

# Working when you have limited capability for work

## Universal Credit and Employment and Support Allowance

### Background

If you have a health condition or disability which affects your ability to work, you may be able to claim Universal Credit (UC) or Employment and Support Allowance (ESA). Your ability to work will be determined under the Work Capability Assessment. This assessment can have three different outcomes:

- you are fit for work
- you have limited capability for work
- you have limited capability for work and limited capability for work-related activity.

If you are accepted as having limited capability for work and work-related activity, then the DWP accept that you are unfit for work and will not expect you to undertake work of any kind. If you are found to have limited capability for work but not limited capability for work-related activity, you may be required to do work-related activities.

This assessment does not prevent you from working if you wish to. The number of hours that you can work, the amount that you can earn and the impact that this work has on your benefit entitlement depends on whether you are claiming UC or ESA.

### Universal Credit

Universal Credit is available to claimants who are in or out of work. If you have been assessed as having limited capability for work by the DWP, working may affect whether you are still accepted as being 'unfit for work' and the amount of benefit that you receive.

#### Are you still 'unfit for work' if you do some work?

You can still be accepted as having limited capability for work or limited capability for work-related activity regardless of the number of hours you work or how much you earn if:

- you have already been assessed as having limited capability for work or limited capability for work-related activity
- you are entitled to Personal Independence Payment, Disability Living Allowance, Attendance Allowance or Armed Forces Independence Payment
- you are automatically treated as having limited capability for work or limited capability for work related activity (eg. you are terminally ill).

If none of the above conditions apply, you will be automatically treated as being fit for work if your earnings are more than £793.17 per month (2024/2025 rates).

**Be aware:** the DWP may reassess you if the work you carry out suggests that your condition has improved, unless the third bullet point applies.

**Limited capability for work assessment if you are working:** if the DWP treat you as not having limited capability for work because your earnings exceed the earnings threshold and none of the bullet points above apply, they will not be able to refer you for A Work Capability Assessment and the work-related requirements that you must fulfil will be at the discretion of your work coach.

### **Will work affect the amount of Universal Credit that you receive?**

Any earnings you receive are not ignored and may reduce the amount of UC you receive. If you have been assessed as having limited capability for work or limited capability for work-related activity you will be entitled to a work allowance – this means some of your net earnings are ignored. After the work allowance has been applied, 55% of any remaining earnings are taken into account as income and will reduce the amount of UC you receive.

### **Work Allowances**

There are two levels of work allowance, with a higher amount for people who do not have housing costs included in their maximum Universal Credit calculation.

### **Work Allowances for 2024/2025**

If you have limited capability for work or dependent children:

Lower (with housing costs): £404 per month

Higher (without housing costs): £673 per month

## **Employment and Support Allowance**

If you are receiving ESA, the DWP have accepted that you have limited capability for work or limited capability for work-related activity. There are some circumstances where you can work and your entitlement to ESA will not be affected. This is called permitted work.

- **Permitted work higher limit:** you can earn up to £183.50 per week, working less than 16 hours, without it affecting your Employment and Support entitlement.
- **Supported permitted work:** you can earn £183.50 per week doing work which is either carried out as part of your treatment programme or done under the supervision of a local authority or voluntary organisation that arranges work opportunities for disabled people. There is no limit on the number of hours that you can work.
- **As part of a treatment programme:** you can work as part of a treatment programme done under medical supervision whilst in hospital or as an outpatient if your earnings are no more than £183.50 per week.

Your permitted work earnings will **not** affect the amount of ESA that you receive. Permitted work earnings are also fully disregarded as income for Housing Benefit and local councils may disregard some or all under their Council Tax Support scheme. You should inform the DWP about your permitted work before you start.

**Be aware:** your work activities may be taken into consideration when the DWP next assess whether you have limited capability for work.

## Moving onto Universal Credit from Employment and Support Allowance

If you are on income-related ESA and your work goes over the permitted work limit, you may have to claim UC instead. Take care to check your entitlement before this happens as some people can be better off on UC but some are worse off.

Universal Credit is replacing 6 legacy benefits, one of which is income-related Employment and Support Allowance. Claimants either move to Universal Credit when they have to make a new claim for benefit because of a relevant change of circumstances (called natural migration), or they will be invited to claim Universal Credit as part of a national process (called managed migration). Eventually, every claimant of income-related ESA will be moved across to UC.

Under transitional protection rules you should not be initially worse off if you are moved onto UC under managed migration, however there is no protection for people who have to claim Universal Credit under natural migration, unless you received the severe disability premium and certain conditions are met.