

Updates on welfare benefits regulations

Last updated: January 2018

Welfare benefits regulations can be complicated. These updates offer guidance on the regulations that may affect people who are offered payment for public involvement in research while receiving welfare benefits.

INVOLVE strongly advises anyone who receives welfare benefits to seek expert, personalised advice before accepting payment for involvement. The [Benefits Advice Service](#), provided by Bedford Citizen's Advice Bureau, offers free and confidential advice that is specific to individuals' circumstances and uses the latest regulations.

A note on terminology:

The Department for Work and Pensions regulations refer to public involvement as 'service user involvement', and it is advisable to use this term when corresponding or discussing payment for public involvement with welfare benefits authorities.

Permitted work and completion of PW1 forms

Permitted work rules affect those on benefits which have weekly earnings limits, such as Employment and Support Allowance, Incapacity Benefit, Severe Disablement Allowance and Income Support for incapacity.

People who receive these benefits are required to obtain prior permission to start paid involvement. This is called 'Permitted Work'. A form (PW1) is now provided online and must be downloaded, completed and sent back before involvement starts. However, the Department of Work and Pensions has confirmed that they will accept notification of paid involvement under the 'Permitted Work' rules over the telephone, providing it is followed immediately by a completed permitted work form (PW1).

People starting 'service user involvement' should state this on the PW1 form. See the guidance on reimbursed expenses and notional earnings.

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Since April 2017 and a change in the legislation, the **higher** Permitted Work weekly earnings limit is allowed at all times; there is no one year time limit.

In April 2017, the **higher** Permitted Work limit was increased to £120 a week (this is usually reviewed in April of each year, when the National Living Wage rate is increased).

People who receive Income Support for incapacity are allowed to earn up to the higher rate once they have sent in the PW1 form. However only £20 a week is ignored from their earnings. Earnings of more than £20 a week lead to a pound-for-pound reduction of Income Support.

Permitted work rules can be complicated. INVOLVE strongly advises individuals to contact the Benefits Advice Service before starting to complete the PW1 form.

The Permitted work form PW1 is available online from:

<https://www.gov.uk/government/publications/employment-and-support-allowance-permitted-work-form>

Universal Credit

Universal Credit has been introduced to eventually replace a number of benefits, including Incapacity Benefit, Severe Disablement Allowance, Income Support, Income-related Employment and Support Allowance, Income-related Jobseeker's Allowance, Housing Benefit, Child and Working Tax Credits.

The process of transferring people who receive other benefits to Universal Credit is taking longer than anticipated.

Anyone currently receiving Incapacity Benefit, Severe Disablement Allowance, Income Support for incapacity, Employment and Support Allowance, together with Housing Benefit will find the existing permitted work rules continue to apply until they are transferred to Universal Credit.

Universal Credit allows some people to earn up to a certain monthly allowance before reductions of the benefit. People can start earning without asking for prior permission. This system should mean that involvement arrangements are easier to manage. Earnings received should be notified to the Jobcentre before the next Universal Credit payment is due. People notifying earnings from 'service user involvement' should state this on Universal Credit online form in the box for 'other information'. See the guidance on reimbursed expenses and notional earnings.

Earnings in a calendar month that are in excess of the work allowance will lead to Universal Credit being reduced by 63 pence for every £1 over the work allowance.

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You will be eligible for a work allowance if you (and/or your partner) either:

- have responsibility for a child, and/or
- have limited capability for work

The Universal Credit monthly work allowances are set at:

£192 If your Universal Credit includes your rent

£397 If you do not receive Universal Credit for your rent.

Please note: Single people and couples without children do not have a work allowance. All earnings will lead to Universal Credit being reduced by 63pence for every £1 of earnings (for example, earn £100 a month and Universal Credit is reduced by £63).

There is one exception, which applies to people who are in receipt of Universal Credit with a component for **mortgage interest**. In these instances receipt of any earnings will lead to the mortgage interest element of Universal Credit being stopped – this stoppage will be for 39 weeks.

The regulations for Universal Credit can be complicated. INVOLVE strongly advises individuals to contact the Benefits Advice Service at the earliest opportunity if they are unsure how payment for involvement might affect them.

Reimbursed expenses

The benefits rules on ignoring reimbursed expenses for public involvement are consistent across all benefits. People who are in receipt of any benefit will have reimbursed expenses for public involvement ignored – that is, reimbursed expenses will not be seen as earnings and will not affect their benefits, regardless of whether the involvement is in research, service provision or education, or with a charity, the NHS or a local authority.

People who are paid for involvement should be provided with a payment slip that shows the amount of reimbursed expenses separately to the payment amount. If expenses are included in a single ‘thank you’ payment, the expenses portion of the payment will not be ignored and the whole payment will be classed as ‘earnings’. For example, a ‘thank you’ payment of £25 that also covers any travel costs will be seen as £25 of earnings and this may affect the person’s welfare benefits entitlements. Reimbursed expenses must exactly match the expenditure.

Notional earnings rule

The notional earnings rule does not apply to public involvement. It was fully withdrawn two years ago. The notional earnings rule previously stated that any payment offered for involvement would be treated as earnings, whether or not the payment has been accepted. Members of the public now have the option of refusing a payment for involvement, or asking for payment of lower amount, without it affecting welfare benefits.

One-off payments

The ruling which once ignored payments made for a single activity during a one-year period has now been withdrawn. Previously, Jobcentre Plus agreed to ignore payments for one-off activities, but this no longer applies. One-off payments are now treated like any other payment.

Use of high street or gift vouchers

High street or gift vouchers may be treated as earnings, and viewed by the benefits authorities in the same way as other forms of payment. These payments need to be declared in the same way as cash, cheques or bank transfers.

Averaging Rule

An averaging rule may be applied to payments that are above an individual's weekly earnings limit (if the welfare benefit they receive has this condition), so that it is 'averaged' over a longer period of time. Jobcentre Plus may apply this rule where there is a cycle of work or public involvement (e.g. every two weeks) or where the employer pays monthly or quarterly in arrears.

For example, where the employer pays monthly in arrears someone receiving a benefit with a weekly earnings limit of £20 may be offered £80 for two involvement activities, and may be able to accept it if they request that it be averaged over four-week period, which would mean they have weekly earnings of £20, within their earnings limit.

This only applies to payments for at least two activities within the averaged period. One of these activities could include preparation in advance of a meeting. The averaging rule should be requested in advance of the involvement and before any agreement to claim payment.

[The Benefits Advice Service](#) offers advice on how to apply for this ruling and what to do if the application is not successful.

Acknowledgement:

With thanks to Judy Scott, independent consultant, for her continued expert guidance on the effects of welfare benefits regulations on payment for involvement.

To the best of our knowledge, the information contained herein is accurate and reliable at the date of publication; however, we do not assume any liability whatsoever for the accuracy and completeness of the above information.