

Benefits Bulletin

Spring Budget...

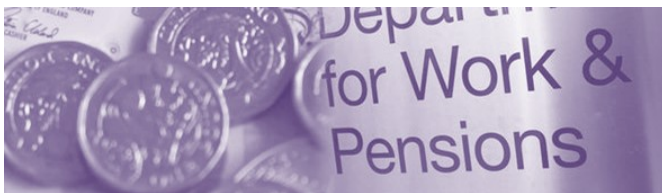
9th May 2023

Issue **4** [2023]

This Benefits Bulletin brings news of the changes / reforms to Social Security benefits announced in the Spring Budget published on 15th March 2023.

Please see this [LINK](#) for full details of the Spring Budget statement.

The key changes and reforms to Social Security benefits (with paragraph numbering) were as follows:



1. Health and Disability...

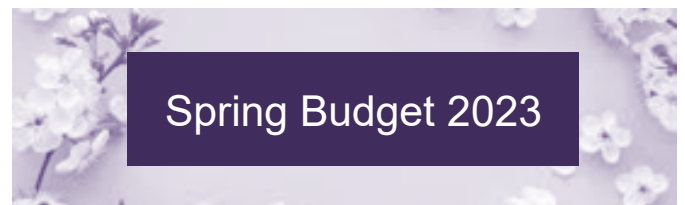
4.142: The Work Capability Assessment (WCA) is to be abolished and replaced with a 'health and disability functional' assessment under Personal Independence Payment. The announcement stems from that which has been outlined in the [Health and Disability White Paper](#) (updated on 16th March 2023) about plans to both scrap the WCA and the existing Universal Credit 'limited capability for

work and work-related activity' element (worth £390.06 per month from April 2023) and replacing it with a new Universal Credit 'health element'. The intention being that there will be no need to be found to have 'limited capability for work' and 'limited capability to prepare for work' to get additional financial support for those who have a disability or health condition.

Paragraph 17 of Chapter 4: Transforming the system for the future of the Transforming Support: The Health and Disability White Paper

4.143: The scrapping of the WCA will coincide with the introduction of a new supported employment programme for disabled people and those with long-term health conditions which will match people to employment opportunities, funding support and training.

4.144: Those affected will get additional and tailored Work Coach time to find suitable work.



Spring Budget 2023 Factsheet: Disability White Paper See this [LINK](#) (15.3.2023)
Spring Budget 2023 Factsheet: Labour Market Measures See this [LINK](#) (15.3.2023)

Timescale: The [Health and Disability White Paper](#) (at paragraph 156) provides that: *“The degree of change in our proposals will require primary legislation, which we would aim to take forward in a new Parliament when parliamentary time allows. These reforms would then be rolled out, to new claims only, on a staged, geographical basis from no earlier than 2026/27. We would expect the new claims roll-out to be completed within three years (so by 2029 at the earliest), when we would then begin to move the existing caseload on to the new system.”*

2. Administrative Earning Threshold (AET)

4.146: The Administrative Earnings Threshold (AET) will increase from the current multiplier of 15 x National Minimum Wage to 18 x National Minimum Wage.

This will mean that the AET will for most people be set at £812.00 per month (£10.42 multiplied by 18 = £187.56 per week multiplied by 52 weeks then divided by 12 months = £812.00 per month - fractions of a pound are ignored).

The joint figure AET for couples will also be removed. Presently providing a couple's overall / joint earnings are over £988.00 per month neither are expected to look for work, look for more work and/or better paid work.

Moving forward each member of a couple will need to earn above the new AET amount of £812.00 per month or they will be expected to look for work, look for more work and/or better paid work.

This will mean that a greater number of Universal Credit claimants who are working but on lower earnings will be expected to look for work, look for more work and/or look for better paid work as a condition of their Universal Credit claim.



The WCA is the tool used to assess whether those who have physical and mental health conditions may be assessed as having 'limited capability for work' (LCW) / 'limited capability for work-related activity' (LCWRA). The premise has been that those with LCW have been expected to engage with the Job Centre to explore barriers to employment. Whereas those with LCWRA have not been expected to undertake any work-related activity. In both cases the person involved would get extra benefit in recognition of potential disability-related expenditure and the fact that employment opportunities might be difficult to come by. However, in April 2017 the extra payment made to those with LCW was removed as it was seen as creating a disincentive to work.



This is the third real increase in the AET since September 2022. Moreover, it will be the first time that there has not been a joint AET amount for couples. The AET did stand at £355.00 per month for single claimants and £567.00 per month for couples.

It then increased to £494.00 per month for single claimants and £782.00 per month for couples from 26.9.2022. It then increased again to £617.00 per month for single claimants and £988.00 per month for couples with effect from 30.1.2023.

These changes are expected to affect over 100,000 claimants and require them to meet more regularly with a Work Coach and to take active steps to look for more work and better paid work.

3. Strengthening Sanction Scheme

4.148: The way the Universal Credit sanctions regime is applied will be strengthened by automating parts of the process to reduce error rates and additional training for Work Coaches to apply sanctions more effectively, including for claimants who do not look for or take up employment opportunities.

See this [LINK](#) for details of an albeit old report by the National Audit Office (dated 30.11.2016) into benefit sanctions. It found:

“Sanctions have costs, for people who receive them... The Department does not track the costs and benefits of sanctions, but estimates that it spends £30-50 million a year applying sanctions, and around £200 million monitoring the conditions it sets for claimants. The NAO estimates the Department withheld £132 million from claimants due to sanctions in 2015, and paid them £35 million in hardship payments. The overall impact of sanctions on wider public spending is unknown.”

National Audit Office



4. Universal Credit Childcare

4.165: That for those parents on Universal Credit who are moving into work or increasing the amount of hours they work childcare support will be paid upfront rather than in-arrears.

4.166: That the Universal Credit childcare cost ceiling will be increase for those parents who face the highest childcare costs.

The maximum amounts will increase from £646.35 per month for one child to £951.00 per month and from £1,108.04 per month for two or more children to £1,630 per month.

5. Work Search and Lead Carers

4.147: There will be an increase in the work search requirements placed on Universal Credit claimants that are lead carers (of children aged between 1 and 12. Additional Work Coach support will be provided to this group to prepare for work. At the same time lead carers with children aged 3 to 12 will be supported to increase the number of hours they are expected to look for work or prepare for work each week.

These changes are expected to impact on over 700,000 lead carers who would previously not had any work search activity imposed on them or only limited work search requirements.

Welfare Rights Service
Specialist Support Team
City of Wolverhampton Council
WRS@wolverhampton.gov.uk