

Welfare Benefits and Tax Credits Handbook

10th edition

Child Poverty Action Group

.....

Foreword

The year 2008 marks the sixtieth anniversary of the passing of the National Assistance Act. This should be a year for anti-poverty activists to celebrate, and for all of us who work in it – and rely on it – to praise our welfare state. Many of us know our own families were lifted out of poverty thanks to the post-war reforms that brought about a system of security and social protection that previously families lacked. Those reforms: family allowances to help parents meet the costs of raising children; financial protection when jobs were lost through unemployment, family breakdown, illness or bereavement; the promise of a secure retirement; free healthcare; and access to free full-time education, have transformed our prospects compared with those of our parents and grandparents. They have ensured that many of us escape the poverty, and the fear of poverty, experienced by earlier generations.

But we also know that too many of our children still continue to grow up in poverty. Yet far from seeking to celebrate the modern welfare state, or to extend its mission to end child poverty for ever, its achievements and the principles on which it is founded face a ‘drip, drip’ diet of criticism, carping and threat. Politicians vie to talk toughest. The right to financial support for one’s family is subject to an ever more onerous set of conditions. Fraud and scrounging are exaggerated, while error and complexity increase, leaving families without access to the benefits to which they are entitled. And then, we are surprised when Britain finds itself at the bottom of the Unicef child wellbeing league.

Welfare rights advisers, whose professionalism, dedication and expertise are vital in maximising family incomes to help bring about an end to poverty, are in the frontline of trying to reverse this trend. In providing you with our specialist handbooks, training and online resources, we aim to equip you to do that job more effectively as you advise families on their rights.

But more than that. In this sixtieth anniversary year, as ministers unveil yet more welfare reforms with more demands and coercion, and as we see increasing attempts to divide the ‘deserving’ from the ‘undeserving’ poor, we hope to enlist your support as campaigners and advocates for a truly modern welfare state. We ask you to mark the passage of the 1948 Act by working with Child Poverty Action Group to demand a reform programme for the twenty-first century that guarantees a fairer future for every child, and ends child poverty for good.

Kate Green

Child Poverty Action Group Chief Executive

Contents

How to use this <i>Handbook</i>	ix	
Abbreviations	xi	
Means-tested benefit rates	xii	
Non-means-tested benefit rates	xv	
Tax credit rates	xvii	
Part 1	Introduction	
Chapter 1	Introduction	3
Part 2	Benefits	
Chapter 2	Bereavement benefits	19
Chapter 3	Carer's allowance	43
Chapter 4	Child benefit	56
Chapter 5	Council tax benefit	80
Chapter 6	Disability living allowance and attendance allowance	100
Chapter 7	Employment and support allowance	139
Chapter 8	Guardian's allowance	153
Chapter 9	Health benefits	163
Chapter 10	Housing benefit and discretionary housing payments	177
Chapter 11	Housing benefit rent restrictions	233
Chapter 12	Incapacity benefit	261
Chapter 13	Income support	291
Chapter 14	Industrial injuries benefits	312
Chapter 15	Jobseeker's allowance: main rules	338
Chapter 16	Jobseeker's allowance: sanctions and hardship payments	400
Chapter 17	Maternity allowance	434
Chapter 18	Pension credit	446
Chapter 19	Retirement pensions	464
Chapter 20	Severe disablement allowance	482
Chapter 21	Social fund: discretionary payments	484
Chapter 22	Social fund: regulated payments	513
Chapter 23	Statutory maternity, paternity and adoption pay	526
Chapter 24	Statutory sick pay	554

Part 3	Special benefit rules	
Chapter 25	Studying and benefits	575
Chapter 26	Benefits in hospital, prison and other special circumstances	609
Part 4	Common benefit rules	
Chapter 27	Work and benefits	647
Chapter 28	Incapacity for work	660
Chapter 29	Claiming for others: non-means-tested benefits	686
Chapter 30	Claiming for others: means-tested benefits	700
Chapter 31	National insurance contributions	717
Chapter 32	Maintenance	742
Chapter 33	Applicable amounts	770
Chapter 34	Housing costs	796
Chapter 35	Income: non-means-tested benefits	828
Chapter 36	Income: means-tested benefits	843
Chapter 37	Capital	909
Part 5	Benefit claims, decisions and challenges	
Chapter 38	Claims, backdating and getting paid	953
Chapter 39	Overpayments	1006
Chapter 40	Fraud	1039
Chapter 41	Decisions, revisions and supersessions	1056
Chapter 42	Appeals	1093
Chapter 43	Challenging decisions on statutory payments	1149
Chapter 44	Social fund reviews	1156
Chapter 45	Discrimination and human rights	1163
Chapter 46	Complaints	1180
Part 6	Tax credits	
Chapter 47	Introduction: tax credits	1191
Chapter 48	Child tax credit	1195
Chapter 49	Working tax credit	1209
Chapter 50	Work and tax credits	1222
Chapter 51	The amount of tax credit	1233
Chapter 52	Income: tax credits	1253
Chapter 53	Claims, backdating and getting paid: tax credits	1273
Chapter 54	Decisions and changes in circumstances: tax credits	1283
Chapter 55	Overpayments of tax credits	1294
Chapter 56	Investigations, penalties and fraud: tax credits	1305
Chapter 57	Revisions and appeals: tax credits	1315

Part 7	Immigration and residence rules for benefits and tax credits	
Chapter 58	Coming from and going abroad: benefits	1333
Chapter 59	Residence rules: benefits	1356
Chapter 60	Immigration and residence rules: tax credits	1375
Chapter 61	European Community law	1382
Appendices		
Appendix 1	Useful addresses	1409
Appendix 2	Information and advice	1414
Appendix 3	Useful publications	1416
Appendix 4	Disabilities that may make a person incapable of work	1420
Appendix 5	Statutory maternity pay, statutory paternity pay (birth) and maternity allowance	1427
Appendix 6	Pensionable age for women aged between 40 and 45 on 6 April 1995	1430
Appendix 7	Prescribed degrees of disablement	1432
Appendix 8	Prescribed industrial diseases	1434
Appendix 9	Upper and lower earnings limits	1446
Appendix 10	Disability which puts a person at a disadvantage in getting a job	1447
Appendix 11	Abbreviations used in the notes	1449
Index		1459

Means-tested benefit rates

Income support/income-based jobseeker's allowance

Personal allowances		£pw
Single	Under 25	47.95
	25 or over	60.50
Lone parent	Under 18	47.95
	18 or over	60.50
Couple	Both under 18	47.95
	Both under 18, certain cases	72.35
	One under 18, one 18-24	47.95
	One under 18, one 25 or over	60.50
	One under 18, certain cases	94.95
	Both 18 or over	94.95

Premiums

Carer		27.75
Disability	Single	25.85
	Couple	36.85
Enhanced disability	Single	12.60
	Couple	18.15
Severe disability	One qualifies	50.35
	Two qualify	100.70
Pensioner	Single (jobseeker's allowance only)	63.55
	Couple	94.40

Children (Pre-6 April 2004 claims with no child tax credit)

Child under 20 personal allowance	52.59
Family premium	16.75
Disabled child premium	48.72
Enhanced disability premium (child)	19.60

Capital limits

	Lower	Upper
Standard	6,000	16,000
Care homes	10,000	16,000
Tariff income £1 per £250 between lower and upper limit		

Pension credit

Guarantee credit

Standard minimum guarantee	Single	124.05
	Couple	189.35

		£pw
Severe disability addition	One qualifies	50.35
	Two qualify	100.70
Carer addition		27.75
Savings credit		
Threshold	Single	91.20
	Couple	145.80
Maximum	Single	19.71
	Couple	26.13
Capital limits		
Standard		6,000
Care homes		10,000
No upper limit		
Deemed income £1 per £500 above disregard		
Housing benefit and council tax benefit		
Personal allowances		
Single	Under 25	47.95
	25 or over	60.50
Lone parent	Under 18	47.95
	18 or over	60.50
Couple	Both under 18	72.35
	One or both 18 or over	94.95
Children	Under 20	52.59
Pensioner 60 or over	Single under 65	124.05
	Single 65 or over	143.80
	Couple both under 65	189.35
	Couple one or both 65 or over	215.50
Premiums		
Carer		27.75
Disability	Single	25.85
	Couple	36.85
Disabled child		48.72
Enhanced disability	Single	12.60
	Couple	18.15
	Child	19.60
Severe disability	One qualifies	50.35
	Two qualify	100.70
Family	Ordinary rate	16.75
	Some lone parents	22.20
	Baby addition	10.50

Means-tested benefit rates

.....

Capital limits	£pw	
	Lower	Upper
Standard	6,000	16,000
Care home (housing benefit only)	10,000	16,000
Tariff income £1 per £250 between lower and upper limit £1 per £500 for those aged 60 or over		
No upper limit or tariff income for those on PC guarantee credit		

Note: changes to housing benefit and council tax benefit personal allowances and premiums are expected from October 2008 for people claiming the new employment and support allowance (see CPAG's *Welfare Rights Bulletin* for details).

Social fund payments

Maternity grant		500.00
Cold weather payment		8.50
Winter fuel payment	60–79	200.00
	80 or over	300.00
	Care home (60–79)	100.00
	Care home (80 or over)	150.00

Non-means-tested benefit rates

	Claimant £pw	Adult dependant £pw
Attendance allowance		
Higher rate	67.00	
Lower rate	44.85	
Bereavement benefits		
Bereavement payment (lump sum)	2,000	
Bereavement allowance/widow's pension (55 or over)	90.70	
Bereavement allowance/widow's pension (45–54)	27.21–84.35	
Widowed parent's allowance/widowed mother's allowance	90.70	
Carer's allowance	50.55	30.20
Child benefit		
Only/eldest child	18.80	
Other child(ren)	12.55	
Child dependant (some existing claimants only)		
Only/eldest child	8.75	
Other child(ren)	11.35	
Disability living allowance		
Care component		
Highest rate	67.00	
Middle rate	44.85	
Lowest rate	17.75	
Mobility component		
Higher rate	46.75	
Lower rate	17.75	
Guardian's allowance	13.45	

Non-means-tested benefit rates

	Claimant £pw	Adult dependant £pw
Short-term incapacity benefit		
Lower rate	63.75	39.40
Higher rate	75.40	39.40
Lower rate (over pension age)	81.10	48.65
Higher rate (over pension age)	84.50	48.65
Long-term incapacity benefit		
Age addition (under 35)	17.75	
Age addition (35–44)	8.90	
Industrial disablement benefit		
Under 18	20%: £16.77 to 100%: £83.85	
18 or over	20%: £27.36 to 100%: £136.80	
Contribution-based jobseeker's allowance		
Under 25	47.95	
25 or over	60.50	
Maternity allowance		
Standard rate	117.18	39.40
Retirement pension		
Category A	90.70	54.35
Category B (widow(er)/surviving civil partner)	90.70	
Category B (spouse/civil partner)	54.35	
Category D	54.35	
Severe disablement allowance		
Age addition (under 40)	17.75	30.40
Age addition (40–49)	11.40	
Age addition (50–59)	5.70	
Statutory maternity, paternity and adoption pay		
Standard rate	117.18	
Statutory sick pay		
	75.40	
National insurance contributions		
Lower earnings limit	90.00	
Primary threshold	105.00	
Employee's class 1 rate	11% of £105.01 to £770 1% above £770	
Class 2 rate	2.30	

Tax credit rates

		£ per day	£ per year
Child tax credit			
Family element	Basic	1.50	545
	Baby element	1.50	545
Child element		5.72	2,085
Disability element		6.96	2,540
Severe disability element		2.80	1,020
Working tax credit			
Basic element		4.94	1,800
Couple element		4.85	1,770
Lone parent element		4.85	1,770
30-hour element		2.02	735
Disability element		6.59	2,405
Severe disability element		2.80	1,020
50-plus element	Working 16–29 hours	3.39	1,235
	Working 30 hours or more	5.05	1,840
Childcare element	80% eligible childcare costs to a weekly maximum of:		
	One child		weekly maximum £175
	Two or more children		weekly maximum £300
Thresholds			
First income threshold	Working tax credit only		£6,420
	or with child tax credit		
	Child tax credit only		£15,575
First taper			39%
Second income threshold			min. £50,000
Second taper			6.67%
Income disregard			£25,000