

At a glance 50: Co-production and participation: paying people who receive benefits

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The benefit rates quoted are correct at time of publication (May 2016). Permitted work rates are usually revised in October of each year. In 2016, they were also revised in April to put them in line with the rates for the new National Living Wage.

Key messages

- Co-production, involvement and participation refers to people who use services and carers taking part in meetings, consultations, research, events and connected activities.
 - Barriers to paying people who receive state benefits who take part in these activities were further eased in 2014 and 2015 where the activities are connected to:
 - research
 - education
 - charities
 - involvement that is required by law such as with the NHS or local authorities (see below for more details).
 - Guidance for Jobcentre Plus staff now refers to 'service users and carers'.
 - People who use services and carers' benefits will not be affected by repayment of out-of-pocket expenses.
 - People who use services and carers may now decline an offer of a payment, ask to be paid a lower amount, or ask for the payment to be made to a charity and will not be treated as if they had been paid the full amount on offer. This is referred to as 'notional earnings' in the rules and regulations.
 - People who use services who are in receipt of certain incapacity-related benefits may now earn up to £115.50 a week for up to a year at a time, and sometimes for longer. Their incapacity-related benefits and Housing Benefit are not affected providing the person follows Jobcentre Plus procedures. However, Council Tax Reduction/Council Tax Support might be reduced.
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Introduction

This At a glance briefing looks at benefit changes that can make it easier for people who use services and carers to get involved in paid co-production/participation in health and social care. When people who use services and carers are in receipt of state benefits

they must keep to rules about them. These rules were originally designed for people who wanted to do some part-time work and were inappropriate for co-production/participation activities as they differ from part-time work. This made it difficult for organisations to pay people in this situation who took part in

co-production/participation activities without them losing out on their entitlement to benefits. This meant that complex systems were required for administering offers of payment and covering expenses.

SCIE, in partnership with Care Quality Commission (CQC), Skills for Care (SfC), General Social Care Council (GSCC), Office for Disability Issues (ODI), Carers UK and Shaping Our Lives, worked with the Department for Work and Pensions (DWP) to make changes which were secured through legislation in 2009.

Initially these changes only applied to the repayment of expenses and application of the notional earnings rules where a public authority was required by law to involve people who use services and carers.

Further work with the Department for Work and Pensions has clarified and extended definitions of people who use services and carers for all benefit recipients. This was first developed in the regulations for Universal Credit. It was applied to Employment and Support Allowance in 2013 and extended to all benefit recipients in July 2015.

The scope of work covered has also been extended to include involvement in research, education and charities. This was applied to most recipients in April 2014 and to all in July 2015.

The changes in April 2014 and July 2015

Guidance for Jobcentre Plus staff now defines a 'service user' to specifically include carers as:

'a service user is a person who has used or is using or may potentially use or is otherwise affected by (for example a carer) services.'

The amended description of organisations that may involve people who use services and carers now includes research bodies, educational establishments and charities as follows:

- 'where the services concerned are delivered by a body which has a statutory duty to provide services in the field of health **or** social care **or** social housing **and** who is consulted by these bodies'
- '**or** by an alternative body (for example, educational establishments or voluntary and charitable organisations) who conduct research **or** monitoring **or** planning in order to improve services through user involvement'.

Where involvement is with the above bodies:

- repayment of expenses for paid involvement (in addition to reimbursed expenses for voluntary involvement) is ignored for benefit purposes
- an offer of payment for involvement that is declined, or a lower amount is paid, or is paid to a charity, is not treated as having been received (described as notional earnings).

These changes now apply to people who are in receipt of any benefit for living costs. They also apply to recipients of Housing Benefit but see further information on Council Tax Support/Council Tax Reduction, below.

Level of payments for involvement that people who use services can accept

Incapacity Benefit or Employment Support Allowance

People who receive Incapacity Benefit or Employment Support Allowance

may now earn up to an absolute limit of either £20 a week at any time or £115.50 net a week for up to a year at a time or for longer. Neither of these benefits or Housing Benefit are affected providing people follow mandatory benefit procedures and apply to do Permitted Work. The amount of paid involvement must be under 16 hours a week.

Some people are allowed to earn up to £115.50 a week net for involvement without any time limit. These are people who receive Incapacity Benefit and are exempt from reviews of incapacity; people who receive Employment and Support Allowance and are in the support group; and people who are paid for involvement by a Community Interest Company and who have received permission from the Jobcentre.

See **Further reading** for links to guidance in the 'Decision Makers Guide' on 'Exempt work, Community Interest Companies and Permitted Work' and 'Amendments to the definition of people who use services in Housing Benefit Regulations'.

People who receive incapacity-based benefits are required to get Jobcentre Plus permission before earning any money. They must obtain form PW1 for Permitted Work, complete it and return it to Jobcentre Plus. They should state that they are doing 'service user involvement' so that Jobcentre Plus is informed and made aware that reimbursed expenses must be ignored and notional earnings should not be applied.

Income Support, Jobseeker's Allowance or Pension Credit

People who receive Income Support, Jobseeker's Allowance or Pension Credit are only allowed to earn only £5, £10 or £20 a week before their benefit is reduced on a pound-for-pound basis

(their benefit reduced by £1 for every £1 they are paid over the relevant limit). Recipients of Income Support for incapacity must also apply for Permitted Work before starting. They can earn up to £115.50 a week but earnings over £20 reduce the amount of Income Support they receive on a pound-for-pound basis.

Carer's Allowance

People who receive Carer's Allowance can earn up to an absolute limit of £110 net a week. If they also receive Housing Benefit or another means-tested benefit, earnings over £20 a week will lead to reductions of their benefit.

Liaison with Jobcentre Plus

People who are considering paid or unpaid involvement should speak with their personal adviser at Jobcentre Plus before starting. People must always prioritise Jobcentre Plus' requirements in order to avoid sanctions leading to a risk of loss of benefit. They should let their adviser know that they have been asked to do 'service user involvement'. This is so Jobcentre Plus is aware that the rules on repaid expenses and notional earnings apply.

Making use of the benefit rule that may treat earnings as averaged over a pay period

Where people receive any of the above benefits for living costs, the Department for Work and Pensions can average out payments for involvement (or work) over a payment period if there is more than one involvement event in the pay period. For example, a payment of up to £60 for two involvement events over a 12-week payment period may not lead to a reduction of Jobseeker's Allowance even if the person can only earn up to

£5 a week (£5 x 12 weeks = £60). Jobcentre Plus will look at each situation to decide if this applies or not. See **References** for a link to guidance in the 'Decision Makers Guide' on 'Calculation of earnings'.

The rules for Universal Credit

A new benefit called Universal Credit is being introduced to replace:

- Income-related Jobseekers Allowance
- Income-related Employment and Support Allowance
- Income Support
- Child Tax Credit
- Working Tax Credit
- Housing Benefit.

It is being phased in and is intended to replace the existing benefits by 2017.

People who receive Universal Credit

People who receive Universal Credit can start work or involvement at any time and do not need to get permission before starting.

However, when a person has been paid for involvement they must tell Jobcentre Plus before their next payment of Universal Credit is due. They can do this online. It is important to say that it is a payment for service user involvement so that Jobcentre Plus knows that repaid expenses must be ignored and notional earnings do not apply.

The earnings of people receiving Universal Credit will always be averaged over a calendar month as it is paid monthly (where the current benefits are worked out on a weekly basis).

Universal Credit is paid for living costs including housing costs. It allows some people to earn up to a certain amount in a month. This is called a '**work**

allowance'. Different groups of people have different amounts of a work allowance.

All payments for involvement (or work) will lead to Universal Credit being reduced by 65 pence for every £1 over the allowance. This does not affect entitlement. There is no limit on the number of hours of paid involvement that are allowed.

Work allowance rates for people who are in receipt of Universal Credit

There are two rates of **work allowance** for Universal Credit.

The lower rates are for people who are in receipt of Universal Credit for the costs of their rent.

The higher rates of **work allowance** are for people who are in receipt of Universal Credit that does not include any amount for housing costs (rent or mortgage interest).

Note: there was a lower rate work allowance for people who are not responsible for a child or qualifying young people but this was abolished in April 2016. Payment of Universal Credit will be reduced the following month by 65p for every £ of their earnings.

Universal Credit lower work allowance

People in the following groups who are in receipt of Universal Credit that includes rent costs have a work allowance of £192 per calendar month:

- single people responsible for one or more children or qualifying young persons
- single people responsible for one or more children or qualifying young persons
- single people with limited capability for work

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- joint claimants responsible for one or more children or qualifying young persons.

This means that for the above groups of people earnings of up to £192 per calendar month have no effect on Universal Credit including the costs of rent (but not mortgage costs).

Universal Credit higher work allowance

People in the following groups who are in receipt of Universal Credit that does NOT include rent or mortgage costs have a work allowance of £397 per calendar month:

- single people responsible for one or more children or qualifying young persons
- single people responsible for one or more children or qualifying young persons
- joint claimants responsible for one or more children or qualifying young persons

This means that for the above group(s) of people earnings of up to £397 per calendar month have no effect on Universal Credit.

Mortgage interest

People who claim Universal Credit for the costs of mortgage interest must take care.

Universal Credit for mortgage interest will be stopped entirely for 39 weeks if the person receiving Universal Credit earns any money at all, even just £5.

Repaid expenses for involvement are ignored. Jobcentre Plus should be told that the payments are for service user involvement.

Council Tax Support/Reduction

Council Tax Benefit was replaced by Council Tax Reduction in 2013. The official name is Council Tax Reduction but most councils call it Council Tax Support.

Each local authority makes its own rules on charging for Council Tax for people of working age. In some local authorities people who are in receipt of benefits may be charged if they have earnings from involvement, although the local authority may average payments over several weeks. People should contact their council and find out about the local arrangements.

The rules have not changed for people who are in receipt of a pension.

Repaid expenses that will be ignored by benefit rules

A repayment of the exact costs of out-of-pocket expenses incurred for paid or voluntary involvement will be ignored.

Expenses can include:

- travel costs
- child care costs
- replacement carer
- personal assistant, support worker, facilitator, communicator
- overnight accommodation, where necessary
- subsistence, where necessary
- stationery, phone costs, etc.

Expenses that are covered

Expenses that are 'covered' or paid for directly by the organisations involved do not affect benefits. Many organisations provide travel tickets and pay personal assistants, support workers, replacement carers directly, so that people who use services are not left out-of-pocket while repayments are processed.

Example: Paid involvement in research

Jenny Thomas is in receipt of Employment and Support Allowance. She is asked to get involved with a University Research Hub study of integrated personal budgets. She is asked to attend three planning meetings and is offered £50 for each meeting plus her travel expenses. Jenny decides to accept and advises the Hub that she has to obtain permission from Jobcentre Plus before she can start. Jenny fills in a PW1 form and explains to Jobcentre Plus that she will be doing service user involvement and will be paid £50 a meeting. Jenny sends it off. After six weeks she receives confirmation from Jobcentre Plus that she is allowed to go ahead. Her benefits are not affected.

Example: Expenses which are ignored

David Cohen is a full-time carer for his wife who is disabled. He receives Carer's Allowance and Housing Benefit. David is invited to participate on a national steering group that is developing good practice guidelines for respite care. David is paid a fee of £20 for his time which does not affect either Carer's Allowance or Housing Benefit. He is reimbursed his travel expenses of £90 and £60 for the cost of a replacement carer for the time that he will be away. David notifies the Carer's Unit, as is required. His benefits are not affected.

Example: Notional earnings

Amina Patel receives Incapacity Benefit and Chris Feathers receives Jobseeker's Allowance. They are asked to help with improving discharge and aftercare services at their local NHS trust psychiatric hospital. Amina and Chris both have experience of being admitted as an in-patient and of aftercare services. The trust invites Amina and Chris to participate in a one-day planning seminar and offers them each a payment of £120 as a fee plus repayment of their travel expenses.

Amina explains that she has to get permission to do Permitted Work before she can be paid for involvement. As the meeting is planned for the next week there is not enough time for her to get a copy of the PW1 form, complete it and get a reply from Jobcentre Plus. Amina offers to attend on a voluntary basis and to be reimbursed her travel costs. Amina notifies Jobcentre Plus as required. Her benefits are not affected as notional earnings are not applied to the payment that was offered. The repayment of her travel expenses is disregarded.

Chris is only allowed to earn £5 a week before his Jobseeker's Allowance is reduced. He decides that he does not want to be paid at all. He asks the trust to make a donation of £120 to a charity instead. Chris accepts a repayment of £9.80 for his exact travel expenses. He notifies Jobcentre Plus as required. His benefits are not affected as travel expenses are ignored and notional earnings are not applied.

Further reading

Guidance for Jobcentre Plus Staff 'Decision Makers Guide' (DMG)

DMG Vol 3 Chapter 13 Incapacity for work

[Exempt work – Community Interest Companies CIC 13900](#)

DMG Vol 3 Chapter 15 Earnings

[Calculation of earnings 15425 – 15454](#)

DMG Chapter 49 – Earnings of employed earners

[Service user group 49119 Permitted work 49141 – 49153](#)

DMG Chapter 51 – Income other than earnings

[Expenses 51270 Notional earnings 51462](#)

DMG Memo 20/15 – Computation of earnings – Earnings of employed earners

[See Changes – Service User Group 4–5](#)

*Housing Benefit General Information
Bulletin G4 17 April 2014*

Amendment to the definition of people who use services in Housing Benefit Regulations

23. The Social Security (Miscellaneous Amendments) Regulations 2014 (SI 2014/ 591) laid on 18 March 2014 and coming into force on 28 April 2014 amend the definition of people who use services in the Housing Benefit Regulations 2006 (SI 2006 / 213) and the Housing Benefit (persons who have attained the qualifying age for State Pension Credit) Regulations 2006 (SI 2006 / 214). An amendment is also being made to the Jobseeker's Allowance (JSA) Regulations, Income Support Regulations and State Pension Credit Regulations.

24. The amendment is a clarification of the existing provisions, some of which are out of date, and is aimed at reducing confusion for claimants and staff alike. It aligns the definition in the Housing Benefit Regulations with the provisions in Universal Credit, Employment Support Allowance and the JSA 2013 provisions. The amendment now includes carers who are paid expenses etc. or any other sum because the person they care for participates as a service user, is covered by the provisions. This resolves a degree of confusion concerning this group of people.

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