

Making Work Pay

The Presumption of Employability

Public Service Agreement 16

2010 – 2011

Report

Benefits and Work: Adults with Learning Disabilities

Abbreviations

IB	Incapacity Benefit
ESA	Employment and Support Allowance
SDA	Severe Disablement Allowance
SSP	Statutory Sick Pay
DLA	Disability Living Allowance
IS	Income Support
JSA	Jobseekers Allowance
HB/CTB	Housing Benefit/Council Tax Benefit

Key Achievements

151 referrals of adults with learning disabilities aged 18-30

Over **400** better off in work calculations completed

Increase of **18%** to **45%** of service users in work subsequent to advice

10 service users awarded additional benefit income at an average of over **£4,000** each

Total additional benefit income raised between 2010 & 2011 more than **£40,000**

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1 PUBLIC SERVICE AGREEMENT (PSA 16)

1.1 Introduction

The aim of Public Service Agreement (PSA 16) was to ensure that the most socially excluded adults are offered the opportunity to follow a path to a more successful life, by increasing the proportion of at-risk individuals in:

- settled accommodation; and
- employment, education or training.

The agreement focused on four client groups who are particularly vulnerable to multiple forms of disadvantage. These groups included adults with moderate to severe learning disabilities. Linked with this was a single set of National Indicators (NIS) announced by the Department for Communities and Local Government in October 2007. The NIS was the only set of indicators on which central government performance managed local government. It covered services delivered by local authorities alone and in partnership with other organisations and it included National Indicator 146 (NI 146), intended to improve the employment outcomes for adults with learning disabilities.

NI 146 was a priority under the Devon Local Area Agreement and Devon committed itself to achieving a statistically significant improvement in the numbers of adults with learning disabilities who were supported into work. It set up the inter-agency NI 146 Partnership Group to work towards this aim.

The NI 146 group identified that, in supporting adults with disabilities into employment, staff had found that there was a persistent and largely mistaken belief that the benefits system presents a powerful disincentive to take work; that adults with a learning disability could not 'afford' to work. To counteract this, customers needed accurate information about the effect on their individual income of working. This would enable them to make properly informed decisions about their own individual situations, rather than relying on generalisations and even 'myths.'

A decision was made by Devon County Council (Adult Community Service) to contract with Devon Welfare Rights Unit (DWRU) to provide this advice and information service under the PSA 16. Devon Welfare Rights Unit (DWRU), a service of Citizens Advice, is an independent voluntary sector organisation which has, for 21 years, provided a training and consultancy service for all organisations in Devon whose work involves advising about benefits and tax credits. In partnership with DCC, it has co-ordinated a range of multi-agency initiatives, including conferences and a range of countywide take-up campaigns. It has, since 2005, been co-ordinating a highly successful countywide benefits and tax credits advice service for

families with children with disabilities. It has also worked very closely with DCC and other partners to ensure a systematic approach to benefit take-up for domiciliary and residential care users in Devon. Its core funding has always been provided by Devon County Council.

A guiding principle of this project has been 'the presumption of employability.' In essence, this is the assertion that adults with learning disabilities have the skills and the right to aspire to work in the same way as any other member of the general population. The messages to adults with learning disabilities are:

- You have the right to work
- You have the ability to work
- We can help you to find work and support you whilst in work
- You will almost certainly be better off in work – we can show you.

Work of 16 hours per week has particular significance within the benefits and tax credits system as it represents the point at which people move from the main 'out of work' benefits to the main 'in work' benefits. For those on means-tested benefits, working fewer than 16 hours per week can sometimes mean that income increases by no more than £20 per week; that working 8 hours is often no more lucrative than working 4 hours, because every pound earned above the £20 disregard reduces benefits by one pound. Whilst this does not happen in all cases, it does mean that there is good reason for many people to aim to find work of more than 16 hours per week.

With these factors in mind, the NI 146 group sought and obtained funding to provide a benefits advice and information service with the aim of increasing the number customers with a learning disability who achieve paid work, with particular emphasis on achieving full time work of at least 16 hours per week whenever possible. At the time the delivery plan was devised, 6% of people with a learning disability as fined by Ni 146 in Devon were in work.

1.2 Aim

As stated above, the broad aim of this project was to increase the number of adults with a learning disability who achieve paid work, with an emphasis on achieving work of at least 16 hours per week whenever possible. The NI 146 Group agreed to target the service at adults aged 18-30. The justification for this was that, with limited resources, it would not be possible in the course of a one or two year project to provide the service to all service users. The project needed, therefore, to be limited, at least at first, to a

particular group. A younger age group was chosen on the basis that achieving attitudinal change at an earlier age would be likely to be sustained over a longer period. The main activity of the project would be to provide a benefits advice service. The delivery plan stated that:

“The Devon proposal is to provide a full money advice and benefit check service for all customers and their families registered with Adult Community Services who have a Learning Disability and are aged between 18-30 years. The service will be provided when work is being considered or offered, or at the annual review which ever comes soonest.”

The delivery plan also stated:

“150 benefit assessments based on an average cost of £80 each to be conducted during each of the 2 years at a cost of £12,000 each year.

We anticipate that 10% of the 150 customers who access the service will enter paid work or increase the numbers of hours worked. This would represent a statistically significant increase in the number of adults with a learning disability, registered with social services that move into paid work based on the baseline information for September 2009 as per the Ni 146 target.

We expect that the pilot will support a culture change towards work for customers with a Learning Disability and their families and with Specialist Employment Support Workers, so that the expectation of work becomes the ‘norm’. During the pilot we intend to up- skill Specialist Employment Support Workers.”

The plan set out the objectives of the project:

1. To support a culture change, so that customers and their families expect and aspire to paid, full time work as the norm,
2. The money advice and benefit check service will give reassurance that work is affordable, provide income stability and enable customers to let go of the security of the benefit system,
3. To increase the numbers who enter full time work or who increase their current hours of work as a consequence,
4. To help those customers stuck on Supported Permitted Work to move off benefits
5. The benefit check service will also check that any customers and their families are receiving and will receive their full entitlements.

1.3 Method

The two main DWRU project activities were:

- the delivery of 3 briefing sessions to relevant staff, covering the referral system for the service and information about entitlement to benefits on starting work for the target group
- the provision of advice and support in relation to benefit and tax credit entitlements to 150 customers and their families.

The purpose of the training would be to:

- explain the purpose and activities of the project
- generate referrals
- explain the process of referral
- provide an overview of the benefits system as it relates to people with disabilities
- provide examples of the interaction of the benefits system with earnings
- motivate staff to encourage service users to take up the service.

The advice service would operate as follows:

- referrals would be made by relevant staff i.e. Community Care or Specialist Employment Support Workers
- DWRU would arrange appointments with service users, preferably by booking a number of appointments at an agreed venue on the same day or, if necessary, as home visits
- DWRU adviser would:
 - at appointments:
 - check current entitlement and identify any potential additional entitlement
 - advise on how to secure potential additional entitlement

- provide detailed information on how work would affect entitlement to benefits and tax credits
- after appointments:
 - provide calculations in writing to the service users and, with their permission, to other interested parties such as their Employment Support Workers.

DWRU would also be responsible for data collection and reporting of outcomes. Reporting would mainly be through the NI 146 group.

A further activity involved the attendance of the DWRU adviser at meetings and events for people with learning disabilities, their carers and service providers. This served a variety of purposes such as the generation of new referrals, reporting on progress and outcomes, reinforcement of the 'presumption of employability', dissemination of information about benefits and tax credits changes affecting service users.

2 IMPLEMENTATION

2.1 Training

DWRU provided 3 half-day briefing sessions to relevant staff in February and March 2010 in preparation for the launch of the advice service in April 2010. The sessions were held in Exeter, Chudleigh and Bideford.

A total of **46** staff from the following organisations attended briefing sessions:

Organisation	Number
Access to Employment	19
Learning Disability Teams	15
PLUSS	4
Axcess Employment Services	2
Franklyn House	2
Community Projects North Devon	1
Devon People First	1
South West Adult Placement Scheme	1
Young Devon	1

The course covered:

- an explanation of the project
- an overview of the benefits and tax credits system
- an exploration of perceived 'barriers to work'
- how barriers to work can be overcome
- examples of a variety of work scenarios showing the difference in income from pay and benefits.

2.2 The advice service process

Referrals were mainly direct referrals from staff from organisations whose work involves supporting people with learning disabilities into work. The process was as follows:

1. REFERRAL RECEIVED BY DWRU

2. APPOINTMENT ARRANGED WITH DWRU ADVISER

Day surgery at agreed venue or individual appointment (at DWRU office or support service office or home visit)

3. APPOINTMENT

Information gathered; identification of potential additional entitlement to benefits and advice given and action taken as necessary; calculations carried out

4. POST APPOINTMENT

Calculations written up and posted to service user and, with permission of service user, to third party e.g. support worker, family member

Arranging appointments by way of a 'day surgery' has a number of advantages:

- it reduces travel time
- service users are familiar with the venue and it is local
- support workers organising the appointments can ensure that service users bring all the relevant information about their circumstances
- support workers can be present to assist.

3 RESULTS

3.1 Referrals

151 referrals were received from the following sources:

Referral sources	
Access to Employment	108
Pluss	30
Learning Disability Teams	6

Bystock Court	6
Young Devon	1
Total	151

Service users lived in the following council areas:

Council area	Number	Percentage
East Devon	36	24%
Exeter	35	23%
Mid Devon	7	5%
North Devon	23	15%
Teignbridge	22	15%
Torbay	3	2%
Torrige	8	5%
South Hams	8	5%
West Devon	9	6%

Whilst Torbay is outside the Devon County Council area, referrals were accepted from Torbay where service users received services in Devon.

3.2 Monitoring information

In addition to the information concerning referrals, the following information was collected in respect of each service user:

- gender
- age
- whether single or one of a couple
- type of accommodation
- employment status
- benefits in payment at date of contact

3.2.1 Gender, age, relationship status and type of accommodation

68 (45%) of service users were female, **83** (55%) were male. All were single.

59 (39%) of service users lived at home with parents or carers.

90 (60%) of service users lived in supported accommodation.

2 (1%) of service users lived in care homes

21 (14%) of service users were over the age of 30. Whilst the target age range was 18-30, it was decided that it was appropriate to accept referrals from outside the target age range in particular circumstances e.g. where the project worker attended events to promote the service but where the event was not limited to the target age range, or where the service user was only marginally outside the age range.

3.2.2 Employment status

27% (40) of service users were in work at the point of referral.

Of these, 24% (36) worked for fewer than 16 hours per week and 3% (4) worked more than 16 hours per week.

3.2.3 Benefits in payment at date of contact

Each service user was in receipt of a combination of benefits. Some were in receipt of pay as well.

There were 22 different combinations of benefits and pay represented amongst service users at the point of referral. These were made up of combinations of nine different income sources: eight benefits and pay. The benefits included Disability Living Allowance in all but one case and included four different benefits payable on the basis of being too ill to work:

- Incapacity Benefit
- Severe Disablement Allowance
- Employment and Support Allowance
- Income Support.

The 22 different combinations of benefits and pay in payment at the date of contact were:

	Combination of benefits	Services users
1	DLA IB HB/CTB	16
2	DLA IB	24
3	DLA IS HB/CTB	15
4	DLA IB Pay	6
5	DLA SSP Pay	1
6	DLA IB IS HB/CTB	25
7	DLA SDA IS HB/CTB	12
8	DLA	2
9	DLA Pay HB/CTB	5

10	DLA IS	6
11	DLA ESA HB/CTB	6
12	DLA SDA IS Pay HB/CTB	4
13	DLA Pay	2
14	DLA SDA IS Pay	3
15	DLA ESA	8
16	DLA JSA HB/CTB	2
17	DLA JSA	2
18	DLA IB IS Pay	2
19	DLA IB HB/CTB	3
20	DLA IB IS Pay HB/CTB	2
21	SDA IS	1
22	Pay	1
	Total	151

3.3 Potential additional entitlement

On gathering information about existing entitlement, the project adviser also identified whether service users may have potential additional entitlement to benefit. This was rarely the case. The overwhelming majority of service users appeared to be receiving the correct amount of benefit.

In about **10** cases, the adviser identified mistakes in the calculation of Income Support or Income-based Employment and Support Allowance. These benefits are based on a comparison between a minimum income level set by the Government (the 'applicable amount') and actual income. The applicable amount should include the Severe Disability Premium of £53.65 per week (2010-11 rate) where the claimant is single and:

- Receives at least the middle rate of the care component of Disability Living Allowance; *and*
- Does not have a carer who received Carers Allowance; *and*
- Lives 'alone'.

The definition of living 'alone' is not straightforward. One circumstance in which the claimant is counted as living alone is where s/he shares accommodation with other people but where she has exclusive occupation of at least one room and each person living in the accommodation is separately liable for rent. This is the routine situation for supported living and, as such, the Severe Disability Premium should always be included in the calculation of Income Support and Income-based Employment and Support Allowance where the claimant also receives at least the middle rate of the care component of Disability Living Allowance and has no one claiming Carers Allowance for him/her.

In two cases the adviser identified a potential entitlement to Disability Living Allowance. These two service users were the only examples of services users not being in receipt of Disability Living Allowance.

In two cases it was identified that service users may well be entitled to a higher rate of Disability Living Allowance than was actually in payment and advice and assistance was provided accordingly.

In one case it was identified that the service user was being overpaid benefit. It was a case where Jobcentre Plus had been informed that the person concerned had started work but where they had failed to adjust the relevant means-tested benefit to take account of this. Jobcentre Plus was contacted and adjusted benefit accordingly. They did not seek to recover any overpayment as they accepted that it was their error.

In one case the project adviser identified an unclaimed entitlement to Working Tax Credit and this was corrected.

In one case it was identified that housing costs within Income Support had been miscalculated and this was corrected.

In relation to the variable combinations of benefits payable, it was often difficult to discover why certain service users were in receipt of Income Support without any Incapacity Benefit. The vast majority of service users would have claimed benefit on the basis of being unable to work because of disability when they were aged between 18 and 25. Most would have satisfied the conditions for Incapacity Benefit for People Incapacitated in Youth and should, therefore, have claimed and been paid Incapacity Benefit (whether or not they were also entitled to a top-up of Income Support). The main advantage of receiving Incapacity Benefit (with or without Income Support) is that it works more effectively with pay from work than Income Support on its own does.

21 of the service users in this project were getting Income Support without Incapacity Benefit and were therefore disadvantaged in respect of being better off whilst working if the work paid less than £95 per week. The only explanation is that they simply did not know they could claim Incapacity Benefit. There is no real solution to this problem for the service users concerned as there is no legal mechanism allowing for a change to Incapacity Benefit.

The projected overall benefit gain for the service users who have been advised and assisted to claim additional benefits is:

Annual gain: £39,046.80

Lump sums: £2446.40

Total: £41,493.20

3.4 Better off in work calculations

The main purpose of the advice service was to provide detailed information on the effect of working on each service user's overall income. In the many cases, this was a hypothetical exercise in that it was not directed to particular job offer. Instead, there was a discussion with each individual as to which scenarios they wished to consider. Typically, work of 4, 8 and 16 hours was considered. The aim was to identify the number of hours at which work would have a significant effect on benefits. This meant that, in some cases, 5 or 6 calculations were completed and in others a continuum was considered. The national minimum wage was used to carry out the calculations except in cases where there was a specific job offer and the rate of pay was known to be different. (See Appendix for an anonymised example of the calculations forwarded to service users.)

It is estimated that over **400** calculations were completed.

In only one instance was it apparent that the service user's income would drop if s/he were to take work of 16 hours or more per week. This concerned the situation of someone whose housing costs were covered by a mortgage and the anomaly occurs because there is no state financial help through the benefits system for a mortgage where the claimant works 16 hours or more per week. This is not the case in respect of rent, as Housing Benefit can be available regardless of the number of hours worked.

The degree by which people's income rose as hours of work increased varied widely. It is difficult to generalise, but the main points to make regarding the factors which influence the degree of increase are:

- People in receipt of Income Support *without* Incapacity Benefit or Severe Disablement Allowance are better off by only £20 if they work fewer than 16 hours per week. The number of hours they work below 16 is immaterial – they will be just £20 better off and gain no overall financial reward for working 5 hours instead of 4, or 6 instead of 5 etc. because every extra £1 of pay reduces the Income Support by £1.
- People in receipt of Incapacity Benefit *with* Income Support or Severe Disablement Allowance with Income Support are often only better off by £20 per week until the level of pay reduces their Income Support to nil. At that point (often somewhere around 9 hours), they are better off by the amount of pay up to £95 per week by virtue of the supported permitted work rules which allow them to keep Incapacity Benefit or Severe Disablement Allowance in full.
- People in receipt of Incapacity Benefit *without* Income Support or Severe Disablement Allowance *without* Income Support or Employment and Support Allowance are better off by the amount of pay up to £95 per week.

- The system is simpler for people living at home with parents or carers as Housing Benefit does not figure.
- People in work of 16 hours per week are generally significantly better off as compared with not working at all.
- Some people in work of 16 hours per week are not significantly better off as compared with working 12, 13, 14 or 15 hours a week.
- The Return to Work Credit of £40 per week acts as a powerful incentive to work 16 hours per week.
- There is, in effect, a disproportionate financial gain during the first 52 weeks of working 16 hours per week. This is because the Return to Work Credit ceases after 52 weeks and because Working Tax Credit is calculated on income in the previous financial year. This means that the amount of Working Tax Credit in the subsequent financial year may well be lower than in the first financial year. People need to be aware of this and of the need to prepare for the cessation of the Return to Work Credit.

3.5 Progression into work

The overall aim of this project was to increase the number customers with a learning disability who achieve paid work, with particular emphasis on achieving full time work of at least 16 hours per week whenever possible.

At the point of contact, **27%** of all service users were in work, with **3%** working 16 or more hours per week

Information is not available for the employment status of *all* service users subsequent to advice in *all* cases. This is because:

- 5 referrals were 'advice only' cases where specific information was required but not full calculations
- 6 service users did not take up the offer of the service subsequent to referral within the period of the project
- information has not been returned in 35 cases where full calculations were done.

The following, therefore, is in respect of the 105 service users for whom information is held regarding employment status both prior and subsequent to advice:

- Subsequent to advice, **45%** (47) of service users were in work, with **7%** (7) working 16 hours or more per week

- **20%** of people altered their employment status, either by starting work (**18%**) or by increasing their hours (**2%**).

In comparison with the figures for all referrals, the figures available for employment status subsequent to advice represent an increase of **18%** of people moving into work, with a **4%** increase in the number of people working 16 hours or more and a **20%** increase in altered employment status by starting work or increasing hours of work.

3.6 Feedback from service users

Service users were sent a feedback form subsequent to advice which asked the following questions:

- 1. Was this service useful?**
- 2. Has this service made you feel any differently about working?**
- 3. Are you working?**
If YES, would you like to work more hours?
If NO, would you like to work
- 4. How do you or would you get to work?**

Of the 140 forms sent out, **21** were returned. This represents a response rate of about 15%.

Responses were as follows:

- **20** people thought the service was useful
- **16** people were more confident about working
- **4** were not sure about whether they felt more confident about working
- **1** was less confident about working
- Of the **7** people who were working, **3** were unsure about working more hours, **2** did not respond and **2** would like to work more hours

- Of the **14** people not working, **6** would like to work, **7** were not sure about working, **1** did not respond.
- The **7** people who work get to work by themselves
- Of the **14** people not working, **7** would get to work alone, **4** were not sure, **and 3** would need some help.
- People would travel an average of **6** miles to work.

4. CONCLUSIONS

4.1 Employment

The broad purpose of this project was to contribute to the overall aim of the NI 146 Group to increase the number of adults with a learning disability who achieve paid work. The anticipation was that there would be a 10% increase. On the basis of the figures available, there has been an increase of 18%. It can be concluded, therefore, that the project achieved its aim.

The expectation was that project would also support a culture change towards work for adults with learning disabilities. There is no agreed measure of 'culture change', but the results as well as the feedback from service users and support workers suggests that there has been some change in culture and that the 'presumption of employability' is become more widespread. The feedback questionnaire responses suggest, for example, that 80% of people feel more confident about working following advice.

The work has clearly shown that those who are not in paid work are financially better off in work; that those already in paid work are financially better off by increasing their hours, particularly if they are able to increase their hours to 16 or more per week.

There are, of course, many factors which might influence whether an adult with a learning disability moves into paid work or increases his/her hours of work. Accurate, individualised information about benefits is only one of them. Others include the attitudes of service users, their families and carers, the availability and quality of support, the availability of suitable jobs and the attitudes of employers. However, the results of this project do support the premise that advice on the effect on overall income of taking work or increasing hours of work is a significant factor in supporting adults with learning disabilities into work. Its success has already led to the securing of funding to extend and expand the project.

4.2 Entitlement to benefits and tax credits

It has been shown that a significant minority of the target group, around 10%, were not in receipt of their full entitlement to benefit; that they were missing out on an average annual payment of approximately £4,000.

This work has also exposed some difficulties inherent in the benefits system. Its complexity is demonstrated by the variability in the combinations of benefits payable to single adults with a disability. 22 combinations were recorded. One issue of particular concern was the high

incidence of people who were in receipt of Income Support *without* Incapacity Benefit or Severe Disablement Allowance. The effect of this is that, if these people take work which pays less than £95 per week, they will only be £20 better off per week, usually regardless of how much they earn between £20 and £95. This provides no financial incentive to work between about 4 and 15 hours per week. This compares unfavourably with those who are in receipt of Incapacity Benefit, Severe Disablement Allowance or Employment and Support Allowance as, under the *supported permitted work* rules, these claimants are generally better off by the amount of their pay (up to £95 per week). The only identifiable reason for people receiving Income Support alone, without Incapacity Benefit or Severe Disablement Allowance is lack of advice.

A further issue concerns the interaction of Working Tax Credit, Incapacity Benefit and the minimum wage. At 16 hours, the minimum wage pays just less than the £95 limit for earnings from *supported permitted work*. This means that it is possible for people to remain entitled to Incapacity Benefit whilst working 16 hours per week and for them to claim Working Tax Credit. This creates a very complex system and a need for in-depth advice and therefore makes it very difficult for people to make informed decisions about taking work.

It is also to be noted that the *permitted work* rules are complex and operate very differently for people depending on whether the work is or is not *supported*. Where it is not *supported* work, there is both a time limit and an hours per week limit contained. In addition, the way pay affects benefits depends greatly on which basic incapacity-related benefit an individual receives.

The complexity of the system and the risk of failing to secure rightful entitlement to benefits might leads to the conclusion that the aim should be to put in place support that enables adults with learning disabilities to secure work that removes them these complexities. Regardless of this, the work on this project clearly demonstrates that that independent advice on benefits and tax credits is an integral part of a service which aims to support adults with a learning disability into work.

4.3 Processes

With regard to the processes used for this project, they generally worked in an effective manner. Around 90% of appointments were in the form of day or half-day surgeries at A2E or Pluss premises and this was a highly efficient way of organising the service. As regards monitoring and outcomes, it may be that, with any on-going work, the mechanism for receiving feedback from the referral agencies and the method of inviting and

obtaining feedback needs to be reviewed to maximise returns and responses.

4.4 Next phase

Funding has already been secured to take this work forward and to expand it to include all adults with learning disabilities up to the age of 50. This is a clear endorsement of the value of this work.

The new phase of the project has now begun. This new phase brings with it the added complication of major changes in the benefits system affecting all claimants of incapacity-related benefits whose entitlement will be reassessed before March 2014. In addition, there are reductions in Housing Benefit for people in private sector rented accommodation. These two changes mean that many people are anxious about the level and stability of their incomes and need reassurance, information and advice about how they changes will affect them, given their individual circumstances. In the longer term, the introduction of Universal Credit and the replacement of Disability Living Allowance with the Personal Independence Payment will also increase the demand for advice.

In the new phase of the project, as well as providing general information to service users and their carers and support workers about the forthcoming benefits changes, the project adviser will also provide example calculations for work as previously, but will extend this to providing a calculation for work of 5 days per week. This intention of this is to allow all parties to see the full spectrum of entitlement and income from not working to working full time. It will also support the idea that the 'presumption of employability' extends beyond work of a few hours per week right up to full time work of 5 days per week.

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June 2011

APPENDIX

Set out below is an anonymised example of calculations forwarded to service users following face-to-face advice. In this case example, the client is aged 23 and lives in supported housing. At the time of the calculation, the minimum wage was £5.80 per hour and the permitted work earnings limit was £93 per week.

Name: **Client**

1. INCOME WHEN NOT WORKING

Client is not presently working. Her income is as follows:

Income when not working		
Disability Living Allowance	Middle rate care	47.80
	Lower rate mobility	18.95
Incapacity Benefit		106.40
Income Support (see calculation below)		27.10
Housing Benefit		71.00
Total		£271.25

Income Support calculation

Applicable Amount		Income	
Personal Allowance	51.85	DLA	Disregarded
Disability Premium	28.00	Incapacity Benefit	106.40
Severe Disability Premium	53.65		
Total	£133.50	Total	£106.40

Income Support = Applicable Amount – Income =

133.50 – 106.40 = £27.10

2. INCOME IF CLIENT WORKS 4 HOURS OR MORE PER WEEK

If Client were to work 4 hours per week at the minimum wage of £5.80 per hour, making her weekly pay £23.20, she would retain entitlement to Incapacity Benefit in full. This is because the work would be *supported permitted work*. The rules for *supported permitted work* allow people to continue to claim an ‘incapacity’ benefit whilst working and to retain full entitlement to Incapacity Benefit, provided the pay is less than £93 per week. Work is *supported work* if it is supported by an organisation whose role is to help people with disabilities find and sustain work through regular support (e.g. Access to Employment, Pluss).

Although Client's Incapacity Benefit would remain payable in full if she worked 4 hours at the minimum wage, her Income Support would be reduced by the amount of the pay which exceeds £20. She would retain entitlement to full Housing Benefit.

Income working 4 hours per week		
Disability Living Allowance	Middle rate care	47.80
	Lower rate mobility	18.95
Incapacity Benefit		106.40
Pay for 4 hours at 5.80 per hour		23.20
Income Support (see calculation below)		23.90
Housing Benefit		71.00
Total		£291.25

Income Support calculation working 4 hours per week

Applicable Amount		Income	
Personal Allowance	51.85	DLA	Disregarded
Disability Premium	28.00	Incapacity Benefit	106.40
Severe Disability Premium	53.65	Pay less £20 disregarded	3.20
Total	£133.50	Total	£109.60

Income Support = Applicable Amount – Income =

133.50 – 109.60 = £23.90

On this basis, Client is only £20 better off per week whilst she retains entitlement to Income Support. If she worked 8 hours, she would lose entitlement to Income Support because, for every £1 earned above £20, Income Support is reduced by £1.

Disability Living Allowance is not affected by working unless the work in some way suggests that a person's condition and/or care/mobility needs have changed enough to mean that s/he no longer qualifies. I have only known of this happening where there is an obvious conflict between the work and the disability e.g. where someone who gets the higher rate of the mobility component begins work which involves a lot of walking, or someone with a bad back gets a job as a labourer. There is a requirement for a claimant to tell the part of the DWP that pays DLA that s/he has started work if s/he thinks this means that her/his care needs/mobility have changed.

If Client were to work 8 hours, her income would be as follows:

Income working 8 hours per week		
Disability Living Allowance	Middle rate care	47.80
	Lower rate mobility	18.95
Incapacity Benefit		106.40
Pay for 8 hours at 5.80 per hour		46.40
Housing Benefit (see calculation below)		71.00
Total		£290.55

Housing Benefit calculation working 8 hours per week

Applicable Amount		Income	
Personal Allowance	51.85	DLA	Disregarded
Disability Premium	28.00	Incapacity Benefit	106.40
Severe Disability Premium	53.65	Pay	Disregarded
Total	£133.50	Total	£109.60

Housing Benefit = Maximum payable - £71 - where the Applicable Amount exceeds the income.

If Client were to work 9, 10, 11, 12, 13, 14 or 15 hours per week, her income would increase by the amount of the pay. This is because neither Incapacity Benefit nor Housing Benefit is affected by earnings from *supported permitted work*. If Client worked 16, see below.

3. INCOME IF CLIENT WERE TO WORK 16 HOURS PER WEEK

If Client were to work 16 hours per week, she may or may not lose entitlement to Incapacity Benefit. Because pay at the minimum wage of £5.80 per hour for 16 hours (£92.80) is less than the *permitted work* earnings limit of £93, Incapacity Benefit should be payable even if Client works 16 hours per week. Having said this, the Decision Maker could take the view that working 16 hours per week means that Client is generally capable of work and that Incapacity Benefit should be withdrawn.

The calculations below show income when working 16 hours per week both *with* and *without* Incapacity Benefit.

If Client works 16 hours per week, she can claim Working Tax Credit. This would be payable at the maximum amount of £86.10 per week.

3.1 Working 16 hours without Incapacity Benefit

Income working 16 hours without Incapacity Benefit		
Disability Living Allowance	Middle rate care	47.80
	Lower rate mobility	18.95
Pay: 16 hours at £5.80 per hour		92.80
Working Tax Credit (see calculation below)		86.10
Housing Benefit (see calculation below)		65.60
Total		£311.25

Working Tax Credit

Maximum Tax Credits	
Basic element	1920
Disability element	2570
Total	4490
Income	
2009 – 2010: Income Support	Nil
Threshold	6420

Because the income is less than the threshold amount, the amount payable is Maximum Tax Credits: £4490 per year, £86.10 per week.

Housing Benefit calculation working 16 hours per week without Incapacity Benefit

Applicable Amount		Income	
Personal Allowance	51.85	DLA	Disregarded
Disability Premium	28.00	Working Tax Credit	86.10
Severe Disability Premium	53.65	Pay – less 37.10 disregarded	55.70
Total	£133.50	Total	£141.80

Where the Income exceeds the Applicable Amount:

Housing Benefit = Maximum Housing Benefit – 65% x (Income – Applicable Amount)

= 71 – 65% x (141.80 – 133.50)

= 71 – 65% x 8.30

= 71 – 5.40 = 65.60 Housing Benefit payable

In addition to the £311.25 total income whilst working 16 hours per week as calculated above, for the first 52 weeks of working 16 hours per week, the Return

to Work Credit which is worth £40 per week would also be payable. The Return to Work Credit is only payable for the first year of work.

3.2 Working 16 hours with Incapacity Benefit

Income working 16 hours with Incapacity Benefit		
Disability Living Allowance	Middle rate care	47.80
	Lower rate mobility	18.95
Pay: 16 hours at £5.80 per hour		92.80
Working Tax Credit (see calculation above)		86.10
Incapacity Benefit		106.40
Housing Benefit (see calculation below)		32.65
Total		£384.70

Housing Benefit calculation working 16 hours per week with Incapacity Benefit

Applicable Amount		Income	
Personal Allowance	51.85	DLA	Disregarded
Disability Premium	28.00	Working Tax Credit	86.10
Severe Disability Premium	53.65	Pay	Disregarded
		Incapacity Benefit	106.40
Total	£133.50	Total	£192.50

Where the Income exceeds the Applicable Amount:

Housing Benefit = Maximum Housing Benefit – 65% x (Income – Applicable Amount)

$$= 71 - 65\% \times (192.50 - 133.50)$$

$$= 71 - 65\% \times 59$$

$$= 71 - 38.35 = 32.65 \text{ Housing Benefit payable}$$

*In addition to the **£384.70** total income whilst working 16 hours per week as calculated above, for the first 52 weeks of working 16 hours per week, the Return to Work Credit which is worth £40 per week would also be payable. The Return to Work Credit is only payable for the first year of work.*

However, because Working Tax Credit is calculated on the basis of the previous year's income, in the second year of Working Tax Credit, the amount may go down.

SUMMARY

Total income		
Not working	£271.25	
Working 4 hours	£291.25	
Working 5 hours	£291.25	
Working 6 hours	£291.25	
Working 7 hours	£291.25	
Working 8 hours	£291.25	
Working 9 hours	£296.35	
Working 10 hours	£302.15	
Working 11 hours	£307.95	
Working 12 hours	£313.75	
Working 13 hours	£319.55	
Working 14 hours	£325.35	
Working 15 hours	£331.15	
Working 16 hours <i>without</i> Incapacity Benefit	£311.25	Plus £40 return to work credit for 52 wks
Working 16 hours <i>with</i> Incapacity Benefit	£384.70	Plus £40 return to work credit for 52 wks

Vincent Willson
Devon Welfare Rights Unit

July 2010

The AIMS of CITIZENS ADVICE:

- ❖ **To ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities or of the service available to them or through an inability to express their needs effectively.**

and equally

- ❖ **To exercise a responsible influence on the development of social policies and services, both locally and nationally.**

The AIMS of DEVON WELFARE RIGHTS UNIT are:

- ❖ **To improve the availability and quality of welfare rights advice and social policy work in Devon, by delivering training, consultancy and support to organisations providing advice to the public.**

and

- ❖ **To identify and act upon social security and social care issues which have implications for social and financial inclusion.**

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