

A large, stylized graphic element consisting of a central orange triangle pointing to the right, surrounded by a white outline that forms a larger, rounded shape. The background of the page is white with faint orange lines forming a grid-like pattern.

**The cost of the PIP 20
metre rule:
*Executive Summary***

Overall impact of the PIP 20 metre rule (£ millions)

Category	2020/ 21	2021/ 22	2022/ 23	SR period	Depart- ment
People with MS losing out	15,091	15,452	15,813	16,174	
New PIP applicants losing out	361	361	361	1,083	
Saving from people with MS losing out (£ millions)	26.9	27.8	28.7	83.3	DWP
Breakdown of costs to the UK Government (£ millions)					
Claimant employment					
Lost tax revenue	3.7	3.8	3.9	11.4	HMT
Increased ESA payments	1.7	1.8	1.8	5.3	DWP
Carer employment					
Lost tax revenue (carers)	15.0	15.3	15.6	45.9	HMT
Increased Carers Allowance	2.0	2.0	2.1	6.1	DWP
Health impacts					
Increased use of NHS	7.2	7.4	7.6	22.3	DHSC
Other DWP costs					
Extra appeals	0.2	0.2	0.2	0.5	DWP/MoJ
Extra reassessments	0.4	0.4	0.4	1.2	DWP
Total cost to Exchequer	30.2	30.9	31.6	92.7	
Net result PIP 20m rule	-3.3	-3.1	-2.9	-9.4	

Bottom line: Over the course of the Spending Review (SR) it is estimated that the UK Government will lose a total of **£92.72** million as a result of failing to support people with MS through PIP due to the 20 metre rule.

Background and Summary

The stated intention of personal independence payment (PIP) was to "target support at those who need it most" and the DWP predicted that once PIP is fully rolled out 428,000 fewer people would qualify for the higher rate mobility under PIP than they would have under Disability Living Allowance (DLA), with total savings of £2.2bn¹ relating to roll-out of PIP. While research by the OBR² and others demonstrates that this reduction has not happened as intended, the overall figures mask the fact that there are still enormous problems for some groups of people who have lost out in the reforms.

People with MS are one such group. A neurological condition like MS leads to average extra costs of £200 per week³ on expenses related to the condition, yet since PIP began replacing DLA in 2013 one in three people with MS have lost support, primarily due to the 20 metre rule⁴ that says people who can walk one step over 20m don't need the highest rate of mobility component. Under the previous benefit (DLA) higher rate mobility was generally available to people unable to walk more than 50 metres.

At the time PIP was introduced, the DWP said it had consulted with other Government Departments and that there would not be 'any significant additional cost implications in their areas'⁵. However, our research reveals that losing out on PIP has very serious implications for people with MS in terms of their health and employment – as well as for their family and friends – and that this leads to significant extra costs to other Departments, to the Exchequer, and to the DWP itself. These costs can be directly related to the impact of the 20 metre rule on people with MS.

Our central finding is that the total knock-on costs to the UK Government outweigh what it will save by reducing PIP support for people with MS via the 20 metre rule. This finding is based on a conservative approach to analysis that excluded major costs where we did not have enough evidence to confidently predict them, such as lost economic productivity and increased claims for housing benefit.

This report breaks down the significant areas of extra costs to Departments that can be estimated, set out over the period likely to be in the scope of the 2019 Spending Review: April 2020 to April 2023. The costs below refer specifically to people with MS, however it is likely that a similar pattern of increased costs to the Government can be shown for people with other conditions. As people with MS make up just 2% of DLA claimants, the findings in this report could translate to extra costs in the hundreds of millions when applied to all conditions.

The MS Society is calling on the UK Government to scrap the 20 metre rule and agree a new measure of mobility support in consultation with disabled people, healthcare professionals and charities. The new measure should take full account of its impact on disabled people, carers and Government spending more broadly. While this is happening, the criteria should revert back to the 50 metre measure.

¹ DWP – [Personal Independence Payment: Reassessment and impacts](#), December 2012

² OBR - [Welfare Trends Report](#), January 2019

³ Scope [Extra Costs Commission Final Report](#) June 2015, pp. 13

⁴ MS Society – [PIP: A step too far](#), June 2018

⁵ DWP - [The Government's response to the consultation on the PIP assessment Moving around activity](#), October 2013, pp. 25

Evidence/Findings

The findings set out in the following sections are based on a central estimate of the number of people with MS losing out on enhanced mobility support as a result of the 20 metre rule. This was calculated in three segments as follows:

1. People receiving PIP who would be receiving higher support under DLA.
2. People still receiving DLA who will lose out when transferred to PIP.
3. New PIP claimants who would have expected more generous support under DLA if it still existed.

The total savings to the DWP from this loss of support are £83.32 million over the SR period. Our previous report *PIP: A step too far*⁶ demonstrated that the overwhelming reason people with MS lose out on enhanced mobility rates is the 20 metre rule. Therefore we have applied the numbers above to calculate the number of people with MS losing out because of the 20m rule in each year of the SR.

Our estimates of the impacts of losing out on enhanced mobility are based on primary research examining the impact of losing PIP support on the health, work and quality of life of people with MS (see main report for details). Using the findings of this research, we can apply the proportion of people who felt various impacts to the total numbers with reduced support set out above, and combine these with wider research on costs to estimate the knock-on costs to Government when people with MS lose this support.

1. Impact on employment of people with MS

Research conducted by the MS society shows that when some people with MS receive lower rates of mobility support they are no longer able to remain in work: 2% of respondents to the MS Society survey said they stopped work altogether because they lost out on the higher rate of PIP mobility support when they were reassessed from DLA and 6% said they had to reduce their hours.

When a person leaves work they no longer contribute to the Exchequer through payments of income tax and national insurance. The average gross hourly earnings for disabled men (as defined by the Equality Act) in 2017 were £13.60, for women in the same time period they were £12.00⁷ and by assuming these are permanent annual salaries (i.e. with paid holiday) it is possible to calculate the loss to the exchequer of people leaving work. It is also possible to calculate loss due to people reducing hours using an average scenario where someone goes from full-time to part-time employment.

We applied these numbers to the total numbers of people missing out on support set out above to calculate the number of men and women with MS leaving work or reducing hours as a result of missing out on mobility support.

Bottom line: Over the SR the Treasury will lose an estimated **£1.7 million** in lost tax and National Insurance as people with MS leave work.

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⁶ MS Society – *PIP: A step too far*, June 2018

⁷ <https://www.tuc.org.uk/sites/default/files/Disabilityemploymentandpaygaps.pdf>

2. Increased claims for Employment & Support Allowance

The 302 people who are no longer able to work due to a loss of PIP support are likely to claim Employment and Support Allowance (ESA) as a result. Nine out of 10 people with MS who claim ESA are in the Support Group⁸ and we assume these proportions apply here as well. ESA for people in the Support Group is worth up to £110.75 a week, which translates to £5,759 annually per person with MS leaving work. Therefore there are additional costs in ESA payments as a result of people with MS receiving less mobility support under PIP and therefore being unable to retain employment.

Bottom line: Over the SR, the DWP will spend an estimated **£5.3 million** on ESA payments for people with MS who have been forced to leave work.

3. Impact on employment of friends and family of people with MS

The same MS Society research shows that when some people with MS lose out on mobility support this can profoundly affect their family and friends as well. 6% of respondents to the MS Society survey said a family member or friend had stopped work altogether because they had lost out on the higher rate of PIP mobility support when they were reassessed from DLA and 13% said a family member or friend had to reduce their hours.

Based on these figures we can again calculate the loss to the exchequer of friends or family leaving work and reducing hours due to reduced PIP support for their loved ones. For this group we assume the average earnings in line with the overall workforce, as friends and family of people with MS will broadly match the general population.

Bottom line: Over the SR the Treasury will lose an estimated **£12.1 million** in lost tax and National Insurance as family and friends affected by MS leave work to look after a person with MS who has had a reduction in PIP support.

Bottom line: Over the SR the Treasury will lose an estimated **£33.8 million** in lost tax and National Insurance as family and friends affected by MS reduce their working hours to look after a person with MS who has had a reduction in PIP support.

4. Increased claims for Carer's Allowance

Given that family and friends are having to leave employment due to insufficient support for people with MS, it is reasonable to expect these people are taking on very significant caring responsibilities for their loved ones. Therefore these individuals would be eligible for Carer's Allowance. However, Government figures suggest that 65% of eligible carers actually claim their entitlement to Carer's Allowance so we have used that assumption to calculate new claims and associated costs.

Bottom line: Over the SR, the DWP will spend an estimated **£6.1 million** in Carer's Allowance to people who leave work to look after a person with MS who has had a reduction in PIP support.

⁸ Stat Xplore tool

5. Increased use of NHS services

Our research showed a significant increase in use of NHS services by people who have been reassessed from DLA to PIP and received a reduced award: many respondents reported a net increased use of GP services, A&E visits, counselling services, and therapy centres.

Where health service use increased as a result of loss of PIP support, the MS Society survey asked respondents what services they used, whether they had used this service for the first time and whether use had slightly increased or whether it had significantly increased. This allowed us to calculate a weighted average increase in use for each person losing out on PIP mobility and apply this to standard NHS unit costs to calculate the total estimated knock-on impact on the NHS.

Bottom line: During the SR the NHS will spend an estimated **£22.2 million** on services for people due to poorer health after loss of PIP support.

6. Additional PIP reassessments

People who miss out on enhanced mobility payments because of the 20 metre rule, but receive higher rate daily living, will continue to be reassessed when they otherwise would have been exempted. There are 8,753 people with MS who will be ineligible to receive the ongoing awards which they would otherwise have done.

Bottom line: During the SR period, the DWP will spend an estimated **£1.2 million** continuing to assess people with MS who would otherwise have been exempted.

7. Additional appeals

The DWP and the Ministry of Justice (MoJ) both see significant costs in conducting appeals by people with MS. Assuming the same rate of appeals in the future, we can apply these figures to the 8,753 additional reassessments as a result of the 20 metre rule (see previous section) and our core scenario where 361 new claimants miss out on PIP enhanced mobility each year to calculate the amount that the DWP and MoJ will spend on appeals caused by the 20 metre rule.

Bottom line: During the three years covered by the SR, the DWP and MoJ will spend a combined **£0.5 million** on appeals as a result of the 20 metre rule.

8. Other unquantifiable extra costs

There are other extra costs related to the PIP 20 metre rule that are likely very significant but cannot be quantified from our existing research. These include:

- increased housing benefit expenditure as a result of loss of employment
 - increased costs for transport of out-patients to hospital appointments as a result of loss of Motability vehicles
 - increased social care costs, following a similar logic to that of health costs set out above
 - increased health and social care costs from the impact of friends and family taking on additional caring roles (particularly from stress and anxiety)
 - lower economic productivity due to people with MS and their carers struggling with other impacts
 - increased use of the Access to Work scheme after people lose their Motability vehicles
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We're the MS Society.

Our community is here for you through the highs, lows and everything in between.

We understand what life's like with MS.

Together, we are strong enough to stop MS.

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 **Let's stop MS together**

