



June Budget and Spending Review 2010: DLA and ESA changes

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The Coalition Government's June 2010 Budget announced that a new "objective medical assessment" would be introduced for Disability Living Allowance claims from 2013-14. This is expected to result in savings of over £1 billion a year by 2014-15. Few details of the proposed new assessment are available, but the Government has said that it will hold a public consultation this autumn.

The Spending Review on 20 October announced that the DLA mobility component is to be withdrawn from people in care homes whose place is funded by a public body. The DWP estimates that 60,000 people will be affected. Savings of £135 million a year are expected by 2014-15.

The Spending Review also announced that, from April 2012, for those Employment and Support Allowance claimants assessed as eligible for the "Work Related Activity Group", contributory ESA would only be payable for up to 1 year. Those still on benefit at that point may then claim income-based (i.e. means-tested) ESA, but they may not be entitled to any benefit if they or their partner has other income or capital above a certain level. Savings of around £2 billion a year are expected by 2014-15.

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1 Disability Living Allowance

Disability Living Allowance (DLA) provides a weekly fixed sum for the purpose of assisting a person with the extra costs associated with disability. It is non-means-tested, non-contributory, and tax free. DLA has a mobility component and a care component. The mobility component – for help with walking difficulties – is paid at two different levels. The care component – for help with personal care needs – is paid at three levels. Further information on DLA can be found at the [Directgov website](#).

At February 2010, 3.1 million people were receiving DLA in Great Britain, of whom 2.6 million received a care component and 2.7 million a mobility component. 2.2 million received both a care and a mobility component.¹ The DWP estimates that total expenditure on DLA will be in excess of £12 billion in 2010-11.²

1.1 A new assessment for DLA

The current position

People making a claim for DLA must complete a self-assessment questionnaire giving details of their health conditions and the needs arising from them.³ Claims are considered by DWP officials known as “decision makers”. In making the decision on entitlement, the decision maker may consult a detailed guide – the *A-Z of Medical Conditions*⁴ – which describes the care and mobility needs likely to arise from various illness or conditions. If the claimant’s situation does not match the description in the guidance, or if the guidance in relation to their particular condition suggests that further medical evidence should be sought, the decision maker may ask the claimant’s GP, or another medically qualified person treating the claimant, to complete a factual report (the claim form asks the claimant to provide contact details for their GP and/or person treating them). If, on receipt of the factual report, the decision maker decides that they still do not have enough information, they can require the claimant to attend a medical examination carried out by a healthcare professional employed by Atos Healthcare, the DWP Medical Services contractor. Atos Healthcare carried out 46,312 DLA assessments in the period October 2009 to September 2010.⁵

DLA awards may be for either a fixed period or for an open-ended period.⁶ Fixed period awards may be for months or for a few years. For fixed period awards, the letter giving the decision on the claim will specify the date when payment starts and when it ends. The length of the award will depend on the DWP decision maker’s judgment when the original claim was made about how long the person’s needs are likely to last for.

The fact that someone may have been given an indefinite award of DLA does not mean that they will not have to undergo a further assessment at some point. Between 1999 and 2007 existing claims were reassessed under the “periodic enquiry” process. Since 2007 the DWP’s “Right Payment Programme” (RPP) has been checking the correctness of existing awards by examining a sample of around 12,000 DLA cases each year. Those selected by RPP are sent a form to complete which is then considered by a special team of decision makers. As part of the check on their award, the claimant may be asked to provide further information and/or attend a medical examination. Claimants are only exempt from

¹ DWP [Tabulation Tool](#)

² DWP [Benefit Expenditure Tables](#)

³ The form can be downloaded from the [Directgov website](#)

⁴ Available at the [DWP website](#)

⁵ HC Deb 4 November 2010 c929w

⁶ Sections 72-73 *Social Security Contributions and Benefits Act 1992*

reassessment under RPP if they are terminally ill, or if their award was made within the previous 12 months.⁷

The following written answer from January 2009 gives further information on the RPP and other procedures in place to verify and monitor the accuracy of Disability Living Allowance award entitlement decisions:

The Pension, Disability and Carers Service (PDCS) has in place a number of procedures to verify and monitor the accuracy of disability living allowance (DLA) award entitlement decisions. PDCS has a dedicated national checking team that continuously monitors a randomly selected sample of DLA outcome decisions and appeal submissions. In addition to this, DLA Operations have their own Quality Improvement Support Team that performs random checks on a sample of all recent DLA outcome decisions from each operational unit. Local operational managers also have technical checking teams who target areas of known difficulty before decisions are issued. Each year, PDCS also performs 12,000 random case interventions under the Right Payment Programme, to ensure the accuracy and correctness of the DLA live load. To encourage consistency of approach and better quality decisions, PDCS has introduced Customer Case Management (CCM), which provides comprehensive medical guidance for decision makers on the effects of disability, and guidance on focused further evidence gathering including more direct contact between decision makers and customers. To complement the existing checking regime, work is underway to introduce post decision checks targeted at those decisions that do not appear to conform to the medical guidance.⁸

Estimates of the incidence of fraud and error in relation to DLA claims are low in comparison with other benefits. The latest DWP estimate is that around £220 million (1.9% of total expenditure on DLA) was overpaid due to fraud and error in 2009-10. This compares with 5.7 per cent of expenditure on Income Support overpaid due to fraud and error, 5.2% for Jobseeker's Allowance, 4.4% for Housing Benefit and for Pension Credit, and 3.3% for Incapacity Benefit. Of the £220 overpaid, £60 million was due to fraud, £70 million was due to "customer error"⁹ and £90 million was due to "official error".¹⁰ There is no official estimate of the amount of DLA that is unclaimed because people eligible for the benefit do not claim it, but looking only at those already getting DLA, the DWP estimates that in 2009-10 claimants were *underpaid* a total of £290 million.¹¹

Announcement in the June Budget

The June Budget Red Book announced:

1.103 The Government will reform the Disability Living Allowance (DLA) to ensure support is targeted on those with the highest medical need. **The Government will introduce the use of objective medical assessments for all DLA claimants from 2013-14** to ensure payments are only made for as long as a claimant needs them.

The Government expects additional savings of over £1 billion a year by 2014-15, implying that some people who would currently receive benefit will not be entitled to it under the new regime. The policy costings document for the June Budget published by the Treasury stated:

⁷ Further information on the Right Payment Programme is given in a [Disability Alliance factsheet](#)

⁸ HC Deb 22 January 2009 c1681w

⁹ Where the claimant provided inaccurate or incomplete information, or failed to report a change in their circumstances, but there is no fraudulent intent on their part

¹⁰ Benefit was paid incorrectly due to inaction, delay or a mistaken assessment by the DWP, a local authority or HM Revenue and Customs

¹¹ DWP, [Fraud and Error in the Benefit System: October 2008 to September 2009](#)

Measure description

This measure will introduce an objective medical assessment and revised eligibility criteria for both new and existing working-age claims for Disability Living Allowance, to be rolled out from 2013/14. The assessment will follow a similar process to the Work Capability Assessment (WCA) used for claims to Employment and Support Allowance, with a points based system to assess eligibility to the different rates of the benefit.

[...]

Drawing on the evidence of the impact of the WCA, the central assumption for this policy is that it will result in a 20 per cent reduction in caseload and expenditure once fully rolled out. It is assumed that existing claimants would be reassessed over three years, with 25 per cent of the caseload reassessed in the first year, 75 per cent by the end of the second year and 100 per cent by the end of the third year.¹²

A statement issued by the DWP following the Budget explained:

Disability Living Allowance (DLA) was originally designed to give those with severe disabilities extra help so they could live with dignity and independence in their own homes. While we are absolutely committed to supporting vulnerable disabled people, over the last decade the system has become open to abuse and the numbers claiming has steadily increased. In just eight years the numbers claiming DLA have risen by more than half a million.

DLA awards can be decided on the basis of self-reporting of need and, although medical assessments are sought for certain awards, these are not mandatory. We believe support must be offered on the basis of genuine need.

That's why we're taking the decision to reassess everyone of working age on DLA, and ensure everyone in the future goes through a proper gateway to claim the benefit.¹³

The Government expects that the new assessment will lead to savings of £1,075 million a year by 2014-15, but it is still not clear exactly what changes are envisaged, and what groups might be affected.

In a written answer on 14 September, the Minister for Disabled People, Maria Miller, said that the new assessment would be "transparent, objective and simple", adding:

The Department is currently in the process of developing options for the new assessment in consultation with an independent group of experts comprising of disabled people, relevant health professionals and others with expertise in this area. As part of this process we will consider what evidence will be required to support that new assessment and how that evidence will be gathered.

We will begin a consultation process on our plans to reform DLA, Later this year, ensuring disabled people and representative organisations are involved.¹⁴

On 14 October, the Minister reiterated that a public consultation would be held in the autumn of this year. She went on:

¹² *Budget 2010 policy costings*, p36

¹³ *Fairness and reform at the heart of Budget settlement*, 22 June 2010

¹⁴ HC Deb 16 September 2010 cc1153-1154w

In addition to this broader consultation process, a disability living allowance assessment development group comprising of disabled people and relevant health professionals and others with expertise in this area has been created to advise on the development of the new assessment.¹⁵

On 18 October the Minister said:

We have held initial discussions on proposed reforms with disabled people and a broad range of representative organisations including representatives of Equality 2025, Radar and Disability Benefits Consortium.

In developing the new assessment announced by the Chancellor in the Emergency Budget, we are working with an independent group of specialists in the fields of health and disability and representatives of disabled people.

We will have ongoing discussions to ensure that our reforms will assess more accurately and consistently who would benefit most from additional support, while continuing to tackle the inequalities that can arise from severe disability.¹⁶

In response to a question from Caroline Lucas on 18 October, Maria Miller confirmed that the need to make savings worth 20% of expenditure was a factor when considering options for reform of the assessment:

The new assessment, which we are developing with the help of specialists in the fields of health and disability and representatives of disabled people, is being designed to assess more accurately, objectively and consistently those disabled people who would benefit from support to reduce the barrier they face to participating in society as a result of their disability. One factor being considered in developing options for the new assessment is the need for reform of disability living allowance to deliver savings of 20% of working age expenditure.¹⁷

The Budget referred to an “objective *medical* assessment” for DLA. However, during topical questions on 18 October Maria Miller said that there was “no intention to introduce a medical assessment for DLA”:

Jenny Willott (Cardiff Central) (LD): How will the Minister ensure that lessons are learned from the review of the new work capability assessment, including, as discussed earlier, from the use of more medical information from claimants' doctors, and how will those lessons inform the design of the medical assessment process for disability living allowance claimants when that is introduced?

Maria Miller: I thank my hon. Friend for her question. I should like to set the record straight on that. There is no intention to introduce a medical assessment for DLA. The work capability assessment, which, after all, tests people's ability to get into work, is very different. DLA is a benefit that is paid to disabled people to make up the additional costs that they incur for being disabled; it is not linked to their ability to work.¹⁸

Responses

Organisations working with disabled people have expressed concerns about the proposed new assessment for DLA.

¹⁵ HC Deb 14 October 2010 c415w

¹⁶ HC Deb 18 October 2010 c452w

¹⁷ HC Deb 18 October 2010 c452w

¹⁸ HC Deb 18 October 2010 c627

While acknowledging that the Budget contained some positive measures for disabled people, such as additional housing benefit to cover the costs of a live-in carer, the Disability Benefits Consortium was concerned that overall the Budget would have a disproportionate impact on disabled people. In a press release it said:

In particular the DBC regrets the decision made by the Government to introduce reforms to Disability Living Allowance (DLA) for working age adults that will result in a reduction in spending on this vital benefit. According to the Government's own 'State of the nation' report, spending on working age DLA currently stands at just over £6 billion and their own Budget predictions see this fall by over £1 billion by 2014/15. These changes are likely to leave thousands of working age disabled people unable to meet the additional costs many face as a result of their disability and can be expected to increase the number of people living in disability poverty.

Mark Baker, Head of Social Research and Policy at RNID and co-chair of the DBC policy group said "We are concerned that the introduction of the new medical test for working age DLA will create additional stress and anxiety for disabled people claiming this benefit. It will create unnecessary bureaucracy as well as increasing those costs associated with both the assessment and appeals process."¹⁹

The Disability Alliance – and organisation with around 250 members ranging from small, self-help groups to major national charities, which works to relieve the poverty and improve the living standards of disabled people – noted Government reassurances that the "ill-performing Work Capability Assessment" would not be the new "medical assessment" for DLA:

Whilst this is a small relief, DA is concerned that the new test will be used to restrict access to much needed financial support for disabled people and will introduce considerable additional costs to administering this essential disability benefit at a time of financial constraint.

DWP have also confirmed that the medical assessment of current DLA recipients will not – for the foreseeable future – include people over the age of 65 or under 18. The new assessment will be for working age disabled people.

DA is seeking further information on the new assessment and will be working with MPs and peers as well as our members to examine the DLA and other proposals in more detail and to ensure the Government provides answers at an early opportunity.²⁰

1.1 DLA mobility component for people in care homes

The current position

The Disability Living Allowance care component is withdrawn after a person has been in a publicly-funded care home for 28 days. The rationale is that the care needs of people in care homes are covered by those institutions; to pay the DLA care component in such cases would be duplicating provision.²¹ The care component can only continue to be paid if the person is meeting the full cost of their place without help from a local authority or other source of public funding.

¹⁹ [Response to the budget by the Disability Benefits Consortium](#)

²⁰ Disability Alliance, [New medical test for DLA](#), 5 July 2010

²¹ HC Deb 13 November 2000 c 527w

The DLA mobility component is however not affected if a person is in a care home. In a written answer in 2005, the then DWP Minister Malcolm Wicks said that this was because “care homes do not cover mobility needs”.²²

Announcement in the Spending Review

The Spending Review announced a series of reforms to benefits and tax credits aimed at delivering net AME savings of £7 billion a year by 2014-15, “to provide a fair and affordable platform for the introduction of the Universal Credit”.²³ This included:

removing the mobility component of Disability Living Allowance for people in residential care, where such costs are already met from public funds, saving £135 million a year by 2014-15²⁴

The Spending Review policy costings document gives further details:

DLA care and mobility components are generally not paid when a claimant is admitted to a hospital or similar institution after a prescribed number of days. The claimant retains an underlying entitlement to DLA during their stay and payments can resume from the date they are discharged. This rule is applied to ensure that payment is not made twice from public funds to meet the same need. At present when a person is admitted to a residential care home funded by a public body only the care component is withdrawn and any mobility component remains in payment.

The proposed policy is to stop payment of the mobility component after 28 days (84 days for a child) resident in a care home funded by a public body. This would include those in the Motability scheme in both care homes and hospitals. Those who fully self-fund their own care would be unaffected by the change.²⁵

Maria Miller gave further details in response to a PQ on 4 November:

Grahame M. Morris: To ask the Secretary of State for Work and Pensions what assessment he has made of the effect on those who live in residential care homes of his proposals to remove the mobility component of disability living allowance from such people; what representations he has received on his proposals; and if he will make a statement. [20981]

Maria Miller: People who live in state funded residential care homes will cease to be paid the mobility component of disability living allowance (DLA) after 28 days. While these residents will not be paid DLA, they will retain an underlying entitlement to the benefit and it will be reinstated if they leave the care home providing they continue to satisfy the conditions of entitlement. The planned implementation date is October 2012. The change will not apply to residents who meet the full costs of the care home themselves; they will continue to be paid any care or mobility components of disability living allowance they are entitled to. The change will affect around 60,000 people.

Local authority contracts with care homes cover services to meet all a resident's assessed needs, including any assessed mobility needs, so an individual's care support and mobility needs should be met by residential care providers from social care funding. This measure will remove an overlap of public funds while ensuring that resources continue to be targeted at disabled people with the greatest needs.

²² HC Deb 8 March 2005 c1723w

²³ Cm 7942 October 2010, p68

²⁴ *Ibid.* p69

²⁵ [Spending Review 2010 policy costings](#), p10

We have received representations in the form of parliamentary questions and correspondence since the measure was announced. The measure will be introduced as part of the forthcoming Welfare Reform Bill. In line with the Department's commitment to transparency, an equality impact assessment for Welfare Reform Bill measures such as this, will be published on DWP's website alongside the Bill in due course.²⁶

The Chair of the Work and Pensions Committee, Anne Begg, also raised number of issues in relation to the DLA proposal in a Westminster Hall adjournment debate on 4 November:

I am glad that it is the Minister responsible for disabled people who will be winding up for the Government, because of a phrase in the CSR attached to the announcement about the mobility component of the DLA for people in residential homes being cut:

“where such costs are already met from public funds”.

Can the Minister explain what that means?

Does that phrase mean that some people in residential homes will keep the mobility DLA, if their costs of travel and transport, presumably, are not being met from public funds? However, I am not aware of any residential homes that have a travel budget. I am not aware that public funds are available. Some people in residential homes might get a taxi card, for instance, but like, I suspect, many others, my local authority is tightening its criteria: Aberdeen has decided that someone on the upper rate mobility DLA does not get a taxi card. Anything that I can think of that might be the provision of travel from public funds does not, I think, apply to people in residential care.

On the issue of residential care, it is worth remembering that, generally, people in residential care who are on the mobility DLA will be a younger cohort, because people do not qualify for a DLA once they are over 65. Many of them might be in work—their care needs might require them to be in a residential home, but they might have work or go out daily to day centres or whatever. Without the DLA, they would not be able to get out of the confines of the residential home. Sometimes there is a perception that someone who lives in a residential home is elderly and not able to lead a fulfilling life, but nothing could be further from the truth. I would welcome some clarification from the Minister on that point.²⁷

For the Government, Maria Miller said:

The hon. Lady raised some issues about care homes. In particular, she mentioned the measure that we are taking with regards to mobility. Just to be clear, local authority contracts with care homes mean that care homes are providing services to meet all the needs of their residents, and that includes those with mobility needs. Our commitment to increase the uptake of personal benefits through personalisation will give people more choice and more control over the money that is available to them. The local authority duty exists to meet the needs of people who are living in residential homes and to provide the services. We have removed an overlapping benefit and tried to ensure that the money can be used effectively elsewhere.²⁸

Concerns have also been voiced about the impact of the withdrawal of the mobility component on people in care homes who use the Motability scheme:

²⁶ HC Deb 4 November 2010 c928w

²⁷ HC Deb 4 November 2010 cc337-338WH

²⁸ HC Deb 4 November 2010 c380w

Dr Whiteford: To ask the Secretary of State for Work and Pensions what assessment his Department has made of the potential effect on the number of users of Motability cars of the removal of the mobility component of the disability living allowance for people in residential care. [19513]

Maria Miller: It is estimated that around 8,000 users of the Motability scheme will be affected by the removal of the mobility component of disability living allowance for people already in receipt of state funding for some, or all of their care costs in the form of local authority care packages. The Department will be discussing the proposed measure with Motability to enable them to decide how best they can manage the impact of this change on their customers.

Local authority contracts with care homes should cover services to meet all a resident's assessed needs, including any assessed mobility needs, so an individual's care support and mobility needs should be met by residential care providers from social care funding. This measure will remove an overlap of public funds while ensuring that resources continue to be targeted at disabled people with the greatest needs.²⁹

Responses

An article in *Disability Now* gives reactions from the chief executives of Scope and the UK Disabled People's Council respectively to the Spending Review, and to the DLA announcement in particular::

Richard Hawkes, Chief Executive of Scope, said that disabled people were bearing the brunt of the cuts.

He said: "This assault on the most vulnerable is characterised by the callous removal of the mobility component of Disability Living Allowance (DLA) for people living in residential care, which will simply increase dependency and mean many people will literally become prisoners in their own homes."

Jaspal Dhani, CEO of the UK Disabled People's Council, added: "Our concerns are that as a result of losing independent mobility, disabled people will lose the spontaneity to travel and organise their lives and will become dependent on group based travel organised by residential care homes. This echoes the institutional practices of the 1980s."³⁰

The National Association of Welfare Rights Advisers argues that removing the mobility component from people in care homes-

...will significantly affect the potential for trips out and outings, denying older people or young people with disabilities the opportunity and right to participate in wider society, and in some cases to work. Alternative funding via social services is unlikely to be available in the face of 28% cuts.³¹

Mencap is concerned about the impact of withdrawing the mobility component on people with profound and multiple learning disabilities, and has called upon the Government to reconsider the proposal. It issued a press release on 2 November:

Mencap is calling for the government to scrap its plans to cut the mobility component of the Disability Living Allowance (DLA), which will affect 58,000 people living in residential care homes.

²⁹ HC Deb 2 November 2010 c789w

³⁰ 'Welfare cuts mean hard times ahead', *Disability Now*, November 2010

³¹ NAWRA press release, *Benefit cuts target the sick, the disabled and children*, 22 October 2010

Despite a coalition government promise of choice and control for people with a disability, the cut to DLA, announced in the Comprehensive Spending Review, affects the independence of those who are already the most discriminated against and least able to speak out.

Mencap is particularly concerned for people with profound and multiple learning disabilities. People with profound and multiple learning disabilities who do not live in the family home are most likely to be living in residential care homes. This money helps them get the personal support they need to get out and take part in activities. Removing this benefit will result in people with a learning disability being stuck in their residential care homes, stripped of the control they have over their lives.

Mark Goldring, Mencap's chief executive, said, "The removal of the DLA mobility component and the squeezing of local authority budgets, which help fund residential care homes, is a double blow for people with a learning disability. They rely on this money to access the community and live a fulfilled life. Through this cut the government is targeting some of society's most vulnerable people who cannot always fight for their rights themselves. It also suggests that the government does not believe that people in residential care who receive DLA are entitled to live independently.

He continued: "This cut will take us back to the days when people were left in care homes with just four walls for company and will undo decades of progress. Mencap is calling for the government to urgently review this proposal and prevent this devastating blow to some of the UK's most vulnerable people."

The sum of savings for the government is relatively small but it will have a huge impact on the quality of life for thousands. Mencap is campaigning for MPs to write to Maria Miller, the Minister for Disabled People, and get these plans scrapped. An e-action launched on 2 November and a letter from Mark Goldring, Mencap's Chief Executive and Lord Rix, Mencap's president, will be sent to David Cameron.³²

2 Time-limiting contributory Employment and Support Allowance

2.1 Background

Employment and Support Allowance (ESA) replaced incapacity benefits for people making new claims from October 2008. There are two forms of Employment and Support Allowance:

- **contributory ESA**, for those who have a sufficient National Insurance contribution record; and
- **income-related ESA**, which is means-tested.

To be eligible for ESA, a person must undergo a **Work Capability Assessment (WCA)**. Claimants are assessed during the first 13 weeks of their claim (or longer if necessary) to determine whether they have a "limited capability for work", and also whether they are capable of engaging in "work-related activity". This second part of the assessment determines whether the person is placed in the "**support group**" or the "**work-related activity group**"; for those in the latter group, access to the full rate of benefit may be conditional on participation in Work-Focused Interviews (WFIs) and agreeing an action plan. Those in the support group have more serious illnesses or disabilities, and are not required to undertake any further activities to receive their benefit.

³² [Mencap calls for Government to rethink unfair Disability Living Allowance cut](#)

The introduction of ESA did not initially affect people already getting incapacity benefits, but existing claimants (apart from those reaching retirement age or otherwise expected to leave incapacity benefits) are to be reassessed under the Work Capability Assessment between now and 2014. Around 1.5 million people are to be reassessed over a three year period, equating to nearly 10,000 nationally a week. Those who satisfy the test will be “migrated” to ESA. The DWP estimates that around 23 per cent of those reassessed will be found “fit for Work” and of those around half will move onto Jobseeker’s Allowance.³³

2.2 Announcement in the Spending Review

The Spending Review announced that, from April 2012, for those ESA claimants assessed as eligible for the “Work Related Activity Group”, contributory ESA would only be payable for up to one year. Those still on benefit at that point may then claim income-based (i.e. means-tested) ESA, but they may not be entitled to any benefit if they or their partner have other income or capital. Savings of just over £2 billion a year are expected by 2014-15.

The *policy costings* document published alongside the Spending Review gives further details of how the time limit will be implemented:

This measure places a time limit on contributory Employment and Support Allowance (ESA) for those in the Work Related Activity Group (WRAG) to one year – commencing in April 2012:

- for existing contributory ESA customers, the time limit will apply at the point they reach one year including the assessment phase. Those with a claim duration of one year or more when legislation comes into effect will have their benefit time-limited immediately and will have at least 12 months to prepare for the change;
- those on Incapacity Benefit (IB) who migrate to the WRAG in ESA will be limited to one year entitlement following reassessment. For those reassessed first this will take effect from 2012-13;
- all new claims will be subject to the 13 week assessment phase, those in the WRAG will be time limited to one year contributory ESA which will include the assessment phase. This will start to take effect from 2013-14; and
- after the one year period, customers will be able to receive income-related ESA if they fulfil the conditions of entitlement, otherwise they will either claim another benefit or move off benefits.

Those in the ESA Support Group are exempt from this policy on the basis that they are the most severely ill or disabled.³⁴

2.3 Responses

Disability and welfare rights organisations have expressed concern about the proposal to time-limit contributory ESA, coming on top of the DLA announcements. Following the Spending Review, Neil Coyle, Disability Alliance Director of Policy, commented:

³³ see DWP website, [Reassessment of incapacity benefits: An introduction](#), 11 October 2010

³⁴ [Spending Review 2010 policy costings](#), p6

Disability Alliance fears today's Spending Review announcement signals the start of a difficult battle to preserve some essential sources of support for disabled people and could result in dire consequences for hundreds of thousands of families across the UK.

[...]

The coalition's spending review risks increasing disability poverty. Cutting disabled people off ESA after one year despite a lack of employment opportunities and reduced support to get jobs will impoverish thousands of disabled people and their families. This cut will additionally affect many of the 360,000 disabled people no longer able to access essential DLA and the combined affect will mean some disabled people cut adrift from the entire welfare state.³⁵

The National Association of Welfare Rights Advisers press release in response to the Spending Review commented:

The plan to limit Contributory Employment and Support Allowance (ESA) to 1 year only, which seems to be a fundamental breach of the Government's contract with National Insurance payers. Until now "the deal" has been that in return for contributions made, people get a small measure of social security in the event of sickness from work.

"Now a million people will lose their entitlement, just as they make the difficult personal and financial adjustment to their illness unfortunately having becoming long term" commented NAWRA's South Wales representative, Tom Messere. While the most disabled minority of ESA claimants will be exempt from the new time limit, the majority will be affected.

This will particularly hit areas of high deprivation and poor health, which are already set to feel the effects of the impact of the last Government's plans to reassess all claimants under the new much tighter Work Capability Assessment. The result will be a significant cost in administration, appeals, emotional and financial distress to claimants and sadly in some extreme cases, people's lives. Up to 400,000 people could see benefits cut or lost altogether.³⁶

Bob Stringe, Chief Executive of Advice NI (Advice Northern Ireland) said:

The impact of the cuts imposed under the Spending Review particularly in respect of welfare represent an attack on the poorest families. We are particularly concerned about the proposals to time-limit contributory Employment and Support Allowance. Effectively this represents a fundamental shift and reduction in support for people who are no longer able to work because of long term health conditions. Many people affected by this change will feel that they have paid their tax and National Insurance contributions and yet they will be denied support when they need it most.³⁷

The Chair of the Work and Pensions Committee, Anne Begg, also raised the issue of the contributory principle in the Westminster Hall adjournment debate on Work and Pensions on 4 November:

That leads me to the third way in which the Government are planning to cut the benefits bill: limiting how long a person can be on a particular benefit. Even if a person

³⁵ Disability Alliance press release, [Spending Review risks increasing disability poverty: Some disabled people cut adrift from welfare state](#)

³⁶ NAWRA press release, [Benefit cuts target the sick, the disabled and children](#), 22 October 2010

³⁷ Advice NI news release, [People on welfare benefits bear brunt of Osborne Spending Review](#), 20 October 2010

is successful in being assessed as only partially fit for work, and qualifies for the work-related activity part of the employment support allowance or ESA-it gets no easier to say, but I do not know another way of doing it but to use acronyms or to give the full title-the CSR proposes that they will qualify for the contributory element for only a year. That means that people who have worked all their lives, and paid their national insurance contributions in the hope that they will act as an insurance against ill health, will get the benefit for only one year unless their household income is below the qualifying level for income support.

That poses the question of how much the Government want to continue with the contributory principle. Already, people receive unemployment benefit, or jobseeker's allowance, for only six months, and the contributory element of ESA is to last only for a year, yet they will have worked all their lives thinking that was why they were paying national insurance.³⁸

³⁸ HC Deb 4 November 2010 c340WH