

Costing a single income replacement benefit

by Howard Reed

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This paper accompanies the longer ippr report *One For All: Active welfare and the single working-age benefit* by Dr Roy Sainsbury and Kate Stanley (www.ippr.org.uk/publicationsandreports/publication.asp?id=552)

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October 2008

This short paper accompanies *One For All: Active welfare and the single working-age benefit* by Dr Roy Sainsbury and Kate Stanley. It contains the results of an analysis of the impact of introducing a single income replacement benefit on overall benefit expenditure. Because of data constraints and conceptual issues, the analysis makes a number of simplifying assumptions, which are explained in detail below.

Data

With one exception, the analysis uses data from the Department for Work and Pension's Work and Pensions Longitudinal Study (WPLS), which is a 100 per cent sample of benefit claimants. The one exception is the analysis of the costs of moving from Jobseeker's Allowance (JSA) to the single income replacement benefit, where I have had to use the DWP's 5 per cent subsample of WPLS because it distinguishes between contributory and income-based JSA. The data were accessed using the DWP's tabulation tool web service, available at www.dwp.gov.uk/asd/tabtool.asp.

The time period used for the data is May 2006. This is treated as a 'snapshot' week in the benefit system, and the results are then grossed up to annual expenditure totals. We use benefit levels as they were at May 2006. We assume that the single income replacement benefit was introduced in May 2005, and look at what benefit expenditure would be a year on from its introduction. The rationale for this is to give an idea of what the 'first year' costs of the introduction of the single benefit would be. The analysis does *not* attempt to model the 'long-run' costs of a single benefit; however, it is possible to offer some thoughts on whether the long-run costs would be higher or lower than the short-run costs in aggregate, based on the analysis undertaken here. We return to this issue in the next section.

Methodology and assumptions

Limitations of the analysis

In doing this analysis I have restricted attention to the components of the current benefit system which a single income replacement benefit would replace:

- Incapacity Benefit
- Income Support (adult component)
- Contributory Jobseeker's Allowance
- Income-based Jobseeker's Allowance

Therefore the analysis does *not* consider:

- Disability Living Allowance
- Carer's Allowance

- Family or child addition components of the Child Tax Credit (which replaced the Income Support family and child additions for most¹ out-of-work families in 2003)
- Housing Benefit
- Council Tax Benefit

We have assumed that all these other features of the benefit system operate in conjunction with single benefit in the same way as they operate in conjunction with existing means-tested benefits (e.g. Income Support, income-based JSA). To rationalise the results presented here, we can assume that changes in the generosity of the single working-age benefit compared with Income Support or JSA are reflected in changes to the thresholds for Housing Benefit and Council Tax Benefit eligibility (if this were not the case it could produce some strange effects due to the interaction between single benefit, Housing Benefit and Council Tax Benefit eligibility). On this assumption, Housing Benefit and Council Tax Benefit payments remain unaffected by the introduction of a single benefit.

Likewise, we have assumed that the Child Tax Credit (CTC) will interface with the single benefit in the same way it currently interfaces with Income Support (IS) and JSA. As family and child premiums are now handled through the Child Tax Credit instead of Income Support and JSA (with the exception of long-term Income Support and JSA claimants – see footnote 1 below), they are unaffected by a single benefit. We have assumed, however, that increases in the adult premium for single benefit compared with Income Support and JSA are not ‘clawed back’ by the Government through downward adjustments to the family premium or child premiums in Child Tax Credit. This assumption is of course open to relaxation in future work.

We have assumed that the single benefit is paid at a single rate for each adult claimant. In practice this means that there are two sources of additional costs compared to the current system:

1. Income Support and JSA claimants will receive an increase in their level of benefit under the single benefit compared with their current benefit payment. The single benefit would be paid at £60 per week, while benefit levels for Income Support and JSA in May 2006 were:
 - £59.15 per week for claimants aged 25 or over
 - £46.85 per week for claimants aged 18 to 24
 - £35.65 per week for claimants aged 16 or 17.
 Thus claimants aged 25 and over will receive only a marginal increase under the single benefit, while claimants aged under 25 will receive larger increases.
2. Income Support and JSA claimants in couples where both partners are eligible to claim will receive an amount equal to double the single adult payment. This leads to an increase in payments compared with the current system where

¹ Families who have been claiming IS or JSA with child elements and the family premium since before April 2004 still receive these additions unless they apply for Child Tax Credit instead. This is purely for administrative reasons – the amount received is the same whether paid through CTC, or additions to IS or JSA. The Government intends eventually to ‘migrate’ all these long-term claimants to CTC at a future date when it is satisfied the tax credits IT system will be able to cope with the extra administrative load. For our purposes it makes no difference to the estimated impact of the single benefit on IS and JSA spending, as we assume the family premium and child additions are unaffected by the single benefit, whether paid through CTC or JSA.

couples receive a couple payment which is substantially *less* than twice the single payment. Note, however, that the estimates of the additional cost for couple payments are complicated by the fact that the introduction of Child Tax Credit has meant that the DWP statistics on Income Support and JSA claims no longer enable us to clearly identify which claimants have partners, as family and child premiums are now processed through the CTC system. Thus it is impossible to model exactly the impact of a move to individual assessment using DWP data alone: a much more complex analysis would need to be undertaken, using tax credit data from HM Revenue and Customs as well as the DWP data. For couples previously claiming Income Support who have already been moved over to CTC (see footnote 1), the impact of moving to individual assessment for the single benefit will *not* include an additional cost for moving from couple to double single payments.

This analysis also assumes that take-up of benefits remains unchanged under a single benefit, as does the flow onto and off benefits. Both these assumptions are useful defaults but questionable in reality. There is a good case for thinking *a priori* that the introduction of a single benefit could increase take-up of benefits if the benefit system were seen as more straightforward and less complex than is the current perception. Likewise, if the introduction of the single benefit is accompanied by increased funding for measures to support claimants in finding work, and these measures are then made available to all claimant groups, one would hope (assuming the measures are effective) that outflow rates from benefit into work would increase. This would reduce expenditure on the single benefit (although there would be some increase in Working Tax Credit expenditure which would offset this to some extent, if the people leaving the single benefit go into relatively low-wage jobs).

Also, this is a short-run analysis, looking only at what might happen in the first year of a switch to the single benefit. In the long run, the stock of Incapacity Benefit claimants with transitional protection will gradually reduce as they move off Incapacity Benefit, or reach state pension age and move onto State Pension and other benefits such as Attendance Allowance.

Example cases

Table 1 below shows how payments under the single income replacement benefit system proposed here would differ from those under the existing system.

Table 1. Examples of benefit payments under single working age benefit compared with the current benefit system

Family description	Household out of work benefit income	
	Current system	Proposed system
Childless couple aged 23, on JSA	£92.80	£120
Lone parent on IS with IB credits	£59.15	£60 plus Tax Credits (increased to reflect re-allocation of resources from IS premiums to disability component of tax credits)
Out of work male aged over 25 with partner working part time and two school-aged children	£59.15	£60 plus Tax Credits (with greater incentives for partner to work given individualised calculations of benefits and tax credits)

Client group breakdown

To facilitate the analysis we break down the group of benefit claimants into several 'client groups'. Each of these will be affected differently by the introduction of the single working-age benefit. In some cases it is necessary to break down a group into subgroups.

In this analysis, we use the benefits in place in May 2006 to distinguish different client groups, rather than the benefits that will be introduced by the 2007 Welfare Reform Bill. Thus we refer to 'Incapacity Benefit' rather than 'Employment Support Allowance'.

Group 1 – Incapacity Benefit² claimants³ who have been in receipt of IB for one year or more

Our implementation of the single benefit assumes that claimants who are already on the IB caseload when the single benefit is introduced are allowed to stay on IB rather than having to move onto the single benefit. As we are assuming a scenario where the single benefit was introduced in May 2005 (i.e. 12 months beforehand), anyone in receipt of IB for a year or more is unaffected by the reforms.

Under our suggested implementation of the single benefit, people already on the IB caseload would be able to transfer to single benefit voluntarily (e.g. to make use of enhanced employment support services) if they so wished. Our default assumption, for simplicity, is that no one does this. Obviously, if this assumption were relaxed it would affect the costings.

Subgroup 1a – Incapacity Benefit claimants in receipt of IB for one year or more who also claim Income Support

Many claimants of IB also claim Income Support (IS). This is either because they are entitled to Income Support premiums which take their overall entitlement above the level of their IB entitlement, or because they do not have eligibility for an IB payment but are eligible for National Insurance credits, and are hence counted as IB ‘credits-only’ recipients. We assume that the IS payments of people who have been in receipt of IB for at least a year are unaffected by the single benefit reform, except for the difference between the weekly rate of single benefit and their IS payment. The impact of this on the costs of the benefit payments to the claimant (per week) is calculated as:

$$(number\ of\ IB\ claimants\ in\ receipt\ for\ one\ year\ or\ more\ claiming\ IS) \times (single\ benefit\ rate - IS\ rate)$$

(In the calculations of total costs of the single benefit, in Table 3 later in this paper, all weekly costs are converted into annual terms.)

The extra cost per claimant from the introduction of the single benefit depends on their age. For those aged 25 or over, the extra cost will be 85 pence per week. For those aged under 25 the extra cost per claimant is larger because IS rates in the current system are lower for the under-25s.

We call this group ‘subgroup 1a’ – it is a subset of Group 1.

² As a result of changes to the benefit system which abolished Severe Disablement Allowance (SDA) for new claimants in 2001, but allowed people who were already receiving SDA in 2001 to continue claiming, Group 1 contains some people who receive SDA as well as, or instead of, IB. SDA claimants are all included in Group 1 as they contribute to the aggregate costings. Hence references to ‘IB’ for this group should be read as ‘IB and/or SDA’.

³ Note that the figure we use for ‘IB claimants’ in this analysis corresponds to the figure for ‘IB beneficiaries’ in the results from the DWP tabulation tool. IB is a National Insurance benefit which demands certain contribution conditions (mainly previous paid work, or long-term incapacity since childhood) for entitlement to a benefit *payment*. People who satisfy the requirements of the personal capability assessment for IB but who do not meet the NI contribution conditions are listed in the DWP statistics as ‘entitled to IB credits only’ – they receive a qualifying credit towards the basic state pension, but receive no cash benefits.

Group 2 – Incapacity Benefit claimants who have been in receipt of IB for less than a year

In our hypothetical implementation of single benefit, we assume that from May 2005 onwards, *new* IB claimants are switched to the single benefit. This means that by May 2006, everyone who is listed as being in receipt of IB for up to a year in the WPLS data is assumed to be claiming single benefit instead.

The main differences between single benefit and IB are:

- The single benefit is means-tested after an initial three-month non-means-tested component (we assume that the means-test operates similarly to the current IS means-test), whereas IB is largely non-means-tested.
- The weekly rate we assume for the single benefit is lower than the IB rate (we assume a level of £60 per week. This compares with an IB rate of £61.85 for the first six months, and £72.55 for 7-12 months, in May 2006).

The effect of these assumptions is that the overall single benefit expenditure on this group will be unambiguously *lower* than the corresponding IB expenditure. At a minimum, single benefit expenditure per week will fall by:

$$(number\ of\ IB\ claimants\ with\ a\ claim\ of\ duration\ three\ months\ to\ one\ year) \times (single\ benefit\ rate - IB\ rate)$$

For claimants whose duration of claim is less than six months the difference between IB and single benefit rates is £1.85 per week. For claimants whose duration of claim is between six months and a year, the difference between IB and single benefit is £12.55.

At a maximum (if all the people who would have received IB in this group turned out to be ineligible for the single benefit because they had too much income from other sources to pass the single benefit means test), single benefit expenditure per week will fall by:

$$(number\ of\ IB\ claimants\ with\ a\ claim\ of\ duration\ three\ months\ to\ one\ year\ who\ do\ not\ pass\ the\ means\ test) \times (average\ IB\ payment\ for\ those\ claimants)$$

We can place an upper bound on the number of IB claimants disqualified from receiving the single benefit because there are a certain number of IB claimants who also receive Income Support. If they receive Income Support (which is means-tested), we can assume that they would pass the single benefit means-test. Table 2 below shows what the maximum number of IB claimants who might be disqualified from single benefit by the means-test is, for the group with duration three to six months and the group with duration six months to one year in the WPLS sample⁴. In the '3 to 6 month' row, the number of claimants receiving IS is larger than the number of IB claimants who are not receiving any IB payment. For the '6 to 12 month' row we assume that *all* the IB claimants receiving IS are also in the group of IB claimants who are not receiving an IB payment. This is an unrealistic assumption, but it does allow us to calculate the absolute maximum number of IB claimants who might be unable to claim the single benefit if this

⁴ It is not necessary to include IB claimants in the '0 to 3 months' category in this part of the analysis because the single benefit would be paid on a non-means-tested basis for the first three months of a claim, so all claimants in this group would still be eligible under the single benefit reform.

benefit reform were made. This, in turn, allows us to calculate the maximum savings in reduced benefit payments to this group from the introduction of the single benefit.

Additionally, an upward adjustment to the aggregate benefit payment has to be made to reflect the fact that a proportion of people who would have claimed IB under the present system will move onto ERA rather than single benefit under the new system. The DWP estimates that this will correspond to about 10 per cent of IB claimants under the existing system. We make this adjustment by adding 10 per cent of the total amount paid to IB claimants in Group 2 back on to the total IB bill.

Table 2. Maximum number of Incapacity Benefit claimants [less than one year duration] who might be disqualified from single benefit by the means-test

Duration of IB claim	No. of IB claimants receiving an IB payment (beneficiaries), thousands	No. of IB claimants not receiving a payment, thousands	No. of IB claimants receiving IS, thousands	Max. no. of IB claimants who could be ineligible for single benefit (as % of total claimants)
3-6 months	55.6	50.5	49.4	55.6 (52.4%)
6-12 months	88.2	72.8	80.5	80.5 (50.0%)

The *minimum* savings in reduced benefit payments from the single benefit is calculated as above:

$$(number\ of\ IB\ claimants\ with\ a\ claim\ of\ duration\ less\ than\ one\ year) \times (single\ benefit\ rate - IB\ rate)$$

Subgroup 2a – Incapacity claimants in receipt of IB for one year or more who also claim Income Support

As with the long-term IB claimants in Group 1, many short-term IB claimants in Group 2 also claim Income Support (IS). Because this is largely due to additional premiums (e.g. for disability) and we are assuming that the generosity of the additional premiums will be maintained under the single benefit, we assume that the IS payments of people in this group are unaffected by the single benefit reform, except for in their weekly payment to £60 per week (see analysis for subgroup 1a above). I call this group ‘subgroup 2a’ – it is a subset of Group 1.

Group 3 – Lone parents claiming Income Support

For lone parents, I assume that the extra cost from the introduction of the single benefit is equal to

$$(number\ of\ lone\ parents\ claiming\ IS) \times (single\ benefit\ rate - IS\ rate)$$

The single benefit rate is £60 per week. The IS rate is £59.15 for all lone parents over the age of 18 (i.e. it is more generous for 18- to 24-year-olds than the rate for childless people on IS or JSA).

There could potentially be an extra cost from the fact that the single benefit is non-means-tested for the first three months of a claim, so lone parents in the '0-3 month' claim duration category could be entitled to more benefit than they would be under the IS system. However, this is impossible to calculate using just the data from the WPLS so I have not tried to make any estimate of extra costs from the three-month non-means-tested period for this group. A lot will depend on how the non-means-tested period affects benefit take-up, which this study does not address.

Group 4 – Other Income Support claimants not in Groups 1, 2 or 3

The 'residual' group of IS claimants mainly consists of people on low incomes who are caring full-time for a child, adult or elderly relative. Without making extra assumptions on how the overall package of financial support for carers will be affected by the introduction of the single benefit (if at all) it is not possible to make a realistic estimate of the effect of the introduction of the single benefit on benefit payments for this group. Hence I have assumed for our purposes that the only change for other IS claimants whose partners are not eligible for IS is that they are unaffected by the changes, except for the increase to £60 per week in their benefit payment.

Additional Income Support costs for eligible couples in subgroups 1a and 2a and Group 4

As explained above, the analysis includes an estimate of the extra costs produced by paying the single benefit at £120 per week (= 2× £60) rather than £92.80 per week for couples. As this part of the reforms produces a substantial extra cost, our final table of results shows the costings with and without this part of the reform enacted.

Group 5 – Jobseeker's Allowance claimants

Jobseeker's Allowance (JSA) claimants divide into two groups: contributory (i.e. non means-tested) JSA claimants and income-based (i.e. means-tested) JSA claimants. The analysis handles these two groups separately. The DWP's 5 per cent sample data allows us to distinguish between the two.

Subgroup 5a – Contributory JSA claimants

For this group, the main change is that whereas contributory JSA was payable for six months non-means-tested, the single benefit is payable for only three months non-means-tested. For everyone who moves on to the means test under the new system, the maximum saving from the means test is equal to their JSA payment (£59.15 for claimants aged 25 and over in May 2006.) Note that contributory JSA claimants are not eligible for any additional premiums on top of this.

As the DWP does not release data on claim durations for JSA claimants, we assume that one-half of contributory JSA claimants would be entitled to the non-means-tested single benefit (as two months is one-third of six months). This is crude, but the best we can do given the information available.

Subgroup 5b – Income-based JSA claimants

For income-based JSA claimants, their situation under the single benefit is little changed from their situation under JSA, as income-based JSA is already means-tested and we assume that the parameters of the means test do not change. There is a small extra cost from the change to the rate of benefit – this amounts to an extra 85p per claimant for those aged 25 and over, and more for those aged under 25 (the current rates of JSA are the same as for Income Support, shown earlier).

Additionally, there may be some extra costs arising from the fact that the single benefit is non-means-tested for three months. However, these are very difficult to assess because DWP does not release information on the duration of a claim for JSA claimants. I have hence ignored this element of extra cost in the calculations.

Results

Table 3 below gives our estimates of how the single benefit might affect benefit spending under two different scenarios:

Scenario A: the ‘minimum extra cost’ scenario. In this scenario we assume:

- i. The maximum possible savings from replacing non-means-tested IB with means-tested single benefit for new claimants
- ii. The maximum possible savings from replacing contributory JSA with means-tested single benefit for new claimants.

This would correspond to a situation where everyone in a position to claim non-means-tested benefits had too much income from other sources (or too much capital) to be eligible for the single benefit.

Scenario B: the ‘maximum extra cost’ scenario. In this scenario we assume that the savings from moving from non-means-tested benefits to the means-tested single benefit for IB and JSA are zero. This would correspond to a situation where everyone in a position to claim these non-means-tested benefits had such a low income from other sources that they maintained an entitlement to single benefit instead.

Obviously the ‘real’ scenario will be somewhere in between scenarios A and B – if a single benefit were introduced, some people who were eligible for IB or JSA would not be eligible for single benefit, and vice-versa. But without further analysis using micro-data such as the Family Resources Survey, it is impossible to say how many people would be ineligible or eligible. Hence Scenario A forms a *lower bound* on the costs of moving to a single working-age benefit (at the end of its first year of operation) and Scenario B is an *upper bound*.

As indicated above, we also present our results **with and without the introduction of individual payments of the single benefit to eligible couples.**

Analysis of results

The results show that in the default case (i.e. the amount that DWP actually spent on IB, IS and JSA in May 2006), expenditure (converted into annual terms) amounted to around £19.5 billion. The breakdown of this expenditure according to the client groups we have defined for this analysis is as shown in Figure 1 below.

Figure 1. Breakdown of Incapacity Benefit, Income Support and Jobseeker's Allowance expenditure, by client group, May 2006

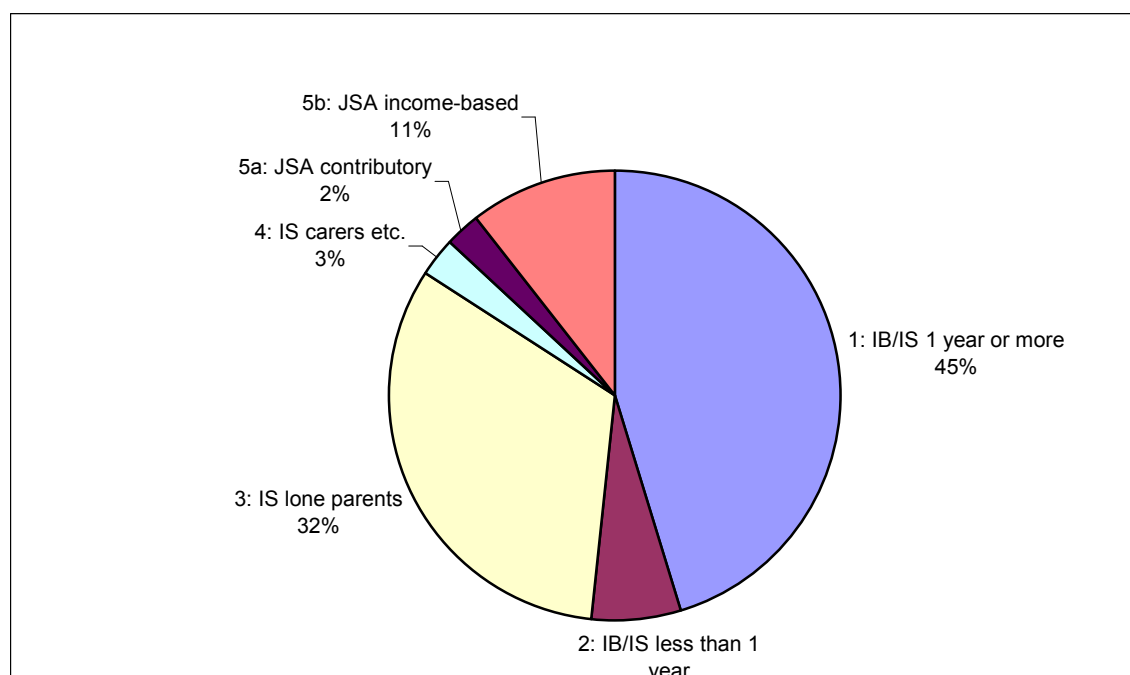


Figure 1 shows that by far the largest categories of expenditure are IB and IS payments to long-term IB claimants (which form 45 per cent of combined expenditure) and IS payments to lone parents (which form 32 per cent). IB and IS payments to short-term IB claimants and contributory JSA payments, which are the two categories for which a move to a single benefit might reduce benefit expenditure significantly, only make up 7 per cent and 2 per cent of expenditure respectively. This means that the scope for *overall* cost reductions under the single benefit in Scenario A is limited.

In practice, as Table 3 shows, there is only a small increase in overall benefit expenditure in Scenario A. Reductions in IB and contributory JSA are offset by increased expenditure on IS and income-based JSA. In the lower 'total benefit expenditure' row which includes the cost of paying twice the single rate of benefit to eligible couples, overall expenditure rises further. The maximum possible savings from imposing means-testing reduces benefit payments to Client Group 2 by just under a third, and payments to Group 5a are reduced by half. Overall benefit expenditure rises by 0.2 per cent if the twice single payment to eligible couples is not included, and rises by 2 per cent if it is included.

In Scenario B, where we assume the opposite extreme – that the imposition of means-testing does not result in any decrease in eligibility for IB or JSA – overall benefit payments to client group 2 fall by only 3.5 per cent, while contributory JSA payments *rise* by 1.5 per cent. The impact of this, plus the increases in benefit payments for Groups 1, 2 and 4, is that overall benefit expenditure rises by 2.6 per cent even before including the 'twice single rate' payments for eligible couples. Including the 'twice single rate' payments raises overall benefit expenditure rises by 5.1 per cent. Thus, the projected costs or savings from introducing the single benefit under our assumptions are:

- If the package does *not* include paying twice the single rate to eligible couples, a maximum extra cost of 3.2 per cent on the overall bill for IB, IS and JSA, or alternatively a minimum extra cost of 0.2 per cent. In cash terms these equate to an approximate extra cost of just over £600 million or an extra cost of about £30 million respectively.
- If the package does include the extra payments to eligible couples, there is a maximum extra cost of 5.1 per cent (around £1 billion) or a minimum extra cost of 2 per cent (around £400 million).

Table 3 is on the next page.

Table 3: Results from single benefit costing exercise

Benefit category/client group	Annualised cost: May 2006 (£m) Source: DWP	Projected cost of introducing single working-age benefit			
		Scenario A – max. annual saving		Scenario B – min. annual saving	
		New cost (£m)	% increase/ decrease	New cost (£m)	% increase/ decrease
Client group 1: Incapacity Benefit >1yr					
<i>Incapacity Benefit expenditure</i>	6,797	6,797	0.0	6,797	0.0
<i>Income Support expenditure (subgroup 1a)</i>	2,008	2,078	3.5	2,078	3.5
Total, Group 1 (IB/IS or single benefit)	8,805	8,875	0.8	8,875	0.8
Client group 2: Incapacity Benefit < 1yr					
<i>Incapacity Benefit expenditure</i>	743	311	-58.1	679	-8.6
<i>Income Support expenditure (subgroup 1b)</i>	538	557	3.5	557	3.5
Total, Group 2 (IB/IS or single benefit)	1,281	868	-32.2	1,236	-3.5
Client Group 3: Income Support lone parents					
Total expenditure, Group 3	6,300	6,519	1.4	6,519	1.4
Client Group 4: other Income Support					
Total expenditure, Group 4	552	571	3.4	571	3.4
Client Group 5: Job Seeker's Allowance					
<i>Group 5a: Contributory</i>	467	234	-50.0	474	1.5
<i>Group 5b: Income based</i>	2,080	2,382	14.5	2,382	14.5
Total, Group 5 (JSA or single benefit)	2,547	2,616	2.7	2,856	12.1
TOTAL benefit expenditure (IB+IS+JSA or single benefit): Without paying 2 x single rate payments to eligible couples	19,485	19,515	0.2	20,118	3.2
Extra cost of paying 2 x single rate: Groups 1, 2, 4 and 5	N/A	365	N/A	365	N/A
TOTAL benefit expenditure Including 2 x single rate for eligible couples	19,485	19,875	2.0	20,483	5.1

Appendix: amount of extra cost disability payments in current system

A rough estimate of the amount of Income Support expenditure which is accounted for by 'extra cost' premiums can be found by using the DWP's tabulation tool data. The tabulation tool can be used to split the IS caseload into bands according to the amount of IS paid per week in each band: (£0 to £20, £20 to £40, £40 to £60, £60 to £80, £80 to £100, £100 to £150, £150 and over). We can also split the IS caseload by 'statistical group' allowing us to distinguish disabled people, lone parents, carers and other claimants. Here we look at IS payments for disabled people (defined here as those who are also receiving Incapacity Benefit, including 'credits only' IB, or Severe Disablement Allowance).

DWP data for May 2006 shows that 979,000 Income Support claimants were in receipt of 'credits only' IB. For these people, approximately £60 of their weekly IS payment is the adult IS premium, which they are receiving instead of IB. Hence this part of their IS should not be included in the total value of 'extra cost' disability benefits. To allow for this in our calculation of the total cost of disability premiums, we first work out the total value of all IS payments to the group also receiving IB. We then deduct an amount equal to:

$$(number\ of\ 'credits\ only'\ IS\ claimants) \times (approx.\ annual\ value\ of\ adult\ IS\ premium\ [£60 \times 52])$$

Table 4 below gives our estimates of the overall size of the extra cost disability payments for IS claimants.

Table 4. Estimates of extra cost disability payments for IS claimants

Weekly payment – group	Average amount of IS payment (£)	Caseload in group (1,000s)	Estimated amount of IS disability premiums – total (£m)
£0 to £20	13.34	143.18	99
£20 to £40	30.74	104.90	168
£40 to £60	52.17	163.48	443
£60 to £80	9.23	106.81	385
£80 to £100	22.89	421.05	1,814
£100 to £150	66.29	179.99	1,182
£150 and over	144.26	71.83	763
Total IS payment			4,854
Correction for 'credits only' IB claimants	-60.00	979	-3,054
TOTAL extra cost IS disability payments			1,800

Table 3 estimates that exactly £1.8bn of IS expenditure corresponds to 'extra cost' disability payments. This represents around 19 per cent of total IS expenditure on *all* groups, and about 37 per cent of expenditure on the subgroup of IS claimants who also claim IB.