

# WELFARE REFORM ACT 2007

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### PART 1: Employment and Support Allowance

##### Entitlement

##### *Section 2: Amount of contributory allowance and; Section 3: Deductions from contributory allowance: supplementary*

52. *Sections 2 and 3* set out how the amount of contributory employment and support allowance will be calculated. *Subsection (1)(a)* of section 2 provides that the calculation is begun by taking such amount as may be prescribed. It is expected that this amount will be age-related in the assessment phase and based on the levels of contribution-based jobseeker's allowance, but that it will be universal for all ages once the assessment phase is complete.
53. Once the assessment phase has been completed (the length of which will be determined by regulations, with a proposed length of 13 weeks) a 'work-related activity component' or a 'support component' will also be added on top of the prescribed amount. Regulations may disapply the requirement to wait until the end of the assessment phase to become entitled a work-related activity component or support component. A person will be entitled to a support component if he or she has limited capability for work-related activity (see section 9). A person will be entitled to a work-related activity component if he or she does not have limited capability for work-related activity.
54. Sums may be deducted from the amount of contributory allowance in respect of certain payments. It is intended that regulations would prescribe the same deductions as those which are taken into account for the purposes of incapacity benefit currently. If these payments were over a certain amount, it is intended that the amount of employment and support allowance payable could be reduced by a certain proportion. For example currently an amount equal to 50 per cent of certain pension payments over £85 per week is deducted from the amount of incapacity benefit payable. In addition, deductions are also made in respect of local councillors' allowances. This is set out in the Social Security Contributions and Benefits Act 1992, sections 30DD and 30E.