

Technical factsheet T7 – Rates

This factsheet explains the different types, components and allowances of Employment Support Allowance (ESA). It provides a detailed table of rates and a comparison with Incapacity Benefit and Income Support.

Contents

General	2
■ Types – What are the two types of ESA?.....	2
■ Types – Which type of ESA will take precedence?	2
■ Prescribed amounts – What are the prescribed amounts under ESA? ..	3
■ Components – Will there ever be a situation where customers will receive both components?	3
■ Changeover – How much will be paid in the changeover from the assessment phase to the main phase?.....	4
■ How will paydays be determined?	4
Specific issues.....	5
■ What will be the income and capital rules?	5
■ Couples – Why isn't there a couple's rate for the Work-Related Activity Component or for the Support Component?	5
■ Couples – Do couples receive ESA(C) or ESA(IR)?	5
■ What premiums will be awarded under ESA?	6
Comparisons between ESA and IB/IS	8
■ Incapacity Benefit (contributory incapacity benefits)	8
■ Income Support on grounds of incapacity (income-tested incapacity benefits)	9
■ ESA rates	10
Appendix 1 – Rates table	11

General

■ Types – What are the two types of ESA?

There will be two types of ESA: Contribution based ESA (ESA(C)) and income-related ESA (ESA(IR)). Customers can receive either ESA(C) or ESA(IR) or both. Each type will be payable in two stages. For the first 13 weeks, known as the Assessment Phase, a basic amount will be awarded.

During the assessment phase the customer will have a Work Capability Assessment (WCA) which will determine eligibility to benefit. After the assessment phase the customer will move into the main phase. At this point an extra component will be awarded which can be either:

- a work-related activity component
- a support component – which will be awarded to those whose physical or mental condition affects them more severely.

If the WCA determines that the customer does not qualify for ESA, the benefit will cease immediately and the customer will need to claim Income Support (IS), Jobseeker's Allowance (JSA) or Pension Credit (PC). For customers who appeal, a new award of ESA is made at the assessment phase rate until the Appeal Tribunal makes its determination.

■ Types – Which type of ESA will take precedence?

Contributory ESA will be paid to anyone who has met the contribution conditions. If they qualify for more than the contributory amount, they will get ESA(C) and ESA(IR). If they don't meet the contributory conditions and have a low household income they will only get ESA(IR) and if they have too high a household income, they won't get anything at all (apart from National Insurance (NI) credits). If a customer or couple has no other income, or income below the applicable amount, they will receive ESA(IR) to bring their income up to their weekly requirements.

Example 1

Married couple both aged less than 60. The man is the ESA customer and is entitled to ESA(C) of £60.50. His wife works part time earning £50 a week. The ESA(IR) calculation in the assessment phase will be

Couple rate personal allowance £94.95

Less income of

- ESA £60.50, and
- net earnings £30 (£20 disregard applies in ESA(IR))
- total income £90.50

ESA(IR) of £4.45 will be awarded in addition to the ESA(C) of £60.50.

■ **Prescribed amounts –**

What are the prescribed amounts under ESA?

The basic rate of ESA payable in the assessment phase will depend on the customer's age - those between 16 and 24 years old will receive a lower rate. From week 14 the basic rate will be the same for customers, irrespective of age. However, for ESA(IR) differing amounts will be paid for couples.

■ **Components –**

Will there ever be a situation where customers will receive both components?

Customers will only ever be entitled to one component, although they may move from one to another. For example, they may originally satisfy the conditions for the work-related activity component and later satisfy the conditions for the support component. Where that happens, the work-related activity component will cease and the support component will take its place. This may involve a change of claimant if it is the partner who becomes entitled to the support component.

■ **Changeover – How much will be paid in the changeover from the assessment phase to the main phase?**

The basic rate will be paid for exactly 13 weeks. This means that during the 14th week there may be a split week payment to transfer the customer from the assessment phase to the main phase. The split week will be comprised of a proportion of the assessment phase rate added to a proportion of the main phase rate.

If the decision that the person has limited capability for work is made after the 13 weeks have elapsed, the appropriate component will be 'backdated' to the start of the 14th week.

The assessment phase may be shorter than 13 weeks, but not longer. For example, a terminally ill customer will receive the support component from the outset of their claim or the date of diagnosis if this is during the assessment phase. Also where a customer, who has already served part of the assessment phase, leaves ESA and then reclaims within 12 weeks they will return to the point at which they left.

Example 2

Customer claims and is awarded ESA from 15 December 2008. Their claim ends on 18 January 2009. They have then served five weeks of the assessment period.

They claim ESA again on 16 February 2009, this is within 12 weeks of the earlier claim ending, therefore, they will need to serve a further eight weeks before reaching the main phase (if they have a limited capability for work).

■ **How will paydays be determined?**

The payday for both elements will be determined by the National Insurance (NI) number, as is the case for Incapacity Benefit (IB). Payment will be fortnightly, in arrears.

Specific issues

■ What will be the income and capital rules?

The income and capital rules for calculating ESA(IR) will be based on those for calculating IS. If a customer is a member of a couple, the income and capital of the partner will normally be treated as belonging to the customer. This is because entitlement to ESA(IR) is based on the financial position of the customer and partner.

■ Couples – Why isn't there a couple's rate for the Work-Related Activity Component or for the Support Component?

Entitlement to ESA is based on assessment of an individual's functionality and the component they receive is set accordingly, in light of the level of work-related activity that the individual is expected to engage in. To award a different level of work-related activity component purely because someone is in a couple would weaken the link between receipt of the work-related activity component and their engagement in work-related activity.

By the same reasoning, the support component is awarded based on the assessment of the individual, not on the basis of whether that person is in a couple or not. Where the claimant is getting the support component it is likely that they will have high care needs. Where their partner is the carer a carer premium may well be applicable. This would give the couple considerably more benefit than a single person.

■ Couples – Do couples receive ESA(C) or ESA(IR)?

ESA(C) will be a single person benefit. Therefore, there will be no increases for partners or dependent children. But in ESA(IR) there will be rates for couples in the same way as JSA(IB) and IS. However, there will not be allowances for children as they are provided for by the Child Tax Credit (CTC) system.

Example 3

Couple both aged over 25, both claiming ESA(C). Each is entitled to the work-related activity component.

Each will receive

- a personal allowance of £60.50, and
- a work-related activity component of £24.00

making a total of £84.50 each or £169.00 for the couple.

If one is entitled to ESA(IR), that person will be entitled to

- the couple rate personal allowance of £94.95
- a work-related activity component of £24.00

making a total of £118.95 for the couple.

The ESA(C) of the other member of the couple (£84.50) will be deducted from that amount. So in this case, the couple will receive £34.45 ESA(IR) and £84.50 ESA(C).

■ What premiums will be awarded under ESA?

Premiums will only be awarded in ESA(IR). The Disability Premium will not be a part of the structure of ESA. However, other premiums currently payable in income-related benefits will still be available. The only change made to the qualifying conditions for the other premiums is in respect of the Enhanced Disability Premium. Customers entitled to the support component will be automatically entitled to the Enhanced Disability Premium (EDP).

In ESA, the two pensioner premiums and the higher pensioner premium have been amalgamated into a single pensioner premium. This single pensioner premium will be payable from the start of the claim, if the customer is aged at least 60. However, once the main phase is reached and a component is awarded the pensioner premium will be reduced by the amount of the component awarded.

Example 4

Single man, aged 62 claims ESA on 10 November 2008 and is awarded ESA(IR) from that date. During the assessment phase he is awarded

- the basic amount £60.50, and
- the pensioner premium £63.55

which totals £124.05.

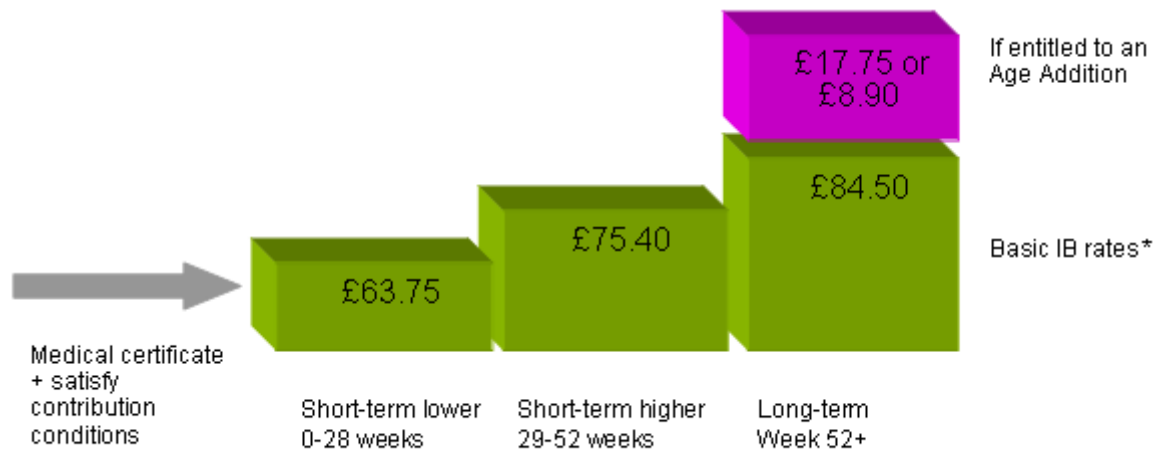
He subsequently satisfies the WCA and is awarded the work-related activity component of £24.00 from 9 February 2009. The pensioner premium is reduced by the amount of the component. The calculation will then be

- basic amount £60.50, and
- the work-related activity component, £24.00, and
- pensioner premium £39.55 (£63.55 - £24.00).

Total £124.05

Comparisons between ESA and IB/IS

■ Incapacity Benefit (contributory incapacity benefits)



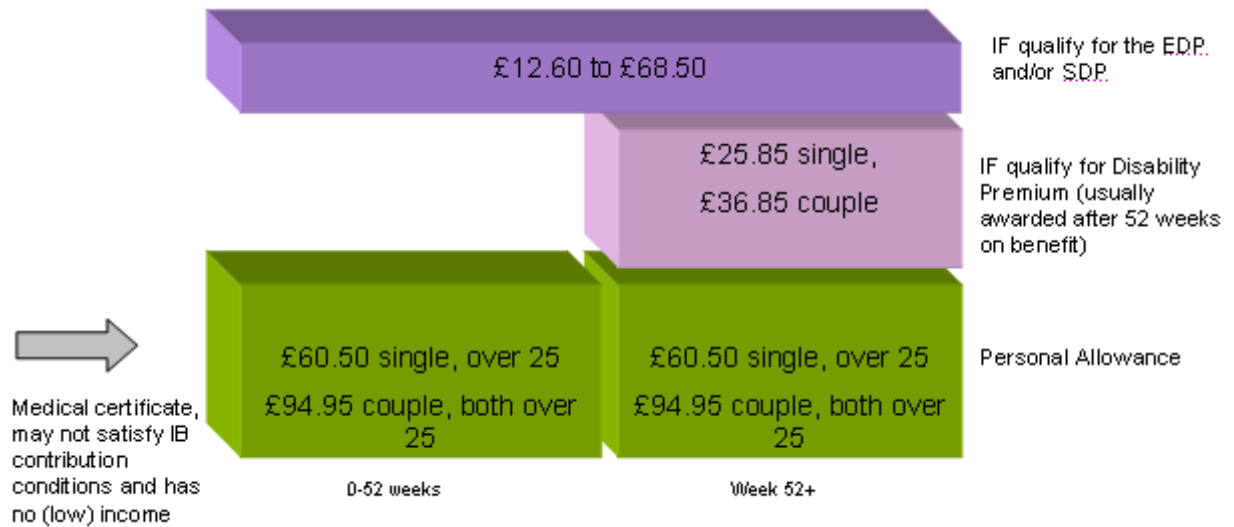
*Around 1% of those on incapacity benefits also receive an Adult Dependency Increase, not shown in the diagram

To be entitled, the customer must provide a medical certificate and satisfy the contribution conditions.

There are 3 basic IB rates:

- £63.75 short-term lower rate is paid up to week 28.
- £75.40 short-term higher rate is paid from week 29 to week 52.
- £84.50 long-term rate is paid from week 52+. An Age Addition of £8.90 or £17.75 is paid from week 52+, if applicable.
- Around 1% of those on incapacity benefits also receive an Adult Dependency Increase

Income Support on grounds of incapacity (income-tested incapacity benefits)



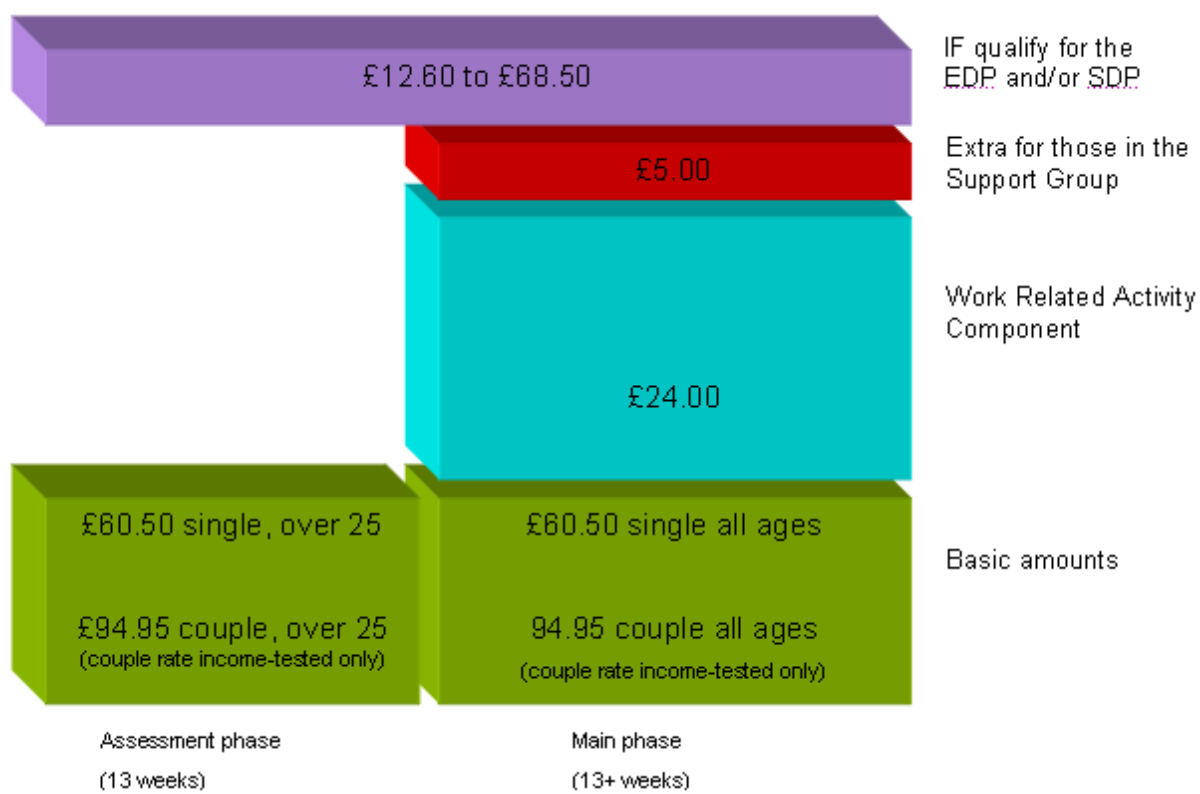
To be entitled, the customer must provide a certificate, may not satisfy IB contribution conditions and has no (or low) income.

The personal allowance for people over 25 years old is £60.50 if they are single, or £94.95 for a couple.

If the person qualifies for EDP and/or SDP there will be an additional component of £12.60 to £68.50.

If the person qualifies for Disability Premium, there will be an additional component of £28.85 if they are single, or £36.85 for couples. Disability Premium is usually awarded after 52 weeks on benefit.

■ ESA rates



The basic amounts for people over 25 years old are £60.50 (single) and £94.50 (couple – income-tested only). during the assessment phase, which lasts 13 weeks..

In the main phase (from week 14) a Work Related Activity Component of £24.00 is payable with £5.00 extra for the people who are placed in the Support Group.

An EDP and/or SDP of £12.60 to £68.50 is paid, if applicable.

Appendix 1 – Rates table

ESA rates and the HB/CTB rates for ESA customers

Employment and Support Allowance rates	ESA rates	HB rates	CTB rates
Single person ESA(IR) and ESA(C)			
under 25 - assessment phase	£47.95	£47.95	£47.95
25 or over	£60.50	£60.50	£60.50
Any age - main phase	£60.50	£60.50	£60.50
Lone parent ESA(IR) and ESA(C)			
Under 18 - assessment phase	£47.95	£47.95	£47.95
18 or over	£60.50	£60.50	£60.50
Any age – main phase	£60.50	£60.50	£60.50
Couple ESA(IR)¹			
Both under 18	£47.95	£72.35	
One 18 or over, the other under 18	£94.95	£94.95	
Both 18 or over	£94.95	£94.95	£94.95
Both under 18, with responsibility for a child	£72.35		
One under 18, one aged 18 – 24	£47.95		
One under 18, one aged 25 or over	£60.50		
Both under 18, main phase	£60.50		
One under 18, one 18 or over, main phase	£60.50		
Both under 18, responsible for a child, main phase	£94.95		

¹ ESA(C) not listed as it is a single person benefit

Premiums ESA(IR)²			
Pensioner premium			
single, assessment phase	£63.55		
single, entitled to work-related activity component	£39.55		
single, entitled to support component	£34.55		
couple, assessment phase	£94.90		
couple, entitled to work-related activity component	£70.40		
couple, entitled to support component	£65.40		
Severe Disability Premium			
single	£50.35	£50.35	£50.35
Couple, one qualifies	£50.35	£50.35	£50.35
Couple, both qualify	£100.70	£100.70	£100.70
Carer premium	£27.75	£27.75	£27.75
Enhanced Disability Premium			
single	£12.60	£12.60	£12.60
couple	£18.15	£18.15	£18.15
Components ESA(IR) and ESA(C)			
Work-related activity component ³	£24.00	£24.00	£24.00
Support component ³	£29.00	£29.00	£29.00

² Premiums are not awarded in ESA(C)

³ Only appropriate in working age HB/CTB claims

Disclaimer

This leaflet is only a guide and does not cover every circumstance. We have done our best to make sure that the information in this leaflet is correct as of December 2008. It is possible that some of the information is over simplified, or may become inaccurate over time, for example because of changes to the law. Names in the examples have been used for illustrative purposes only. The rates mentioned in these factsheets are applicable to December 2008 and may change thereafter.