

At a glance 50: Paying people who receive benefits – co-production and participation

Published: January 2019

The benefit rates quoted are correct at time of publication (January 2019). Permitted Work rates are now 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 receive Employment and Support Allowance or Incapacity Benefit can earn up to £125.50 a week from April 2018 with no time limit. 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.

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 2015.

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

The changes in 2015 included carers

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

Employment and Support Allowance

People who receive Employment and Support Allowance or Incapacity Benefit may now earn up to an absolute limit of £125.50 net a week without any time limit. The one-year limit has been abolished for Employment and Support Allowance and Incapacity Benefit.

Employment and Support Allowance, Incapacity Benefit and Housing Benefit are not affected by these earnings providing people follow mandatory benefit procedures and notify Permitted Work. The amount of paid involvement must be under 16 hours a week.

See **Further reading** for links to download the Permitted Work form and guidance in 'Advice for Decision Makers' on 'Exempt work for Permitted Work'.

People who receive Employment and Support Allowance or Incapacity Benefit are required to inform Jobcentre Plus before earning any money. They must download the 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.

It is advisable to send the PW1 form by recorded delivery and to keep a copy.

About to transfer from Employment and Support Allowance to Universal Credit?

People who are earning up to £125.50 a week as allowed by the Permitted Work rule, should reduce this amount

before they are transferred to Universal Credit to below £125 a week. This is because, unless certain exceptions apply, earnings of £125.50 in Universal Credit may lead to loss of the Limited Capacity for Work status and the person will be required to look for work and apply for jobs 35 hours a week regardless of their health condition.

The work allowance in Universal Credit is in any case much lower than Permitted Work. People working part-time will see a significant reduction in their final income from earnings.

People who are in receipt of Employment and Support Allowance and are earning as allowed by the Permitted Work rule and who receive mortgage interest loan payments as part of their benefits should consider stopping their earning before they are transferred to Universal Credit. This is because any earnings at all, even £5, will result in the mortgage interest loan payments being stopped for nine months. This is unless the amount they are earning is sufficient to reliably pay for their mortgage interest loan payments instead of benefits.

Income Support, Jobseeker's Allowance or Pension Credit

People who receive Income Support, Jobseeker's Allowance or Pension Credit are only allowed to earn £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).

Carer's Allowance

People who receive Carer's Allowance can earn up to an absolute limit of £120 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 ($£5 \times 12 \text{ weeks} = £60$). Jobcentre Plus will look at each situation to decide if this applies or not. See **Further reading** for a link to guidance in the 'Advice for Decision Makers' on 'Calculation of weekly amount'.

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 2023.

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 63 pence for every £1 over the allowance. This does not affect entitlement. There is no limit on the number of hours of paid involvement (or work) 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).

Payment of Universal Credit will be reduced the following month by 63p for every pound of their earnings which exceed the **work allowance**. The work allowance is shared with a partner (if any).

Note: DWP says that the **work allowances** are to be increased in April 2019. Details are not available yet.

People who do not have children or limited capacity for work do not have any work allowance.

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 £198 per calendar month:

- single people responsible for one or more children or qualifying young persons
- single people with limited capability for work
- 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 £198 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 have a work

allowance of £409 per calendar month:

- single people responsible for one or more children or qualifying young persons
- single people with limited capability for work
- 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 £409 per calendar month have no effect on Universal Credit.

Mortgage interest

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

Universal Credit for a mortgage interest loan will be stopped entirely for 39 weeks if the person receiving Universal Credit earns any money at all, even just £5. This is unless the amount they expect to earn is sufficient to reliably pay for their mortgage interest loan payments instead of benefits. If they are not claiming for housing costs they have a work allowance of £409 a calendar month.

Reimbursed 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.

Reimbursed expenses 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 PWI 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 Employment and Support Allowance 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 them to participate in a one-day planning seminar at short notice and offers them each a payment of £120 as a fee plus repayment of their travel expenses.

Amina explains that she has to inform Jobcentre Plus of her plan to do Permitted Work before she can be paid for involvement. The meeting is planned for the next day so there is not enough time for her to download the PW1 form, complete it and post it by recorded delivery to Jobcentre Plus. Amina offers to attend on a voluntary basis and to be reimbursed her travel costs. Her benefits will not be affected as notional earnings are not applied to the payment that was offered. The repayment of her travel expenses will be 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 donate £120 to a charity instead. Chris accepts a repayment of £9.80 for 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

[Employment and Support Allowance: Permitted Work form](#)

Guidance for Jobcentre Plus Staff 'Advice for Decision Makers' (ADM)

[Vol 3 ESA - Effect of work](#)

Exempt work

V3056 – 3059 *NB this ADM has not*

been updated. Permitted Work Lower Limit is no longer required
V3070 Community Interest Company
V3075 Permitted Work
V 3091 Voluntary Work

[Vol 4 ESA and employed earners](#)

V4119 Service user groups payment and expenses
V4120 Meaning of service user

Calculation of weekly amount

V4800 Period of a month
V4801 Period of three months

Averaging of amounts

V4811

[Chapter H3 Universal Credit Earned income – employed earnings](#)

H3160 Service users – expenses
H3161 Meaning of service user (*full description that applies to all benefits*)

Notional earnings

H3225 (3)

H3241 Service users (*applies to all benefits*)

[Chapter F4 Universal Credit and Support for owner occupiers](#)

F4020 Circumstances where no amount of HCE will be included in an award of Universal Credit where owner occupier has earned income

[Universal Credit work allowance rates](#)

[Housing Benefit](#)

The Social Security (Miscellaneous Amendments) Regulations 2015 (SI 2015/67)

36 and 37 Service users

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