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**The cost of the PIP 20  
metre rule**

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## 1. Introduction and 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	
<b>Saving from people with MS losing out (£ millions)</b>	<b>26.9</b>	<b>27.8</b>	<b>28.7</b>	<b>83.3</b>	<b>DWP</b>
<b>Breakdown of costs to the UK Government (£ millions)</b>					
<b>Claimant employment</b>					
Lost tax revenue	3.7	3.8	3.9	11.4	HMT
Increased ESA payments	1.7	1.8	1.8	5.3	DWP
<b>Carer employment</b>					
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
<b>Health impacts</b>					
Increased use of NHS	7.2	7.4	7.6	22.3	DHSC
<b>Other DWP costs</b>					
Extra appeals	0.2	0.2	0.2	0.5	DWP/MoJ
Extra reassessments	0.4	0.4	0.4	1.2	DWP
<b>Total cost to Exchequer</b>	<b>30.2</b>	<b>30.9</b>	<b>31.6</b>	<b>92.7</b>	
<b>Net result PIP 20m rule</b>	<b>-3.3</b>	<b>-3.1</b>	<b>-2.9</b>	<b>-9.4</b>	

**Bottom line:** Over the course of the Spending Review (SR) it is estimated that the UK Government will lose a total of **£92.7** 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 £2.2bn<sup>1</sup> relating to roll-out of PIP. While research by the OBR<sup>2</sup> 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 week<sup>3</sup> 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 rule<sup>4</sup> 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'<sup>5</sup>. 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, as well as to the Exchequer and the DWP itself. These costs can be directly related to the impact of the 20 metre rule on people with MS and are set out in the table above.

**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 many major costs where we did not have enough evidence to confidently predict them, such as lost economic productivity, increased claims for housing benefit or higher demand for social care.

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. A Spending Review (SR) is essentially a Government review of what it is spending over the coming years and what it hopes to achieve. It is led by the Treasury to set expenditure limits for each Government Department and define the key outcomes that they should achieve with these funds. It is therefore a natural moment for the Government to consider the costs and benefits of the 20 metre rule and the potential for reform.

Since PIP was introduced people with MS have told us of serious problems with PIP assessments beyond the 20m rule: assessors' lack of knowledge of MS, inadequate

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

<sup>2</sup> OBR - [Welfare Trends Report](#), January 2019

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

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

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

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evidence gathering and use, and inaccurate reports as hidden and fluctuating symptoms are not properly recorded<sup>6</sup>. There are therefore significant other costs associated with PIP assessment more widely that are beyond the scope of this report.

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 a primary diagnosis of MS makes 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. Full consideration should be taken 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.

## Central scenario and assumptions

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.** We took the proportions of people receiving enhanced, standard and nil rates of mobility support under PIP – and compared this with the equivalent proportions under DLA before roll-out of PIP began.
- 2. People still receiving DLA who will lose out when transferred to PIP.** We ran the same comparison as in (1) above for those under 70 still receiving DLA (people who were 65 or older on April 2013 will not be transferred and this closely correlates to age 70 or above now). For simplicity, we assume that PIP roll-out will have completed by the time the new SR period starts in April 2020. If this is not the case, some of the costs detailed in this report may be higher<sup>7</sup>.
- 3. New PIP claimants who would have expected more generous support under DLA.** Last, we applied the proportions of new claimants receiving enhanced/standard/nil mobility under PIP<sup>8</sup> to the equivalent proportions for new DLA claims before rollout of PIP started<sup>9</sup>.

Category	2020/21	2021/22	2022/23	Over SR period
People with MS losing out (existing claims)	15,091	15,452	15,813	16,174
People with MS losing out (new claims)	361	361	361	1,083

<sup>6</sup> MS Society – *MS Enough: Make welfare make sense*, 2015

<sup>7</sup> Most obviously, the costs for reassessment detailed in section 5 would be higher

<sup>8</sup> In each of the last three years of available data, on average 3,574 assessments were conducted for new pip claimants with MS, however we have focused only on claims in payments as the remainder are unlikely to have been affected by the 20 metre rule

<sup>9</sup> It would be misleading to compare new PIP claimants with all DLA cases as new claimants are likely to have lower needs on average)

The total savings to the DWP from this loss of support are £83.32 million over the SR period. See **Appendix 1** for a more detailed explanation of these calculations and how they translate to cost savings for the DWP.

Our previous report *PIP: A step too far*<sup>10</sup> demonstrated that the overwhelming reason people with MS lose out on enhanced mobility rate is the 20 metre rule. Therefore we have applied the number of people with MS losing out (as detailed above) to calculate those losing out from the 20m rule in each year of the SR.

Our estimates of the impact of losing out on the enhanced mobility rate are based on primary research examining the impact of losing PIP support on the health, work and quality of life of people with MS. This was commissioned by the MS Society from ICMUnlimited (ICM) and Landman Economics and included an online survey of people with MS conducted between January and February 2018 that received 1,234 responses, as well as further qualitative interviews and roundtables along with an economic analysis on a subset of 447 responses<sup>11</sup>. This research is referred to hereafter as “The MS Society survey”.

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 likely costs of such impacts. This provides a strong estimate of the knock-on costs to Government when people with MS lose this support.

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<sup>10</sup> MS Society – *PIP: A step too far*, June 2018

<sup>11</sup> Further details set out in *PIP: A step too far* and specific findings detailed below as relevant

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## 2. Employment for people with MS

### Loss of tax revenue from people with MS leaving work

Receiving the right welfare support is paramount for enabling some disabled people to stay in employment and remain independent. However, the MS Society survey 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 said they stopped work altogether because they lost out on the higher rate of PIP mobility support when they were reassessed from DLA.

The MS Society survey also shows that roughly half of people with MS in employment were working full-time with the other half part time – and that 26% of those in employment were men and 74% were women (which closely matches the overall proportions for people with MS). If we apply these proportions to the overall number of people with MS missing out on enhanced mobility set out above (15,091 at the start of the SR and 361 in each additional year), we can calculate the number of people with MS leaving work as a result of the 20m rule:

	PIP total losing out	Leaving employment	Men		Women	
			Total	Full-time	Total	Full-time
<b>2020/21</b>	15,091	302	79	38	223	111
<b>2021/22</b>	15,452	309	81	40	228	116
<b>2022/23</b>	15,813	316	83	42	234	121

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, and for women they were £12.00<sup>12</sup>.

This means that in line with the Treasury Green Book<sup>13</sup> we can calculate an annual cost to the Exchequer in lost tax and national insurance of £4,383.80 for men and £3,452.96 for women<sup>14</sup>. **Appendix 2** sets out this calculation in detail (and serves as an exemplar for similar calculations in subsequent sections). Applying this to the number of people with MS leaving work gives a total cost of:

- 2020/21: £550,000
- 2021/22: £578,000
- 2022/23: £602,000

**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.

<sup>12</sup> TUC – *Disability employment and pay gaps 2018*

<sup>13</sup> HM Treasury *The Green Book Central Government Guidance On Appraisal And Evaluation 2018*, Paragraph 6.10

<sup>14</sup> Calculations made using <https://www.thesalarycalculator.co.uk/>

## Loss of tax revenue from people with MS reducing hours

While some people with MS had to stop working altogether as a result of reduced support, others had to reduce their hours. Our research indicates that 6% of people whose mobility award was reduced when reassessed to PIP reduced their working hours as a result.

Therefore of the 15,091 who will receive reduced mobility support in the first year of the SR, an estimated 905 will reduce their hours as a result. While it is not known exactly how many working hours are lost, we assume that on average reduced hours will take a person from 35 hours a week to 16 hours a week. This would mean that for each man with MS who reduces their hours based on lower support, the Treasury misses out on £4,062.82 in Income Tax and National Insurance. For women the equivalent is £3,290.72<sup>15</sup>.

From the 905 who will reduce their hours in the first year of the SR, when split by gender, this equals 235 men and 669 women. This translates to a year one total loss of people with MS reducing hours of £3.16m. For each of the following years an additional 361 new claims of people with MS will be approved at lower rates than under DLA. Based on the same gender breakdown this would mean 5 additional men and 15 women with MS would reduce their hours as a result of lower mobility support. These losses can be added to subsequent years, meaning overall losses for people with MS of:

- 2020/21: £3.16m
- 2021/22: £3.23m
- 2022/23: £3.3m

**Bottom line:** Over the SR the Treasury will lose an estimated **£9.7 million** in lost tax and National Insurance as people with MS reduce their working hours.

## 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 Group<sup>16</sup> 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. As above, the number of people with MS will go up slightly each year due to new claims. Therefore the additional costs in ESA payments as a result of people with MS receiving less mobility support under PIP and being unable to retain employment are:

- 2020/21: £1.74m
- 2021/22: £1.78m
- 2022/23: £1.82m

**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.

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<sup>15</sup> Calculations made using <https://www.thesalarycalculator.co.uk/>

<sup>16</sup> Stat Xplore tool

### 3. Employment for friends and family affected by MS

#### Loss of tax revenue from family and friends leaving work

When asked in the MS Society survey whether friends or family had to stop working altogether as a result of a reduced PIP award, 6% of respondents said this was the case. Assuming that this only affected one friend or family member per person with MS, of the 15,091 who will receive reduced mobility support than they would have under DLA for the first year of the SR, an estimated 905 friends and family of people with MS will no longer be in employment in the first year of the SR.

In line with employment trends in the general population, where 74% of employed people are in full-time work and 26% are in part-time work<sup>17</sup>, this means that 669 people would have left a full-time job, and 235 would have left a part-time job .

In 2017, median gross weekly earnings for full-time employees in the UK were £550 and the median gross weekly earnings for part-time employees in the UK were £182<sup>18</sup>. This means an average annual salary of £28,600 for full-time employees and £9,464 for part-time employees. Based on 2019/20 tax rates, this would translate to £3,220.00 in tax and £2,396 in national insurance each year<sup>19</sup>. For part-time employees they will not pay tax but will contribute £99.84 in National insurance.

The resulting loss to the Exchequer is set out in the table below (costs in £000s):

	Full-time			Part-time		Total	
	Total people left employment	People	Cost	People	Cost	Total cost	
<b>2020/21</b>	905	699	£ 3,926	235	£ 23	£	3,949
<b>2021/22</b>	926	714	£ 4,010	240	£ 24	£	4,034
<b>2022/23</b>	947	729	£ 4,094	245	£ 24	£	4,119

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

#### Loss of tax revenue from family and friends reducing hours

In order to address the lack of support people with MS have received in mobility criteria, friends and families of these people have also had to reduce hours in a similar

<sup>17</sup> Office of National Statistics, UK labour market: July 2018

<sup>18</sup> Annual Survey of Hours and Earnings: 2017 provisional and 2016 revised results

<sup>19</sup> Calculations made using <https://www.thesalarycalculator.co.uk/>

vein to people with MS. Of people with MS who receive lower mobility support, 13% have had friends and family reduce working hours.

To calculate likely reductions in tax receipts we applied the assumption that reduced hours will take a person from 35 hours a week to 16 hours a week. This means that when an individual reduces their hours to support a person with MS the Treasury misses out on £5,616.32 per year.

When applied to the 15,091 people with MS who will lose out on mobility support during the first year of the SR, again assuming one friend or family member per person with MS, this means 1,961 friends and family members who will reduce their working hours in the first year of the SR, increasing by 46 people in each subsequent year. Therefore the year on year loss to the Treasury from this group is:

- Year one: £11.01m
- Year two: £11.27m
- Year three: £11.53m

**Bottom line:** Over the SR the Treasury will lose an estimated **£33.8 million** in lost tax and National Insurance contributions from 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.

## 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 caring responsibilities for their loved one that are significant enough for them to be eligible for Carer's Allowance.

Annual payment for Carer's Allowance is £3,359.20 and Government figures<sup>20</sup> suggest that 65% of eligible carers actually claim their entitlement to Carer's Allowance. Although for people who specifically stop work in order to care this rate may be higher, in the absence of proof we assume that friends and family who have stopped working due to the lack of support go on to claim Carer's Allowance at the same rate. The following breaks down the numbers of those who will be claiming Carer's Allowance for each year of the SR (cost in millions):

	Total leaving employment	Total claiming CA	Cost (£m)	
<b>2020/21</b>	905	588	£	1.98
<b>2021/22</b>	926	602	£	2.02
<b>2022/23</b>	947	616	£	2.07

**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.

<sup>20</sup> Stat-Xplore tool



## 4. Increased use of NHS services

The MS Society survey showed a significant increase in the use of NHS services by people who have been reassessed from DLA to PIP and received a reduced award: 39% of respondents reported a net increase in use of GP services and 14% reported increased use of counselling services, which may be linked to the decreased ability of people with MS who have had a decrease in their award to manage their MS and wellbeing. 9% of all respondents who have been reassessed from DLA to PIP have increased their use of A&E hospital services which indicates that reduced support from PIP can lead to serious deterioration in health.

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. As part of our analysis we assigned an assumption for how many visits correlated to a given answer related to each service. We applied this frequency calculation to standard NHS unit costs<sup>21</sup> to create a weighted average for the cost of increased use per survey respondent (based on average increased use).

Service	Unit cost	First time	Slight increase	Signif. Increase	First time	Slight increase	Signif. increase	Use per sample member	Weighted extra cost
<b>GP consultation</b>	£37	1	2	6	0	0.19	0.13	1.16	<b>£43</b>
<b>A&amp;E</b>	£565	1	2	6	0.01	0.03	0.03	0.25	<b>£141</b>
<b>counselling</b>	£1,055	0.16	0.33	1	0.04	0.04	0.03	0.05	<b>£52</b>
<b>Therapy nurse</b>	£137	1	2	6	0.01	0.12	0.06	0.61	<b>£84</b>

Based on our research into this specific impact (see again *PIP: A step too far*), we also know that people missing out on enhanced mobility will account for proportionally greater use than people missing out overall. This is not specifically differentiated in the data – so we have conservatively assumed a multiplier of 1.5 for the specific costs of those losing out on PIP enhanced mobility payments as a result of the 20 metre rule. Applying this weighted cost to the total people losing out on PIP enhanced mobility in each year of the SR (see core scenario) gives the total costs set out below.

NHS service	Weighted unit cost	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
<b>GP consultations</b>	£64	£0.97	£0.99	£1.02
<b>A&amp;E visits</b>	£212	£3.20	£3.27	£3.35
<b>Counselling</b>	£78	£1.18	£1.21	£1.24
<b>Therapy centre visits</b>	£125	£1.89	£1.94	£1.98
<b>Total increase in costs</b>		<b>£7.25</b>	<b>£7.42</b>	<b>£7.59</b>

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

<sup>21</sup> PSSRU, University of Kent "[Unit Costs of Health and Social Care 2017](#)"

## 5. Appeals and reassessments

### Additional PIP reassessments

In August 2018 the DWP announced that people who receive the higher rate of PIP for both the mobility and daily living components and whose condition is unlikely to improve will no longer need to go through regular reassessments for PIP. Instead, a light touch review – the form of which is yet to be decided – will be conducted every 10 years of an ongoing award.

People who miss out on enhanced mobility payments because of the 20 metre rule, but receive higher rate of the PIP daily living component, will therefore continue to be reassessed when they otherwise would have been exempted. The exact cost of a PIP assessment is not known, but the best estimate is £135<sup>22</sup>.

As set out in the central scenario above, at the beginning of the SR period we assume all DLA claimants will be reassessed to PIP and that 15,091 people will be missing out on enhanced mobility payments. Of these we assume 58% are receiving enhanced daily living component (in line with the overall caseload). This means that there are 8,753 people with MS who will be ineligible to receive the ongoing awards which they would otherwise have done.

We assume that each such person would be reassessed once over the SR period (breaking evenly over the three years), as the vast majority of finite PIP awards are under 3.5 years<sup>23</sup> and many people will have received their award well before the start of the SR period.

**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.

### Additional appeals

The DWP and the Ministry of Justice (MoJ) both see significant costs in conducting appeals by people with MS who have lost out in PIP. From data provided by the DWP<sup>24</sup>, we were able to calculate the total cost of appeals that the DWP ran from 2013-2018 and therefore the average cost of such an appeal, which is £750<sup>25</sup> (costs break down as £185 for the DWP and £565 for the MoJ).

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<sup>22</sup> National Audit Office – Contracted-out health and disability assessments, January 2016

<sup>23</sup> Sarah Newton MP (then Minister for Disabled People, Health and Work) response to Parliamentary Question 165121 from Heidi Allen MP, available on Parliament website and quoted in full by Scope

<sup>24</sup> The average yearly cost of appeals was calculated by dividing the annual direct operating costs related to PIP appeals in DWP's response to FOI 3282 from August 2018 by the total number of PIP appeals per year (data found in the tribunals and gender recognition certificate statistics quarterly: April to June 2018).

<sup>25</sup> The cost of appeals to Her Majesty's Courts and Tribunals Service (HMCTS) was taken from Annex A of a letter dated 29 November 2017 from then Justice Minister Dominic Raab to Frank Field MP as part of the ESA and PIP assessment inquiry by the Work and Pensions Select

Also, using historical data we were able to calculate the rate of appeal amongst people with MS for reassessments as 6.3% and for new assessments as 13.5%<sup>26</sup>.

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 central scenario where 361 new claimants miss out on PIP enhanced mobility each year, to calculate the amount that the DWP and the MoJ will spend on appeals caused by the 20 metre rule. This is set out below:

Year	Reassessments		New claims		Cost per Appeal	Total cost (rounded)
	Total	Predicted appeals	Total	Predicted appeals		
<b>2020/2021</b>	2,918	184	361	49	£750	£174,000
<b>2021/2022</b>	2,918	184	361	49	£750	£174,000
<b>2022/2023</b>	2,918	184	361	49	£750	£174,000
<b>SR total</b>	<b>8,753</b>	<b>551</b>	<b>1,083</b>	<b>146</b>		<b>£523,000</b>

**Bottom line:** During the three years covered by the SR, the DWP and the MoJ<sup>27</sup> will spend a combined **£0.5 million** on appeals as a result of the 20 metre rule.

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Committee. The letter stated the costs of individual appeal for HMCTS in the first tier tribunal for social security and child support (where PIP appeals are heard)

<sup>26</sup> The number of claims and successful appeals were provided through Parliamentary Question 180081 by Stephen Timms MP on 22 October answered by the then Minister for Disabled People, Health and Work Sarah Newton MP.

<sup>27</sup> Specific costs are £129,000 for DWP and £394,000 for MoJ

## 6. Additional unquantifiable extra costs

Other significant extra costs related to the PIP 20 metre rule also exist 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.

As noted above, the extra costs created from people with MS losing out on PIP enhanced mobility due to the 20 metre rule that can be quantified already outweigh the savings from cutting this support. These additional unquantified costs mean that the overall loss to the Exchequer is likely to be much higher than can be estimated here.

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## 7. Conclusion

The MS Society has been campaigning against the PIP 20 metre rule since its inception, highlighting the very serious effects the resulting cuts in support are having on people with MS and their loved ones. What this report demonstrates for the first time is that scrapping the 20 metre rule is not just the right thing to do, it is also the sensible thing to do – the harm that this cut in support is doing to people with MS is actually costing the UK Government more than it saves from the cut itself.

**The MS Society is calling on the Government to scrap the 20 metre rule and agree a new measure of PIP mobility support in consultation with disabled people, healthcare professionals and charities. Full consideration should be taken 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.**

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## Appendix 1 – people losing out on PIP enhanced mobility and attendant savings to DWP

The following table sets out the detailed assumptions behind the calculation of total numbers of people losing out on PIP enhanced mobility relative to an alternative scenario where DLA was still in place.

	Mobility Award - Enhanced	Mobility Award - Standard	Mobility Award - Nil
PIP proportion (Jan 19)	71%	20%	10%
DLA proportion (Feb 13)	95%	2%	3%
<b><u>Existing caseload</u></b>			
PIP existing claimants (Jan 19)	30,166	8,403	4,132
<i>If DLA proportion</i>	40,434	923	1,343
<b># losing enhanced mobility</b>	<b>10,268</b>		
<b><u>Further reassessment</u></b>			
DLA remaining cases	19,272	440	640
<i>If PIP proportion</i>	14,449	4,070	2,035
<b># losing enhanced mobility</b>	<b>4,823</b>		
<b>Total losing out at start of SR</b>	<b>15,091</b>		
<b><u>New claimants</u></b>			
PIP new claimants (Jan 19)	47%	33%	20%
DLA new claimants (Feb 13) <sup>28</sup>	63%	25%	12%
PIP new claimants / year	1,035	732	448
<i>If DLA proportion</i>	1,395	554	266
<b>Total losing out each year of SR</b>	<b>361</b>		

Mobility payments under PIP are £22.65 per week at standard rate (to £1,177.80 per year) and £59.75 at enhanced rate (£3,107 per year). Using the numbers above, we

<sup>28</sup> It is not possible to differentiate new claims in DLA at the point before PIP rollout, so we have assumed the same proportionate difference between PIP and DLA with new claims as with existing claims. For existing cases the proportions are 71% enhanced for PIP versus 95% higher rate DLA, so the equivalent difference for new cases from PIP (47% enhanced) would be 63% higher rate. We have assumed these additional enhanced mobility awards would come equally from those who would otherwise receive a) standard and b) nil awards

can further calculate the total savings to DWP over the SR period, as set out in the table below:

	Mobility Award - Enhanced	Mobility Award - Standard	Mobility Award - Nil	Total
<b><u>Existing caseload</u></b>				
<b>PIP claimants</b>	30,166	8,403	4,132	42,698
<b>Associated costs</b>	£93,725,762	£9,897,053		£103,622,815
<b>If PIP were DLA</b>	40,434	923	1,343	
<b>Associated costs</b>	£125,628,976	£1,087,292		£126,716,267
<b>Implied savings</b>				<b>£23,093,452</b>
<b><u>Further reassessment</u></b>				
<b>DLA remaining cases</b>	19272	440	640	20351
<b>Associated costs</b>	£59,878,104	£518,232		£60,396,336
<b>If PIP % holds true</b>	14,449	4,070	2,035	20555
<b>Associated costs</b>	£44,893,695	£12,646,111		£57,539,807
<b>Implied savings</b>				<b>£2,856,529</b>
<b><u>New cases</u></b>				
<b>PIP</b>	1035	732	488	
<b>Associated costs</b>	£3,214,274	£862,559	0	£4,076,833
<b>If PIP were DLA</b>	1395	554	266	
<b>Associated costs</b>	£4,335,663	£652,207	0	£4,987,870
<b>Implied savings</b>				<b>£911,037</b>

By adding savings from new cases in subsequent years we can therefore calculate the implied savings in each year of the SR:

- 2020/21: £26,861,018
- 2021/22: £27,772,056
- 2022/23: £28,683,093

## Appendix 2 – detailed calculations of tax receipts

The below tables set out the calculations for annual salaries and attendant tax receipts for disabled people with MS. The tax receipts of friends and family affected by MS were calculated in the same way, but are not reproduced here as very similar.

### Annual salaries and tax contributions for disabled males and females – full time work

<b>Total earnings (disabled male / full time work)</b>	<b>£24,752.00</b>	<b>Total earnings (disabled female / full time work)</b>	<b>£21,840.00</b>
<b>Tax contribution (2017/18 rates)<sup>29</sup></b>	£2,450.40	Tax contribution (2017/18 rates)	£1,868.00
<b>National Insurance contribution (2017/18)</b>	£1,934.40	National Insurance contribution (2017/18)	£1,584.96
<b>Total contribution</b>	£4,383.80	Total contribution	£3,452.96

### Annual salaries and tax contributions for disabled males and females – part time work

<b>Total earnings (disabled male / part time work)</b>	<b>£11,315.20</b>	<b>Total earnings (disabled female / part time work)</b>	<b>£9,984.00</b>
<b>Tax contribution (2017/18 rates)</b>	£0.00	Tax contribution (2017/18 rates)	£0.00
<b>National Insurance contribution (2017/18)</b>	£321.98	National Insurance contribution (2017/18)	£162.24
<b>Total contribution</b>	£321.98	Total contribution	£162.24

<sup>29</sup> Calculations made using <https://www.thesalarycalculator.co.uk/>

## **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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