

Reassessing the Work Capability Assessment

What might the proposed changes to the Work Capability Assessment mean for low-to-middle income families?

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Louise Murphy

Yesterday, the Government announced that it is consulting on changes to the Work Capability Assessment, the assessment used to determine how people with health conditions are treated within the benefits system. Coming shortly after the Health and Disability White Paper, this underlines that we are going to be talking a lot more about health- and disability-related benefits over the years ahead, as this and future governments grapple with how to both curb the rising welfare bill and reduce economic inactivity. The source of concern is obvious: in real terms, benefit expenditure related to ill-health and disability is set to be 40 per cent higher in 2027-28 than in 2021-22.

The suggested changes to the Work Capability Assessment would make it less likely that claimants with certain conditions will qualify for the Limited Capability for Work Related Activity (LCWRA) element of Universal Credit, currently worth £390.06 a month. The change would also make it more likely that claimants will be subject to work-search requirements.

Given that the Work Capability Assessment relates primarily to means-tested benefits, it is unsurprising that lower-income adults are more likely to be affected: three-quarters of those in receipt of means-tested health-related benefits are in the bottom half of the income distribution. No costings are yet available, but the Government has said that it envisages that only a minority would lose entitlement to their current level of benefit (or have to undertake work search as a requirement for claiming benefits). This is because, although most claimants will see some changes to the way their Work Capability Assessment is scored, only a few will be affected to the extent that they will lose support. The changes will apply only to new claimants, or those being reassessed, and not before 2025.

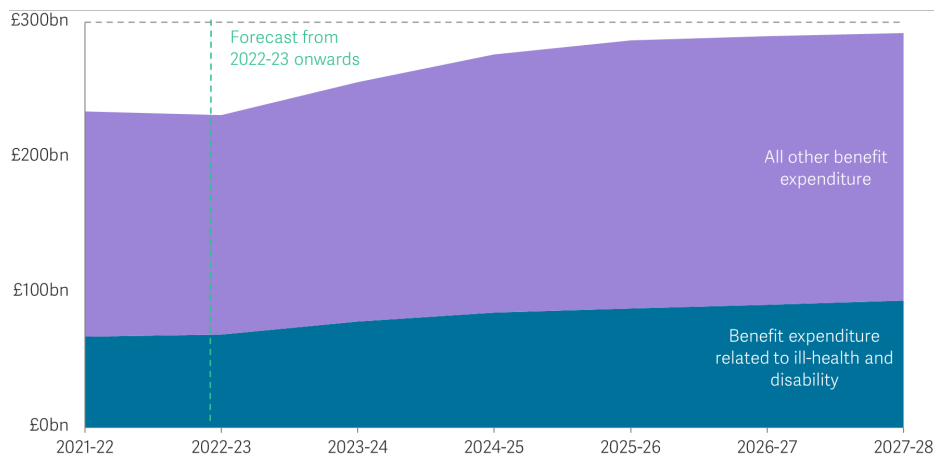
The Government has used the rise of remote working as a justification for yesterday's changes, which is understandable since remote working has remained high since the pandemic – over a fifth of workers are estimated to work mainly from home in the second quarter of 2023, up from only one-in-twenty pre-pandemic. But the impact of

remote working on the labour market opportunities for adults with disabilities shouldn't be overstated, given that the prevalence of remote working among disabled workers is no higher than among the overall population. And what really matters is the type of work on offer to individuals: not every job can be done remotely, and for those for whom low-paid work is the only option, the vast majority will be unable work from home.

The context behind yesterday's announcements

Yesterday's announcement, that the Government is consulting on changes the Work Capability Assessment, does not come as a surprise. The Government is facing a fast-rising welfare bill, with total welfare spending set to be 25 per cent higher in real terms in 2027-28 than in 2021-22 (see Figure 1). And spending on health and disability benefits is becoming a bigger feature of the overall welfare bill: benefit expenditure related to ill-health and disability is set to rise by 40 per cent over the same time period and will make up almost a third (32 per cent) of all welfare spending by 2027-28. At the same time, although overall economic inactivity has fallen back from its post-pandemic peak in 2022, economic inactivity due to long-term sickness is still rising, with a record-high 2.58 million working-age adults too sick to work in April-June 2023.

Figure 1: **In real terms, total welfare spending is set to be 25 per cent higher in 2027-28 than in 2021-22**
Total welfare spending, outturn and forecast, in 2023-24 prices: UK



Source: RF analysis of DWP, Benefit expenditure and caseload tables 2023.

At the end of last year in November 2022, there were 3.2 million people in receipt of health-related means-tested benefits – by which we mean Employment and Support Allowance (ESA) or Universal Credit with a health element included – up by 25 per cent (or 635,000) since the eve of the pandemic in February 2020 (see Figure 2).

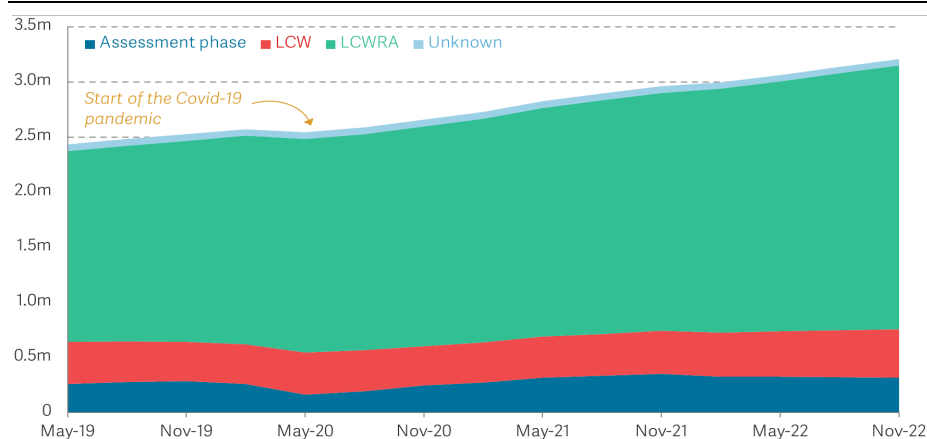
The Work Capability Assessment plays a key role in these two health-related benefits: it is used to determine how much people's illness or disability affects their capability for work, and in doing so affects the level of benefits they are entitled to, as well as what they are

expected to do as a condition of receiving benefits. After completing a Work Capability Assessment, claimants are sorted into three groups: those deemed as having Limited Capability for Work Related Activity (LCWRA), who receive an additional £390.06 per month in 2023-34 under the Universal Credit system and are not expected to look for work or prepare for work; those who are deemed as having Limited Capability for Work (LCW), who receive no additional benefit award but have more limited work-search requirements than other jobseekers; and those who 'fail' the test and are deemed as fit for work, who are treated equivalently to jobseekers.

Figure 2 also shows that the majority of those in receipt of means-tested health-related benefits are in the LCWRA group (i.e. with a higher benefit entitlement and no requirements to look for or prepare for work): of the 3.2 million claimants at the end of 2022, three-quarters (2.4 million) were in the LCWRA group.

Figure 2: **The number of people on health-related benefits has risen by a quarter since the eve of the pandemic**

Total number of people on Universal Credit or ESA, by Work Capability Assessment (WCA) outcome: Great Britain

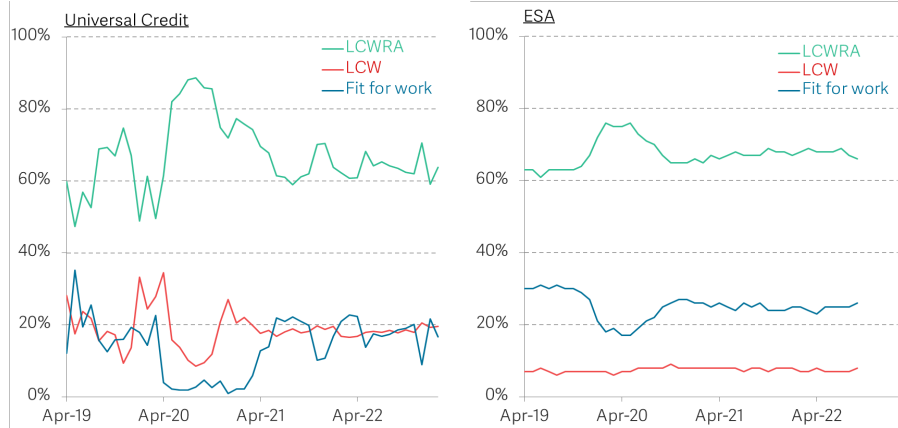


Notes: We use 'LCWRA' to refer to those found to have Limited Capability for Work Related Activity, or placed in the ESA Support Group. We use 'LCW' to refer to those found to have Limited Capability for Work, or placed in Work Related Activity Group. We use 'Assessment phase' to refer to those in the Assessment phase or the pre-Work Capability Assessment phase.

Source: RF analysis of DWP, Statxplora data.

The rise over time in the fraction of those receiving a means-tested health-related benefit who are in the LCWRA group partly reflects that people in this group tend to receive benefits for longer, but the Government also pointed out that the flow of new claimants of ESA and UC have become increasingly likely to be placed in this group: in 2022, two-thirds of those who went through a Work Capability Assessment were placed into the LCWRA group (see Figure 3), up from 21 per cent of new claimants of the equivalent benefits in 2011.¹

Figure 3: **Under both Universal Credit and the legacy benefits system, the majority of Work Capability Assessments now result in people being awarded the highest level of support**
 Work Capability Assessment (WCA) outcomes, for those in receipt of Universal Credit (left) and ESA (right): Great Britain



Notes: We use 'LCWRA' to refer to those found to have Limited Capability for Work Related Activity, or placed in the ESA Support Group. We use 'LCW' to refer to those found to have Limited Capability for Work, or placed in Work Related Activity Group. We use 'Fit for work' to refer to those found to have no limited capability for work, or placed in the Fit for Work Group. Statistics include initial and repeat assessments, and UC data includes decisions made on ESA migrated cases after a Change of Circumstances who bring with them their existing ESA WCA outcome and award date.

Source: RF analysis of DWP, Statxplorer data.

An overview of yesterday's announcements

The consultation announced yesterday focuses on two possible reforms: changes to the specific activities and descriptors used in the Work Capability Assessment, and changes to the substantial risk criteria. We discuss both of these below.

In order to be placed in the LCWRA group, a claimant needs to 'score' 15 or more points across several different activities, where points are recorded if a claimant is unable to perform a certain activity reliably and repeatedly. The consultation sets out possible changes to four of the 17 activities used in the Work Capability Assessment: Mobilising, Continence, Social Engagement and Getting About.² For each of these four activities, the Government is considering removing the activity from the Work Capability Assessment entirely, or reducing the points awarded. For the Mobilising and Continence activities, the Government is also considering changing the threshold at which people are deemed to be unable to perform the activity. All of these changes would make it less likely that people with certain conditions would be placed in the LCWRA group.

The Government is also consulting on changing one 'non-functional' part of the Assessment. Currently, it is possible for a claimant to be treated as having LCWRA, even if they had scored fewer than 15 points under the functional activities and descriptors, if there is a 'substantial risk' to their mental or physical health if they were found not to have LCWRA. The Government has argued that this was intended to be a rare situation, but around one in six

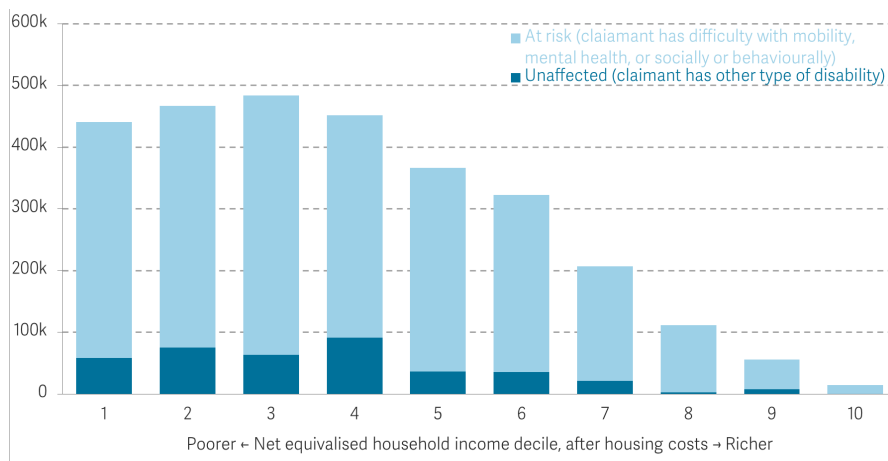
(15 per cent) of new claims are now awarded LCWRA in this way.³ The Government has suggested either removing the ‘substantial risk’ definition entirely, or amending it to reflect that this would not apply where a person could take part in tailored or minimal work preparation activity, or where reasonable adjustments could be put in place to enable that person to engage with work preparation.

Lower-income adults are at risk of losing support

Yesterday’s announcement was just the launch of a consultation, rather than firm policy proposals, and so it is unclear how many – and which – people will be affected.⁴ However, several things are already clear. First, given that these changes affect those who are in receipt of means-tested benefits, it is predominantly lower-income adults who are at risk of losing support: three-quarters of those in receipt of means-tested health-related benefits are in the bottom half of the income distribution (see Figure 4), and a third (34 per cent) of disabled people were materially deprived in 2020-21 – almost three-times the share among the non-disabled population (13 per cent).⁵

Figure 4: **Three-quarters of those who risk losing support are from the lower half of the income distribution**

Estimated number of adults receiving ESA or UC with Limited Capability for Work or Limited Capability for Work Related Activity, by whether affected by proposed changes or not, by net equivalised household income decile, after housing costs: UK, 2021-22



Notes: The number of ‘at risk’ adults does not include those who will be affected by any change to the ‘Absence or loss of bowel/bladder control (Continence)’ activity, or those affected by any amendment to the LCWRA substantial risk definition, due to data limitations. The figure includes an adjustment to the FRS data to bring the estimated ESA and UC caseload in line with official estimates. Source: RF analysis of DWP, Family Resources Survey; DWP, Households Below Average Income; DWP, Statxplora data.

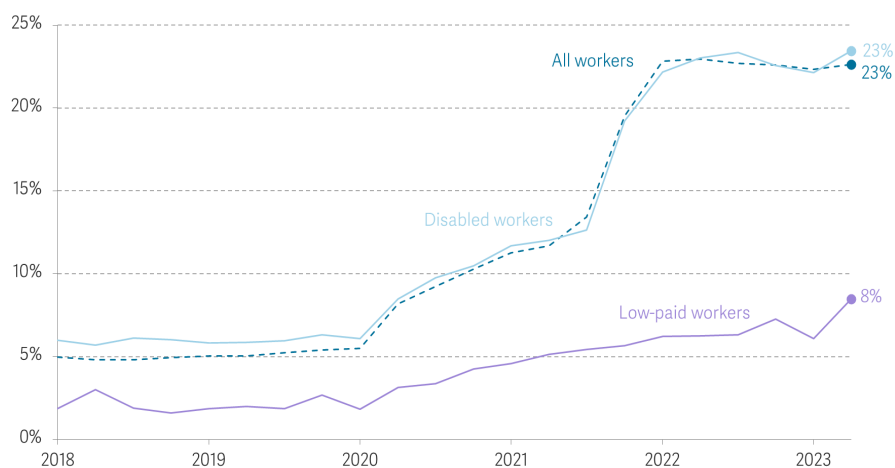
Second, although only four of the 17 functional activities and descriptors are included in the consultation, the majority (87 per cent) of adults in receipt of means-tested health-related benefits have problems with their mobility or mental health, or have social or behavioural

problems, meaning that they are at risk of being affected by changes to the four functional activities and descriptors included in the consultation.⁶ But only a minority will see their benefit award – or work requirements – change. This is because it is only those claimants whose Work Capability Assessment award changes significantly enough to push them into a different group (e.g. from Limited Capability for Work Related Activity into Limited Capability for Work, or from Limited Capability for Work into Fit for Work) who will feel the effects of these changes. More importantly, these changes will only affect new claimants or existing claimants at the point of re-assessment (usually between 6 and 36 months after the initial assessment), and in any case not before 2025, as primary legislation would be needed to enact these changes.

Working from home is on the rise – but not all jobs can be done remotely

Finally, it is worth reflecting on one of the Government’s justifications for the changes: the rise of remote working. It is of course true that remote working has risen dramatically in the past few years and remains high in the aftermath of the pandemic, with estimates suggesting that over one-in-five (23 per cent) of workers mainly worked from home in the second quarter of 2023, up from 5 per cent pre-pandemic (see Figure 5).⁷ We shouldn’t ignore this change, which will undoubtedly make it easier for some people with disabilities to find suitable work. But it is not obvious that this wider availability of remote working has transformed the labour market opportunities afforded to adults with disabilities: the rise in remote working since the start of the Covid-19 pandemic for adults with disabilities has tracked the overall rise almost identically. And, of course, not all jobs can be done remotely – and it is low-paid workers who are least likely to have the chance to work remotely, with only 8 per cent of low-paid workers mainly working remotely in the second quarter of 2023.

Figure 5: **Workers with disabilities are not especially likely to work from home**
 Proportion of employed adults aged 16-64 who mainly work from home: UK



Notes: Working from home includes those who work from home or from the same grounds or building.
 Source: RF analysis of ONS, Labour Force Survey.

Conclusion

Yesterday's announcement focused on the Government's intention to support more people into work – this is understandable, given the challenges posed to individuals and society by rising incidence of ill-health and disability. There is certainly reason to think that the current system, which effectively labels people as being either fit for work or unable to work, can be improved. But if the Government's sole aim was to boost back-to-work support for people with disabilities, then it could have done so without announcing cuts to level of benefits paid to some claimants, so it is clear that yesterday's announcement is also part of the Government's efforts to cut public spending, by reducing the amount paid in means-tested health-related benefits (Universal Credit and ESA) – and the timing of the consultation (which will close on 30 October) means that any resulting policy proposals can be costed and included in time for November's Autumn Statement.

The rising incidence of ill-health and disability among our working-age population – and the coinciding rise in health- and disability-related benefit claims – is a real problem, but tweaking benefit entitlement alone is unlikely to be an adequate or effective solution: the Government must also focus on improving healthcare provision to prevent people getting ill in the first place and provide better support to help those claimants who are able to work, to help them find good-quality, sustained employment. Welfare reform was a key theme of the last Budget, and will feature in the Autumn Statement too. But given the scale of the challenge the UK faces on rising ill health, further reforms will feature in future fiscal events.

¹ DWP, [Open consultation: Work Capability Assessment: activities and descriptors](#), 5 September 2023.

² For a thorough overview of Work Capability Assessments and the scoring of each functional activity and descriptor, see: www.disabilityrightsuk.org/resources/work-capability-assessment

³ DWP, [Open consultation: Work Capability Assessment: activities and descriptors](#), 5 September 2023.

⁴ The Government has said that full costings for these changes, should they go ahead, will be provided by the Office for Budget Responsibility as part of the Autumn Statement, due on 22 November 2023.

⁵ O El Dessouky & C McCurdy, [Costly differences: Living standards for working-age people with disabilities](#), Resolution Foundation, January 2023.

⁶ RF analysis of Family Resources Survey, 2021-22.

⁷ There are few consistent and comprehensive sources of data on remote working, and we use the Labour Force Survey. For an overview of different sources of data, see Box 3 In: M Brewer, J Leslie & L Try, [Right Where You Left Me? Analysis of the Covid-19 pandemic's impact on local economies in the UK](#), Resolution Foundation, June 2022.