

INVOLVE



*National Institute for
Health Research*

Updates on welfare benefits regulations

June 2016



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Last updated: June 2016

Welfare benefits regulations can be complicated. These updates offer guidance on some recent changes to 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 of Work and Pensions regulations refer to public involvement as 'service user involvement', and it may be advisable to use this term when corresponding or discussing payment for public involvement with welfare benefits authorities.

Permitted work and completion of PW1 forms – from April 2016

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) must be obtained from the Jobcentre, 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).

There is both a **higher** and a **lower** Permitted Work weekly earnings limit.

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continued...Permitted work and PW1 forms – from April 2016

The **lower** Permitted Work limit is £20 of earnings per week. In April 2016, the **higher** Permitted Work limit was increased to £115.50 a week (this is usually reviewed in October of each year, but in 2016 the National Living Wage rate required an adjustment for Permitted Work). Where the higher limit is permitted, this will be for a maximum of one year, after which the lower limit of £20 of earnings will resume.

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

Universal Credit – from April 2016

Since 2015, **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.

Universal Credit is currently available to single unemployed people only. The process of transferring those on 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 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.

The Universal Credit work allowance rates are as follows:

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 monthly work allowances are set at:

£192 If your Universal Credit includes housing support

£397 If you do not receive housing support.

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continued...Universal Credit – from April 2016

Please note: From April 2016, the **monthly work allowance** of £111 for single people and couples without children who receive Universal Credit **is abolished**. All earnings will lead to Universal Credit for the following month being reduced by 65 pence for every £1 of earnings (for example, earn £100 a month and Universal Credit is reduced by £65).

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 – following changes in April 2016, this stoppage will be for 39 weeks (previously it had been stopped for three months).

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 – from July 2015

The benefits rules on ignoring reimbursed expenses for public involvement have changed to include Incapacity Benefits and Carer's Allowance from July 2015. These rules are now 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 – from April 2015

The notional earnings rule was fully withdrawn in April 2015. It previously stated that any payment offered for involvement would be treated as earnings, whether or not the payment has been accepted. This has been fully withdrawn, allowing members of the public the option to refuse payment, or to ask for payment of lower amount, without it affecting welfare benefits.

One-off payments – from September 2014

The ruling which once ignored payments made for a single activity during a one-year period has now been withdrawn. Previously, benefits authorities 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 – from July 2014

High street or gift vouchers are 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 – from July 2014

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.

For example, someone receiving a benefit with a weekly earnings limit of £20 may be offered £60 for a single activity, 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 £15, within their earnings limit.

This only applies to payments for single activities within the averaged period. 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 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.

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