the introduction of the two-child limit in Universal Credit and tax credits, and cuts to the lower-rate disabled child element in Universal Credit, have increased families' need and incentive to claim Child DLA in the first place, and to try to be awarded Child DLA at a higher rate.



But although these pressures on family finances could plausibly influence claims for children's disability benefits, the upward trend in Child DLA fundamentally reflects the sharp rise in the prevalence of poor health and disability among British children. Between 2012-13 and 2022-23, the number of disabled children in Great Britain increased by almost half a million (440,000), rising from 780,000 to 1.2 million. This rise outpaces the increase in disability among adults, meaning that although children are still less likely to be disabled than working-age or pension-age adults, the gap has narrowed somewhat over time. As Figure 6 shows, in 2012-13 only 7 per cent of children were disabled, compared to 16 per cent of working-age adults and 43 per cent of pension-age adults. By 2022-23, the prevalence of disability has risen considerably among children and working-age adults: 11 per cent of children were disabled, compared to 23 per cent of working-age adults and 45 per cent of pension-age adults.

Figure 6 The prevalence of disability among children has increased over the past decade – especially for children aged 11-15

Proportion of the population aged 0-64 who are disabled, by single year of age: Great

Proportion of the population aged 0-64 who are disabled, by single year of age: Great Britain



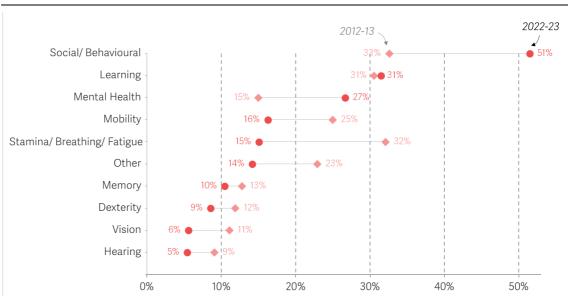
Notes: Data presented as three-year averages of each single year of age. Source: RF analysis of DWP, Family Resources Survey.

To better understand these trends, it is useful to explore the different types of impairments experienced by disabled children. The three most common impairments experienced by disabled children are social or behavioural (experienced by half (51 per cent) of disabled children), learning (experienced by almost a third (31 per cent) of disabled children) and mental health (experienced by over a quarter (27 per cent) of disabled children). This is shown in Figure 7. These trends from survey data are echoed elsewhere. Autism diagnoses have <u>risen exponentially</u> over the past two decades; there has been a huge increase in the number of children being <u>diagnosed with ADHD and being prescribed ADHD medication</u>



since the turn of the century, especially among boys aged 10-16; and the number of 10-14-year-olds who have been hospitalised as a result of self-harm has increased over the past decade. ¹² In addition, the number of children receiving council support for Special Educational Needs (SEN) is rising fast, with the number of children and young people in England with Education, Health and Care (EHC) plans rising by 11 per cent between January 2023 and 2024. It is plausible that some of this pressure is showing up in child disability benefit claims, with families being more likely to apply for Child DLA after receiving a diagnosis or description of their child's additional needs. (This is a topic we will return to in the coming months, when we will explore the wider relationship between disability and public services.)

Figure 7 Half of disabled children have a social or behavioural impairment
Proportion of disabled children aged 0-15 with different impairment types: Great
Britain, 2012-13 and 2022-23



Notes: Totals will sum to more than 100% since respondents can select more than one impairment type. Source: RF analysis of DWP, Family Resources Survey.

It is clear, then, that the types of conditions experienced by children in receipt of disability benefits closely reflect those experienced by disabled children more widely. If policy makers wish to stem the tide when it comes to child disability benefit awards, they must look beyond the benefits system and tackle the rising prevalence of disability among children as a whole, and, critically, of conditions such as autism and ADHD.



1 I am grateful to Mike Brewer and Lindsay Judge at the Resolution Foundation for their advice and guidance. Thanks also to Professor Ben Baumberg Geiger and Kathryn Gaines for helpful discussions and comments on an earlier draft.

2 Disability benefits are devolved in Scotland, and Child DLA is currently being replaced by the Scottish Child Disability Payment. For more information, see: www.mygov.scot/child-disability-payment, accessed 12 August 2024. For this reason, most of this Spotlight focuses on trends in England and Wales only.

3 Children do not need to have a diagnosed disability or health condition to be awarded DLA. For a more detailed explanation of Child DLA and the different types of awards, see: www.disabilityrightsuk.org/resources/disability-living-allowance-dla, accessed 12 August 2024.

4 These are sourced from information recorded on the DWP DLA computer system. Children can have more than one condition, and these are the *main* medical reasons for DLA claims. ADHD refers to the DWP classification 'Hyperkinetic Syndrome'. For more information, see: stat-

<u>xplore.dwp.gov.uk/webapi/metadata/DLA_Entitled_New/Main%20Disabling%20Condition.html</u>, accessed 12 August 2024.

- 5 There are age limits to receiving the mobility component: the lowest rate can only be paid to children aged 5 and over, and the highest rate can only be paid to children aged 3 and over.
- 6 This drop off happens between the ages of 15 and 17, rather than 15 and 16, since, although children are invited to *apply* for PIP when they turn 16, they continue to receive DLA during the PIP application and decision-making process. See: www.gov.uk/disability-living-allowance-children/when-your-child-turns-16, accessed 12 August 2024.
- 7 This estimate uses the Child DLA caseload from November 2022, and Child DLA-to-PIP reassessment data from November 2022 to October 2023. Source: RF analysis of DWP, Stat-Xplore.
- 8 There is no up-to-date publicly-available data on the proportion of Child DLA awards made for fixed and indefinite periods. The latest data is from 2010, when only a tiny proportion (4 per cent) of DLA awards for children aged 0-15 were made for an indefinite period, but we have no way of knowing whether this has changed since. See: DWP, <u>Analysis of Disability Living Allowance: DLA Awards</u>, March 2011. But we can estimate the duration of recent Child DLA awards by using current claim duration data. Source RF analysis of DWP, Stat-Xplore.
- 9 Data is for England and Wales only, in 2023-24. Source: RF analysis of Freedom of Information request to DWP, FOI2024/43365, June 2024.
- 10 This calculation includes income from Universal Credit and Child DLA only. See Figure 15 in: L Judge & L Murphy, <u>Under strain: Investigating trends in working-age disability and incapacity benefits</u>, Resolution Foundation, June 2024.
- 11 In the Family Resources Survey, parents and guardians answer questions about disability on behalf of their children. The definition of disability used is consistent with the core definition of disability under the Equality Act 2010. A person is considered to have a disability if they have a long-standing illness, disability or impairment which causes substantial difficulty with day-to-day activities. For more information, see:

www.gov.uk/government/statistics/family-resources-survey-financial-year-2021-to-2022/family-resources-survey-background-information-and-methodology#the-frs-questionnaire, accessed 12 August 2024.

12 For a summary of the possible explanations for the rise in children and young people with mental health problems, see pages 22-23 of: C McCurdy & L Murphy, <u>We've only just begun: Action to improve young people's mental health, education and employment,</u> Resolution Foundation, February 2024.