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Briefing for the Public Petitions Committee on petition PE2222: Neutralise the Impact of Limited Capability for Work and Work Related Activity (LCWRA) Cuts in Scotland, lodged by Sviatoslav Rozenko

Brief overview of issues raised by the petition

The Limited Capability for Work and Work-Related Activity (LCWRA) element is an additional payment in Universal Credit for those who have completed the Work Capability Assessment and been assessed as having limited capability for work and work-related activity. It is also referred to as the Universal Credit 'health element'.

What was the cut to LCWRA?

Changes were introduced to LCWRA by the Universal Credit Act 2025. Since April 2026, new claimants have been receiving a lower rate of LCWRA which is to be frozen at 2026-27 rates until 2029-30. This change doesn't apply to those who claimed before April 2026, or to new claimants with severe, life-long conditions. The rates in 2026-27 are:

- £429.80 per month for those claiming before April 2026, or new claimants who are terminally ill or have a severe life-long condition.
- £217.26 per month for those claiming on or after April 2026, frozen until 2029-30.

These rates are paid in addition to the standard Universal Credit standard allowance for the household and any additions for children, housing costs, disabled child element and carer element.

At the same time, the Universal Credit Standard Allowance was increased for all claimants.

How many people are affected?

An impact assessment in July 2025 estimated that, by 2029-30 there would be 840,000 people across the UK affected by the cut, having become UC 'health' claimants since April 2026. As 10% of the LCWRA caseload are in Scotland (StatXplore, data for March 2026), this suggests that by 2029-30 there would be around 84,000 people in Scotland receiving the lower rate.

How much would mitigation cost?

In 2026-27 the difference between the two rates is: £212.54 per month. That difference will increase in subsequent years as the higher rate is uprated for inflation and the lower rate is not.

The Scottish Fiscal Commission's January 2026 forecasts estimated that devolved benefits will increase by around 7% between 2026-27 and 2029-30 due to inflation uprating.

Applying this to the higher LCWRA rate would increase it to around £460 per month in 2029-30, taking the difference between this and the frozen rate to £242.74 per month or £2,913 per year.

Paying an additional £2,913 to 84,000 people would cost around £245 million in 2029-30. This cost would continue to increase annually as more people are post-April 2026 claimants, and if uprating is not restored.

Policy Justification

At third reading in the House of Lords, Baroness Sherlock explained the policy of reducing the LCWRA rate as 're-balancing' Universal Credit, saying:

> "Someone labelled as "can work" is expected and supported to find a job, and given £92 a week to live on in the meantime—less if they are aged under 25. Someone classed as "can't work" is given more than twice as much money but little or no help to take any steps towards work." Lords Hansard, 22 July 2025.

Response to reforms

These changes were part of the Bill that initially also proposed cuts to Personal Independence Payment. These were strongly opposed and dropped from the Bill. The cut to LCWRA remained – albeit with uprating reinstated for existing claimants.

Disability charities opposed the changes. For example, Disability Rights UK said:

> "it will further push Disabled people on the health-element of Universal Credit into poverty."

Citizens Advice has commented that cutting the rate for new claimants creates a two-tiered system for disabled people, saying:

> "In reality, this bill will plunge more disabled people into poverty, or deeper poverty. The uplift to the UC standard allowance isn't large enough to offset cuts for disabled people and isn't the right way to encourage disabled people into work. And despite assurances to the

contrary, as it stands, the bill is likely to leave many seriously disabled people without protection or support."

Creating a 'two-tier' system/ transitional protection

It is very common for welfare changes to only be applied to new claimants. This is known as 'transitional protection' and can result in very long transition periods until the new policy applies to the whole caseload. For example, there used to be a payment for those assessed as having Limited Capability for Work (LCW) operating alongside a payment for those assessed as having Limited Capability for Work and Work Related Activity (LCWRA). The LCW rate was abolished for new claimants from April 2017.

Scottish Government mitigation of other UK Government policies

The Scottish Government currently uses Discretionary Housing Payments to mitigate the bedroom tax and benefit cap. A recent PQ noted £115 million spend this year on DHPs.

The Scottish Government had planned to mitigate the two-child limit in Universal Credit until that was rendered unnecessary by its abolition in April 2026. The Scottish Fiscal Commission forecast that the mitigation would have cost £209 million by 2030-31.

Automatic Payment

The petitioner proposes that the top-up payment should be automatic, with no need for an application.

This was rejected as impractical for the Scottish Child Payment (which is a top-up to Universal Credit) but has been implemented for other Social Security Scotland benefits: Best Start Grant early learning and child payments are paid automatically if SCP is in payment for a child of the relevant age.

Legal Powers

The Scottish Parliament has the power to top-up reserved benefits, except for housing, under section 24, Scotland Act 2016 and a power to create new benefits in devolved areas (except pensions) under section 28 Scotland Act 2016. The top-up power was used to create the Scottish Child Payment through regulations made under section 79 Social Security (Scotland) Act 2018.

Key Organisations and relevant links

- Citizens Advice Scotland
- Child Poverty Action Group

- Glasgow Disability Alliance
- Publications and Debates on Universal Credit Act 2025 – including briefings and impact assessments on the UC ‘rebalancing’.

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