The Big Book of Benefits and Mental Health

2021/24

April 2023-24 Updater Pack: Part 3
Benefit rates and sums uprated for April 2023/24 rates

Tom Messere

revised from the original by Judy Stenger

Big Book of Benefits

April 2023-24 Updater Pack: Part 3

Welcome to Part 3 of the April 2022 –24 Updater Packs to bring your copy of the *Big Book of Benefits and Mental Health 2021– 23* up to date for the new benefit rates from April 2023—24.

Part 1 updated rates and sums for the rates from April 2022-23. This was followed by Part 2 for other changes replacing Chapter 5 in your Big Book of Benefits and Mental Health 2021-23.

This Part 3, updates the same pages as Part 1, but brings this up to date for the new benefit rates from April 2023/24.

Benefits uprating

So this **Part 3** contains replacement pages for all the Big Book pages that have: tables of rates, worked examples and calculation sheets, so they work on the current ***April 2023/24*** rates.

April 2023 saw a big catch up in rates after the long lag since an April 2022 increase of only 3.1% when inflation was really taking off. However, the Government then announced a range of extra one-off Cost of Living Payments that helped close the gap and these are mostly being repeated in 2023/24 .

While the crisis affects everyone, it hurts those on lowest incomes the hardest, as people may:

- have the least wiggle room or savings to cope with the massive rise in costs
- face a higher average inflation rate, as a higher proportion of the budget goes on food and fuel that was going up the most, So the peak October 2022 inflation of 11% felt more like 14 to 16% .

So why was the April 2022 uprating so low?

The annual April uprating of benefits has always been based on inflation the previous September. Left to its own devices any shortfall compared to what inflation is doing in April gets caught up the following year. But very unusually 3.1% in September 2021 met real world inflation of 8% in April 2022 and likely to peak at over 10% in Autum 2022 . Further action suggested at the time included:

- ***bringing back the UC uplift (£20 pw/£86.76 for all means tested benefits***
- ***further uprating of key benefits:*** Ian Duncan-Smith called for a 2nd uprating in June and then quarterly
- ***other suggestions to target fuel poverty***: a higher increase Warm Homes Discount; Ofgen to review social tariffs/standing charges and prepayment meter charges; more local emergency funds

In the end extra help came through additional **Cost of Living Payments** during 2022-23 and again in 2023/24, alongside action to subsidise and so limit energy price increases

Other changes - summarised in Part 2:

We summarise other big changes in a revised Chapter 5: A summary of Benefit changes, in March 2023, later than planned, but benefiting from joint work with Rightsnet updating the NAWRA Benefit Changes Chart

These are mostly not big new changes, more a return to the system and plans covered in our "ahead of its time" text in the last edition (July 2021):

- ***the return to "business as usual":*** most quickly noticed in jobseeker sanctions, but also in the restart of re-assessments for health related benefits such as ESA, UC (for sickness) and PIP
- ***Migrations restart:*** the late running switch from DLA to PIP (now to ADP in Scotland) and the slow early start of "managed migrations" to UC
- ***the end of covid measures:*** such as: waiving "waiting days", furlough and the £20 uplift
- ***New helps with the fuel crisis*** and more to come.

All of the tips, example forms, tips for medicals and help through the current system in the last edition still hold good; and the outline of changes ahead. It can still be worth buying one, adding these Update Packs.

Using the pack

So... there ***isn't*** a new *Big Book of Benefits and Mental Health 2022-23*, BUT these updates can bring your copy of the last edition up to date. You can ***Print the packs off*** and *either* keep them with your book, write in the changes or paste the replacement pages over the old ones in your book.

If you prefer a fully updated text, you can subscribe to our *Online Edition*, the text of which will be updated by the packs and a light review for a 2023/24 edition. See: https://cpag.org.uk/shop/subscriptions/big-book-benefits-and-mental-health-202122-askcpag

Our future plans for Big Books

The next full rewrite of the *Big Book of Benefits and Mental Health 2024-26* will be available in Spring 2024: to be good for 2 years (with updates in April 2025) to offer readers better value for money.

This allows us to alternate that book with a new *Big Book of Benefits and Money for Older People* which to give fuller coverage of the increasingly different world of benefits for people over pension age and wider coverage of money issues.

More support and new schemes made a real difference but don't forget, there is are still too many *existing* benefits going unclaimed or being taken away, and we hope the Big Book helps.

Warm wishes and good luck in challenging times :-)

The first six months of being off sick from work:

If you *can* get Statutory Sick Pay (SSP):

Most employees **can** get SSP, which is the legal minimum that your employer MUST pay. Many employers may add to this under their own full /half sick pay schemes e.g. where you might start off on full sick pay including your SSP.

SSP kicks in after you've been off sick for three days, (unless in the current pandemic, you are sick due to coronavirus, when it is from day 1). It is paid at a fixed rate of **£109.40** a week (for April 2023/24).

SSP lasts for up to 28 weeks, but if you had some recent spells of sickness before this one, then these will be linked, so on this longer spell SSP may finish ***before*** week 28. Your employer should send out an SSP1 letter about a month before your SSP runs out.

Some people just getting SSP, may qualify for a top up. Under the old system that was from ***Income Support*** and ***Housing Benefit*** (for any rent). But for most **new** claims it will be from ***Universal Credit***

But if you have been receiving a *severe disability premium (SDP)* within any *"legacy benefit",* then you **can** start a new claim for ***Income Support*** and ***HB***.

From the day after SSP stops, you claim ***Contributory ESA***, even if you still receiving some sick pay from work. Any Income Support swaps over to Income-related ESA (if the SDP Gateway applies) or you carry on with UC.

If you *cannot* get Statutory Sick Pay (SSP):

Some employees can't get SSP e.g. if you earn less than £123 a week. An employer might still pay you under their own sick pay scheme, but this won't be SSP. And if you are not an employee, forget SSP.

> **NB:** *If you are self-employed or not earning, then SSP cannot apply so ESA applies straight away.*

Instead, you claim ***Contributory Employment and Support Allowance (C-ESA)*** from the start of becoming unwell. This starts at **£84.80** a week but may increase from week 14.You won't get payment for the first week of "waiting time". Most ***new*** claims will be for a version of C-ESA, that the DWP call ***New-style ESA.*** But see below. You must have paid enough National Insurance (NI) contribution in the last 2 to 3 years.

If you *haven't* got the NI for C-ESA - or need a top up - you normally claim ***Universal Credit (UC)*** . However if you get the older version of Contributory ESA you can still add any top up you become entitled to from Income-related ESA. New claims are for New Style ESA, which no longer has any link with Income-related ESA; any top up would be from UC. However,you don't have to switch from legacy benefits to UC just because you claim Ns-ESA; so you could hang on to tax credits and HB, while off sick and claim Ns-ESA.

Other help:

Moving from "in work" benefits to "sickness" benefits

If you were working on a low income, you may have been getting some help from benefits already. Either:

- **Universal Credit** for more recent help for workers. UC includes help for rent and for children Your UC payment will adjust, and your may switch within UC to the "sickness route" and assessments; ***or***
- **Tax credits** -*Working Tax Credit (WTC)* and/or *Child Tax Credit (CTC).* Even if you were only paid CTC, some WTC may well have been part of your tax credit sums. You carry on being counted as a worker for WTC for up to 28 weeks of sickness. After that, WTC ends, but you still get any CTC. If you do get CTC, then you can also get WTC back on returning to /or even starting work.

If you have been getting tax credits, then you have **a choice** when off sick: ***either*** to stay with your current legacy benefits (adjusted for your new income) plus a new claim for New-style ESA. ***Or*** to switch from legacy benefits to UC, along with that Ns-ESA claim. Get advice ***before*** claiming UC, as to which works best for you, as you can't go back once on UC. New claims for "legacy benefits" are now closed off, so you can't switch between them from an "in work" mix to an "out of work" one.

If you are in a couple: Working Tax Credit could carry on *after* 28 weeks if your partner works enough hours.

You may also be eligible for:

- ***Council Tax Reduction*** - whether you come under legacy benefits or UC, you claim this from your local council to help cover the council tax, whether you are in work or not, own or rent your home.
- ***Personal Independence Payment (PIP)*** - if you have a long term illness (affecting you for the last 3 months - including when you were working - and which may continue to affect you for at least 9 months ahead, even if back in work). A PIP award is paid *on top of* any other benefits and regardless of any savings or other income, and whether you can work or not. It can *increase* other entitlement to benefits. PIP is ***not*** about sickness from work, but help with extra costs of day to day living and getting around.

ESA and UC (for sickness) - When do things happen?

In all circumstances:

You will need to provide the DWP with:

- a GP's Fitness for Work Certificate (often called a sick note/paper/lines) or Covid letters
- And, if you are employed, an SSP1 form letter from your employer, saying that *either* you are not eligible for SSP *or* telling you a date when your SSP is due to end (usually a month before).

See the next page for a chart of these changes

ESA

You claim ESA *either*

- straight away if you were self-employed, not earning or an employee not entitled to SSP; *or*
- from the day after SSP stops, if you had SSP. You can claim the ESA early to get it set up.

Most **new** claims will now just be for ***New-style ESA***, But you can still start claims for the old version of C-ESA with Ir-ESA ***if*** the SDP Gateway applies to you.

The ESA "assessment phase"

You start your ESA claim in the "assessment phase" during which time:

- your sickness is accepted on GP certificates.
- you are treated as having *"limited capability for work"* so a) you can be paid ESA an b) with no work requirements. You still have to accept a Claimant Commitment for ***New-style ESA***
- ESA carries on being paid as long as you follow the steps in the Work Capability Assessment (WCA). *See later in this chapter for more on this*
- The two versions of ***Contributory ESA*** only pay a basic rate of £84.80 a week, reduced to £67.20 if you are under 25 and don't have children.
- This might be topped up by ***either*** *Income-related ESA* (with HB for rent and CTC for children on top) ***or*** UC for most new claims
- you must not do any work with a few exceptions

The ESA "main phase"

This kicks in from Week 14 of your ESA ***if*** you pass the Work Capability Assessment (WCA), when:

- if you were on a reduced under 25s rate you go up to the full £84.80; *and*
- everyone may get one of two components added

If you ***don't*** pass the WCA, then you will be told your ESA will stop. *But see later how it can continue while you appeal.* **Do** get advice, before giving up, as

- your appeal may well succeed
- you would not always be paid ESA straightaway if you just left it left and claimed again later.

Universal Credit

Universal Credit (UC) is not just a sickness benefit, but covers all groups. This means:

- help for rent and children is part of your UC as well as replacing *Income-related ESA*
- you ***won't*** stop getting UC if you don't pass the WCA. You just won't get extra elements and it will affect your UC *"work requirements"* .

UC does not have a distinct fixed "assessment phase", but a *"waiting period"* - from 12 to 16 weeks

- as with ESA you must submit a GP certificate to start going down the *sickness route* to UC.
- your undergo the same WCA as under ESA, so you do **not** have to do it twice if you claim both. If you are switching from *Income-related ESA* to *UC* without a gap, your WCA comes with you; so you will get the matching *UC limited capability element* straight away.
- the WCA process is the same as in ESA: a form - now a UC50 - and usually an assessment after.
- you have to accept a *Claimant Commitment*, if you are starting a UC claim, or this may be changed if you are already on UC when you become unwell.
- unlike ESA, you are **not** automatically treated as having *"limited capability"* while awaiting your WCA. It's up to your UC Work Coach. S/he can waive *all* work requirements for now, but will need you to keep GP certificates up to date.

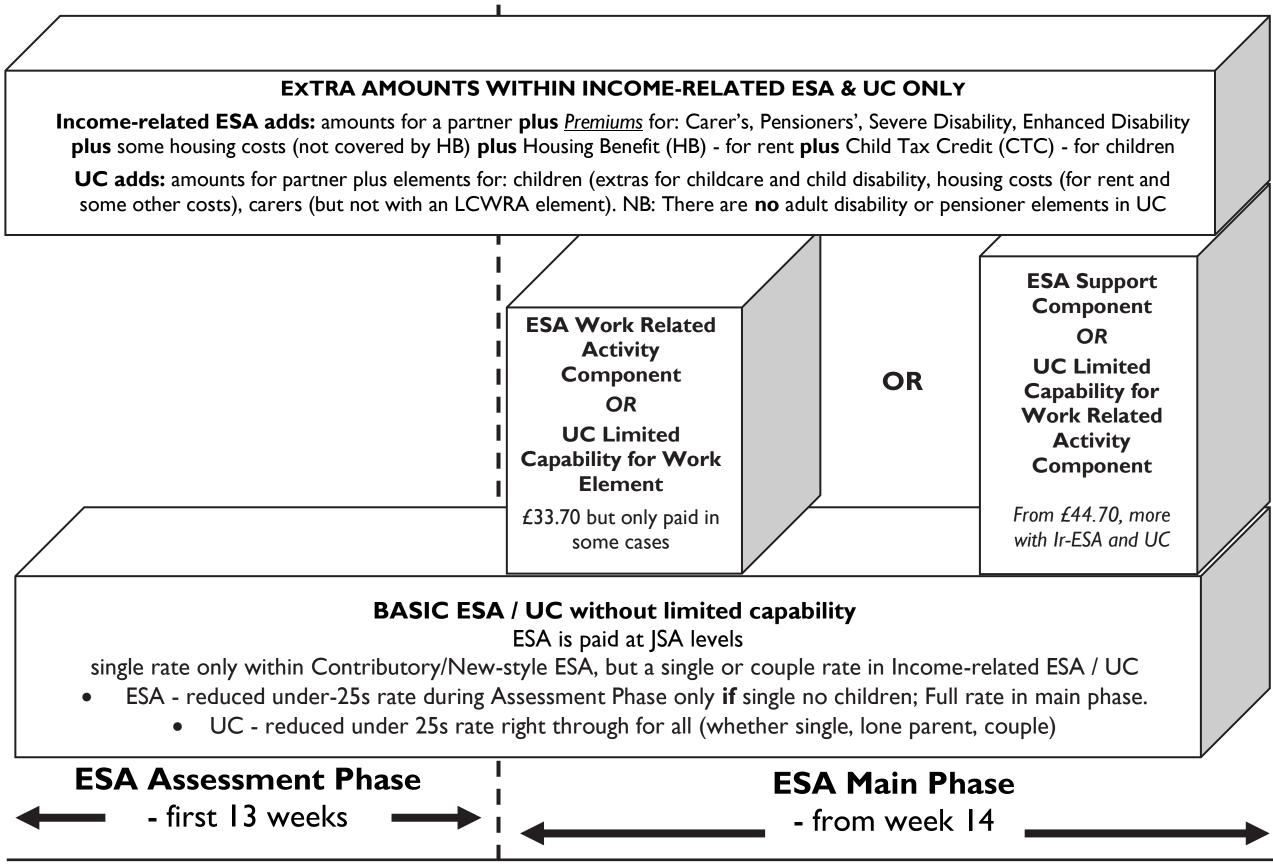
Waiting Days

*After a new claim for **Contributory ESA**, you may have to go through seven "waiting days". These do **not** delay the processing of your ESA claim, but you won't get mean any money for those first 7 days. Ask for a short-term advance if you have no other money.*

*However, you are **exempt** from "waiting days", if:*

- *you have been in receipt of Income Support / Incapacity Benefit, Severe Disablement Allowance, Pension Credit, Jobseekers Allowance, Carers Allowance, Statutory Sick Pay or Maternity Allowance in the last 12 weeks; **or***
- *you are terminally ill; **or***
- *you re-qualify for payment of ESA e.g. after being re-assessed into the Support Group, when your previous ESA payments in the Work Related Activity group timed out after 12 months;*

Waiting days for UC *were abolished on 14/02/2018. However, it still takes at least 5 weeks to receive your first UC payment, but the position re Advance Payments has got a lot better - see the UC chapter*



Contributory ESA / New-style ESA

If you have the right National Insurance (NI) contributions, you can claim ***Contributory ESA***. This is ***not*** means tested, so you can get it, regardless of most other income, savings, a partners income etc.

In the "assessment phase", it is paid at a basic rate of £84.80 a week or £67.20 if under 25 and single with no children In the "main phase" ESA increases:

- affected under 25s go up to £84.80 *and*
- you may get an extra component : *Support Component* of £44.70 ***or*** £33.70 for WRA Component, but see the box below

New-style ESA is Contributory ESA ***without*** the link to *Income-related ESA*. You can claim UC as a top up instead, but you don't have to. ***Nor*** do you have to switch other legacy benefits - e.g. WTC or HB - to UC. New claims for ESA will be for Ns-ESA, but you can also revive old C-ESA /add on Ir-ESA.

Contributory ESA is only paid for one year if you are in the WRA group, during any one period of sickness. Breaks of 12 weeks or less count as the same period of sickness. You may be able to:

- reclaim for another year, *if* you meet the NI conditions for the next pair of tax/NI years; ***or***
- try to switch to the Support Group, now; ***or***
- revive what becomes a "credits only" claim if you meet Support Group criteria later on

Income-related ESA or Universal credit

Income-related ESA is paid either:

- *instead of* the older version of Contributory ESA (e.g. if you didn't have the right NI conditions or it has timed out); or
- *as a top up* to any old style Contributory ESA claims.

Income-related ESA can still be added on to **any** existing award of the old style Contributory ESA (e.g. if a PIP award or a new partner makes you newly eligible for a top up).

Universal Credit is similarly paid either:

- *instead of* ***New-style ESA***; or
- as a *top up to it*.

Amounts of Ir-ESA or UC

It varies. There are higher amounts in the sums for the components and other circumstances but a look at other income and savings. *See Step 2 chapters*

- for ***Income-related ESA***: extra amounts for a partner, ESA premiums, certain housing costs. You might also claim HB for rent and CTC (for children) *See the Legacy benefits chapter.*
- for ***Universal Credit***: extra amounts for a partner, UC elements and help for rent and children. *See the Universal Credit chapter*

NB: new rules apply from March 2015 if you claim ESA again after being turned down see page xxx

The disappearance of ESA WRAC / UC LCW element

*For entirely new claims of ESA/UC started **after** 03.04.2017, the Government abolished the lower ESA component/UC element. The group still exists, so need to meet work conditions or face sanctions, but you will **not** get the £30.60 promised by the ESA "New Deal".*

How much does ESA / UC pay?

(rates from April 2023 to 2024)

Contributory ESA/ New-style ESA

claimant 16 to 24:.......................... £ 67.20*/ £ 84.80
claimant 25+/lone parent 18+ .... £ 84.80

Plus either one of:
Work Related Activity Component:........ £ 333.70
Support Component.................................. £ 44.70

**lower figure during first 13 weeks of claim*

Income-related ESA:

Personal Allowances:
single claimant 16 to 24:. .... £67.20*/ £ 84.80
single claimant 25+.. £ 84.80
Lone parent aged 16 or 17.........£67.20*/ £ 84.80
Lone parent aged 18+ .... £ 84.80
Couple one or both aged under 18........... varies
Couples both aged over 18....................... £133.30

**lower figure during first 13 weeks of claim*

plus the highest of these:
Work Related Activity Component......... £ 33.70
Support Component.................................. £ 44.70
Pensioner Premium £173.55

plus any/ all of these premiums:
Carers' .... £ 42.75
Severe Disability .... £ 76.40
Enhanced Disability........ £ 19.55 sngl / £ 27.90 cpl

Universal Credit (for adults only):

Standard Allowances: *(weekly equivalents)*
Single claimant /LP 16 to 24: .... £ 67.20
Single claimant/LP 25+.............................. £ 84.80
Couple both aged under 25 .... £ 105.80
Couples one or both aged over 25....... £133.30

Elements:
Limited Capability for Work .... £ 33.70
Limited Cap for Work Related Activity £ 90.02
Carers'... £ 42.75

NB: UC is always calculated monthly, but weekly equivalents are shown above for easier comparison. There are ***NO*** *adult disability or pensioner elements in UC.* ***Other elements*** *for children, childcare and rent may also apply - see UC chapter.*

CONCERNS:

Many people are actually worse off on ESA than they would have been under the old system of IB through loss of age additions/ dependant additions. Having no equivalent of the old 'couple' rate for Disability Premium was a further significant cut.

Setting the amounts for Contributory and Income-related ESA at exactly the same rates has meant some people losing out on passported benefits like the remains of the Social Fund and free prescriptions. But in the Support Group, an added EDP meant most

How long can you carry on getting your ESA?

Contributory ESA / "New-style" ESA:

Since April 2012, receipt of Contributory ESA is limited to one year ***unless*** you are in the Support group.

This doesn't necessarily mean that you will lose all your income after a year if you get Contributory ESA in the Work Related Activity group. In fact, you may end up receiving exactly the same amount of money, it's just that it will be in the form of means tested, 'Income-related' ESA or Universal Credit

People who will lose out include those who have savings/ capital worth over £6,000, or whose partner is working, as their income and capital will be taken into account in a joint Income-related ESA / UC claim.

If you - and any partner - have savings/ capital worth over £16,000 then you will not be entitled to Income-related ESA or UC at all. Additionally, for Income-related ESA only, you can't qualify if your partner works for 24 hours or more a week.

It can still be worth keeping your claim going, even if you can't currently receive any money from it.

Income-related ESA

Income related ESA is ***not*** time limited. However, it is being replaced by Universal Credit and existing Income-related ESA claimants will migrate over to it by the end of 2026. *See the chapter on legacy benefits for more details on Ir- ESA sums and Universal Credit for the switch to UC*

Either kind of ESA

Your ESA can be stopped for up to six weeks if it's felt that:

- your own misconduct has caused you to be unwell; *or*
- you've done something '*calculated to retard recovery'; or*
- you've failed to attend for/ submit to treatment which might make you better; *or*
- you're absent from home without '*without leaving word of where you might be found'.*

Get advice if this happens to you!

Financial sanctions can also be applied to those on the Work Related Activity Component, if the DWP feel you are not complying with the conditionality requirements *see the Benefits and Work chapter*

Universal Credit

UC behaves like Income-related ESA above, which it will eventually replace. *See the separate UC chapter for more details.*

Benefits for Carers

Background

Considering the nearly £132 billion a year which research by Carers UK calculated (in their last update in 2015) is saved to the public purse each year by informal care, then benefits for carers are paltry.

The value of Carer's Allowance - payable to people who provide care for somebody else for a *minimum* of 35 hours a week - is currently a meagre £76.75 . If the carer is on means tested benefits, s/he can end up just £42.75 a week better off - only just over £1 an hour.

Things are looking up a little in Scotland, where a top up, applies that was originally intended to bring CA up to JSA rates (currently £84.80 In practise the Carers Allowance Supplement was increased by 6% in April 2022 , as so many had campaigned to get the UK Government to do for all benefits. CA in Scotland is effectively now topped up to will effectively bring CA up to £86.20. Wales has given one off grants to carers and will do so until 2025.

In 2008 the BBC reported that the market cost of obtaining all the services provided by a typical homemaker amounts to some £30,000 p.a. But that leaves out the extra challenges of dealing with someone else's physical or mental health difficulties . And perhaps the cost to the carer's health too; carers are twice as likely to be unwell themselves as the general population.

Even at April 2023's increased "national minimum wage" of £10.42 an hour, someone caring for the minimum hours needed for claiming Carer's Allowance, would be paid £364.70. And at the real living wage of around £10.90 an hour - see www.livingwage.org.uk for more details - that would be £381.50. Of course many carers put in far more hours than this.

And as if this isn't enough, the welfare reform agenda is already having a negative impact on carers. Cuts in social care budgets - along with new, tougher rules for receiving sickness route benefits - are already hitting.

And more is to come - many carers will be affected both by the replacement of DLA with the Personal Independence Payment and the introduction of Universal Credit… read on...

Carer's Allowance - claim it NOW!

At the moment, poorer carers can receive extra amounts within means tested benefits.

Potential for receiving these extra amounts though is changing as a result of the introduction of Universal Credit - there will be "winners" and losers:

- *a carer with their own health problems -possibly brought on by caring - will* ***no longer*** *be able to qualify for both an extra amount for being a carer, alongside an addition for their own health issues.*
- *However, there will a win for working carers though as they may be able to access a carer's element for the first time.*

People who will be better off under Universal Credit will receive the extra benefit immediately.

People who will be worse off at the time of transfer from 'old' means tested benefits to Universal Credit ***may*** *receive important transitional protection - i.e. they will continue to receive the extra amount, albeit frozen at the same rate. But many will not.*

Now, then, is the time then to make sure any potential claims for Carer's Allowance are maximised - along with associated entitlement to means tested extras.

It's a complex area though - sometimes with potential pitfalls for the money of the person being cared for - get advice!

Don’t miss out ….

Non-means tested benefits are simpler and better known. Almost everyone entitled to State Retirement Pension claims it..

*Yet only 50 to 70% claim their **Pension Credit** entitlement and take-up rates can be as low as 30% for **Council Tax Support** among older owner occupiers. In working age take up rates vary from 70 to 90%*

All sorts of reasons have been advanced for this: complexity, pride, dislike of means testing and so on - see Barriers to Benefits for more information

Taking Pension Credit as an example, the biggest issues in DWP research, was that people didn't know about PC , didn't think it applied to them., or worried that it would only be taken away from other benefits.

It may be helpful to know that:

- *It is relatively straightforward to make a PC claim*
- *There is no savings limit in PC at present.*
- *PC Guarantee Credit can pay a top up in some cases on incomes of £545 a week for a couple or £320 if single - and possibly more again.*
- *Getting PC can make it much easier to get other help.*

The amounts may be less generous, the forms longer and the processes more complicated in working age but it also always worth checking, especially after any award of PIP or AA.

How do means tested benefits work?

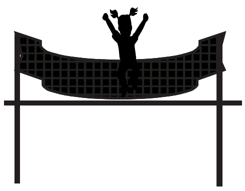
Well that is what the rest of this chapter is about :-)

But to get a general idea of the common basic principle, all the benefits mentioned here work by a simple comparison between:

- the amount the law says you - and any partner and children need to live on – depending on your particular circumstances; and
- the amount you have coming in - with some income ignored and other amounts counted in for savings

And then take one from t’other. See the example below.

So the safety net tops any other income counted in the sums to ensure you have at least that amount to live on



Of top ups and tapers

Means tested benefits, then work by comparing your ***needs*** **-** according to an arbitrary scale set out in the rules for that ben*e*fit - with the other ***resources*** that you have available to you.

The actual names used in benefits jargon to describe these vary: “applicable amount” in Income-related ESA, “maximum amount” in Universal Credit or “appropriate amount” in Pension Credit.

Simple top ups:

Some benefits simply act to top up your income. So Pension Credit or Income-related ESA would simply pay you the difference between the amount you are said to need and your income.

So for example if you are in the Support Group in ESA, your **Income-related ESA sum might be:**

Applicable Amount	
£225	Income-related ESA due each week: £100
	Other income counted: e.g. *Contributory ESA* £125

For Universal Credit, the sums are actually done monthly, but in weekly terms it might look like:

Maximum UC	
£175	Universal Credit due, if it was paid weekly £50
	Other Income counted e.g. *Contributory ESA* £125

This is just to illustrate the actual idea, not a precise sum. Some people may get more under UC than they would under the old system.

The point is that:

- If your other income is *below* the amount the benefit says you need then you get topped up
- If you get *more than* that safety net amount then you won’t get anything.

However, it is always worth checking back to see if

- there may ne an error in the amount for you being used if amounts used to calculate this have not been included; or
- you might be able to qualify for more by taking further action. (e.g. claiming Personal Independence Payment or moving up to the Support/LCWRA group)

Taking an extreme but not uncommon example, the maximum “appropriate amount” in Pension Credit for a couple with disability benefits could bring that appropriate amount as high as £545 a week.

How is PC Guarantee Credit worked out?

PC Guarantee Credit starts from a base line of people needing a certain amount to live on each week; the equivalent of Income Support/ JSA/ ESA 'Applicable Amounts', but set higher. Also, because the way income and most savings are treated within Guarantee Credit rules is more generous, many people who would not have previously qualified for means tested help can now do so within PC Guarantee Credit. Some may qualify for a small PC Savings Credit but this is on the way out. For more on PC issues - see the forthcoming Big Book of Benefits and Money for Older People.

Appropriate Amounts

Someone came up with term 'appropriate minimum guarantee' for the level of income older people need to live on… although the DWP chose the slightly friendlier term 'appropriate amount' in their letters… as do we in this chapter:

Anyway, the basic levels set for 2023/24 are:

- £201.05 a week if you are single; *or*
- £306.85 a week if you are a couple

Officially this is called the *"Standard Minimum Guarantee"*

Additional amounts are then added to your basic amount as a single person or a couple. These are additions that means your appropriate amount

- **INCREASE** if you have housing costs such as some service charges/ site charges for tents (but only if they are for your main home!) *NB help with mortgage interest is now a loan and not included in your appropriate amount.*
- **INCREASE** if one/ both of you is/ are a carer claiming Carer's Allowance (whether or not you actually get paid the CA)
- **INCREASE** if you have dependent child or a young person living with you (if claimed before 1st Feb 2019 this would still be under Child Tax Credit)
- **MAY INCREASE** if you have:
  - either rate of Attendance Allowance;
  - either rate of Personal Independence Payment (PIP) Daily Living component
  - or Disability Living Allowance (DLA) at the middle or highest rate Care Component

It seems likely that the original plan for an INCREASE to help with rent will not happen and those over pension age—including Pension Credit - will continue to claim Housing Benefit for any help with the rent.

The DWP compare your 'appropriate amount' to what you actually have coming in, and make up the difference in Guarantee Credit (see the opposite page)

e.g. *Charles is 66. He gets retirement pension of £156.20 a week. His 'appropriate amount' as a single person is £201.05, so he will receive **£44.85** - i.e. the difference between his PC amount and his income - in PC*

*He moved in with 62 year old Camilla - **before** the rules changed from 15th May 2019 - and they decide that Charles should make the new joint PC claim.*

*Camilla has Contributory ESA of £129.50 coming in, bringing their joint 'income' - when added to his Retirement Pension - to £285.70. Their 'appropriate amount' as a couple is £306.85. Taking their income away from this, they will get **£21.15** Guarantee Credit a week.*

See later for what happens following the changes to PC, UC and mixed age couples.

Savings / Capital:

There is currently no upper limit to the savings you can have. Some people can get PC with savings of £50,000 or more. However, savings over £10,000 do reduce the amount you get, and so could bring your award down to zero in the sums. There is talk of bringing in a limit (possibly at around £32,000) but no firm plans. Savings rules are generally more generous in PC, except that any pension fund now counts under separate rules. PC then:

⇒ ignores all savings if you have less than £10,000

⇒ counts you as having an extra £1 a week "tariff income" for every £500 of savings - or part of £500 - above £10,000. They count your partner's savings as well as to your own.

NB: If you qualify for PC Guarantee Credit then you are "passported " through to full Council Tax Reduction/ Housing Benefit WITHOUT their usual £16,000 upper savings limit applying., so getting your PC can get you HB too :-)

Additions for People with Disabilities

The **'Severe Disability Addition'** is identical to the Severe Disability Premium within the other means tested benefits - and means an extra **£76.40** a week in your 'appropriate amount' if you:

- Get the right "disability benefit"
  - the Care Component of DLA at the middle or highest rate, or
  - the Daily Living component of PIP at either rate; or
  - either rate of Attendance Allowance;

AND

- nobody gets paid Carer's Allowance - or the Carer's Element in Universal Credit - for looking after you. However, if a carer can't be paid Carer's Allowance, but gets a carers premium in other means tested benefits then that is not an issue here.

AND

- you are *counted as* living alone. For a list of the people who might be living with you who are NOT counted, see the means tested benefits in working age chapter on 'the SDP living alone condition'.

It *has* been known for the Pension's Agency to miss these amounts when calculating benefit. If in doubt, get your calculation checked by an independent advice agency.

e.g. Camilla is under 66 and still gets Contributory ESA because of back problems and already has PIP Daily Living at the standard rate. However, because she does not live alone, she cannot get the Severe Disability Addition included in their 'appropriate amount' for Pension Credit.

Charles, however, has depression. Because of his difficulties, he puts in for Attendance Allowance which she is awarded at the lower rate. As a result of this, Charles and Camilla can now BOTH get a Severe Disability Addition included in their appropriate amount calculation:

Appropriate Amount

Standard amount - couple	£306.85 +
severe disability addition (I)	£ 76.40 +
severe disability addition (II)	£ 76.40
	£459.65

*Their new £459.65 Appropriate Amount minus their joint income of £285.70 (see previous page) means they will be paid **£173.95** Guarantee Credit each week.*

NB: DLA, PIP / ADP and AA are ignored as income for Pension Credit.

Additions for People who are Carers

This is called the **'Carers Addition'** - and is identical to the Carer's Premium within legacy means tested benefits. This amount (**£42.75**) is included in your 'appropriate minimum guarantee' if you either:

- GET Carer's Allowance for looking after someone (see chapter on Benefits for Carers) or
- have claimed Carer's Allowance, but have been told that although you qualify, you can't actually be *paid* it because you get another benefit. This is known as having an *'underlying entitlement'*.

You don't need to be living with someone to claim as their carer. But see the warnings on the next page.

If you claim as a couple and each of you is a carer, you can get two lots of £42.75 included.

See the next page for what happens if Charles and Camilla claim as carers for each other.

NOTE:

The Pension Service sometimes miss these extra amounts when calculating entitlement. If in doubt, get your calculation checked by an independent advice agency.

For carers addition PC just need to check their records, but for the severe disability addition they will need a bit more information, on a short PC10 form. This is mainly to confirm that you live alone or to establish whether any other adults living in your home could be ignored.

Charles and Camilla would need one PC10 each, so that each of them can be can be ignored for the purpose of the other one's severe disability addition

The Severe Disability Premium/ Addition "living alone" condition

Certain people who may be living with you are ignored. This includes anyone who:

- is under 18
- gets Attendance Allowance (at any rate), DLA Care at the middle or higher rate or PIP Daily Living
- is registered blind or is treated as blind.—in which case they may well want to explore a claim for disability benefits
- usually lives somewhere else
- is employed by a voluntary or charitable body as a carer **and** is paid for by you or your partner
- jointly occupies your home **and** is either the co-owner of the property **or** is jointly liable with you or your partner to make payments to a landlord.

Claiming the Carer's Addition

In couples where one partner is in good health they and the other not, then one might see themselves as the carer of the other. However in couples where both are entitled to a disability benefit (i.e., AA, DLA or PIP / ADP) then there is no contradiction between being a carer and having health issues yourself. Caring for benefits purposes could be just some light activity and being there in case anything happens. Many couples, I have met play to their different strengths and support each other . What happens if Charles and Camilla claim?

e.g. A Welfare Rights worker suggests that as both Charles and Camilla help each other out a lot, they could both claim Carer's Allowance for looking after each other. But first she checks against the Warning below

She explains that neither of them will actually be PAID the Carer's Allowance - because their Retirement Pension and Contributory ESA "overlap" with CA - but they will still have an 'underlying entitlement'

This in turn means they will get two lots of Carer Addition in their appropriate amount. As a result their appropriate amount goes up by £85.50 (£42.75 x 2), as does their Guarantee Credit.

Appropriate Amount:	£306.85	(for a couple), PLUS
	£ 76.40	(severe disability addition I), PLUS
	£ 76.40	(severe disability addition II), PLUS
	£ 42.75	(carer's addition I), PLUS
	£ 42.75	(carer's addition 2)
	£545.15	

*Their £545.15 Appropriate Amount, minus their joint income of £285.70 means they will be paid **£259.45** Guarantee Credit on top of their pension, Contributory ESA, PIP and Attendance Allowance.*

WARNING: - Claiming Carer's Allowance can sometimes be a bad thing

If Camila had ***not*** had her Contributory ESA (or another 'Step One' earnings replacement benefit) worth more than Carer's Allowance) she would have been PAID the Carer's Allowance. This would have stopped Charles' Severe Disability Addition (worth £76.40), while Camilla would only have benefited by £42.75. The same would have been true the other way round, had Charles not had his Retirement Pension.

But as neither of them would get CA - due to their "overlapping benefits" - it is safe for them to go ahead.

However, if you are CONSIDERING claiming Carer's Allowance for someone who gets either the Severe Disability Addition or the Severe Disability Premium within Pension Credit, Income Support, ESA or JSA check out the next page and get advice if in ANY doubt.

This "carers conundrum" carries on within Pension Credit and for new mixed age couples who were able to claim similar amounts under the working age legacy benefits. Now, new couples would usually move on to UC

See the example of Gandalf and the Balrog and the Universal Credit chapter for more details.

Changes ahead for Pension Credit

Your changing Pension Credit - a summary

Benefits for people over pension age are not changing in quite such a dramatic way as for those of working age. No worries about two migrations - ESA and Universal Credit and an offer you can't refuse - Personal Independence Payment. But while protected from the full force, there are some chill breezes: For more details on these changes see below…

Recent changes to Pension Credit

- Pension Credit age has increased to 66 for men and women increasing along with the Retirement Pension
- Pension Credit had been cut in real terms
    - increases in Guarantee Credit has sometimes matched the cash increase in Retirement Pension **not** the percentage. In some years the PC increase has been below inflation.
    - Savings Credit was first frozen and since April 2011 has been cut each year. It is no longer available to those claiming after April 2016, but continues in payment for those getting it before.

Changes for savings

- For people retiring since April 2016, Savings Credit is due to disappear entirely merging into the new single tier State Retirement Pension, currently worth £203.85 a week (now more complicated - read on). Some may no longer need to claim PC, but it will continue to be important for many.
- New freedoms to access pension pots - "Pension Choices" - mean that once over PC age, you will be treated as having an annuity type income, even if you leave your pension pot untouched. Drawdowns from the pot will be treated as income or capital depending on how regular these are.
- It is also planned to introduce a savings limit on PC. Best current guesses are for c £32,000, but it is also possible this change may not happen

Changes to all on PC as a result of UC

- While Pension Credit stays outside of Universal Credit, the changes in "working age" also meant the eventual abolition of Housing Benefit and Child Tax Credit as these are absorbed into UC
- The plan was to have extra amounts added to PC:
    - a PC *housing credit* (to replace Housing Benefit) but not before the end of 2023
    - a PC *child element (*instead of new claims for Child Tax Credit) - from 1st February 2019
- There will no equivalent, though to Working Tax Credit for those continuing to earn on a low income after "pension age". Universal Credit will stop at pension age, but not if you are caught by the mixed age changes and are stuck on UC.

Changes for mixed age couples due to UC

A "mixed age" couple is when one partner is over PC age and the other is under

- from **15th May 2019**, there is no longer a choice for **either** the older partner to claim PC or the **younger** to claim a "working age" benefit. PC now requires ***both*** partners to be over PC age.
- Existing claims by mixed age couples from ***before*** 15th May 2019, are **not** affected, so long as they stay on PC or HB (for those over PC age). Lose both of those for 1 day and you are off PC and cannot get back
- Up until January 2021, some new couples , where both had SDPs in place could still claim a working age legacy benefit. These have the same additions as PC **and** a pensioner premium that makes up the difference in PC v. working age personal allowances.
- But since then, most new claims from mixed age couples would have to be for Universal Credit instead. UC has:
    - ◊ No pensioner element, meaning a loss of up to **£173.55 per week** for all couples affected
    - ◊ Nor any severe disability element and
    - ◊ more restrictions on the carer's element if you are also unwell and can stop severe disability amounts
    - ◊ A couple who would have got two severe disability and two carers additions under PC, could lose up to **£300 a week** on UC

A new Big Book

Benefits for people in older age are getting increasingly separated from those for working age people. There is change but perhaps less hostile - essentially older people vote and may for the Government, whereas people on "working age" benefits are not our people, which is why the Government play to the media and act all tough. But there are still big changes ahead.

Pension Credit is remaining beyond Universal Credit but with big changes to it. The "new" State Retirement Pension looks very different from the old. There are new Pension Choices that can affect people with even small private/works "pension pots". Extra help for daily care needs operates under the very different AA/DLA scheme. There will be concerns about paying for help in the home and supported living/residential care.

So it's time for a new Big Book to cover benefits and money issues in "pension age" more fully. Look out for the forthcoming

Big Book of Benefits, Money & Older People 2023/25

Examples: Gandalf becomes a mixed age couple

Gandalf the Grey is of a great and wise age, but certainly over 66, for State Retirement Pension and Pension Credit. He is on Pension Credit that has been maximised by the Lothlorien Law Centre, with Attendance Allowance of £68.10, but he has now been smitten by the Balrog, 62. In order to retain a happy ending, the Balrog gets old-style Contributory ESA topped up by Income-related ESA in his own underground home where they plan to live.

Had true love struck ***before*** 15th May 2019, the Balrog could have joined Gandalf on a couple Pension Credit (PC claim), but now Gandalf would have to join him on a working age benefit until the Balrog comes of age. But the effect of that crucially depends on which working age benefit they can claim.

Gandalf's single income on Pension Credit is currently:

Appropriate Amount		***Assessable Income***	
Standard Amount:		Other Benefits:	
single person	201.05	old State Retirement Pension	156.20
Additions:		*(£61.85 AA not counted)*	*0.00*
Severe disability	76.40		
PC Appropriate Amount:	***£277.45***	*Assessable Income for PC*	***156.20***

Pension Credit = 277.45 - 156.20 = **121.25** PC due

Actual total Income = **£345.55**

(made up of: £156.20 State Retirement Pension + £121.25 Pension Credit + £68.10 AA)

Had the Balrog been able to join his PC claim - i.e. had they got together ***before*** May 2019 - then Gandalf would have lost his SD Addition (as he no longer counts as living alone), but would have gained from the couple rate. As SDA lost, The Balrog could claim as a carer, but would not be paid CA because of his C-ESA:

Appropriate Amount		***Assessable Income***	
Standard Amount:		Other Benefits:	
couple	306.85	old State Retirement Pension	156.20
Additions:		*(£68.10 AA not counted)*	*0.00*
carer's	42.75	The Balrog's Contributory ESA	129.50
Appropriate Amount:	***£349.60***	*Assessable Income*	***£285.70***

Pension Credit due = 349.60 — 285.70 = **63.90** PC due

Actual total Income = **£417.70**

(made up of: £156.20 Retirement Pension + £129.50 Contributory ESA + £63.90 PC + £68.10 AA)

This is still *a lot less* than if they carried on claiming separately, but there may be options for improving finances, if The Balrog might have a case for claiming PIP/ADP. But as things stand they have been told by DWP that *if* they do move in together, then they would need to claim Universal Credit and the sums there are a lot worse:

Maximum UC		***Assessable Income***	
Standard Amount:		Other Benefits:	
couple	133.30	old State Retirement Pension	156.20
Elements:		*(£68.10 AA not counted)*	*0.00*
Carers Element	42.75	Contributory ESA	129.50
LCWRA element	90.02		
Maximum UC:	**£266.07**	*Assessable Income*	**£285.70**

So with income now *more than* Maximum UC, the couple are **not** entitled to any UC. They will be stuck in pensioner poverty, ***until*** the Balrog becomes of pension age, when the couple can then switch to PC.

Actual total Income = **£353.80**

(made up of: £156.20 Retirement Pension + £129.50 Contributory ESA + £0.00 UC + £68.10 AA)

Had their income been low enough to get any UC, then UC would top them up to **£266.07** which is much lower than the **£349.60** of PC. The only concession that UC makes to a mixed age couple is that if an older partner gets AA, this triggers an LCWRA element, as long as their partner wasn't entitled to one already.

So, any new “mixed age" couple forced on to UC could feel a loss of up to **£173.55** even if there weren't any carers or severe disability addition issues. But what are the losses for a couple where both partners get a disability benefit and where both might also meet the criteria as a carer?

Had the couple got together *before* 15th May 2019, they could have remained on PC despite the rule change . The impact of an award of PIP for the Balrog would have made their current joint PC claim look like this:

Appropriate Amount		***Assessable Income***	
Standard Amount:		*Other Benefits:*	
couple	306.85	old State Retirement Pension	156.20
Additions:		Contributory ESA	129.50
carer's—Merlin for the Balrog	42.75	*(£68.10 Gandalf's AA not counted*	*0.00)*
Carer's - Balrog for Merlin	42.75	*(£68.10 the Balrog's PIP not counted*	*0.00)*
severe disability—Gandalf	76.40		
severe disability the balrog	76.40		
Appropriate Amount:	**£545.15**	*Assessable Income*	***£285.70***

Pension Credit due = 545.15 — 285.70 = **259.45**

Actual total Income = **£681.35**

(made up of: £156.20 Retirement Pension + £129.50 Contributory ESA + £259.45 PC + £68.10 AA + £68.10 PIP/ADP)

UC on the other hand for most new claims would have been unchanged from the calculations on the previous page. So, the difference between a mixed age couple both with disability benefits on PC and a similar couple on UC would be: £545.15 PC appropriate amount — £266.07 UC amount = **£279.08 loss** under UC

That loss could have been avoided when the SDP Gateway applied (before January 2021). In that scenario, Gandalf and the Balrog would have been prevented from claiming UC, and Gandalf would have swapped his single PC to join The Balrog on his Income-related ESA claim

The sums for Income-related ESA would then have been exactly the same as PC: ESA's lower standard allowance would be offset by a pensioner premium and other ESA premiums are the same as PC additions. However, since the SDP Gateway ended, most new “mixed age” couples have to switch to UC with big losses.

But a final “however” comes to the rescue :-)

Normally, you can't switch a legacy benefit single claim to a couple as that would usually involve making a new legacy benefit claim that you can no longer do. And that's what forces a “natural migration” to UC. However, this does ***not*** apply in the case of Income-related ESA, where a switch to a couple does not involve a new claim . So, Gandalf can be added to The Balrog's claim for Income-related ESA and those sums would match those for PC.

Working out entitlement

Lots of people feel intimidated about looking at means tested entitlement because it involves numbers. The maths itself is basically quite simple though, once you've become familiar with the concepts involved - honestly!

It may help to think of a pair of weighing scales in which the DWP are balancing what you already have coming in against what the Government says you need to live on. They count most income, including most benefits and also treat you as having 'income' from any capital.

If what you've got coming in is *more than* or *equal to* what the Government says you need, then you won't get Income Support, Income-based JSA or Income-related ESA.

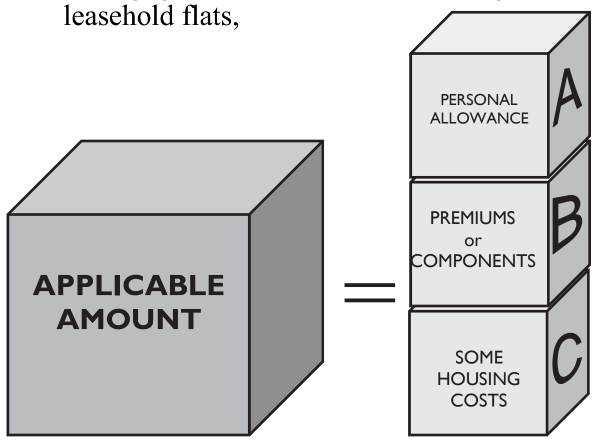
If it's *less than* the amount the Government says you need, then you will; they will add money to your side of the weighing scales until they balance precisely.

> *e.g. The Government say that 59 year old Bill and his 55 year old partner Emma need £176.05 a week to live on. Bill already has £76.75 Carer's Allowance coming in; Emma has no other income. The DWP pay them £99.30 Income Support to top their joint income up to the £176.05.*

What you *theoretically* need to live on - the 'Applicable Amount'

Your *Applicable Amount* - or *Appropriate Amount* in PC - is the amount the Government say you and your family need to live on each week. It is made up of 3 parts:

- A basic **Personal Allowance** an amount for you and any partners related to age
- **Premiums** or/and **Components** ('components' = ESA only) - extra amounts in specific circumstances
- certain **Housing Costs** - no longer loan interest, but e.g. ground rent and service charges in leasehold flats,



For example:

> *Jane gets Contributory ESA. At first, her Income-related ESA amount is only made up of that "block A" - her personal allowance - as she doesn't have any housing costs in Block C. She does pay rent but claims Housing Benefit separately for that.*
>
> *After her Work Capability Assessment, a Support Component is added to both her Contributory ESA and her Income-related ESA in Box B - so again it might seem like no top up by Income-related ESA.*
>
> *However, everyone in the Support Group is also entitled to an enhanced disability premium - in Box B - so Jane's Income-related ESA amount rises to £149.05*
>
> *This is now more than her £129.50 Contributory ESA, so because of the added premium, Jane is now entitled to £19.55 a week Income-related ESA.*
>
> *As well as the extra cash, this gives her automatic entitlement to full HB, maximum Child Tax Credit, help with health costs.*
>
> ***Note:*** *ESA often forgot this extra premium, so if you are in the Support Group and don't have much other money coming in, it's worth checking. That is why DWP have been forced to check the claims of everyone who migrated over to ESA, to see if they missed out.*

You don't always get the full applicable amount.

The applicable amount is ***not*** the amount you will get in means tested benefits, but rather the level to which these benefits will top any other income up to. Some people may have no other income that is counted, in which case they *will* get the full applicable amount (unless they have any deductions).

Premiums, additions and components are *not* separate benefits

The premiums - called additions under Pension Credit - and the ESA components, are ***not*** separate benefits and do not usually need to be applied for separately, except that further information has to be provided for the *Severe Disability Premium*

Rather, these are extra amounts - in your favour - in the sums for deciding how much means tested benefit you will get. So getting all the premiums you are entitled to makes your Box B - and your total applicable amount - bigger

And the bigger your applicable amount, the higher your potential payment of means tested benefits.

A. Your Personal Allowance *(Note: all figures now at April 2021 / 2022rates)*

This is a flat rate amount based on your age(s). Select whichever applies to you / you and your partner:

Single Person (without children)
aged 16 to 24 [1] .... £ 67.20
aged 25 and over .... £ 84.80
aged over PC age (PC only) £201.05
([1] over 25 rate applies in main phase ESA)

Couple
either/ both under 16 .... varies
both over 18 .... £133.30
either / both over PC age .... £306.85 *(PC only - other benefits get a top up via Pensioner Premium)*

Lone Parent
aged under 18* £67.20
aged 18 or over......... £84.80

B. Your Premiums, PC Additions and ESA Components

These are extra amounts added into your 'Applicable / Appropriate Amount' because of life circumstances - e.g. being ill, getting AA/DLA/PIP at certain rates, being a carer. For details of how to qualify for the premiums, see overleaf. Add any of these that apply to you, on to your 'Personal Allowance'.

<u>*The highest of:*</u>	**Single**	**Couple**
Disability Premium [1] *(IS/ JSA only)*	£39.85	£56.80
ESA Work Related Activity Component [2]	£33.70	n/a
ESA Support Component	£44.70.	n/a
Pensioner Premium (not PC) [3]	n/a	£173.55 *(all bar PC)*
<u>*plus any or all of:*</u>		
Carer's Premium / Addition	£42.75 per *qualifying adult*	£42.75 / £85.50
Enhanced Disability Premium[1]	£19.55.	£27.90
Severe Disability Premium / Addition	£76.40 *per qualifying adult*	£76.40/£152.80

[1] Disability and enhanced disability premium do not apply with pensioner premium)

[2] WRAC not included in new ESA claims after April 2017 unless linked to earlier claims

[3] Pensioner premium already included in basic allowance under PC - reduced by amount of ESA components. Mixed age couples can no longer start a PC claim since 15th May 2019 . Some may still get working age legacy benefits instead, but most will have to claim UC—which has no equivalent "pensioner element"

Note that only ONE of a couple has to meet the qualifying criteria to get the 'couple' rates listed

Under Income-related ESA regulations EVEN WHEN BOTH MEMBERS OF A COUPLE ARE UNWELL and could individually qualify for an ESA component, there is neither entitlement to two Components, nor a higher rate for couples. All the above amounts have been revised for rates that apply from April 2021 to April 2022

C. Your Housing Costs

Housing costs can help with:

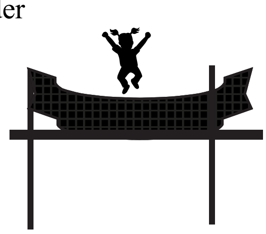
- some service charges for flat owners
- site charges for tents

Housing Costs used to also include help with mortgage interest and certain other loans secured on your home. In fact, these payments were the main Housing Costs amounts. However, since April 2018, this help comes as a loan - rather than a payment - via the separate *Support for Mortgage Interest scheme*.

Rent is dealt with through a separate benefit, *Housing Benefit*

The remaining Housing Costs - if they apply - are added to your applicable amount within the means tested benefits and are just as much part of your applicable amount as any other part. This does mean that this now limited help is only available within a claim for means tested benefits, whereas help with rent from HB can be claimed by anyone, including many people in full time work.

For more details of how housing costs work, Support for Mortgage Interest and changes under Universal Credit - *see under the Paying for Housing chapter*.



- The total amount from the above three headings is your "safety net" level or
- <u>APPLICABLE AMOUNT</u> for Income Support, Income-related ESA and Income-based JSA; or
- <u>APPROPRIATE AMOUNT</u> in Pension Credit…

Which Premiums or Components apply? >>>>>>>>>>>>>

THE HIGHEST OF THESE:

Disability Premium *(IS / Ib-JSA only)*

***EITHER* you or your partner** are under Pension Credit age and gets a "qualifying benefit":

- DLA / PIP (any rate)
- Incapacity Benefit
- Constant Attendance Allowance
- Severe Disablement Allowance, **OR**
- is registered blind

***OR* you - the claimant - NOT your partner - are** under Pension Credit age **and** have been incapable of work for 52 weeks

Pensioner Premium *(not PC)*

Claimant is:

- under Pension Credit age with a partner over Pension Credit age or
- a single man who was over Pension Credit age but under Retirement Pension age (before these were equalised and who opted to claim JSA or ESA. Should have switched to PC)

'*better off' considerations used to apply as to whether mixed age couples should claim this or PC. New claimants or those moving over to UC - **lose this,** as UC has no equivalent "pensioner element"*

Work Related Activity Component *(Ir- ESA only)*

- You have been getting ESA for 14 weeks *and*
- You have 'Limited Capability for Work' (see Sickness Route chapter, no longer paid in new claims from April 2017) by either passing the Work Capability Assessment OR being '*treated as*' having limited capability for work

Support Component *(Ir -ESA only)*

- You have been getting ESA for 14 weeks - or at once if Special Rules
- You have both " Limited Capability for Work" ***and*** 'Limited Capability for Work Related Activity' (see sickness route chapter), by passing the WCA or being "treated as" passing it

Allowances and premiums for children

*For most people on IS, JSA and Income-related ESA, money for children comes separately from Child Tax Credit, where you automatically get the maximum Child Tax Credit. There are still a few parents still getting amounts for children within Income Support/JSA instead, and child amounts came back into Pension Credit from 1st Feb. 2019. Amounts also appear in Housing Benefit sums for **all** claimants, to offset amounts for children anywhere. Any child maintenance from an absent parent or Child Benefit is ignored, in all benefit or tax credit sums. Amounts in 2022/23 include:*

- *Family Premium (claims pre-April 16) – **for HB only**..18.53*
- *'Personal Allowance' for each child / qualifying young person[1] for HB 77.78*
  for Pension Credit ....first child (if born pre 6/4/17) 72.31............. any other child 61.88

and, extra for child disability:

- *Disabled Child Premium for any children receiving any rate of DLA/PIP ....74.69[2] /33.67PC*
- *Enhanced Disability Child Premium...30.17 HB (added to DCP)*
- *Disability Child Higher Rate Premium .... 104.86 PC (in total)*

[1] children born after 6th April 2017 may be affected by the "Two Child" policy in HB. See under Child Tax Credit for more details

[2] the lower rate - covering most disabled children - is more than halved to £33.67 under UC. and PC. Protecting the most vulnerable?

[3] if on DLA Care (highest) or PIP Daily Living (enhanced) then an extra £30.17 to standard rate in HB and combined total of £104.86 under PC

Premiums in action...

***Paul,** 56, lives on his own and has been on Contributory Employment and Support Allowance (C-ESA) since March 2017 and before UC came to his area. He was just in time to get a work related activity component in his ESA which would be went up to £118.50 (at 2023/24 rates)*

He couldn't get any top up from Income-related ESA as his Ir-ESA "applicable amount" was exactly the same as his other income from Contributory ESA

A few months later, a friend suggested he should claim PIP for himself. He was awarded the standard rate of PIP Mobility - handy extra ignored income, ignored in Ir-ESA sums, but not triggering any extra.

And also to claim Carer's Allowance for looking after his elderly mother who gets Attendance Allowance (AA) He couldn't receive Carer's Allowance, as he already had more than that CA in his Contributory ESA. The two are "overlapping benefits" in Step 1

However, the CA award was still worth it, as it now qualified him for the Carer's Premium worth £42.75 in the Ir-ESA sums. So he now could get a top up - his income was still the same £118.50 (as PIP is ignored,) but his Ir-ESA applicable amount went up to £161.25, so he now gets a top up of £42.75 Ir-ESA

***Note:** people getting old style Contributory ESA - e.g. from before UC came to their area - can still have Income-related ESA added on if they become entitled.*

*In March 2018, his C-ESA timed out and the Carers Allowance £76.70 kicked in. Although CA is lower than C-ESA, Paul's Ir-ESA top up increases to keep him at **£161.25** (at current rates).*

***Sarah,** 47, has been on DLA Care lowest rate for some years and had migrated from Incapacity Benefit to C-ESA in the work related activity group. Her Ir-ESA applicable amount was identical to her C -ESA, so like Paul, no Ir-ESA top up.*

Her health problems worsened, so she asked DWP to look at her DLA and ESA awards again. That involved a switch from DLA to PIP where she got a rise to the enhanced rate of Daily Living. She also switched to the ESA Support Group (adding £11). But two new premiums apply in Ir-ESA:

- *the Enhanced Disability Premium (£19.95) both for PIP Daily Living (enhanced rate) and being in ESA Support Group (either one does it);* **and**
- *the Severe Disability Premium (£76.40), as she gets PIP Daily Living, lives alone and no-one gets Carers Allowance for looking after her.*

*The PIP is ignored as income, but although her C-ESA has risen to **£129.50**, so has her basic Ir-ESA. However, the two extra premiums mean her new Ir-ESA applicable amount is **£248.65** . Sarah now gets an Ir-ESA top up of £248.65—£129.50= **£119.15***

***Paul and Sarah** met at a Mind Drop In. They moved in together and begin claiming as a couple (**Note:** they can stay on ESA as switching to a couple claim is **not** a new claim, but it would be under HB). As Paul only gets the standard PIP Mobility, Sarah loses her SDP within their joint ESA claim. And despite both being unwell, only one ESA component counts*

*Before, their single applicable amounts totalled £248.65 + £161.25 = **£409.90**. But as a couple, they now lose Paul's Ir-ESA component (they keep one, the highest) and Sarah's SDP (she no longer lives alone) and their personal allowance goes down from 2x £84.80 (singles) to one couple rate of £133.30. The only increase they get is from the single to the couple rate of enhanced disability premium.*

Their joint Ir-ESA applicable amount is now:

1 x personal allowance (couple rate)	*£133.30*
1 x Sarah' ESA Support Component	*£ 44.70*
Sarah's Enhanced Disability (couple rate)	*£ 27.90*
Paul's Carer's (for looking after his mum)	*£ 42.75*
Total Applicable Amount	***£248.65***

But Paul's mental health has worsened since he first claimed, so he asks for his PIP to be looked at again. This time he is also gets standard rate Daily Living. He no longer stands in the way of Sarah's SDP and he also qualifies for an SDP himself :-)

*Meanwhile, Sarah can claim as a carer for him, with her Contributory ESA blocking her from actually receiving Carer's Allowance: that means she gains the carer's premium **without** blocking Paul' SDP . Their new Income-related ESA applicable amount is:*

1 x Personal allowance (couple rate)	*£133.30*
1 x Sarah' ESA Support Component	*£ 44.70*
Sarah's Enhanced Disability (couple rate)	*£ 27.90*
Paul's Carer's (for looking after his mum)	*£ 42.75.*
Sarah's Carer's (for looking after Paul)	*£ 42.75*
Sarah's Severe Disability Premium	*£ 76.40*
Paul's Severe Disability Premium	*£ 76.40*
Total Applicable Amount :	***£444.20***

Of Income Support and Universal Credit

Up until January 2021 , Paul and Sarah were banned from claiming UC . They were free to switch between the legacy benefits, if they wanted e.g. to Income Support as carers where the Ir-ESA Support Component would be replaced by a slightly higher couple Disability Premium. Or Working Tax Credit.

But that SDP Gateway is no more, so any change requiring a new claim - such as needing to become a couple under HB or moving to a new council area - would mean a switch to UC

Now, to stop unlawful disability discrimination compared to what DWP would pay in a "managed migration", they now add a special SDP Transitional element, on top of normal UC . The DWP have been applying a fixed rate rather than covering the full lost amount , but the High Court has ruled they should cover the full loss. See more details under Universal Credit.

Income Support, Income-based JSA & Income-related ESA *(April 2023-20234*

1) CHECK CAPITAL *Upper Limit: £16,000 .*

***Ignore** capital under £6,000 **OR** £10,000 (if over pensionable age or in care). **Tariff income** applies to capital in between. Some is disregarded.*

2) APPLICABLE AMOUNT

	£	p
A. Personal Allowances: **Single (no children):** aged over 16 and under 25....... £67.20 /£84.80[1] aged 25 and over .... £84.80 [1] *higher u25s rate applies to ESA in main phase only* **Lone Parent:** aged 16 or 17 .... £67.20 aged 18 and over .... £84.80 **Couples:** if one or both aged 16 or 17 .... varies both aged 18 and over............................. £133.30		
B. Premiums & Components: ***Any (or all!) of these that qualify:*** carer's - *per qualifying adult* .... £42.75 severe disability - *per qualifying adult* .... £76.40 *Single* *Couple*[2] enhanced disability [2] .... £19.55.... £27.90 [2] *EDP cannot be paid with pensioner premium.* ***Only one of these:*** ESA WRA component [3] .... £33.70.... n/a ESA support component....... £44.70.... n/a IS/JSA disability .... £39.85.... £ 56.80[4] pensioner[3] .... n/a......... £173.55[5] [3] *ESA work related activity component was abolished for new claims after 03.04.2017. But can continue to be paid if protections apply* [4] *couple rates whether one or both partners qualifies* [5] *for couples only if a partner is over pension age. In theory, pensioner premium is counted with - but then net of - any disability premium or ESA component*		
C. Housing Costs - *(for rent see HB):* ● mortgage / interest on other secured loans via separate **Support for Mortgage Interest** scheme since April 18 ● **other housing costs** continue to count: e.g. *leaseholders service charges, ground rent, rent for Crown tenants, co-ownership schemes, pitch charges for a tent etc*		
less any **Non-Dependant Deductions** ***£116.75*** *if £511 or over* ***£57.10*** *if £236 to £308* ***£106.35*** *if £410 to £511* ***£41.60*** *if £154 to £236* ***£ 93.40*** *if £308 to £410* ***£18.10*** *if under £162* ***£ 0.00*** *if under 25 and on IS, Ib-JSA or Ir-ESA (with no ESA component)* ***or*** *if on PC*		
equals **Net Housing Costs**		
equals **Applicable Amount**		
less **Total Income** *(from Step 3)*		
Income Support/JSA/ESA due (**before** deductions for arrears, sanctions, etc)		

3) INCOME

	£	p
A. Earnings: *Gross earnings **less**: work expenses, income tax, National Insurance and half of pension contributions* Claimant's earnings -*under 16 hours* .... Partner's earnings - *under 24 hours*		
less **earnings disregard:** ● standard amount - single ....£ 5 ● standard amount - couple............................£10 ● higher amount - *lone parent **or** disability or carer's pemiums **or** in specified jobs*.......................£20 ● ESA permitted work .... £167 / £20 ● childminding .... 2/3 of earnings		
equals **Net Earnings for IS, JSA &ESA**		
B. Other Benefits: List ***all*** benefits ***except:*** • *Attendance Allowance, DLA Care or Mobility, PIP/ADP Daily Living and Mobility, (and equivalents in Ind Inj / War Dis Ben)* • *Re-Settlement Benefit, Christmas Bonus* • *Child Tax Credit, Guardians' Allowance, Child Benefit:* • *first £10 of War Pensions, Widowed Parents' Allowance*		
C. Tariff income from capital: £1 per £250 between: • *£ 6,000 and £16,000 - most claimants* • *£10,000 and £16,000 - if in res./nursing care; or partner over women's state pension age*		
D. Other income: ***Ignore*** *all payments: in kind, fostering, s17 & s24, loan protection, all voluntary / charitable payments* ***Ignore all child maintenance*** Occupational or works pension .... Training Allowance... Student grants or loans *(after specified disregards £10 pw of loans)* .... Income from tenants: • boarders *(less £20 + half remainder)* .... • sub-tenants *(less £20)*... Any other assessable income:		
equals **Total Income**		

Examples: Mission Merlin… ESA

(Note: this story of changing circumstances only works if there were no HB claims involved, as forming a couple usually means a switch to UC, except in the case of ESA. But if another change occurs - like an award of PIP, where no new claim is needed - then legacy benefit amounts can still be adjusted and income maximised)

Once upon a time, until quite recently in fact, Merlin worked as a conjuror for a member of the local gentry, or 'crachach' as we call them in Wales. Things came to a head in work when he started talking to animals (and claiming that they talked to him). It's been three years since since Merlin lost his job in March 2017 and he was been assessed as eligible for Contributory ESA in the Work Related Activity Group. He was just in time to get the WRA component and this was before Full Service UC so he could claim Income related ESA for any top up. However, his Contributory ESA timed out after a year.

Had he still been getting C-ESA now, his sum for Income-related ESA would have looked like this:

Applicable Amount		***Assessed Income:***	
<u>*Personal Allowance:*</u>		<u>*Other Benefits:*</u>	
single person	84.80	Contributory ESA	118.50
<u>*Components/ premiums:*</u>	+	*(initially on a claim made before April 2017, but times out after 12 months)*	
work related activity comp.	33.70		
Applicable Amount:	**118.50**	***Assessed income***	**118.50**

Merlin's income would have been the same as his Applicable Amount - so **no Income-related ESA.** However, as the Contributory ESA timed out, his Income fell to £0.00 and so he now gets the full £107.60 as Income-related ESA

Morgan le Fay, an old flame of Merlin's, has been chucked out of her flat for cackling too loudly. Merlin wonders what might happen to his benefits if she moved into his cave (that he owns outright). She'd been supporting herself with a bit of self-employed rune reading, but there's not much trade now, so she has no income. She would be bringing her elderly mother, Igraine, with her, who is fabulously wealthy, but mean as hell. Note that there is no couple rate of the Work Related Activity Component. The sums would be

Applicable Amount		***Assessed Income:***	
<u>*Personal Allowance:*</u>		<u>Other *Benefits:*</u>	
couple - basic rate:	133.30	Contributory ESA	00.00
<u>*Component/ premiums:*</u> +		*(timed out, but still ticking away in background if Merlin were to be re-assessed into Support group)*	
work related activity comp.	33.70		
Applicable Amount:	**167.00**	*Assessable Income*	**00.00**

Income-related ESA = 167.00 - 00.00 = **£167.00**

Actual total weekly income = **£167.00** Income-related ESA)

Merlin's health has deteriorated quite rapidly since Morgan and Igraine moved in. The old lady has flooded neighbouring caves twice by getting brooms to carry buckets of seawater and he suspects that Morgan may be trying to poison him. He is struggling with work related activity requirements, so you help him with a revision to upgrade him to the Support Group . It works and his Contributory ESA re-appears. And you help him apply for PIP

Applicable Amount		***Assessed Income:***	
<u>*Personal Allowance:*</u>		<u>*Other benefits:*</u>	
couple - basic rate	133.30	Contributory ESA	129.50
<u>*Components/ Premiums:*</u>	+		
Support Component	44.70		
Enhanced Disability Premium	27.90		
Applicable Amount:	**205.90**	*Assessable Income*	**129.50**

Income-related ESA= 205.90 - 129.50 = **£76.40**

Actual total weekly income = **£205.90**
(made up of £129.50 Contributory ESA + £76.40 Income-related ESA)

Merlin asks you for help challenging the level of PIP awarded and what might happen if successful and if he moved out. You let him know that there could be help from the move by applying to the Welsh Discretionary Assistance Fund, but that might force a switch to UC that might involve a loss if PIP was increased. He decides to hang on. The new PIP award is PIP Daily Living (standard rate - 68.10) and on PIP Mobility (standard rate £26.90). A single claim on Income-related ESA would look like:

Personal Allowance:		*Other Benefits:*	
single person	84.80	Contributory ESA	129.50
Components/ premiums:	+	*(95.00 PIP not counted)*	
Support component	44.70		
enhanced disability (single)	19.55		
severe disability	76.40		
Applicable Amount:	**225.45**	*Assessable Income*	**129.50**

Income related ESA = 225.45 - 129.50 = **95.95**

Actual total weekly income: **£320.45**
(made up of £129.50 Contributory ESA + £95.95 Income-related ESA + £95.00 PIP)

What would happen to his benefits if he stayed with Morgan and her mother? Morgan went back to rune reading for a while after she and Merlin split up, but had to stop when her mother skimmed all her stones into the sea. Since then, she's had to survive on seaweed gathered from the rocks and the odd raw fish. Igraine cackles over her Fortnum and Mason's hamper and whispers, *"Never mind dear, Sushi's very good for you."*

Personal Allowance:		*Assessed Income:*	
Couple	133.30	Contributory ESA	129.50
Components/ premiums:	+	*(95.00 PIP not counted)*	0.00
Support component	44.70		
enhanced disability (couple)	27.90		
N.B. NO severe disability	0.00		
Applicable Amount:	**205.90**		**129.50**

Income-related ESA = 205.90 - 129.50 = **£76.40**
Actual Total weekly income: **£300.90** *(made up of £129.50 Contributory ESA+ £76.40 Income-related ESA + £95.00 Merlin's PIP). That's* ***£19.55 less*** *than Merlin living alone, as loss of SDP would not be made up by couple rates on personal allowance and EDP*

However, Morgan is starting to get health problems of her own - her arthritis is being worsened by living in a damp cave. Igraine has also been diagnosed as suffering from dementia. Now armed with your considerable benefits expertise, you advise a PIP claim for Morgan and Attendance Allowance for Igraine. Morgan is awarded PIP Daily Living (standard - 68.10) & Mobility (enhanced - 71.00); and Igraine AA (higher rate)

Personal Allowance:		*Other Benefits:*	
Basic rate (couple)	133.30	Contributory ESA	129.50
Components/ premiums:	+	*(95.00 Merlin's PIP not counted)*	
Support component	44.70	*(139.10 Morgan's PIP not counted)*	
enhanced disability (couple)	27.90		
severe disability premium (I)	76.40		
severe disability premium (II)	76.40		
Applicable Amount:	**358.70**	*Assessed Income*	**129.50**

Income related ESA = 358.70 - 129.50 = **229.20**

Actual total weekly income: £592.80
(made up of £129.50 Contributory ESA + £229.20 Income-related ESA + £95.00 PIP for Merlin + £139.10 PIP for Morgan)

But we don't want to give them that…

Hawkeyed, or even owl-eyed, you spot the potential for claims for Carer's Allowance:

1) **for Merlin looking after Morgan** (he will qualify for - but will not be PAID - Carer's Allowance, because he is receiving a higher 'overlapping benefit' in his Contributory ESA).
2) **for Morgan for looking after Igraine** (Morgan **will** be paid the Carer's Allowance, but because Igraine is filthy rich and therefore qualifies for no means-tested help, there's no issue about any potential loss of an amount for severe disability, as there would be if Morgan claimed for looking after Merlin

Personal Allowance:		*Assessed Income:*	
Basic rate (couple)	133.30	Contributory ESA	129.50
Component / premiums:	+	Carer's Allowance	76.75
Support component	44.70	*(95.00 Merlin's PIP not counted)*	
enhanced disability (couple)	27.90	*(139.10 Morgan's PIP not counted)*	
severe disability premium (I)	76.40		
severe disability premium (II)	76.40		
carer's premium (I)	42.75		
carer's premium (II)	42.75		
Applicable Amount:	**444.20**	***Assessed Income***	**206.25**

Income-related ESA = 444.20 — 206.25 = **237.95**

Actual total weekly income = £678.30
(made up of : £129.50 Contributory ESA + £76.75 Carers Allowance + £237.95 Income Related ESA + 95.00 Merlin's PIP + £139.10 Morgan's PIP)

Another option ***in the past***, would have been to switch the couple claim from Ir-ESA led by Merlin to one for Income Support led by Morgan as a carer. That switch option no longer applies, but some couples will have chosen that option before it was no longer possible to swap. The difference is essentially that : Ir-ESA Support Component (worth £44.70) would have been swapped for a £56.80 IS Disability Premium to give an extra £12.10. The full IDS sum looks like this:

Personal Allowance:		*Assessed Income:*	
Basic rate (couple)	133.30	Contributory ESA	129.50
Premiums:	+	Carer's Allowance	76.75
Disability (couple)	56.80	*(95.00 Merlin's PIP not counted)*	
enhanced disability (couple)	27.90	*(139.10 Morgan's PIP not counted)*	
severe disability premium (I)	76.40		
severe disability premium (II)	76.40		
carer's premium (I)	42.75		
carer's premium (II)	42.75		
Applicable Amount:	**456.30**	***Assessed Income***	**206.25**

Income Support = £456.30 — 206.25 = **£250.05** **Actual total weekly income = £690.40**

Normally, switching between legacy benefits was no longer possible once UC full service rolled out by December 2018. However, those getting an SDP came under special measures after the Courts ruled that swiping money off some disabled people as they moved to UC was unlawful. DWP responded in two stages:

- firstly people continued to be able to swap between legacy benefits - and so retain the value of their SDP – and were banned from claiming UC by the SDP Gateway
- Then, from January 2021, when the UC computer was ready , people with an SDP would switch to UC if circumstances changed, but got an extra SDP Transitional Element to protect the value of their SDP.

Eventually, UC will observe the usual convention for everyone when it offers full transitional protection for any losses on switching to UC. But this will only apply if you switch to UC via a "managed migration" ; a route that only really opens up later in 2023.

If the couple *had* switched to IS when it was possible - then Merlin might have been tempted to give up on the hassle of keeping his ESA claim going. But if he had done that , *firstly,* it would affect the sums:

☞ Merlin would then actually be paid Carer's Allowance for looking after Morgan; so, she would no longer qualify for her severe disability premium - losing the couple £76.40 per week.

☞ Merlin could then have limited the damage by stopping his CA claim, allowing Morgan to retain her SDP at the lesser cost of the Carer's Premium worth £42.75

Secondly, giving up Contributory ESA is risky, especially as circumstances can change. What if Igraine passes on and so Morgan loses her "carer's route" to Income Support? Or what if she re- starts work in the future, perhaps taking them out of entitlement to means-tested benefits? Merlin would be dependent on Morgan and have no income of his own and this can strain relationships… Contributory ESA with Support Component, gives Merlin a separate income of his own, helps in the UC sums, doubly

Steady on…and let's get real

In this example, we threw every premium going at Merlin and Morgan just to show how the system could *potentially* work, the scope for income maximisation and the extent to which people *could* be missing out. Our rather ground total, had the couple maxed out on some **£690**

Of course ***if*** they did qualify for that sort of money, they would be facing some serious extra costs of living with physical and mental health difficulties, so it is not just about extra money compared to the basics levels of benefits. Don't envy them too much :-)

Now that is a very unusual and high income:

- Many on PIP just get standard Daily Living, so Merlin and Morgan might have just got £68.10 each from PIP, bringing the total down to nearer £580
- But the maximising of premiums would still stand, so their Step 2 income would remain at **£237.95**

A more typical scenario is represented by the sums for Merlin if he was on his own. He may just have been living on basic ESA. The key steps in maximising his income were:

- **Step 1** getting him into the Support Group if appropriate to bring Contributory ESA back into play, end work conditionality and increase the amount from what would have been £118.50 to £129.50. Had Merlin claimed after 6th April 2017, he would only have been on £84.80, making the jump worth a full £44.70 extra.
- **Step 2** checking for any means tested top ups from Income-related ESA from the "enhanced disability premium". His restored Contributory ESA of £129.50 can be topped up to £149.05 Also, in general, it is worth making sure any Housing Benefit and Council Tax Support is OK.
- **Step 3:** putting in a claim for PIP, if criteria could be met. Perhaps an extra £68.10 in PIP Daily Living, but arguably the PIP Mobility of £26.90 - *see the PIP chapter*
- **Back to Step 2:** A successful PIP claim could entitle him to a severe disability premium in his Income-related ESA bringing that up to £225.45. And/or a friend helping him might gain as a carer - but remember the potential trade offs.

So this more typical income maximising result could be bringing a single person up from a basic £84.80 (or £118.50) to a total income of £225.45 ESA + £68.10 PIP = **£293.55** . That's still a huge difference, that so many describe as *"making the difference between living and merely existing"*

On the next page we will see what difference Universal Credit makes. But first, let's take a look at some "better off" and other issues when there is a choice between which legacy benefit to go with.

Better off choices between the legacy benefits:

- ESA introduced a new work conditionality into sickness route benefits, that weren't there under the previous system of Income Support (for sickness) topping up Incapacity Benefit. But someone who is unwell may still have a choice of routes to benefit e.g. Income Support (as a carer)
- The ESA new deal was: extra amounts earlier, in exchange for some work related activity in many cases. However, light sanctions as a last resort have turned into bigger, more often used ones: 100% of the personal allowance for a single person i.e. £84.80 per week, but with a possible hardship payment.
- Financial 'better off' calculations between ESA and other route to say Income Support might still be needed and the answer may vary e.g. if someone loses ESA Support Component or is facing sanctions within the ESA Work Related Activity Group.
- In an Income-related ESA claim, there is no couple rate for components - unlike for JSA/ IS disability premium. Nor can a couple have two components if they are both unwell. It is important then that the more unwell partner leads on the claim, e.g. if they might get into the ESA support group.
- But the assessment process can be very haphazard, and you won't know anyway for some weeks into your ESA claim. hence the high success rate at appeals. So there is no guarantee that the failing WCA does the right thing until over ridden at appeal.
- financial differences aren't usually that big, so it may be other issues that decide which works best.

A reminder of Merlin and Morgan's maximised IS…

We left them with a total maximised income of **£605.25** made up of:

- *Step 1 - Earnings replacement benefits*: £206.25 from Contributory ESA and Carers Allowance.
- *Step 2 means tested benefits:* a maximum top up of £237.95 Income-related ESA or 250.05 Income Support, after hopping back to step 2. once Step 3. was sorted
- *Step 3 Extra disability benefits:* both on PIP, totalling £234.10

Big Losses under UC and how to try to avoid them.

But take a look at what happens to them if they claimed under Universal Credit (UC). The UC sum below is shown in weekly equivalents - UC actually always does its sums monthly . But here the point is to aid comparison with their earlier sums under Income-related ESA or Income Support. For the same reason we have left out UC housing costs element, which would normally be part of the UC sum, but would match any separate Housing Benefit under the "legacy benefits" system.

Standard Allowance: over 25, couple	133.30	*Assessed Income* Contributory ESA	129,50
Other elements:	+	Carer's Allowance	76.75
limited capability for work related activity (LCWRA)	81.75	*(95.00 Merlin's PIP not counted)*	
carer's element	90.02	*(139.10 Morgan's PIP not counted)*	
Maximum Universal Credit:	**£266.07**	*Assessed Income*	**206.25**

Universal Credit = £266.07 - 206.25 = **£59.82**

Actual total weekly income = £500.17 - made up of: £129.50 Contributory ESA+ £76.40 Carer's Allowance + £59.82 UC (excluding housing costs) + £234.10 PIP

In our more typical example of Merlin on his own, the UC sums would look like this:

Standard Allowance: over 25, single	84.80	*Assessed Income:* Contributory ESA	129.50
Other elements:	+		
Limited capability for work related activity	90.02	*(£68.10 PIP not counted)*	
Maximum Universal Credit:	**174.82**	*Assessed Income*	**129.50**

Universal Credit = £174,82 — 129.50 = **£45.32** **Actual total weekly income = £242.92**

There are pluses for UC in both of the above examples:

- the LCWRA element being higher than ESA Support Component + EDP. UC can be a ***win*** for those **not** entitled to an SDP in Income-related ESA

But UC still means a loss overall because of the absence of adult disability elements:

- for Merlin and Morgan together it's a loss of: £237.95 Income-related ESA— £59.82 UC = **£178.13**
- for a claimant with SDP on their own, the loss is: £95.95 Income-related ESA — £45.32 UC = **£50.63**

How people in this situation are affected by such losses depends:

- *if they were starting a new claim* under UC, the UC rates would apply anyway. They just get less than they would have done.
- *if they switched to UC from legacy benefits*, via the current "natural migrations", that would have meant a drop down to UC rates. But now for those with an SDP, an extra SDP Transitional Element will make up some of the difference when you switch, but by no means all. Others who lose will just drop down to the usual UC rates. You have to wait for a "managed migration" for full protection of all your legacy benefits.
- *Only when* under the future *"managed migrations"* does everyone going over to UC get full protection.

See the Universal Credit chapter for more details

What Makes up your maximum WTC?

MAXIMUM WORKING TAX CREDIT

Basic Element 1

Part of every claim.
The amount of basic element was frozen for 3 years from April 2011 and has been increased by just 1% in the next 2 years, and then frozen again until 2020. now rising with other benefits.

- *£2,280 pa / £43.75pw for April 2023/24*

Second Adult Element 2

Included if you have a partner.

- *£2,340 pa / £44.94 pw*

Lone Parent Element 3

For lone parents of dependant children.

- *£2,340 pa / £44.94 pw*

30 hours Element 4

Included if you or your partner work 30 hours or more a week. Couples with a dependant child can combine their hours to qualify for this element as long as one works over 16 hours per week.

- *£950 pa / £18.27 pw*

Severe Disability Element 5

Included if worker or partner an gets PIP Daily Living enhanced , DLA Care at the higher rate or Attendance Allowance at the higher rate. One element is awarded per qualifying adult, for couples it does not matter if you are the working adult or not to qualify

- *£1,595 pa / £30.59 pw*

Childcare Element 6

This covers 70 % of childcare costs - up to a maximum of £175 for one child and £300 for two or more. More details on next page. There are no proposals to increase this to 85% as with Universal Credit, as UC would have been due to take over by then. Given the delays there is a long running gap that may need addressing. WTC *does* have the advantage of not needing to find the cash up front and to update on changes as often as UC

Disabled Worker Element 7

An amount for each 'disabled' worker included as part of the claim - read on for qualifying criteria. There is no real equivalent under Universal Credit, merely a new right to undergo a Work Capability Assessment for a "limited capability" element, a test which may be difficult for a worker on WTC to pass

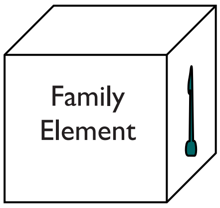
- *£3, 685pa / £70.70 pw*

What Makes up your maximum CTC?

MAXIMUM CHILD TAX CREDIT

Child Tax Credit, like Working Tax Credit, is calculated using 'elements'. These are added together to arrive at an amount known as Maximum Child Tax Credit

FAMILY ELEMENT (per family)



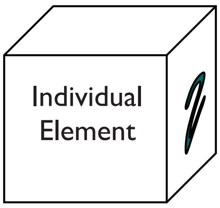
An amount per family, no matter how many children there are. This used to be paid to 90% of parents but first tapered off at now at much lower incomes than before and was then abolished on new claims after April 2017 . Originally, this was an income tax allowance; would it have been cut if it still was?

A baby addition was helpful to all new parents - especially given cuts to maternity grants - was abolished in April 2011.

Frozen for many years - *£545 pa / £10.50 pw*

PLUS

INDIVIDUAL ELEMENT (per child)



Originally, an amount for every dependant child or young person - one EACH this time!

But since April 2017, there is no element for a third or subsequent child born after 6th April 2017, except in certain *exceptional* circumstances. Any excluded children could still get any child disability addition.

- £3,235 / £62.09 pw for April 2023-24

An extra, sizeable amount added to the Individual Element for:

- each child that gets ANY rate of DLA Care OR Mobility or if they are registered blind (in which case also apply for DLA!) or
- young person in receipt of ANY rate of PIP Daily Living OR Mobility

- £3,905 pa / £74.90 pw for April 2023/24

(This is less than half under Universal Credit at £33.70 pw).

Once an additional amount for each child on DLA Highest Care or young person receiving the PIP Daily Living (enhanced rate) . BUT *now as a combined figure including the disability addition:*

- £5,480 pa / £105.14 pw

This rate is matched within UC

Families who are on Income Support, Income-based JSA, Income-related ESA or Pension Credit (don't forget grandparents can claim if they look after their grandchildren) will automatically get the maximum Child Tax Credit for their circumstances and do NOT have to complete the 'income' section of the Tax Credits form.

e.g. Myra is was widowed in March 2017 and claimed CTC for the first time . She has six year old twins, Holly and Ivy , and Noel, aged 18 months (born ***before*** *April 2017). She gets Child Benefit for children. Because of her mental health problems, she could chose to claim either Income-related ESA or Income Support as a lone parent of a child under 5 for herself.*

Under Child Tax Credit - claimed before 6th April 2017 - Myra would currently get:

Family element	10.50	
Individual element (3 x £62.09)	<u>186.27</u>	
	£196.77 maximum Child Tax Credit	

As she is on Income Support/ Income-related ESA, her income is not assessed by CTC, so Myra gets her maximum CTC

Noel was born with significant disabilities. A worker at the Drop-In suggests a claim for DLA which leads to an award of DLA Middle Care for Noel. She also suggests Myra claim PIP and she gets PIP daily living.

Their Child Tax Credit calculation now includes an extra disability addition for Noel:

Family element		10.50
Individual elements for Holly and Ivy (2 x £62.09)		124.18
Individual Element for Noel		<u>136.99</u>
made up of :		
basic individual element	*62.09*	
addition for disability	*79.40*	
		£271.67 maximum Child Tax Credit

As a result of Noel's DLA, Myra can also claim Carer's Allowance for looking after him , and will get the Carer's Premium included in her Income Support /Ir-ESA… Additionally - as long as Noel continues to get the middle or highest rate DLA Care - then Myra will not be expected to give up her Income Support and claim when he turns 5. She can carry on with Income Support (as a carer). This may avoid an early unprotected switch to UC and the cuts that come with it - see next page .

And you can also see what happens if Myra had started a CTC claim ***after*** *April 2017 - losing the Family Element - and with a younger Noel - hit by the "Two Child Policy".*

Families NOT getting Income Support, Income-based JSA, Income-related ESA or Pension Credit may - or may not - get full Child Tax Credit - but will have to complete the 'Income' section of the tax credit form. As a result:

- Families with an annual income of *below* a threshold of £18,725 (£359.11 a week) will get their maximum *Individual* elements of CTC.
- *Above this* the individual elements start to taper off at 41% (or 41p in the £) of gross income above that threshold, followed by any Family Element

The separate higher threshold for Family Element - previously unaffected until income was over £40,000 - was abolished . This has meant many families on middle incomes no longer receive any tax credits, but it is always worth checking. A more affordable cut for those affected, but stops them being in the system should income suddenly drop. Would the Government have dared to do this, had the Family Element remained a tax allowance?

The Two Child policy and exceptions

The two child policy is an arbitrary cap on the number of children that the Government will allow CTC to be paid for. For CTC and Universal Credit, a third child born ***after*** *the 6th April 2017 will* ***not*** *receive an additional child element, unless, they are:*

- *part of a multiple birth*
- *adopted and otherwise likely be in care*
- *being looked after by others than their parents - a formal arrangement or an informal one - with evidence that otherwise likely to be in care.*
- *born to a child under 16 living with the claimant*
- *likely to have been conceived as a result of non-consensual sex or at a time when the claimant was subject to ongoing co-ercion and control by the other parent - based on a evidence by a third party professional - the "rape clause"*

There is no evidence base *for this policy - just a pandering to Poor Law prejudice to make a cut, just at the point where child poverty is already a higher risk. Part of the 2015 fiscal plan to cut £12 billion off the benefits budget.*

What happens under the rules after April 2017 ?

*e.g. Myra was widowed in March 2018 and claims CTC for the first time . She has six year old twins, Holly, and Ivy and Noel, aged 6 months (born **after** April 2017). She gets Child Benefit for children. Because of her mental health problems, she could chose to claim either Income-related ESA or Income Support as a lone parent of a child under 5 for herself. She could not claim UC until after February 2019.*

In her initial claim, Myra found:

- *Family element has been abolished for all new claims after April 2017*
- *Despite his disabilities, there will be no individual element for Noel under the Two Child Policy*

Until Noel's DLA is sorted, Myra's maximum CTC

Individual element (2 x £62.09)	124.18	
	£124.18	maximum Child Tax Credit

After claiming for DLA for Noel, the disability addition is still added - as it is not affected by the "Two Child" rule - but Myra still does not get any basic help for food, warmth and shelter for her disabled baby:

Individual elements for Holly and Ivy (2 x £62.09)	124.18	
no element for Noel, just an addition for disability	74.90	
	£199.08	maximum CTC

*A cut of £271.67—£199.08 = **£72.59** from CTC **without** a Two Child policy and **with** a Family Element*

What if Myra claimed Universal Credit ?

Until February 2019 , Myra couldn't claim UC, but after that time she could do so. The child amounts within UC would replace CTC. The criteria are identical to Child Tax Credit, with an important difference:

- *The disability addition for 70% or so of children with long term health issues or disabilities—but not on DLA Highest Care - is more than halved*

Her amounts for children within her maximum Universal Credit will be made up of

Individual elements for Holly and Ivy (2x 62.20)	124.40	
Child disability addition for Noel	33.70	
	£ 158.10	**maximum UC for the children**

That's a further cut of **£40.98** from the cut back CTC after April 2017 (as above) or **£113.57** over the CTC amounts without the April 2017 cuts - see previous page. But it gets worse...

What will UC do for amounts for Myra herself?

Note: If Myra Made a new claim for Universal Credit she would have done much worse again.in money for herself. Compared with IS, UC does not have a disability Premium, compared with Income-related ESA it does have the LCW element equivalent to ESA Work Related Activity Component—if that was claimed before April 2017. But if you can still get it you cannot have both that and a UC carers element. And whether Myra would have claimed IS or Income-related ESA, there is no severe disability premium. the same time . :-(. For sake of this example let's say Myra's PIP application led to PIP Daily Living enhanced.

Income related ESA		***UC claim***	
Personal Allowance	£84.80	Standard Amount	£84.80
Carers Premium	£42.75	Carers Element (*not paid with LCWRA element)*	£00.00
Support Component	£34.70	LCWRA element	£90.02
Enhanced Disability Premium	£19.55	There are re no disability elements in UC	£00.00
Severe Disability Premium	£76.40	"	£00.00
Applicable Amount for Ir-ESA	**£258.20**	**Maximum UC (adult amounts)**	**£174.82**

*Myra's own money would be **£83.38 less than Ir-ESA under UC. If she claimed as a carer** the difference would have been £201.05 IS — 127.55 UC = a loss of **£73.50** with a total loss for her and the children as high as **£197.45***

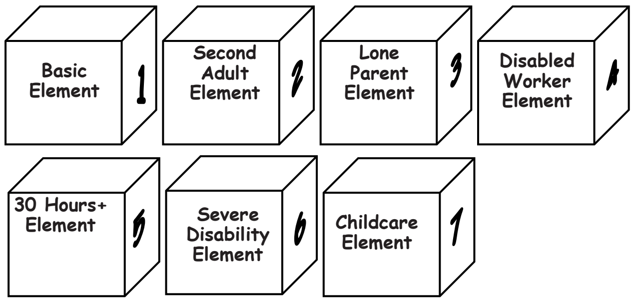
BIG Book says: For a Myra hit by the Two Child Policy, life will be about frantically "robbing Peter to feed Paul", while seeing the benefits for herself slashed as a carer with health issues. So how exactly does UC "protect the most vulnerable" or "tackle child poverty"? If Myra has got IS or Ir-ESA, she has had to be very wary of any switch to UC.. There is some protection for the loss of SDP , and the High Court has ruled in January 2022 that this must cover the full loss and also the drop in child disability addition We await DWP proposals for doing this. None of that helps with the April 2017 cuts nor any help at all for a Myra starting a new claim on UC, rather than switching from legacy benefits. .

How is Tax Credit entitlement calculated?

1) Work out your Maximum Tax Credit

Working Tax Credit

Made up of the seven elements previously explained which add up to the maximum figure you could be paid (see rates chart at back of the book for amounts…)

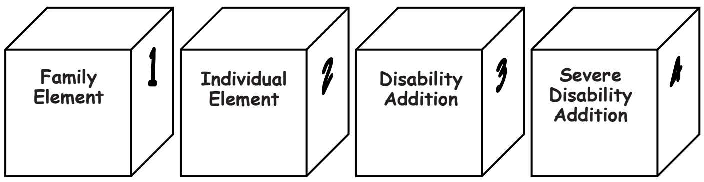


e.g. Jo is single and has recently started working 30 hours a week.. She has been getting DLA for many years because of depression. Her maximum WTC includes the Basic Element, Disabled Worker Element and 30 hour Element.

Jenny is a lone parent working 20 hours a week. She gets the Basic element, Lone Parent Element and Child Care Element

Child Tax Credit

Made up of four parts which add up to the maximum figure you could be paid (see rates chart at back of book for amounts…).



e.g. Jenny, above, has a son and a daughter. Her daughter gets DLA Lower Mobility. Jenny gets a Family Element, two Individual elements and a Disability Addition included in her calculation.

Will I actually get maximum Tax Credit?

If you are claiming **Child Tax Credit only**, you will get the maximum if:

⇒ you get Income Support, Income-related JSA, Income-related ESA or Pension Credit; or

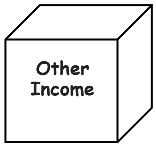
⇒ if your income is below a threshold of £18,725.

If you are claiming **Working Tax Credit only** or **both WTC and CTC**, you will get the maximum WTC if

⇒ your income is below a - threshold of £7,455

For those claiming **both** tax credits, though, the CTC is not affected until *at least* £17,005. That's because the tapering off that starts to happen above £7,455 is applied to WTC first. That means that it can't start eating into CTC until at least £18,725 but in practise the taper may not affect CTC until income rises considerably above that. That might happen if you are entitled to more than just the WTC basic and partner's/lone parent elements (e.g. if the WTC child care costs, 30hours plus or disabled worker elements also apply)

Other Income



This covers any other sort of income you have coming in - but the following are ignored:

- Student Loans
- Educational Maintenance Allowances
- Grants linked to the payment of Tuition Fees
- National Insurance low-income bursaries
- Scottish income-related bursaries
- Welsh income-related grants
- Social Services payments:
  - ⇒ Fostering and Adoption Allowances
  - ⇒ Section 17 payments
  - ⇒ Direct payments

e.g. last year, Jo earned £242.98 a week from her job. Her PIP is ignored, as is the income from £5,000 savings she has built up in a Cash ISA.

Last year Jenny earned £192.98 a week gross. Her Child Benefit for 2 children and DLA for one of them are ignored as is any child maintenance.

3) Income, thresholds & tapers

The threshold figure ***doesn't*** mean that you can't get Tax Credits if your income is above it! It simply means that you won't get MAXIMUM Tax Credit.

- If you are claiming **Child Tax Credit *only*** then the threshold figure for the individual elements of CTC is **£18,725** per annum (equivalent to £359.11 a week).
- If you are claiming **Working Tax Credit *only*** the threshold figure is **£7,455** (equivalent to £142.98 a week)
- If you are claiming ***both* Working Tax Credit** and **Child Tax Credit**, then use the WTC threshold i.e. **£7,455**. This does not mean a raw deal for children in working households - see below

Your income will either be above or below the threshold:

- If your income is **less** then you'll get the maximum CTC and/or WTC as in Step 1.
- If your income is **more** then your maximum tax credits will start to taper off:
  - ⇒ Work out by how much you are over by taking the threshold figure away from your income.
  - ⇒ Multiply the answer by 0.41 to work out 41% of this excess. This is the amount that will be taken off your maximum Tax Credit

e.g. at £242.98 a week throughout the year, Jo is exactly £100 a week over the WTC/CTC threshold, so her maximum WTC will be reduced by £41.00 a week

At £192.98 a week throughout the year, Jenny is exactly £50 a week over the threshold for WTC & CTC claims. Her tax credits will be reduced by £20.50 a week

4) Apply the reduction

This amount - when subtracted from your maximum Tax Credit - leaves you with the amount of Tax Credit you will get. The reduction is applied:

1. firstly to any Working Tax Credit (except the childcare element)
2. then to any WTC child care element
3. only then to any Child Tax Credit, with the last amount to taper off being Family Element

So that's why CTC for working parents is not affected by income below £18,725, as you will need to have *at least* this much income before the lowest level of maximum WTC for parents is wiped out. If you have childcare costs or are a disabled worker, your income could well be much higher before any reduction affects your CTC.

The Family Element of Child Tax Credit does not get affected until all other tax credit elements have tapered away, but is now tapered away directly after that.

PLEASE NOTE:

Tax Credits are *not* as straightforward to calculate as other benefits. A weekly calculation can be used to give an approximation of what your entitlement would be if your circumstances *were* the same as last year and *remained* the same for the whole of this tax year .

Technically, the calculation should always be done annually. If different elements apply for different parts of the year then there would be a calculation for each relevant period using daily rates. If you get an increase in income it can take up to 3 years for this to fully affect your tax credits. That delay is deliberate to encourage you and there is no overpayment related to that.

There were two big changes that happened in April 2020 and carried on into 2021:

1. the rates were unfrozen - at last - leading to all rates rising a little and again in April 2021 and April 2022
2. The one-off Covid 19 increase of £86.67 was extended but only until 30th September 2021

Your Standard Allowance

This is a flat rate amount based on your age(s). Use the one that applies to you and any partner.

	Actual monthly UC amount	*Weekly equivalent (for comparison only)*
Single Person		
aged 16 to 24	£292.11	*£ 67.20*
aged 25 and over	£368.74	*£ 84.80*
Couple		
both under 25	£458.51	*£105.80*
one or both aged 25 or over	£578.82	*£133.30*

UC elements

For more details of who can have each element added on please see overleaf. The elements are:

- *extra amounts for children:* an amount per child that UC recognises, childcare costs and child disability
- *extra amounts for adults:* housing costs, being unwell and being a carer.

Any or all of:	*Actual Monthly UC 2023/24*	*Weekly equivalent (for comparison only)*
child element – higher	£315.00	*£ 72.30*
child element – standard	£269.58	*£ 62.20*
- child disability addition	£146.31	*£ 33.70*
- child severe disability addition	£456.89	*£104.86*
childcare element	varies	varies
housing costs element	varies	varies
The highest out of:		
limited capability for work (LCW)[1,2]	£146.31	*£ 33.70*
limited capability for work related activity (LCWRA)[2]	£390.06	*£ 90.02*
carers (per qualifying adult[3])	£185.86	*£ 42.75*

[1] the LCW element was abolished for anyone newly claiming limited capability after 6.04.17. It remains payable for those already receiving it or still undergoing their WCA at that date, and were placed in LCW group. People who were getting UC LCWRA element at that time, but who have since been re-assessed into the LCW group, can also get the LCW element.

[2] only one LCW or LCWRA element in a couple even if both partners qualify for an element. There is no higher couple rate.

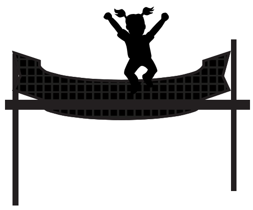
[3] where a carer also has LCW or LCWRA, they will only get the highest out of the three. If in a couple one partner could have an LC element and the other a carers element.

Key differences compared with IS, JSA & ESA amounts:

- ***all under 25s*** get less in UC - no exceptions for limited capability, lone parents or couples
- the UC Limited Capability for Work Related Activity Element is ***higher than*** ESA Support Component
- but there are **no** adult disability elements that can often make ESA more generous than UC
- there is **no** UC pensioner element for people over pension age - a big loss for “mixed age" couples
- ***working carers*** can now get a carers element :-) But ***carers with health issues*** can no longer get both carers and limited capability elements, only the highest applying. Partners can still get a carers element.
- child disability element - lower rate - is ***less than half*** of the £68.04 Child Tax Credit equivalent

The total amount from the above two headings is your “safety net” level or MAXIMUM AMOUNT for Universal Credit…

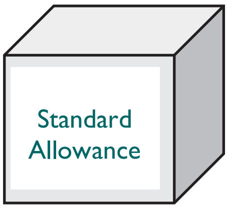
*NB: you may get **more than** this due to an extra Transitional Element under future “ managed migrations” or **less** due to the benefits cap, sanctions, direct payments and other deductions.*



The building blocks of your "maximum amount"

Standard Allowance

The Standard Allowance is the basic personal allowance for adults in your claim family. Paid at a single or joint claim (couple) rate.



The same rules about who counts as a couple are carried over from means tested benefits, and if you split up from a partner or get together with on, then a new claim is triggered.

Single people under 25 get less, regardless of

- their route to claim (so under 25s will ***not*** get full rate after a Work Capability Assessment as they do under ESA); or
- whether they are a lone parent (who got full rates at 18 under the legacy benefits)

There are no special lower rates for 16 or 17 year olds

Couples now face a new under 25s rate. In the past the only issue was if one or both partners was under 18 when one of 6 lower rates applied.

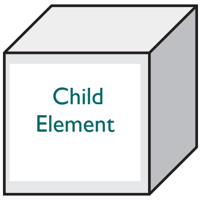
It is this amount that is subject to sanctions - see the separate Work Conditionality chapters.

UC Elements for children

Child element

This used to include an amount for each child -similar to the individual element in Child Tax Credit (CTC) - and a higher amount for the first child similar to CTC Family Element. But see the changes for new claims So, UC follows CTC, but with two key differences:

- the tapering away of amounts for children starts in most cases at a lower income than Child Tax Credit's £18,725 a year.
- the amounts will be subject to the UC's savings limits and tariff income rules. Some parents on CTC will lose entitlement to help on a transfer to UC.



However, UC and CTC have been affected by changes for children born - or joining you - *after* 6th Apr 2017.

- the UC extra for a 1st child/ CTC family element stopped for *new* claims, if the 1st child was born *after* 6.04.2017 - a loss of £45.42 a month
- the "Two Child Policy" will ***not*** allow any child element for a 3rd or subsequent child born after 6th April 2017, in UC, CTC or HB.
- Exceptions are made for: multiple births, adoption, approved informal fostering and rape.

There was no real evidence base for the "two child policy", just an appeal to old myths to save a quick £1 billion:

- there is no difference in the average size of families between hardworking, taxpaying parents who do claim benefit and those who do not.
- more general policy concerns centre on a need for *more* children as the population ages and a concern for not damaging life chances.
- DWP child poverty statistics already showed a *higher* risk in larger families even *before* cuts to old arrangements said to be too generous.
- arbitrary limits breaks the principle that safety net benefits at least attempt to meet assessed need
- inconsistently, no exception is made for families who followed the Chancellor's family and financial planning advice, but then find a sudden redundancy or illness forces a claim.
- punishing the children for the alleged sins of their parents may be counter productive: it causes real social costs, damage to life chances and lost future tax revenue

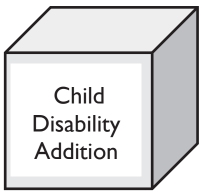
Child disability additions

The Child Element can be topped up for children receiving a disability benefit, in the same way as under Child Tax Credit. Rather than CTC's one rate with a severe disability top up, UC has two rates:

- a ***lower rate*** for children or qualifying young people getting DLA or PIP at any rate (bar the top rates of DLA Care or of PIP Daily Living).
- a ***higher rate*** for those getting DLA Care (highest rate) or PIP Daily Living (enhanced rate)

So far, so Child Tax Credit. But while the top rate in UC matches it's equivalent in CTC (i.e. CTC disability + severe disability elements), the lower rate falls well short. This is the rate that applies to around 70% of disabled children and the amount is less than half of CTC's. See UC and disability for more on the Government's strange "disability" logic.

The child disability addition is **not** however denied to a 3rd or subsequent child. Disability does ***not*** offer any exemption to the Two Child limit denying cover for basic living costs, , parents a child disability addition.



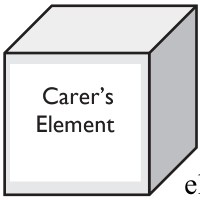
But that addition will then be needed to fill the gap for the basics rather than its main purpose of meeting extra disability costs.

Protecting the most vulnerable?

Carer's Element

The UC Carer's Element is included if you spend at least 35 hours a week looking after a person with disabilities.

So, receipt of Carer's Allowance - or an underlying entitlement to CA - should trigger this element. But it also means that working carers - earning too much for CA - can now feel the benefit too :-)



BUT… the many carers who look after others despite their own health problems - or whose health is worsened by the burdens of caring - lose out. They can no longer get ***both*** a carer's element *and* a "limited capability" one (for their own health issues) at the same time, as they could under legacy benefits.

Another change is that under UC, just getting the carer's element - without receiving any Carer's Allowance - can stop the Severe Disability Premium / Addition in the benefits of the person you are caring for. *For more details see the carer's benefits chapter.*

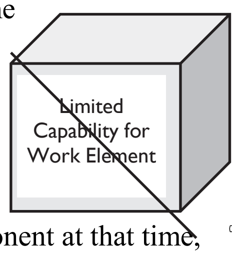
Limited Capability Elements

As with ESA components, you get one of these limited capability elements, once assessed under the Work Capability Assessment. Couples get only one between them , whichever is the highest :

The Limited Capability for Work Element

While some can still hang on to this, the LCW element was abolished - along with the ESA Work Related Activity Component (WRAC) - for new claims - or periods of being unwell - ***after*** 3rd April 2017.

But you can carry on getting an LCW element if:



- ☞ you have been getting one (or the equivalent ESA WRA Component) since before 03.04.2017 ***or*** you would have done if you weren't on an ESA credits only claim; ***or***
- ☞ if you were getting LCWRA element or ESA Support Component at that time, but are then re-assessed into the LCW group.

You must score 15 points or more under the main part of the Work Capability Assessment (WCA). *See the Sickness Route to Benefits chapter for more details.*

Regardless of the element, the LCW group still means:

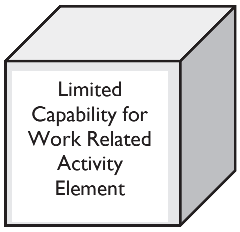
- ☞ your work requirements are limited to *work related activity* rather than *all work* requirements - *see under Benefits and Work chapter; and*
- ☞ you still get a UC Work Allowance - *see under Step 3: Income*

The case for this cut was that it was a "perverse incentive" to stay claiming as unwell.

However, the arguments against the cut are that it:

- ☞ isn't a choice; you need to pass a WCA to get it
- ☞ reneges on the ESA "new deal" to offer a much needed long term sickness addition earlier in exchange for some work related activity
- ☞ In legacy benefits it creates a perverse incentive to claim IS or JSA inappropriately to get more
- ☞ creates a major *disincentive* to move into work for fear of losing that amount on a return to UC/ ESA. Added to any losses from a switch to UC.

The LCWRA Element



This applies if you have both *limited capability for work* **and** you ***also*** meet the test for *"limited capability for work related activity (LCWRA)"* - i.e. exactly the same test as for ESA Support Component.

However, the rate for the LCWRA Element is set much ***higher*** than ESA Support Component; a weekly equivalent of £90.02 rather than £44.70 *(at April 2023/24 rates)*

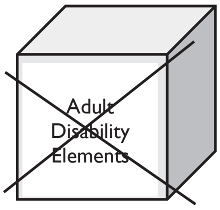
The reason for that was a decision not to go ahead with early plans for separate adult disability elements but to merge them into the LCWRA element using the *"common gateway of the WCA assessment"*

The result is a

- ☞ a whole new group of winners and losers
- ☞ some real confusion between sickness and disability in other areas of UC

Under Income–related ESA Support Group:

- ☞ everyone gets Support Component -£44.70 plus Enhanced Disability Premium (EDP) - £19.55 single or £27.90 couple, totalling £64.25 single or £72.60 (couple)
- ☞ But only some **also** got the Severe Disability Premium (SDP) - adding £76.40 (single) or £152.80 (couple), a total of £140.65 or £225.40
- ☞ So, that means the one million Support group winners - who can't get an SDP - **gain** £25.77 if single or £17.42 if a couple
- ☞ the 500,000 SDP losers could ***lose*** up to £50.63 a week if single or £135.38 a week if a couple.



But everyone else - e.g. if in the ESA WRA group or not claiming as unwell can only ***lose***, as

- ☞ there is no added disability amounts within the LCW element, even if you can get it. And under ESA they may be getting both EDP and SDP
- ☞ jobseekers, lone parents or carers with disabilities also lose any of up to three disability premiums.

See more on UC and the why's and other impacts of this "disability gap" in Part 2

Universal Credit *(April 2023-24)*

Step 1: CHECK CAPITAL

***Upper Limit:** £16,000. **Ignore** capital under £6,000. **Tariff income** applies to capital in between. Some capital is ignored.*

Step 2: MAXIMUM UC

Step 2: MAXIMUM UC	£	p
A. Standard amount: **Single** *per month* aged *under* 25 ...... £292.11 aged 25 and over ...... £368.74 **Joint claims:** if *both* aged under 25 ...... £458.41 If *one or both* aged 25 or over...... £578.82		
B. Child elements: first/oldest child/QYP [1] ...... £315.00 *[1] only if born before 06.04.2017* each subsequent child/QYP [2]...... £269.58 *subject to "Two-Child Policy" for children born **after** 06.04.17* addition for child disability: lower rate *(any rate DLA/PIP)*...... £146.31 higher rate[4] ...... £456.89[3] *[3] if DLA Care highest / PIP Daily Living enhanced*		
Childcare Costs: actual childcare costs		
take 85% of actual costs - i.e. x 0.85	***x 0.85***	
equals **childcare costs element 4** *[4] max. £646.35 pcm for one child; £1,108.04 pcm for 2+*		
C. Other UC Elements: carer's - *per qualifying adult* [5] ...... £185.86 limited capability for work [5, 6 & 7] .... £146.31 LC for work related activity [5 & 6].... £390.06 *[5] only the highest of carers / LC for same person* *[6] only one LCW / LCWRA element per couple* *[7] not payable on new claims after April 2017*		
Housing Costs*- if any* • eligible rent (LHA / bedroom tax apply) • service charges/ground rent /crown tenants *(**Support with Mortgage Interest** now via separate loan)*		
less any **ineligible service charges**		
less any **housing costs contribution** rent only - £85.73 pcm *per non-dep. but **not** if:* • ***Tenant:****on PIP Daily Living, DLA Care middle/highest or AA* • ***Non-Dep:** under 21, resp. for child u5, on PC, or on: DLA Middle/High Care, PIP Daily Living, AA or Carer's Allowance*		
equals **housing costs element**		
equals **Maximum Amount**		
less **Total Income** *(from step 3)*		
Universal Credit *due* *before any transitional element OR deductions for e.g. third party payments, repaying advances, sanctions, benefits cap*		

Step 3: INCOME

Step 3: INCOME	£	p
A. Earned Income: *Gross earnings in that assessment period **less**: work expenses, income tax, National Insurance and any pension contributions* claimant's monthly earnings partner's monthly earnings statutory payments (SSP, SMP, SAP, SPP, SSPP) surplus earnings		
less **Work Allowance**		
equals **Net Earnings (after WA)**		
take 55 % of this figure - i.e. x 0.55	***x 0.55***	
equals **A. Earned Income**		
B. Unearned Income *NB. Convert into monthly amounts e.g. multiply by 52, 13, 26 as appropriate and divide by 52* *Benefits:* Count any of the following benefits [9]: • *Contribution-based JSA, Contributory ESA* • *Bereavement and Widows payments* • *Retirement Pension* • *Industrial Injuries Payments* • *Maternity Allowance* • *Incapacity Benefit /SDA* • *Carer's Allowance* *[9] all other benefits (including AA, DLA, PIP, Child Benefit) are ignored.*		
Tariff income from capital: £4.35 per £250 between £6,000 and £16,000		
Other unearned income: ***Ignore** all payments: in kind, fostering, s17 & s24, loan protection, all voluntary / charitable payments* ***Ignore all child maintenance*** ***Count in full:*** occupational or works pension spousal maintenance student grants or loans any other taxable income:		
equals **B. Unearned Income**		
A +B equals **Total Income**		

Work Allowance:

Category	If HC[8]	No HC
***no** children **or** limited capability*	£0	£0
***with** children **or** limited capability*	£379	£631

[8] lower Work Allowances apply if any housing costs element

Examples of Universal Credit sums

1. Andy *is claiming through the sickness route. He is aged 35 and lone parent to Bryony aged 9. He gets Contributory ESA from* ***before*** *April 2017 and has recently gone from the ESA Support to the ESA Work Related Activity Group. He gets £107.60 ESA and Child Benefit £21.80. He has recently had standard rates of PIP Daily Living 61.85 and PIP Mobility 24.45. He lives in a 2-bed housing association property, rent £400 a month, no bedroom tax.*

Universal Credit Maximum Amount		Income	
Standard amount	334.91	Contributory ESA	466.27
Child Element	290.00	*(ignored income for UC*	
Limited Capability for Work Element	132.89	*PIP Standard Daily Living/Mobility*	
		Child Benefit)	
Housing Costs element	400.00		
Maximum Amount for UC	1,157.80	**Income for UC**	**466.27**
less Income for UC	466.27	*(both PIP and Child Benefit are ignored)*	
UC payable	**691.53**		

Note: Under Income-related ESA and HB, Andy would have been £300.73 a month better off through the Severe Disability Premium. If he had to switch to UC, he would have got a transitional element to cover this. His UC would then be frozen, until usual rates caught up.

Had Andy ***not*** *been on ESA since before 03.04.17, he would* ***not*** *be getting the his LCW element.*

2. Charles and Camilla *live in a 3-bed house with their two young children Harry and Wills. The rent is £600 a month - but a 14% bedroom tax applies. Charles earns 1,293 a month take home from his work at Duchy Foods.*

Universal Credit Maximum Amount		Income	
Standard amount	525.72	Earnings	1,344.00
Child Element - first child	290.00	less lower Earnings disregard	344.00
Child element - other child	244.58		1,000.00
Housing Costs - 14%		x 63% taper	x 55%
(£600 less 14% bedroom tax)	516.00	=earnings for UC	550.00
		(Ignored income for UC:	
		Child Benefit	*0.00*
Maximum Amount for UC	1,576.30	**Income for UC**	**550.00**
less Income for UC	550.00		
UC payable (before deductions, transitional additions)	**1,026.30**		

Note: Charles and Camilla gained from the taper changes and increased work allowances from November 2021

3. Dave *and his friend Nick, live in a 2-bed flat in central London. Despite rumours of co-alition, they are not partners,* ***Dave is*** *a full time carer for his friend George who lives next door, and needs a lot of support. Despite, No10 being modest, Dave's rent is £1,577.87 a month (just within Westminster's £365.92 pw LHA limit)*

Universal Credit Maximum Amount		Income	
Standard amount	334.91	Carer's Allowance	302.03
Carer's Element	168.81		
Housing Costs *after a 77.87 HCC*	1,500.00		
Maximum Amount for UC	2,003.72	Income for UC	302.03
less Income for UC	302.03		
UC payable (***before*** Benefits Cap)	**1,701.69**		

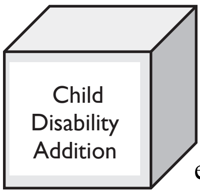
Note: ***Before*** *November 2016, the Benefits Cap would have applied in this situation . The combined UC and Carer's Allowance count towards a total income of 2.003.72. The reduced benefits cap (from £1,516.66 to £1,284.17) would have left David needing to make up a rent shortfall that was more than his disposable income. However, with this cut also came a new exemption from the benefits cap for carers, so David doesn't have to move out of No.10.*

The UC "disability gap" …protecting the most vulnerable?

So how does UC deal with disability? And what are the implications for new and existing claimants?

The DWP's first thought was to simplify the complex range of disability support that it was to inherit: three types of disability premiums in means tested benefits, two elements in tax credits and two ESA components. The UC first plan model was to build on the tax credit "two tier" approach for disability elements added to ESA level components, and for added tidiness and cuts align the rates to those of the limited capability ones. This is what they did with child disability:

Additions for child disability



UC picks up the two tiers of the equivalent additions in Child Tax Credit, with the same criteria. The big change came in the idea of aligning rates with adult limited capability elements.

- The *lower* rate applies to 70% of eligible children / qualifying young people (QYPs): those getting any rate of DLA / PIP, bar the top one. It's set at the LCW element rate £30.60, less than half the £68.04 equivalent in Child Tax Credit.
- The *higher* rate applies to children or QYPs getting either DLA Care (highest rate) or PIP Daily Living (enhanced rate. Instead of following the LCWRA rate of £81.75, the Government pledged to match the CTC rate add 10p and show that it was focussing help on the most severely disabled. So it is set at £95.48

But the same two-tier principle was envisaged for an adult disability element that could be paid on their own or on top of Limited Capability elements. The rates would have been much closer to ESA rates.

Pensioner with disabilities

Another approach is taken for those of pension age is dragged into UC following the May 2019 "mixed age" couple changes.

In that case, if a pension age partner gets a disability benefit, they will be "treated as" passing the tests for limited capability, as follows:

- LCW element is triggered applies if they get any rate of DLA or PIP bar top ones
- LCWRA element if they get either of the top rates of PIP Daily Living or DLA Care or either rate of Attendance Allowance.

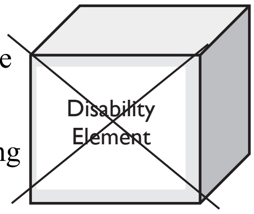
This is still a lot worse than the couple would receive under Pension Credit, and little help if the younger partner already qualifies for an LC element - but at least it offers another way of recognising extra disability costs directly.

No adult disability elements

However, in the end, DWP went for merging help for sickness and disability based on what they called the "common gateway" of the Work Capability Assessment. They may have picked up on the way enhanced disability premium can be triggered in ESA when in the Support Group. So an extra £20 or so is added in to LCWRA element, but not the LCW

This merger makes little sense in benefit terms, as it forgets the difference between *"sickness"* benefits"- to give a basic income when too unwell to work - and *"disability"* benefits - for extra help with care and mobility needs.

Many people with disabilities may also be unable to work and so come under the WCA. Others though, may have disabilities, but not ones that stop them working , job seeking or being carers or parents.



With no "treated as" provision - as for "mixed age" pensioner couples, claimants have to undergo an extra test - the WCA - despite having recently undergone the new robust PIP disability assessment.

At best then this duplication adds costs and stress for claimants. But it may well be that someone with a disability award would not pass the WCA, as it measures different things. Many with long disabilities may not be too unwell to work, as the Government is only too keen to point out. But in UC, only passing the WCA with LCWRA unlocks disability support.

Workers with disabilities

Someone who currently gets a disability worker element under Working Tax Credit faces the absurd prospect of popping in for a WCA assessment to prove they have limited capability for even work related activity on their way to a possibly full time job!! More seriously, the loss is equivalent to £62.16 a week plus lost allowances and steeper tapers

Summary

Whether by accident or design - confusion or cuts - the DWP have come up with a disability dog's dinner, DWP argued that disability premiums were never intended to help with disability costs (they exactly were) and that there was double provision.

So, UC has no adult disability elements, undermining support into work and targeting people who won't pass a WCA, and ending up in Court. More sensible options could include: applying the pensioner "treated as" to all or going back to separate adult disability elements. *See the next page for examples.*

Simpler? Possibly. Protecting the vulnerable?
Making work pay? Hmm...

Disability: winners and losers under Universal Credit…

Below we look at the difference between you get under Income - related ESA and what you would get as new claimants to UC. We have left out help with rent and council tax to see the differences more clearly

NB: Universal Credit is always calculated monthly, but we use weekly to aid comparison with ESA

*1.**Harry** gets ESA with Support Component and DLA Middle Rate Care / Lower Mobility. He lives with his aunt and uncle so cannot get the Severe Disability Premium. He benefits from the higher LCWRA element **gaining £25.77***

Income-related ESA Applicable Amount		Universal Credit Maximum Amount	
Personal Allowance	84.80	Standard Amount	84.80
Support Component	44.70	Limited Capability for Work	
Enhanced Disability Premium	19.55	Related Activity Element	90.02
	£149.05		**£174.82**

*2. **Hermione** was on the same benefits as Harry. She lives in her own place. She loses **£50.63 a week** - or £219.40 a month in UC monthly money in UC sums. But see the box below if moving from Ir-ESA to UC.*

Income-related ESA Applicable Amount		Universal Credit Maximum Amount	
Personal Allowance	84.80	Standard Amount	84.80
Support Component	44.70	Limited Capability for Work	
Enhanced Disability Premium	19.55	Related Activity Element	90.02
Severe Disability Premium	76.40		
	£225.45		**£174.82**

*3. **Hagrid** also has PIP standard Daily Living / standard Mobility but, like many ESA claimants, is in the Work Related Activity group. He loses more, as there is no extra disability in the LCW element He **loses £76.40 a week,** but see below**

Income-related ESA Applicable Amount		Universal Credit Maximum Amount	
Personal Allowance	84.80	Standard amount	84.80
Work Related Activity Component	33.70	Limited Capability for Work	
Severe Disability Premium	76.40	Element	33.70
	£194.90		**£ 118.50**

Hagrid is philosophical and has heard that UC will at least make work pay, so looks at an opportunity in a local school. We will see what happens later. He will need to consider whether he can keep his WRA Component / LCW element.

*4. **Ron** is on PIP standard Daily Living / Mobility too. He is also carer for his son, Hewhomustnotbenamedyet, who gets DLA Care (middle rate) due to supervision needs re danger to others. Ron gets a quadruple hit from the UC sums from: a) losing disability premiums, b) none of the LCWRA extra c) cuts in child disability amounts and d) the either/or between LCW and carers elements. He **loses £151.59** a week . BUT see below*

Income-related ESA Applicable Amount		Universal Credit Maximum Amount	
Personal Allowance	84.80	Standard amount	84.80
Work Related Activity Component	33.70	*(no LCW element as he gets more in Carers)*	
Carer's Premium	42.75	Carer's Element	42.75
Severe Disability Premium	76.40		
Child Tax Credit :			
Family Element	10.50		
Individual Element	62.09	Child Element - first child	72.30
Child Disability Element	74.90	Child Disability Addition	33.70
	£385.14		**£233.55**

Ron is sceptical when his MP explains that welfare reform will protect the vulnerable and not increase child poverty.

*N.B. **Transitional protection** can help with any losses; at least in the short term. However, you only get the full transitional element added to the standard UC sums **if** you move to UC via a "managed migration" . There was no transitional protection if you move over to UC another way: e.g. just opting to switch or a "natural migration" (if certain circumstances change).*

However, some limited transitional protection has been forced on DWP by the Courts, as the losses linked to SDP have been ruled to be "unlawful disability discrimination". DWP's first response was the SDP Gateway that stopped any more switches to UC if you had an SDP in your legacy benefits. But since January 2021, with the computer able to do transitional element sums, the Gateway ended, people could now switch, but would get a special limited SDP Transitional Element, less than the full sums on a "managed migration". Back in the Courts, this was ruled insufficient, but DWP have still to implement remedial measures both for the amounts for SDP and for a new protection for disabled children

SDP Transitional element v full Transitional Protection

Since 27th January 2021, the SDP Gateway, preventing a switch to UC came to an end. You would now switch if certain changes in circumstances force a "natural migration to UC.; this can still happen right up to the day when you get your "managed migration" letter. Rather than just let the UC computer do normal transitional element sums, the DWP have been arguing the Court ruling only requires a smaller special amount. The sums below (this time done as UC monthly ones) show the difference.

*1. **Hermione** gets PIP Daily Living and Mobility both at the standard rates and is in the **ESA Support Group**. A move to a new local council area forces a switch to UC. She lives in her own place so gets the SDP.*

Income-related ESA Applicable Amount		*Universal Credit Maximum Amount*	
Personal Allowance	368.74	Standard amount	368.74
Support Component	193.69	Limited Capability for Work	
Enhanced Disability Premium	84.72	Related Activity Element	390.06
Severe Disability Premium	331.07		
	£978.22		**£758.80**

*So the usual transitional sum would be simple: £978.22—£758.80 = **£219.42.** But DWP will only pay **£132.12** ..*

*2. **Hagrid** has the same PIP as Hermione but, like many ESA claimants, is in the **ESA Work Related Activity group**. He loses more, as the extra disability help hidden in the LCWRA element is not included n the UC LCW element.*

Income-related ESA Applicable Amount		*Universal Credit Maximum Amount*	
Personal Allowance	368.74	Standard amount	368.74
Work Related Activity Component	146.31	Limited Capability for Work	
Severe Disability Premium	331.07	Element	146.31
	£846.12		**£515.05**

*The sum is easier, as the difference is in plain sight: the value of the SDP: £846.12—£515.05 = **£331.07**. DWP say **£313.79***

*3. **Ron is a lone parent with disabilities and is also carer for his son**, Hewhomustnotbenamedyet, who gets DLA Care (middle rate). He faces a "triple whammy" from: a) losing severe disability premiums, b) cuts in child disability amounts and c) UC's either/or between limited capability and carers elements*

Income-related ESA Applicable Amount		*Universal Credit Maximum Amount*	
Personal Allowance	368.74	Standard amount	368.74
Work Related Activity Component	146.31	*(no LCW element as carer's is more)*	*0.00*
Carer's Premium1	185.86	Carer's Element	185.86
Severe Disability Premium 1 *(Ron)*	331.07		
Enhanced disability premium	84,72		
Child Tax Credit :			
Family Element	45.42		
Individual Element	269.58	Child Element - first child	315.00
Child Disability Element	325.42	Child Disability Addition	146.31
	£1,757.62		**£1,015.91**

*At a managed migration the transitional element would be: £ 1,757.62—£1,015.91 = **£741.71**. DWP 's offer would have been £313.79, meant to cover just SDP losses but falling short even there. DWP also need a special Child Disability element to cover losses for disabled children of disabled parents, but amounts are still awaited since theiy lost their appeal in Jan 2023*

*4. **Merlin** and **Morgan** are a couple both with PIP and in the ESA WRA Group, but have not claimed as carers for each other*

Income-related ESA Applicable Amount		*Universal Credit Maximum Amount*	
Personal Allowance	578.82	Standard amount	578.82
Work Related Activity Component	146.31	Limited Capability for Work	
Severe Disability Premium 1	331.07	Element	146.31
Severe Disability Premium 2	331.07		
	£1,387.27		**£725.13**

*No LCWRA mitigation, so the loss is simply the two SDP's: £1,260.07—£658.61=**£662.14**. DWP currently offer £445.91 .*

However the couple should get advice to see if they would be better off also claiming as carers while on Ir-ESA. Sometimes its best not to ias the SDP could be lost, but sometimes you can keep both.

If they would benefit from ESA carers premiums,then this will affect the sums for Ir-ESA now and would improve the totals in both UC normal sums and transitional element ones come a managed migration to UC. .

Work and disability example: Making work pay?

The general DWP message is that those in paid work will do better under UC than tax credits with a smoother as you increase hours as you stay with UC rather than having to switch benefits at certain hours. More generous Work Allowances put off the moment when you start losing benefit. And when you do , the UC taper at 55% is better than £for £ losses in legacy out of work benefits.

However, they are still a lot worse than the 41% taper in tax credits (especially when you factor in another 20% taper on any council tax reduction/Support. It's even more of an issue though for people with health issues, as UC does not compare well with ESA "permitted work" and does not have an equivalent of the WTC disabled worker element.. So It's not so clear how UC will make Hagrid better off if he starts work.

Hagrid has heard that benefits aim to " make work pay". He is thinking of seeing if his health could cope with a few hours a week as a teaching assistant at a local school, for a pay of £100 a week, with a house in the grounds for £50 a week. Below we compare what happens for a UC Hagrid and a Legacy Hagrid

1. Legacy Hagrid –under ESA "permitted work" rules

*The entirety of earnings - up to £167.00 a week (or £723.61 a month) - is ignored with no effect on Income-related ESA or his full Housing Benefit. Hagrid would get to keep all the extra £100 a week earnings. His total monthly income would be : £846.12 Ir-ESA + £411.66 PIP + his £433 "permitted earnings = **£1,690.78.** He also gets full HB of £50pw (£216.65)*

2. But for a Hagrid claiming UC, things look very different:

<u>UC Maximum Amount</u>		**Income for UC**	
Standard amount	368.74	*<u>Unearned Income</u>*	0.00
Limited Capability for Work Element	146.31	*(PIP Standard Daily Living/Mobility 373.96 ignored)*	
	———	<u>Earned Income</u>: net earnings	433.33
Maximum Amount for UC	515.05	*less* Work Allowance	<u>379.00</u>
less income for UC	<u>29.88</u>		54.33
equals **UC due**	**485.17**	take 55% of this	<u>x 0.55</u>
		Earnings/ Income for UC	**29.88**

*Hagrid's total income is: £485.17 UC + £411.66 PIP + £433.33 earnings. = **£1,330.16.** plus £216.65 Housing costs element*

*So ignoring the unchanged help with rent, UC Hagrid has **£331.07** a month **less** than Legacy Hagrid **on** Ir-ESA and "permitted work". This is due to a double whammy from: a) UC maximum being £331.07 less than Ir-ESA and b) Poorer work incentives: as UC will take £29.88 of his earnings,; whereas Ir-ESA would ignore them all.*

3. It's going well. What if Hagrid adds an extra 4 hours, taking earnings to £140 a week?

- *under Ir-ESA, he can still keep **all of** these extra earnings of £40pw (or 173.33 a month) taking total up to **£1,864.11***
- *under UC, all of this extra £177.33 earnings will be tapered at 55% . So , his UC will fall by 97.53 a month. His new total income will only rise by £75.80 taking it to **£1,405.96**. The gap widens to £458.15...*

4 Next steps: What if Hagrid takes it up to 20 hours? .

A real advantage of UC is that there is no need to switch to another benefit if you go over 16 hours. Because of his PIP, he is still allowed to count as having limited capability. However, all of the extra income will be tapered, so he loses a lot in reduced UC

The sums would look like the first ones but with earnings doubled by another £433.33. But this would all be tapered, so that UC would fall by an extra £238.33 from when he was doing 10 hours. His new income would be:

*£246.84 UC + £411.66 PIP + £866.66 earnings = **£1,525.16**. UC Hagrid sees an extra £195.00 for doubling his hours.*

But with UC using the wrong test for disabled workers, Hagrid may hit trouble later. Come a WCA re-assessment, what chances has he got of passing the WCA with limited capability for work when he has been managing 20 hours a week for a while? If he doesn't pass the new WCA, then UC Hagrid loses his LCW element for good, his LCW status and his Work Allowance. The effect of that is all his 866.66 earnings are now tapered with £477.66 taken away from a lower Maximum UC of 368.74, so Hagrid would only carry on with UC through some help with the rent. His other monthly income would fall to:

*£0 UC + £411.66 PIP + £866.66 earnings = **1,283.32**. But at least further earnings will only be tapered at tax and NI rates.*

5. What would tax credits have looked like?

Before full servicer UC in 2018, Legacy Hagrid would have had to come off Income-related ESA (once over 167/16 hours a week) and claimed Working Tax Credit. An extra hassle, but WTC does have a clearer and more certain support for disabled workers and a taper of only 41% from a higher threshold, albeit from lower maximum amounts than UC. At current rates the WTC sums for legacy Hagrid give a monthly income of :

*£398 WTC + £411.66 PIP + £866.66 earnings = **£1,676.32**, although for the first year on WTC, Hagrid would have £498.75 WTC. He might still get some help with rent from HB.*

The UC "pensioner" gap

Universal Credit is a mainly a "working age" reform, change or cut and Pension Credit remains separate. However, people over pension age may find themselves under Universal Credit if they have - or get together - with a partner under Pension Credit age.

Under the old system, such "mixed age" couples have a choice. Either

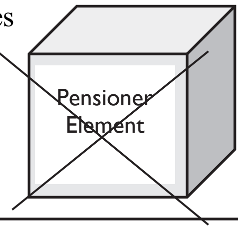
- the younger partner claims a "working age" benefit - such as Income Support, Ib–JSA or Ir-ESA - with a Pensioner Premium added; *or*
- the older Partner claims Pension Credit

Financially, it often made little difference as the Pensioner Premium in the "legacy benefits" would bring basic rates up to Pension Credit levels, while the Carer's and Severe Disability Additions in Pension Credit had equivalents in "working age" benefits.

No choice and no Pensioner Element

After the changes, ***there was no choice***: the younger partner will usually have to claim Universal Credit. This will **not** affect mixed age couples who were on Pension Credit before 15.05.19, as long as they stay on it.

And crucially Universal Credit does not have a Pensioner Element, so will pay up to **£157.65 *less*** per week (or £683.10 a month) to all pensioner couples, than Pension Credit would have done.



Mixed age couples and disability

There would be a double whammy for "mixed age" couple with disabilities, as there are also no adult disability elements under Universal Credit.

That said, if the older partner receives AA, DLA or PIP then the couple will be "passported" through to one of the "limited capability" elements. However, only one limited capability element can be paid per couple, so if *both* partners have a long term health problem or disability they are particularly hit.

All the more so if each partner is carer for the other, as under UC you cannot receive *both* a limited capability and a carers element at the same time. A total loss of up to **£296.45** a week (or £1,284.52 a month).

The protection of the SDP Gateway prevented disabled couples claiming UC so they could still claim a legacy benefit or adjust within legacy benefits. Newly setting up as a couple would usually require a switch to UC , with all the losses for older couples, except if a partner joined an Income-related ESA claim.

Existing mixed age couples

If you were a mixed age couple before the May 2019 changes, then you can stay on PC and avoid these losses . However, you need to not lose either PC or Housing Benefit. If you do even for a day (e.g. a short term return to work or absence over 4 weeks from UK) then you will ***not*** be able to return to PC, unless your HB (in pension age) carried on.

***1. Gandalf the Grey** has been smitten by **the Balrog.** Both are in good health. Before 15th May .2019, Gandalf could claim Pension Credit. Now the claim would have to be for UC with no pensioner element. The couple lose **£173.55** more than halving their potential basic income*

Pension Credit "appropriate amount"		Universal Credit Maximum Amount	
Standard amount - couple	**306.85**	Standard Amount	**133.30**

***2. Merlin and Morgan** both get PIP Daily Living at the standard rate, but Morgan is aged under PC age and gets Income-related ESA with work related activity component. In the past, the SDP Gateway would have stopped them switching to UC.*

Now it won't, but it is still possible for Merlin to join Morgan on her ESA claim as this would not require a new claim. However, they would not be able to make a couple claim for HB, so this only helps if they don't have rent to pay or the gains from not claiming UC are not outweighed by missing out on help with rent.

*If they claimed UC there would be no pensioner element, no SDPs, and a loss of any LCW element as you can't have both in UC. A big loss of **£326.35** a week compared with an Ir-ESA or PC claim, with only some transitional protection*

Income-related ESA "applicable amount"		Universal Credit "maximum amount"	
Personal Allowance	133.30	Standard amount	133.30
Pensioner Premium & WRA component	173.55		
Severe Disability Premium I	76.40		
Severe Disability Premium 11	76.40		
Carer's Premium I	42.75	Carer's element I	42.75
Carer's Premium II	42.75	Carer's element II	42.75
	£545.15 *(same as PC)*		**£218.80**

The “surplus earnings” rule

This rule was first delayed until April 2018, but has since only been tried on a pilot basis to kick in at high income levels—just some 15,000 claims a year affected rather than 500,000 if fully implemented. 500,000.

There may have been some impact from the now closed Self Employment Income Support Scheme, as payments may have knocked people off UC that month.

The “surplus earnings” rule is intended to:

- ☞ stop employees or employers manipulating earnings to make the most of Universal Credit’s “monthly assessment period”.
- ☞ even out fluctuations in income in the long term.

If you earn enough to take you off UC altogether, then you are expected to save from your new income against any need to reclaim UC ***within*** 6 months.

- ☞ if you do reclaim UC, then your new UC entitlement could be reduced by “surplus earnings”.
- ☞ “surplus earnings” will include anything over £300 above the income when your UC entitlement stops and can accumulate over your moths off UC.

If you stay off UC for **more than** 6 months, then the surplus earnings rule will not apply. So if your job finishes just short of 6 months, you need to check:

- ☞ is it better to not claim UC until the following month; and so avoid this complication altogether
- ☞ or are you better off not missing out on UC, but take a hit from “surplus earnings”.?

Perhaps the best way to illustrate how this will work is to see an example. Below we see how the rule would apply this year had it not been pushed back to ? April 2023. But you might want to consider the implications from October 2022.

Bethan is 24 has occasional earnings in creative and artistic world. She lives at home with her parents. To keep it simple, we will use the current Maximum UC = £29211 . She is offered an opportunity for a settled temporary 4-month contract with good pay from May to September 2023: four months work at £1,432 a month net of income tax & NI. A nice chance to improve her cv and pay off artistic debts. But she may need to keep some back. She has no intention nor power to manipulate this seasonal work

Her “nil income” income threshold will be calculated by the formula: (maximum UC - unearned income) x 100/55 + Work Allowance. This gets you to the exact point where the tapering away of earnings above work allowance would exactly wipe out any UC i.e. entitlement of exactly £0.00. So, in Bethan’s case this “nil UC” point is: (Max UC £292.11—£0 unearned income) x 100/55 + Work Allowance £0.00 = **£531.11.** Let’s round this up to £532.

This “nil UC” point will vary according to your Maximum UC and Work Allowance. What doesn’t change is that a £300 “de minimis” amount - nice to get some Latin into UC sums - is then added on your nil point. So, in Bethan’s case, that’s- £532 + £300 = **£832** a month. Any earnings above that are called “surplus earnings” by UC. So o UC would count £1432- £832 = **£500** each month as surplus earnings, building up to **£2,000 surplus** over the 4 months

For 2023/24, the de minimis amount remains at £2,500 rather than £300, so the rule wouldn’t affect her right now. But it’s not when you’re working that it matters it’s more when and if if you need to come back on to UC. The issue then is for anyone who might come back to UC after less than 6 months away i.e. after October 2023, if the rule starts in April 2024. In that case, Bethan may think that she can pick up where she left off with UC. But she may not :-(

- ☞ *If the rule was applying this year, then come September, the full surplus earnings of £2,000 would be counted as Bethan’s earnings for September. Under UC normal sums £2,000 x 5% would wipe out her UC. So nothing is paid. But £832 comes off the “surplus earnings” pot: £2,000—£832 = £1,168*
- ☞ *In October - if Bethan reclaims UC - same again. No UC, but another £832 off surplus earnings, leaving £336*
- ☞ *In November, her mythical earnings of £336 x 55% = £184.80. Bethan finally gets some UC, but only £107.31 .. .*
- ☞ *It is only in December with surplus earnings all gone, that Bethan qualifies for her full UC of £292.11, paid out in January*

Bethan is being expected to save 3 months worth of UC (plus another to get through to the January payday) out of her earnings, in case she returns to UC. Had the job lasted 6 months or more, the “surplus earnings” rule would not apply.

In this case, Bethan would do better **not** to claim UC until November, six months after coming off UC. The surplus earnings rules would not then apply and she would get full UC that month. Impacts of the rule will vary with other UC elements or work allowances, so it may hit less hard, but this example could be common.

You may avoid this weird rule, but do check *before* taking not on any temporary work. Get advice - if you think you may be hit - about when to reclaim UC. NB: This **won’t** actually apply until April 2024/5.

The Social Security Advisory Committee has condemned the complexity.

And of course this is on top of other barriers: e.g. the effects on limited capability and whether you need a new WCA or fail to pass it . And if so a 3 month wait to get back to UC with an LCWRA element, with a loss of your Work Allowance. All adds uncertainty and makes a 2nd round of surplus earnings harder.

Simple? Clearer to see how UC makes work pay?

Calculating Housing Benefit

HB uses a calculation process very similar to Income Support, Pension Credit (Guarantee), Income related ESA and Income based JSA - see under Means-Tested benefits, chapter
Work out the applicable amount for your household, i.e. what they say you 'need' and then compare it with what your income - benefits that are counted, net earnings after disregards, tariff income etc.

Full HB

If you qualify for one of the means tested benefits above, then the council will not bother doing the sums again and you will be 'passported' to full HB .

Full Housing Benefit is the most that HB can pay, but may not cover the full rent you have to pay because of e.g. non-dependant deductions, maximum amounts for private tenants (the local housing allowance), the bedroom tax . You can apply for an additional Discretionary Housing Payment that can help with the resulting rent "shortfall"

Even if you are **not** on one of the means tested benefits above, you may still get Full HB if your income is low enough . The council will, though, need to do the sums, to compare your income with your HB Applicable Amount.

The HB Applicable Amount

Housing Benefit "applicable amounts" have to cover claimants across the age range, in work or not and also include amounts for dependant children. So there are more building blocks - personal allowances, premiums, components, additions than in other means tested benefits.

From April 2016, the Family Premium was abolished from HB for new claims or existing claims if you have or become responsible for a child after 30/04/16.

The Two-child limit affects HB - if you are not passported to full HB - for your third+ child born after 06/04/17.

They all work in exactly the same way as they do within their respective benefits.

Partial HB

Instead of you not getting ANY benefit once your income is above your Applicable Amount, you get a reduced Partial HB . The Full HB that you would have got, tapers off at 65% of the excess income. So you lose 65p off Full HB for every £1 of income above your HB Applicable Amount.

HB Applicable Amounts 2023/24

Personal Allowances

Single Person (without children)		
aged 16 to 24		67.20 / 84.80
aged 25 and over		84.80
main phase ESA any age		84.80
Pension Age*	217.00	201.05
Lone Parent		
aged under 18		67.20
aged 18 or over		84.80
Pension age*	217.00	201.05
Couple		
both under 18		101.50 / 133.30
either/ both over 18		133.30
Pension Age*	324.70	306.85

(only if in receipt of Pension Age HB, if so no Enhanced Disability Premium, Disability premium or ESA components Higher if pension age before 01.04.21)*

Children / Young people
for each child/dependent young person[1] ... 77.78

Notes on child and ESA:

[1] *Child allowances are subject to the "two child policy" from April 2017 see under Child Tax Credit for more details .*

[2] *The work related activity component only applies to those still receiving it after 3rd April 2017 - see under sickness route benefits*

[3] *Family Premium is no longer counted for new claims after April 2016*

Premiums/ Components/Additions

The highest of:

	Single	*Couple*
Disability Premium (not if ESA)	39.85	56.80
Claimants on ESA only:		
Work Related Activity Component[2]	33.70	/
Support Component	44.70	/
plus any or all of:		
Carers' *	42.75	/
Enhanced Disability	19.55	27.90
Severe Disability*	76.40	76.40/152.80

plus for households with dependant children any or all of:

Family Premium [3]	18.53
Lone Parent Addition -pre–1998 claims.	4.55
Disabled child* *(on any DLA/PIP)*	74.90
Enhanced disability * *(child on DLA HR Care / young person on PIP Enhanced Daily Living*	30.17

* indicates per qualifying child or adult

For couple rates of premiums/ additions, only one member of the couple need 'qualify'.

This means that you may be able to get Housing Benefit or Council Tax Reduction *even on* levels of income considerably *higher* than your Applicable Amount for IS/ ESA/ JSA/ Pension Credit.

e.g. Ali's weekly rent is £65. His income is £50 above his 'Applicable Amount', so he gets no Income Support. The Council deducts £37.50 each week (65% of his £50 'excess income') from the £65 Housing Benefit , compared to what they they would have paid if Ali's income had been at or below Income Support levels.

Ali would only get ***no*** *Housing Benefit if his income was £100 or more a week more than his applicable amount*

Steffan's Council Tax costs him £22 a week. He has £20 a week more income than the levels set for Income-related ESA. The local Council Reduction Scheme has a 20% taper deducts £4 a week (20% of his £20 'excess income') from the full £22 Council Tax Reduction/Support he would have received otherwise. Remember this has been localised and so it will depend on the details of your local scheme.

The "housing poverty trap"

Whilst it's good that Housing Benefit extends up the income scale and helps people in low paid work, the steepness with which it tapers off is a real problem.

If you are working and are offered overtime you may think twice about accepting it if you know that 65p/£ of the extra take home pay could go in reduced Housing Benefit (and another 20 or 30p or more in reduced Council Tax Support). This effect is known as the "housing poverty trap" and is a major barrier to being better off in work.

It seems odd that there is widespread political consensus that the top rate of tax for high earners can't be more than 40% (or 50% in times of crisis!) without affecting incentives to work. Yet, for those on low incomes, it seems acceptable to allow effective tax rates of 97%, when you combine HB/ CTB tapers, income tax and NI. Yet as the DWP tells us "economic theory tells us that incentive effects are strongest at lower incomes"

The answer would be to sharply reduce the tapers, but in the absence of rent controls, "bricks and mortar" housing subsidies and other measures to tackle the housing shortage, the Housing Benefit budget would increase significantly.

Original plans for a 50% "all-in" taper within Universal Credit have been dropped. UC has ended up with a 55% taper, but an added 20 to 30%+ from not following UC's original plan to take over Council Tax Support too And the idea of a work allowance for all claimants has also been dropped. UC's intention to 'make work pay' is unravelling and the housing poverty trap remains.

Non-Dependant Deductions

The Council reduces HB and Council Tax Support* when you have certain 'non dependants' living as part of your household. You should have *no* non dependant deductions made if you *or* your partner:

- ☺ get ANY rate of DLA Care, PIP Daily Living, AA or Constant Attendance Allowance
- ☺ are registered blind (or ceased to be within last 28 weeks).

The following people do NOT count:

- people under 18
- for Housing Benefit only, people under 25 and on IS or Income Based JSA
- for Council Tax Support* only, people of any age on IS or Income Based JSA
- people under 25 on Income related ESA during the assessment phase of their claim
- people who get a 'Work Based Training for Young People' training allowance
- people in hospital for over 52 weeks
- people in prison or a similar institution
- people whose 'normal home' is elsewhere
- people who are full time students

e.g. Margaret and Dennis' 30 year old daughter Carol lives with them and earns £280 a week. Normally. the Council would deduct amounts from Margaret and Dennis' Housing Benefit and Council Tax Support, but because Dennis is on PIP daily living, no deduction is made.*

The amounts of non-dependant deductions have risen significantly in recent years...

Non Dependant Deductions 2023/24

Gross Earnings:	***HB***	***CTR****
£511 or more	£116.75	£16.40
£410 to £510.99	£106.35	£13.70
£308 to £409.99	£ 93.40	£10.90
£236 to £307.99	£ 57.10	£10.90
£162 to £235.99	£ 41.60	£ 5.45
under £162 or on any benefits, ***unless:***	£ 18.10	£ 5.45
if on IS/ JSA/ESA and aged 25+ or u25 on ESA (main phase)	£ 18.10	£ 0.00
If on PC or under 25 and on IS, JSA or ESA (assessment phase)	£ 0.00	£ 0.00

** The NDDs for Council Tax Reduction vary . The figures here based on the national Wales scheme. They are lower in Scotland and will vary between each council in England.*

So what's the difference between DLA and AA?

Basically very little! The major differences are that the two benefits serve different age groups and the rather illogical lack of help with 'mobility' for older people. New DLA (adult) claims stopped when PIP started, but AA stayed on for older people. The dividing line has since moved from age 65 to age 66.

Each benefit has a qualifying period, so older people have to put up with their difficulties for 6 months before they can be paid whilst those under 66 ccould qualify after 3 months.

DLA	AA
New claims only by children under 16. Existing claimants who were 65+ at 8.04.13 stay with DLA, others switch to PIP	Claimed by people aged 66 or over when first claiming. Others on DLA or PIP stay with those benefits as they go past pension age.
Difficulties must have lasted for the previous 3 months ***and*** be likely to last for next 6 months	Difficulties must have lasted for the previous 6 months. No forward test.
Two 'components' - care and mobility	Only care needs addressed
Five weekly rates: Lower mobility *or* Higher mobility *and/or one of:* Lowest care Middle care Highest care	Two weekly rates, with the same value as the middle and highest care components of DLA: Lower rate Higher rate

People who were awarded DLA before their 65th birthday could—as with PIP claims now - carry on with DLA/PIP and Mobility component indefinitely, as long as they continue to meet the qualifying criteria (unless you turned 65 *after* the 8th April 2013, in which case you will be reassessed for PIP).

The value of an AA/DLA claim

For many people an award of AA or DLA can make the difference between "*living and merely existing*". They are always fall into step 3 extra non means tested benefits e.g.:

	Janet aged 15	John aged 75
Step 1: Earnings Replacement	NA	Retirement Pension
Step 2; Means tested	Parents claim for: Universal Credit Council Tax Support	Pension Credit Housing Benefit Council Tax Support
Step 3: Extra non-means tested	Disability Living Allowance	Attendance Allowance

But always check back under Step 2 as an AA or DLA award can trigger extra entitlements.

How much are AA and DLA worth?

The rates for 2023/24 are:

Attendance Allowance		Disability Living Allowance	
n/a		Lower Mobility	£26.90
n/a		Higher Mobility	£71.00
n/a		Lower Care	£26.90
Lower rate	£68.10	Middle Care	£68.10
Higher Rate	£101.75	Highest Care	£101.75

The rates for Attendance Allowance are identical to DLA Care- middle and highest rates. And - it will come as no surprise - so are the criteria for getting the benefit.

But more about the structure of the benefits, the difference between them and who can claim which one on the next pages!

Children and DLA / CDP

DLA continues for children aged 0 to 16 and is only affected by the PIP changes in that a young person will apply for PIP rather than DLA (adults) as they approach 16. In Scotland, Child DLA will become *Child Disability Payment (CDP)* and carry on until 18.

DLA / CDP Care

can be claimed for children at birth (though it won't be paid paid for three months, unless special rules). Conditions are as for adults, except that there is no cooking test and an extra children's test.

The Child DLA form asks similar questions as the Attendance Allowance form, though the format is friendlier, with pictures and geared to e.g. a parent filling in describing a child's difficulties. CDP may follow suit but may take a fresh look.

There are no pages on the cooking test, but there are additional pages for help with child development and at school or nursery. These are both really useful for comparisons with the average child of that age.

DLA / CDP Mobility

Again almost disappeared for adults, being replaced by PIP Mobility. DLA/CDP Mobility has 2 rates:

- DLA/CDP Higher Mobility - mostly around physical difficulties walking - can be claimed from age 3
- DLA/CDP Lower Mobility - for a need for extra guidance and monitoring in unfamiliar places - can be claimed from age 5

The extra test for children

Because all young children will need *some* degree of help and supervision whether they're unwell or not, an extra test applies to *any* rate of DLA Care but just the lower rate of DLA Mobility.

A child must have needs *'substantially in excess'* of those of an average child of the same age without those illness or disabilities. e.g.:

- all young children might need some degree of verbal and physical attention around mealtimes, but a child with eating disorders, difficulties eating or needing to follow a special diet may need extra support
- any needs specifically related to a child's illness or disability are always *extra* needs
- a 5 year old might always need someone with them in familiar or unfamiliar places, but need much closer monitoring or support for behavioural problems

It may help to get together with a parent of another child of the same age to chat about their child's level of 'need'. Or to use your experience of any of their older siblings without those extra difficulties.

Problems with child DLA claims

Difficulties associated with claiming DLA for children with mental health issues also arise because it can be hard to differentiate between a 'phase' they're going through and behavioural problems.

It can also be difficult to get diagnoses, as often the treatment strategy is to work out holistic support for the disabling impacts, rather than label them. Decision Makers though do love a diagnosis, while they may not familiar with rarer conditions.

Getting good supporting evidence can be difficult, because schools are rightly anxious to emphasise the positive and progress rather than the difficulties. E.g. a child may feel included in activities they cannot directly participate in, but it's important to explain the difference because schools and therapists will often be keen to emphasis the progress children are making, not their difficulties.

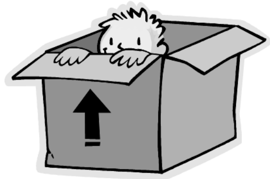
Child's DLA is underclaimed

Research in the noughties suggested that DLA for children was the most underclaimed of all age groups. Under claiming was particularly high amongst those on lowest incomes or not in contact with child disability services. Suggested reasons included:

- the added length and complexity of the forms and the additional test
- a reluctance by parents to apply a "disability" label to their child
- a misperception that DLA was only for very severe or stereotypical disabilities rather than some the very real difficulties in many long term but "manageable difficulties
- a lack of awareness that DLA applied to children

Yet even an award of the lowest can make a big difference to families on low incomes: the extra £26.90 will be very welcome, but will trigger an extra £74.90 in Child Tax Credit - but this rate is halved under Universal Credit to £33.70. However, the High Court has ruled that a special child disability transitional protection should apply if a disabled parent claiming CTC moves to UC even by a normally unprotected "natural migration". Details of the DWP reaction are still awaited.

If your child has physical, behavioural or mental health problems, any good advice agency should be able to help with a claim for Disability Living Allowance.



PIP / ADP Components

Just as DLA has two components - Care and Mobility, - there are also two parts to PIP and ADP:

- **Mobility Component** *'awarded on the basis of the individual's ability to get around'*
- **Daily Living Component** *'awarded on the ability to carry out other key activities necessary to be able to participate in daily life'*

There are two rates of each Component:

- a **'Standard'** rate for those whose "mobility or daily living activities are *limited* by their physical or mental condition" ; ***and***
- an **'Enhanced'** rate for those whose "mobility or daily living activities are *severely limited* by their 'physical or mental condition".

How much are PIP or ADP?

Looking at the rates, you might think of PIP and ADP as just DLA with Lowest Care lopped off !

Disability Benefit Rates 2023/24			
DLA		*PIP and ADP*	
Higher Mobility	71.00	Enhanced Mobility	71.00
Lower Mobility	26.90	Standard Mobility	26.90
Highest Care	101.75	Enhanced Daily Living	101.75
Middle Care	68.10	Standard Daily Living	68.10
Lowest Care	26.90	n/a	

But it's **not** just those on adult DLA Lowest Care who are affected by the change, as we will see. Very few transfer to PIP at the same rate as their DLA- *see later*

The timetable for PIP

For new claims:

PIP opened for new claims from 8th April 2013 for a pilot area, then from 10th June 2013 in the rest of Great Britain. And from June 2016 in N. Ireland . After those dates, the only new adult DLA claim packs were issued for young people on DLA being re-assessed and those on adult DLA due for re-assessment before the start of Phase 1 due on 08/10/2013

Switching from DLA to PIP - Phase 1

But Phase 1 - the **"natural rollout"** of PIP - didn't begin in October 2013, as PIP got stuck.

The idea was that any naturally occurring renewal, switch at age 16 or request to have your claim looked at again, meant a claim for PIP instead. However, only areas covered by Capita assessments - Wales, West and East Midlands & E. Anglia - were ready.

No phases in Northern Ireland

In NI Phases 1 and 2 are running together and began in December 2016. The process is identical, save that there are additional "mitigation" payments in N. Ireland.)

It was a slower rolling programme for the Atos areas, with the last ones only starting Phase 1 in July 2015.

Both assessors got into real difficulties as the pilot had not been long enough to realise in time that far more resources were needed . Some were waiting 12 to 18 months to get a PIP decision. The DWP had expected some 560,000 DLA claims would switch naturally by the start of Phase 2 but only 196,200 had done so by October 2015

Phase 2 from July 2015 to ...

We are now deeply into a very extended Phase 2 - the "**managed rollout"** of PIP. Here everyone who hadn't switched in Phase 1, is "invited" to claim PIP. These "invitations" were due to all go out between July 2015 and October 2017, with the last assessment and PIP decision completed by March 2018.

The finish date has been pushed back a year at a time ever since as resources were diverted into four legal reviews following case law changes but the then aim of March 2021 was hit by the pandemic with resources switched to UC, assessments very difficult etc . The lates DWP target for completing the switch to PIP is by October 2025

The process - to switch the remaining 350,000 people still on adult DLA - is now resuming, except that in Scotland, this will be as a switch straight to ADP instead. You should be contacted either:

- 20 weeks before the end date of your DLA, if that is coming up during this switch over time ; or
- at any time if your end date for DLA is much later or if your DLA award is indefinite.

Neither the length nor rate of your DLA award counts for anything for PIP. DWP stress that this is an entirely *"new claim for a new benefit".*

Being on DLA, but no longer being of working age, does not necessarily get you out of this process.

- you are only exempt ***if*** you turned 65 ***before*** the 8th April 2013.
- others still need to switch, so that could now mean some 79 year olds becoming involved with PIP

When the switchover process resumes -not until 2028-29 - your experience may well be very different, depending on whether you are invited to switch to ADP (in Scotland) or PIP (in the rest of the UK)

See later in this chapter for further details of the claims and invitation process and the differences that you might expect under ADP.

BENEFITS RATES APRIL 2023 - 24
1&3: Non-means Tested

Step 1: Earnings Replacement Benefits *(top ups from Step 2 overleaf)*

Claimed as an individual, a non-means tested basic income if limited / no work. Some need NI record. Overlapping. Statutory payments, paid via an employer only overlap with their DWP equivalents

Carer's Allowance

claimant .... 76.75 / 86.20[1]

[1]inc. £9.45 top up in Scotland, paid as 2 x CA Supplement. In Wales, a one-off £500 Carer's Grant, claimed via LA.

child dependant *................................. 11.35

earnings limit: 139.00

Contribution-based JSA

Contribution-based / New–style JOBSEEKER'S ALLOWANCE

aged 18-24 .... 67.20
aged 25 plus.. 84.80
earnings disregard 5.00

Incapacity Benefit (IB)

Long term - week 53 on 130.20
adult dependant*................................ 75.65
child dependant*................................. 11.35

Age additions:
began before age 35............................ 13.80
between 35 and 45.............................. 7.65

Permitted Earnings Limit:........16 hrs / £167.00

(Note: most IB claimants migrated to ESA, but some remain)

Contributory ESA

Contributory / New-style EMPLOYMENT AND SUPPORT ALLOWANCE

aged 16-24 .... 67.20 / 84.80[1]
claimant 25+...................................... 84.80
[1] 84.80 rate applies to all ages in main phase

Components:
work related activity .... 33.70[2]
support.. 44.70

Permitted earnings: .... 16hrs/£167.00

[2]not payable on new claims after 03.04.2017, but check if protections apply.

Maternity Allowance (MA)

claimant 172.48
Earnings threshold 30.00

Severe Disablement Allowance (SDA)

claimant... 92.20
adult dependant* 45.35

Age additions:
higher- *under 40* 13.80
middle- *age 40-49*............................... 7.65
lower - *age 50-59*................................. 7.65

(most SDA claimants migrated to ESA, but some still on SDA)

Statutory Payments

Statutory Maternity Pay (SMP):
first 6 weeks:.......................... 90% of pay
weeks 7 to 39: .... 172.48 or 90% pay[1]
[1] whichever is lower

STATUTORY PAY: Paternity *(SPP)*, Adoption *(SAP)*, Shared Parental *(SSPP)* & Parental Bereavement*(SPBP)*
.... 172.48 or 90% pay [2]
[2] whichever is lower

earnings threshold for all 123.00

Payment Period:
SMP & SAP .... up to 39 weeks
SSPP......up to 37 weeks *(after 2wks SMP)*
SPP & SPBP................. up to 2 weeks

Statutory Sick Pay (SSP)
up to 28 weeks..........109.40
earnings threshold......123.00

State Retirement Pension (SRP)

New State Pension...................... 203.85[1]
[1] only 13% of claimants receive the full rate

Old State Pension
Category A or **Cat. B** widow/er ... 156.20
Cat. B spouse/civil partner 93.60
child dependant *................................ 11.35

Old SP: Additional State Pension:
max SERPS / S2P................................ 204.68
over 80s addition 0.25
incapacity / invalidity.......................... *varies*

Old SP - Category C & D:
claimant.. 93.60

* Child & Adult Dependants:

***Child amounts** only in claims pre-April 2003 & CTC - frozen at £11.35, cut to £8.00 for the first child.*

***Adult amounts** only on claims pre-April 2010 and. subject to earnings limits. However, payment ceased in: SRP (Cat A, but Cat B remains) and CA from April 2020. They do not apply to Cb-JSA or C-ESA*

Step 3: Extra Non-Means Tested Benefits *(See over for Step 2: Means Tested Benefits)*

*Extra non-means tested, individual benefit (**on top of** Steps 1 & 2), in certain conditions: bereavement, children & disability. No NI record for any of them*

Bereavement Benefits

***New:** if bereaved **since** April 2017)*

Bereavement Support Payment *(here under Step 3)*
Standard[2] (pcm).................. 100.00[1]
higher[3] (pcm) .... 350.00[1]

First month payment:
standard 2,500.00
higher 3,500.00

[1]monthly payments for 18 months

[2] standard where no children
[3] higher rate where pregnant or dependent children / young people

***Old:** if bereaved **before** April 2017)*

Widowed Parent's Allowance *(under Step 1)*
claimant:.............................. 138.10[1]
per child dependant 11.35
any Bereavement Allowance has timed out

For children: CHB, GA & SCP

Child Benefit:
first child - standard rate:.... 24.00
each subsequent child.......... 15.90

Guardian's Allowance:
per child 20.40

Scottish Child Payment 25.00
(now extended to all under 16s)

Disability Benefits: AA, DLA, PIP & ADP/CDP (in Scotland)

Attendance Allowance & PA Disability Payment
lower rate 68.10
higher rate...................... 101.75

DLA, PIP & Adult / Child DP

Mobility Component:
DLAlower / PIP standard....... 26.90
DLA higher / PIP enhanced.... 71.00

Care / Daily Living Component:
DLA lowest care..................... 26.90
DLA middle / PIP standard 68.10
DLA highest/ PIP enhanced ... 101.75

***Scotland:** New claims are now for CDP (**not** Child DLA) and ADP (**not** PIP). Existing claims switch administratively & DLA to ADP. Dates for Pension Age DP tbc. Same rates / criteria, so no re-assessment on switching. But "fairness, dignity and respect" in claims & assessment.*

Industrial Injuries & War Disablement

Industrial Injuries Disablement Benefit:
.... 41.52 to 207.60[1]
[1]varies from 20% to 100% max. disability

Extra allowances within IIDB:
Constant Attendance Allowance
.... 41.55 to 166.29
Exceptionally Severe Disablement Allowance....... 83.10
Reduced Earnings Allowance
....83.04 *max*
Retirement Allowance....20.76 *max*
Unemployability Supp
.... 128.40

As well as usual advice agencies, check with Trades Unions, Staff Associations

War Disablement Pension:
*Injury/disablement **before** 6th April 2005*
.... 44.00 to 220 [1]
[1] varies with % disability.

Extra Allowances. as IIDB plus:
Mobility Supplement 79.20

***plus other allowances:** Age, Widows, Adult orphans, Comforts, Children, Rent, Education, Clothing,*

Armed Forces Compensation Scheme
*for injuries/disablement **after** 6 April 2005*
Lump sums ....15 bands
Guaranteed Income Payments
100% amount varies with: age, effect on promotion etc. Payment in one of 5 bands
Independence Payment........172.60

As well as usual advice agencies check with Royal British Legion, SSAFA etc.

BENEFITS RATES APRIL 2023-24
Step 2: Means Tested

STEP 2 MEANS TESTED BENEFITS: *top up any Step 1(or none), in work or not. Claimed with any partner. No NI needed*

INCOME SUPPORT (IS), INCOME-BASED JSA, INCOME-RELATED ESA & HOUSING BENEFIT (HB)

PERSONAL ALLOWANCES:

Single Person (no children)

aged 16 to 25	67.20/ 84.80[1]
aged 25 plus	84.80
HB over PC age	217.00/201.05[2]

[1] applies if in main phase of ESA
[2] applies if pension age after 1.04.21

Lone Parent

aged 16 or 17:	61.05
aged 18 plus	77.00
HB over PC age	217.00/201.05[2]

*[2] if reached pension age **after** 01.04.2021*

Couples

either/ both under 18	varies[3]
both over 18	133.30
HB over PC age	324.70 / 306.85[2]

[3] varies from 67.20 to 133.30. For HB it's 101.50 if both u18 or 133.30 if only 1ptnr is

HB dependent children / QYP

Mostly replaced by CTC for IS, JSA & ESA. Always counted in HB calculations to offset any CTC income from working claimants

personal allowance [4]	77.78
family premium [5]	18.53 /22.20
disabled child	74.69
enhanced disability (child)	30.17

*[4] two child limit for **children** born after 4.17*
[5] abolished for new claims from April 2016. Higher amount if LP claim since 05.04.1998

PREMIUMS/ COMPONENTS:

Any / all of:

Carer's	42.75
Enhanced Disability [6]	
single	19.55
couple	27.90
Severe Disability	76.40

Plus only the highest of:

Disability [6] *(not in Ir-ESA)*	
single	39.85
couple	56.80

[6] not with pensioner premium/ HB in PC age

Pensioner: *(not HB as already in Pers. All.)*	
couple[7]	173.55

[7] if claimant under PC age, partner over.

ESA Components[8]:	
work related activity[9]	33.70
support	44.70[8]

no couple rates & one component only, even if both partners qualify. Deducted from pensioner premium / HB for PC age

*[9] WRAC not paid for **new** claims after 4.17, but check if protections apply*

CAPITAL LIMIT: £16,000
***No limit** for HB claimant on PC Guarantee*

Tariff Income: £1 for every £250 or part £250 over £6,000. HB over PC age: £1 per £500 over £10,000

HOUSING COSTS:

***Support for Mortgage Interest** is a separate loan scheme. Other housing costs e.g. service charges, ground rent etc still apply*

INCOME DISREGARDS:

Earnings disregards

single:	5.00
couple:	10.00
higher rate:	20.00[10]

[10] carers / disability / lone parent / some pensioners/ certain jobs

lone parents *(HB only)*	25.00
workers on WTC **or** work over 30/16 hrs *(HB only)*	17.10
permitted work lower	20.00
permitted work higher:	167.00

Benefits disregards:

***All of:** HB/CTS, AA, DLA, Mobility Supplement, CB, CTC (not for HB), GA, CAA, ESDA, WDP, ADIs for non - family members, Bereavement Support Payment*

***First £10** of WPA and war pensions (+ HB local disregards)*

Other income disregards:

child maintenance	all
vol. / charitable payments	all
student loans	10.00
student covenanted income	5.00
boarder's rent	£20+50% rest
sub-tenant's rent	20.00
income from savings	all

Abbreviations:
(as used across all three steps)

AA	Attendance Allowance
ADI	Adult Dependency Increases
CAA	Constant Attendance Allowance
CB	Child Benefit
CDA	Child Dependant Addition
CTC	Child Tax Credit
CTS	Council Tax Support
DLA	Disability Living Allowance
ESA	Employment and Support Allowance
ESDA	Exceptionally Severe Disablement Allowance
GA	Guardians Allowance
HB	Housing Benefit
IB	Incapacity Benefit
IIDB	Industrial Injuries Disablement Benefit
IS	Income Support
JSA	Jobseekers Allowance
MA	Maternity Allowance
PC	Pension Credit
SRP	State Retirement Pension
SAP	Statutory Adoption Pay
SDA	Severe Disablement Allowance
SFTA	Sorry for the Abbreviations
SMP	Statutory Maternity Pay
SPP	Statutory Paternity Pay
SSP	Statutory Sick Pay
UC	Universal Credit
WDP	War Disability Pension
WPA	Widowed Parents Allowance
WTC	Working Tax Credit

WORKING & CHILD TAX CREDITS (WTC & CTC)

Note: Tax credits are calculated annually for income and days in 1 or more (if changes in year) assessment periods for elements. Weekly amounts - comparison and payments

CAPITAL LIMIT: none

MAXIMUM TC:	*annual*	*weekly*
CTC family [1]	545	*10.50*
child element[2]	3,235	*62.09*
disabled child	3,905	*74.90*
severely disabled	5,480	*105.14*

[1] not included for new claims after 06.04.17
*[2] two-child limit for new **child** from 04.17*

WTC basic	2,280[3]	*43.75*
lone parent/2nd adult	2.340	*44.94*
30 hours +	950	*18.27*
disabled worker	3,685	*70.70*
severe disability	1,595	*30.59*

childcare: 70% of costs ***up to:*** *£175pw one child / £300 for 2 or more*

INCOME DISREGARDS:

From previous tax year:
- *first £2,500 of any increase in income*
- *first £2,500 of any decrease in income*

***Earnings:** Gross (before tax and NI) but ignore pension contributions, non-taxable expenses, payments in kind*

***Benefits:** generally ignore all non-taxable benefits and first £100 of SMP, SAP, SPP, SSPP, SPBP ignored - if in doubt, check it out*

***Other:** all child maintenance / most student finance/first £300 of (investment/pension/ property/foreign income), any non-taxable inc.*

THRESHOLD & TAPER:

if WTC	7,455	*142.98*
if CTC only	18,725	*359.11*
Taper		41p/£1

PENSION CREDIT (PC)

CAPITAL LIMIT: none

Tariff Income: £1 income assumed for every £500 or part of £500 over £10,000

PC GUARANTEE CREDIT:

Standard minimum Guarantee:

single	201.05
couple	306.85
1st child born pre-06.04.17	72.31
other children	61.88

Additions:

disabled child - lower	33.67
disabled child - higher	104.86
severe disability	76.40
carers	42.75

PC SAVINGS CREDIT:

Threshold: single	174.49
couple	277.12

Max. Savings Credit:

single	15.94
couple:	17.84

INCOME DISREGARDS:

*As IS, JSA, ESA, HB **plus**:*

Benefits:

War widow/ers pension (pre-1973), PC Savings Credit (for Guarantee Credit), non-dep increases for non-family members

***Other:** Cash in lieu of coal, Student grants/ loans*

Savings Credit

*for qualifying income **also ignore**:*

WTC, IB, Contribution-based JSA, SDA, Maternity Allowance, maintenance from a former spouse

UNIVERSAL CREDIT (UC)

*Note: **UC)** is calculated **monthly**, based on income by / elements applying on last day of each month. Weekly for comparison only*

MAXIMUM UC

Standard Allowances:

	monthly	*weekly*
single *under 25*	292.11	*67.20*
-aged 25+	368.74	*84.80*
couple: *both u25*	458.51	*105.80*
-one or both 25+	578.82	*133.30*

UC Elements (children):

child - *1st / only* [2]	315.00	*72.30*
other children[3]	269.58	*62.20*

*[2] abolished for 1st child born **after** 6th April 17*
*[3] two child limit for children born **after** Apr 17*

disabled child	146.31	*33.70*
higher rate	456.89	104.86

childcare: 85% of costs up to:

max for 1 child	646.35
max for 2 or more	1,108.04

UC elements (adults) :

carer's[4]	185.86	*42.75*
limited capability for:		
work (LCW)[5]	146.31	*33.70*
work-related activity (LCWRA)	390.06	*90.02*
transitional[6]		*varies*

[4] carers element cannot be counted for same person as an LC element. But partners in a couple could get one each

[5] LCW element abolished for new claims from Apr 17; check for protections for older claims

[6] transitional element only applies if were on SDP or in future "managed migrations" eroded by other increase in UC. Can be lost.

*(NB: UC does **not** have any adult disability elements; **nor** pensioner element)*

UC CAPITAL LIMITS: £16,000. Ignored if under £6,000.
Tariff income if in between: £4.35 per month for every £250 - or part of.

INCOME DISREGARDS

Earned income:

Net of income tax, national insurance and all pension contributions

Work Allowances (monthly)
if either have children or limited capability

if no housing costs	631.00
if housing costs	379.00
Taper	55% after WA

(note: taper from council tax support and impact of MIF / surplus earnings / variability)

Unearned income

As for IS, ESA & JSA except:
- *SSP, SMP, SPP, SAP count as earnings*
- *all of war disability pensions*
- *boarders and sub-tenants ignored, but also for bedroom limits.*

DEDUCTIONS FROM UC:

Housing Costs Contributions

replaces HB non-dependant deduction with single rate per non-dependant 85.73

Sanctions *% of standard allowance (SA)*

single	100%
couple	50% or 100%
lowest rate	40%

Other deductions

subject to maximum of 25% Std Allowance

UC repayments: advance & budgeting

payments, o/payments	15%
overpayments if in work	25%
fraud & Hardship Payments	30%

Third Party Deductions

*Normally 5% of SA , **except:***

rent arrears 10%[6] / 20%

[6] only if normal 20% takes over maximum

BENEFITS CAP - UC & HB

earnings threshold[6] ..722.45 ...*166.72*[7]

[6] based on 16 hours pw at NMW. Exempt: if overs, on WTC, LCW, dis benefit or a carer

max benefits single….1,414[8] / 1,229
couple/lone parent….2,110[8] / 1,835

[8] higher rate applies in Greater London