

Updates on welfare benefits regulations

Last updated: November 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.

Contents

1. Permitted work and completion of PW1 forms
2. People who are about to transfer to Universal Credit from Employment and Support Allowance
3. Universal Credit
4. People who receive Carer's Allowance
5. People who receive Jobseeker's Allowance
6. Reimbursed expenses
7. Notional earnings rule
8. One-off payments
9. Use of high street or gift vouchers
10. Averaging rule

1. Permitted work and completion of PW1 forms

Permitted work rules affect people who are in receipt of Employment and Support Allowance. There are weekly earning limits.

People who receive Employment and Support Allowance 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.

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 2018, the **higher** Permitted Work limit was increased to £125.50 a week (this is usually reviewed in April of each year, when the National Living Wage rate is increased).

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>

It is advisable to enclose a letter from the organisation asking for your involvement when submitting the Permitted Work form. The letter should explain that:

- people are recruited because of their experience of using health or social care services
- involvement is about consultation and cannot be used to assess capacity for work
- support measures for mobility and care needs will be provided, as required.

Some of the information in the [INVOLVE Payment Information Sheet](#) may be adapted for these purposes.

2. People who are about to transfer to Universal Credit from Employment and Support Allowance

People who receive Employment and Support Allowance who have permission for Permitted Work earnings of £125.50 a week should reduce their earnings to £125 a week **BEFORE** they are transferred to Universal Credit. They should notify the Jobcentre of the reduction. *continued over...*

continued....People who are about to transfer to Universal Credit from Employment and Support Allowance

A regulation in Universal Credit may lead to the additional benefit payments for Limited Capacity for Work, or Limited Capacity for Work Related Activity, being either withdrawn or reviewed if their earnings exceed the National Living Wage x 16 hours a week (£7.83 x 16 = £125.28). The small discrepancy between these amounts indicates that this may be an unintentional oversight and enquiries are being made.

3. Universal Credit

Universal Credit has been introduced to eventually replace a number of benefits, including 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 Employment and Support Allowance and who is undertaking Permitted Work should read the guidance in the box above.

Universal Credit allows some people to earn up to a certain monthly 'work 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 below on reimbursed expenses (6) and notional earnings (7).

Where people are receiving Universal Credit for health reasons is advisable to take a letter from the organisation that is asking for your involvement to the Jobcentre or Work Programme Provider. The letter should explain that involvement is about consultation and cannot be used to assess capacity for work, and that support measures for mobility and care needs will be provided as required (some of the information in the [INVOLVE Payment Information Sheet](#) may be adapted for these purposes).

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.

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.

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continued....Universal Credit

The Universal Credit monthly work allowances are set at:

£198 If your Universal Credit includes your rent

£409 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 a **mortgage interest loan**. 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.

4. People who receive Carer's Allowance

Earnings of up to a limit of £120 a week do not affect Carer's Allowance. Earnings must be reported to the Carers Allowance Unit as soon as possible. Prior permission is not required.

However, people who also receive a carer's premium will have this reduced for every £1 earned over £20 a week. Where people receive Housing Benefit this will be reduced (after the carers premium) by 65pence for every £1 earned over £20 a week.

5. People who receive Jobseeker's Allowance

Earnings of up to £20 a week do not affect Jobseeker's Allowance if it is received together with Disability Living Allowance or Personal Independence Payment.

However, if Disability Living Allowance or Personal Independence Payment are not also received, earnings of only £5 a week are disregarded.

Earnings over the disregarded amount will result in Jobseeker's Allowance being reduced £1 for every additional £1 earned.

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Prior permission must be obtained from the Job Coach or Personal Advisor before service user involvement starts. Where people have continued health problems it is advisable to take a letter from the organisation that is asking for your involvement to the Jobcentre or Work Programme Provider. The letter should explain that:

- involvement is about consultation and cannot be used to assess capacity for work
- support measures for mobility and care needs will be provided as required.

Some of the information in the [INVOLVE Payment Information Sheet](#) may be adapted for these purposes.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.