

# Benefits Bulletin

# Welfare Reform...

21<sup>st</sup> March 2025

Issue **2** [2025]

## 1. Introduction

1.1: This Benefits Bulletin brings news on the key reforms contained in the Pathways to Work: Reforming Benefits and Support to Get Britain Working Green Paper which was published on 18<sup>th</sup> March 2025. Please see this [LINK](#).

1.2: The paper explains that the backdrop to the reforms are to build on the work that has already been undertaken to:

- grow the economy and drive up living standards; and
- get people into work

as part of the wider Plan for Change (please see this [LINK](#)), whilst seeking to fix a 'broken' welfare system that no longer provides a 'safety net' for those that need support and 'snares millions of people in a cycle of unemployment and inactivity' at the expense of taxpayers.

[Green Paper - Ministerial Foreword]



1.3: The paper explains that there has been a significant increase in the number of:

- people who are not working or looking for work due to ill health; and
- young people who are not in education, employment or training and who are economically inactive due to poor mental health.

[Green Paper - Paragraph 8]

1.4: According to the paper there has also been a substantial rise in the number of people receiving incapacity and disability benefits.

[Green Paper - Paragraph 11]



1.5: The paper confirms that the number of:

- new Personal Independence Payment (PIP) claims has risen from 13,000 a month before the pandemic to 34,000 a month now; and

- people who receive extra Universal Credit on grounds that they are unable to work due to ill-health is set to rise from 1.9 million to 3 million in the ten-year period from 2019/20 and 2029/2030).

1.6: The paper confirmed that the combined total of face-to-face assessments undertaken in PIP and Work Capability Assessments (WCA) has fallen. The number of face-to-face assessments that took place before the pandemic was around 75%. The number is now less than 10%. The plan is to see more face-to-face assessments being undertaken in the future whilst ensuring that adequate reasonable adjustments are available where needed.

[Green Paper - Paragraph 55]

1.7: The paper reports that the total spend on incapacity and disability benefits for working-age adults has risen by £20 billion since the pandemic.

[Green Paper - Paragraphs 14 and 16]



1.8: It is understood that the expected budgetary savings from the reforms outlined will be in the region of £5 billion by the end of 2029/2030.

1.9: See also the Press release - Biggest shake up to welfare system in a generation to get Britain working (dated 18th March 2026 please see this [LINK](#)) for more information.

## 2. Reforms to PIP and the WCA...

2.1: Perhaps unsurprisingly, the main reforms are to Personal Independence Payment (PIP) and the Universal Credit extra payment (the so called 'health element') people can receive if they are considered to be too sick for work.



### Reform: Personal Independence Payment

2.2: The proposed key reform to PIP is that from November 2026 people will need to score a minimum of four points in at least one activity to qualify for the 'daily living' component.

[Green Paper - Paragraph 21]

2.3: It is also understood that entitlement to PIP will not in the future be means-tested or the level paid frozen or paid by way of a 'voucher' system.

2.4: PIP is a benefit that may be claimed by people who are of 'working age' and who by reason of long-term poor health or disability require support with their 'daily living' and/or have difficulties with their mobility be that making journeys or actual walking.

2.5: Entitlement to PIP for the vast majority of claimants is determined according to a point scoring system. Different point scores can be achieved depending on the difficulties a person encounters and the nature of support needed.

2.6: The main point scores are 2, 4, 6, 8, 10 and 12. A person needs to score at least 8 points to be eligible.

2.7: Imposing a new requirement that a person needs to score at least 4 points in a particular area will mean those whose entitlement to the 'daily living component' is based upon a collection of lower point scores will no longer qualify.

2.8: Consideration will be given to raising the age at which young people transition from Disability Living Allowance (DLA) to PIP from 16 to 18. The aim being to better align the stage at which young people claim PIP with other key milestones in the transition to adulthood.

[Green Paper - Paragraph 62]

2.13: A consultation exercise will be undertaken on delaying access to the new Universal Credit health element until someone is aged 22 on the basis that the savings generated would be reinvested into 'work support and training' opportunities for this age group.

[Green Paper - Paragraph 62]

## Reform: Work Capability Assessment

2.8: The Work Capability Assessment (WCA) will be scrapped by 2028 for Universal Credit purposes.

[Green Paper - Paragraph 37]

2.9: The WCA will be replaced by a new 'Universal Credit health element' and eligibility for this will be assessed through a 'single assessment' - the assessment for Personal Independence Payment - based upon the impact of a person's disability on their 'daily living'.

[Green Paper - Paragraph 37]

2.10: The extra amount included in a person's Universal Credit award on grounds that they have 'limited capability for work-related activity' (LCWRA) will be replaced by the new Universal Credit health element.

[Green Paper - Paragraph 37]

2.11: Replacing the extra payment for LCWRA (worth £416.19 per month) with the new Universal Credit health element will mean that extra money will no longer be awarded based upon a person's incapacity to work but upon their daily living. This move is designed to ensure that those who take steps to return to work or who work will not put in jeopardy the level of Universal Credit they receive.

[Green Paper - Paragraph 37]

2.12: The new Universal Credit health element will be worth £47.00 per week less than the current LCWRA amount.

[Green Paper - Paragraph 38]

2.14: Transitional protection measures will ensure that those who have been assessed as having LCWRA (and who continue to have LCWRA) prior to April 2026 will lose their LCWRA extra payment and assurances will be given to ensure that this group do not fear loss of benefit entitlement through work.

[Green Paper - Paragraph 38]



2.15: Those who receive the new reduced Universal Credit health element who have severe 'life-long health conditions' where there is no prospect of improvement and who will never be able to work, will be eligible to an additional premium to protect and enhance their income.

2.16: There will be a guarantee that they will not be required to be periodically reassessed to see if they continue to meet the disability qualifying requirements.

[Green Paper - Paragraph 42]

2.17: Those who receive the new Universal Credit health element will be able to benefit from the 'work allowance' (in the same way as those who presently have 'limited capability for work') and so will be able to earn up to £404.00 per month (or £673.00 if they do not live in rented accommodation) before the amount of Universal Credit that is paid to them is affected.

[Green Paper - Paragraph 38]



2.18: Scrapping the WCA will significantly reduce the number of health assessments that people have to undergo. There are currently 1.7 million people who presently get Universal Credit / Employment and Support Allowance and PIP and have to undergo the assessment.

[Green Paper - Paragraph 55]

2.19: As part of the commitment 'removing barriers to work', new legislation will be introduced to guarantee that work will not in itself result in a person's disability benefits being reassessed.

[Green Paper - Paragraphs 39 and 124]

2.20: None of the proposed 2023 reforms to the WCA will be acted upon. This is because the High Court ruled the consultation process to be unlawful and it is now considered that the scrapping of the WCA altogether is best.

[Green Paper - Paragraph 40]

2.21: The WCA is the system used to assess whether those applying for Universal Credit on grounds that they are unable to work due to ill-health (and/or Employment and Support Allowance) have (or may be treated as having) 'limited capability for work' (LCW) or 'limited capability for work-related activity' (LCWRA).

2.22: Those found to have LCW are not expected to work but are expected to engage in Work-focused Interviews and work-related activity designed to get them closer to the labour market.

2.23: Those getting Universal Credit who were held to have LCW before 3.4.2017 have been awarded a LCW element worth an extra £156.11 per month. Those found to have both LCW and LCWRA are awarded the LCWRA element (instead of the LCW element) which is worth an extra £416.19 per month.

## 3. Other Reforms

3.1: The standard allowance of Universal Credit will be increased to rebalance a series of benefit rate freezes and lower than inflation increases and promote work.

[Green Paper - Paragraph 41]

3.2: The value of the standard allowance has been at a 40 year low falling from around 40% of full-time earnings to less than 25% of the wage of someone working full-time getting the National Minimum Wage.

[Green Paper - Paragraph 41]

3.3: Starting from April 2026 the basic rate of Universal Credit will be increased for new and existing claimants. Single people aged 25+ will see an increase to their standard allowance of £7.00 per week.

[Green Paper - Paragraph 42]

3.4: It is understood that this is the amount for single people aged 25+ and that a similar % increase will be applied to the 25+ couple rate.

3.5: A plan to replace New Style Jobseeker's Allowance (New Style JSA) and New Style Employment and Support Allowance (New Style ESA) with a new 'Unemployment Insurance' non-means-tested benefit for those who have worked and paid National Insurance contributions.

[Green Paper - Paragraph 53]

3.6: The new Unemployment Insurance would be paid at the same rate as New Style ESA (currently £138.00 per week) and offer financial support to those who are unemployed or encounter a period of ill-health for a short period.

[Green Paper - Paragraph 53]

3.7: Entitlement to the new Unemployment Insurance will be time-limited.

[Green Paper - Paragraph 53]

3.8: Those entitled to the new Unemployment Insurance would, as current New Style JSA and New Style ESA claimants may do, be able to apply for Universal Credit as a top-up subject to personal and financial circumstances.

[Green Paper - Paragraph 54]

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