

Proposed changes to contribution-based Employment and Support Allowance

Welfare Reform Bill 2011

September 2011

Welfare Reform Bill: Proposed changes to contribution based Employment and Support Allowance

Time Limiting

How will this proposal affect people's benefit?

If this change takes place, claimants who currently receive both income-related ESA and contribution-based ESA will have the contributory element of their entitlement ended when they reach the 12 month time limit, and the income-related element of their ESA will be adjusted to take this into account and continue.

When does the 12 months start?

Should the change happen, all days of the existing contribution-based ESA entitlement, including the assessment phase period, count towards the 12 month time limit if the claimant is in the Work Related Activity Group. The 12 month time-limit does not include any time spent in the Support Group or the time spent in the assessment phase if you moved from the assessment phase into the Support Group at the start of their claim.

When will this change happen?

The earliest this proposed change can become law is April 2012.

Will people in the Support Group be affected by this change?

People in the Support Group will not be affected by these proposals.

If someone moves into the Work Related Activity Group and this change has become law, any time they have spent in the Support Group will not count towards the 12 months time-limit for contribution-based Employment and Support Allowance.

Will people need to have to have a new Work Capability Assessment?

No. The proposed change would not lead to people having to have any additional assessments.

How will this affect people with fluctuating conditions who move between the Work Related Activity Group and Support Group?

Any time spent in the Support Group will not count towards the 12 month time-limit. However, time spent in the Work Related Activity Group will be cumulative.

Could this proposed change affect people's other benefits?

At this stage claimants do not need to do anything to continue receiving their current benefits. If anything changes we will write to claimants again explaining what they need to do.

The proposed change will only affect contribution-based Employment and Support Allowance for people in the Work Related Activity Group.

Claimants will keep any entitlement to Disability Living Allowance, provided they continue to meet the qualifying conditions.

Housing Benefit and/or Council Tax Benefit may be affected if a claimant's benefit changes as the amount of help they receive for rent and/or council tax will depend on their new level of income.

Entitlement to working tax credits and child tax credits may also continue, and could increase, depending on a claimant's circumstances at the time and new levels of income.

What are the criteria for receiving income-related Employment and Support Allowance?

Income-related Employment and Support Allowance is a means tested benefit based on the income someone receives. Someone may get income-related Employment and Support Allowance if, amongst other things:

- their income is below a certain level. This depends on an individual's circumstances;
- they have capital of less than £16,000;
- they must be in Great Britain. Great Britain means England, Scotland and Wales and generally the adjacent islands such as Lundy, Orkney, Shetland, the Scillies, and the Isle of Wight
- their partner works for less than 24 hours a week (if they have one).

How will this change affect claimants' back to work support?

Employment and Support Allowance claimants over 18, including those receiving contribution-based Employment and Support Allowance, have access to a range of employment support including the Work Programme. If the change takes place and a claimant's benefit comes to an end due to time limiting they can continue to access support, and remain on the Work Programme, if they wish.

Changes to Employment and Support Allowance Youth

How does this change affect Employment and Support Allowance (Youth)?

If this change becomes law all new claims for Employment and Support Allowance 'Youth' will be subject to the same National Insurance contribution conditions as all other claimants. If a claimant qualifies for contribution-based Employment and Support Allowance, and are then placed in the Work Related Activity Group, a 12 month time-limit will also apply.

If the legislation is passed, and claimants are currently receiving Employment and Support Allowance 'Youth' in the Work Related Activity Group, they will be subject to the time-limiting provisions, and will cease to receive contribution-based Employment and Support Allowance after 12 months.

If a claimant has already been receiving contribution-based Employment and Support Allowance in the Work Related Activity Group for 12 months, and should this change come into effect, they will immediately lose entitlement. However, dependent on a claimant's income and savings they may become entitled to income-related Employment and Support Allowance instead. They will not have to make a new claim, but we may have to ask for more information. We will write to claimants before their benefit ends to tell them what to do to be considered for this.

Claimants currently receiving Employment and Support Allowance 'Youth' in the Support Group will not be affected by the changes.

Notification and advice

What advice can we give claimants?

Because this change is not yet law and may be amended during the Parliamentary process Jobcentre Plus cannot advise claimants to take action at this stage in case we misdirect them. At this stage claimants do not need to

do anything to continue receiving their current benefits. We will write to claimants again if the proposals are approved and affect their benefit. We will also tell them what they need to do.

Why are you sending a letter when you can't tell people anything definite?

In view of the timescales involved Ministers made a decision to contact claimants who may be affected by this change before the Welfare Reform Bill receives Royal Assent. This will allow these claimants to be aware of the potential change.

To ensure that claimants receive the benefits they are entitled to we will need to assess claimants' entitlement to income-related Employment and Support Allowance. We expect that this change will lead to a considerable amount of enquiries. By notifying claimants early in the process we will be able to deal with any queries people may have now. This will help us free up the resources required to assess claimants for income-related Employment and Support Allowance if and when the change comes into effect.

Who is going to receive this notification?

All people currently in receipt of contribution-based Employment and Support Allowance in the Work Related Activity Group will receive this notification over a four week period starting on the 19th September 2011. People making new claims to contribution-based Employment and Support Allowance will also be informed of the proposed change.

How will you ensure that vulnerable claimants, such as Young People and claimants with mental health conditions are not placed at risk?

Those with the most severe health conditions or impairments and who cannot be expected to work will be in the Support Group and will not be affected by the introduction of time-limiting contribution-based Employment and Support Allowance.

We are currently designing the process for managing this change. This will be done in line with current Jobcentre Plus' processes and our ongoing commitment to supporting vulnerable claimants.

Adjustments will be made so that claimants making enquiries following receipt of the notification will be able to access our services.

How will people be supported if this legislation is passed?

Claimants in the Work Related Activity Group whose entitlement to contribution-based Employment and Support Allowance ends after 12 months

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will be able to get income-related Employment and Support Allowance if they are eligible. There will always be a safety net to support those who have no means of supporting themselves.

We expect around 60% of claimants currently receiving contribution-based Employment and Support Allowance to have some entitlement to income-related Employment and Support Allowance.

Other benefits such as Housing Benefit and Disability Living Allowance may be available to those claimants affected by the introduction of a time-limit; income-related Employment and Support Allowance may also be available for those on lower incomes.

We will need to assess claimants' entitlement to income-related Employment and Support Allowance. We are currently designing the process for this and will provide more details when this is complete.