

What is the real cost to families of raising a child with a disability?

FAMILY FINANCES AND DISABILITY: THE COST OF RAISING CHILDREN WITH DISABILITIES

- We quantified the cost of having a disabled child in the family
- In 2011/2012, an additional income of £18-25 per week was required to achieve the same living standards as similar families without a disabled child
- Caring for a child with a mental disability cost more than caring for a child with a physical disability, and more research is needed to understand why

For families of children with disabilities, life can seem impossibly complicated. For example, finding specialist childcare so that parents can work may be a costly and insurmountable hurdle.

There are 770,000 disabled children under the age of 16 in the UK – that’s around 1 in every 20 children. The UK Government offers those families much-needed financial support, but research is required to ensure this is correctly targeted. A project under the CPRU’s health economics cross-cutting theme investigated the issue.

The health economics cross-cutting theme is led by Steve Morris, Professor of Health Economics, who explained that health economics applies “economic theory and models to analyse the costs or cost effectiveness associated with health or health care.”

Disability and family finances

It’s estimated to cost up to three times as much to raise a disabled child than to raise one without a disability. That’s a huge difference, and might explain why at present, 21% of children in families with at least one disabled member are living in poverty, a significantly higher proportion than the 16% of children in families with no disabled member.

The UK Government offers support to the families of disabled children to offset some of the additional expense. But how best to set the level of support? A recent project by the health economics theme set out to quantify the financial impact of having a disabled child in the household.

Intangible costs

One way to set the level of income support is to add up the additional

costs associated with particular disabilities – such as specialist equipment and travel to appointments – and to use this to calculate benefits.

But, as Steve pointed out, this may not capture the full picture: “There is some concern that expenses associated with disabled children are underestimated. Estimates might include things the parents or carers can quantify such as travel costs for hospital visits, or adaptations to the home. But wrapped up in this are more intangible factors that affect living standards, such as limits to parents’ work capacity, or the impact on the rest of the family.

“To take account of this, we looked at the issue another way, taking a bottom-up approach to try to develop a more comprehensive estimate of the burden.”

Equalising living standards

Steve and his colleagues carried out a study to calculate what in economic terms is referred to as the ‘compensating variation’.

Steve explained: “Essentially, this is how much money you need to have the

equivalent living standards.” To do this, his team analysed data from the Family Resources Survey, which gathers information annually on the income and circumstances of homes across the UK.

Steve described the study method: “We used a country-wide survey that collects data on families, covering income, location and whether they have any children with any disability, physical or mental. It also includes details on various measures of living standards, such as how many pairs of shoes people own and whether they go on holiday. There’s a whole list of factors which together are thought to be good indicators of living standards.

“From about 50,000 households, we identified a group of families with disabled children and then matched them to other families who were identical in all respects – including living standards – apart from the disability. And then we looked at the difference in their income.

“The difference required to achieve the same living standard shows the real additional cost of having a child with a disability.”

An income gap

Steve summarised the study’s findings: “First, it was clear that families with disabled children required considerably more to achieve the same living standards as families without.



“Families with disabled children required considerably more to achieve the same living standards as families without.”

Across all families with a disabled child, we calculated that additional income of £18-£25 a week (in 2011/12 prices) was required to achieve the same living standards as matched families without a disabled child. In families with the most disabled children the amount needed was £56-£82.

“When we further analysed the data, we found that the gap in income in order to achieve equal living standards was greater in families with lower living standards and more severely disabled children (£72-£104). It sounds like common sense that families with lower living standards and more disabled children should suffer the most – but we have been able to quantify it.

“We also looked at the actual amount of benefits families received, and we found a disconnect. Poorer families tended to get less than they needed. Since addressing this gap is what disability policy is all about, a slightly different approach might be beneficial. Rather than linking benefits to disability level alone, our findings suggest that policy makers might usefully take income level into greater account.”

“Mental disability had a greater financial impact than physical disability.”



Mind as well as body

“Another interesting finding,” noted Steve, “was that mental disability had a greater financial impact than physical disability. I think this may be unaccounted for in benefits.”

With this in mind, Steve outlined plans for the future: “We are hoping to do some work with input from researchers within the CPRU’s sociology theme to try and look at this issue in a qualitative way, to tease out what the intangible costs are and explore why mental illness can be such a financial burden.

“We hope that by combining this with our quantitative results, we can better inform policy to ensure that the UK’s systems meet the real needs of families facing the costly challenges of raising children with all types of disability.”

More information

Disabled Living Foundation

www.dlf.org.uk

UK Government. Disability facts and figures

www.gov.uk/government/publications/disability-facts-and-figures/disability-facts-and-figures

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