

Benefits Bulletin

Less ESA Money...

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Welfare Reform

The 'work-related activity component' (presently worth up to £29.05 per week) will be abolished for new Employment and Support Allowance claimants from 3rd April 2017. This will result in most new ESA claimants receiving the same amount of benefit for day-to-day living expenses as those who receive Jobseeker's Allowance.



Under Employment and Support Allowance and the 'work capability assessment' those with health problems may be treated as though they have 'limited capability for work' (LCW) or 'limited capability for work-related activity' (LCWRA).

Those with LCW are placed into the 'Work-related Activity Group' (WRAG) and expected to participate in 'work-focused interviews' and 'work-related activity' which are designed to examine barriers to employment and support a return to work. Those with LCWRA (who are by definition more likely to have a greater level of disability) are put in the Support Group and have no such requirements placed upon them.

Historically people in the WRAG have been awarded an extra £29.05 per week, whereas those in the Support Group have received an extra £36.20 per week (plus in some cases an 'enhanced disability premium' presently worth up to an extra £15.90 single/£22.85 couple per week).



Extra Money Due to Ill-health:

The basic amount of benefit for Jobseeker's Allowance and Employment and Support Allowance claimants is £73.10 per week for a single person and £114.85 per week for a couple. Historically people claiming benefit due to having ill-health for work have been paid extra benefit. This extra money is understood to have been paid to enable the claimant to meet any extra disability-related expenditure and in recognition of the possibility of longer periods out of work due to diminished prospects of work in comparison to those who are unemployed but in good health.



Transitional Protection:

Those who have been awarded the £29.05 per week 'work-related activity component' because they claimed ESA prior to 3rd April 2017 will continue to receive it after April 2017 providing they continue to get Employment and Support Allowance and meet the 'limited capability for work' conditions under the 'work capability assessment'. The reform will not apply to those who are placed into the 'support group' under Employment and Support Allowance because they are assessed as having 'limited capability for work-related activity'.

When these changes to ESA were first announced in the Summer Budget 2015 savings of £640 million a year were forecast for 2020-21 by this measure. By the Budget in 2016 the forecast was reduced to £450 million a year for 2020-21.

Abolition of the ESA Work-related Activity Component: House of Commons Briefing paper CBP 7649 7.3.2017

It is considered that the removal of the work-related activity component will remove the financial incentives that could otherwise discourage claimants from taking steps back to work.

Welfare Reform and Work Bill: Impact Assessment to remove the ESA Work-Related Activity Component and the UC Limited Capability for Work Element for new claims: July 2015

Severe Disability Premium:

This cut comes on top of the removal of the 'severe disability premium' (worth up to £61.85) under Universal Credit reforms. It means that many sick and disabled people could find themselves up to £100.00 per week worse off in the long term. The change is expected to affect almost half a million people and result in £1.4 billion of savings by 2020.



Universal Credit:

This reform will be equally applied to those receiving Universal Credit resulting in large numbers of sick and disabled Universal Credit claimants losing up to £126.11 per month.

**Welfare Rights Service
Specialist Support Team**

Email: A&C.WRS@wolverhampton.gov.uk