

Welfare Benefits and Tax Credits Handbook

11th edition

Child Poverty Action Group

Foreword

This foreword is being written at a time of unprecedented economic crisis and uncertainty. Many families will be worried and fearful of the future, anxious about unemployment, debt or losing the family home.

It is, however, for the poorest families that the risks are greatest. Those who are already raising children at or below the poverty line, with no cushion for difficult times, are especially vulnerable now. Those who have never worked, or have had only sporadic or low-skilled, poor-quality, poorly paid jobs, are at greatest risk of job loss and long periods of unemployment. Families already struggling to make ends meet face the greatest hardship.

It is essential that access to advice and support, alongside income protection to offer financial security to low-income families, are maintained and increased in these difficult times. CPAG hopes that advisers continue to find this *Handbook* helpful when giving the best possible advice.

The independent advice network does, however, face increasing pressure from lack of funding. It is vital that adequate investment is provided to ensure that expert and impartial advice is available to low-income families, enabling them to obtain their full financial entitlements.

Even more important and urgent, however, is fairer distribution through the tax credit and benefit systems to maximise the incomes of the poorest households. At a time of economic crisis, increasing the incomes of low-income families can prove one of the most fastest and effective ways of restabilising our troubled economy, providing immediate and effective fiscal stimulus as the poor go out and spend the extra resources they receive.

Bold measures to redistribute from rich to poor will, moreover, address the fundamental cause of this exceptional economic crisis: the high level of inequality in the UK, which has persisted despite the efforts and progress made in reducing child poverty over the past ten years. The public understands very well what is needed: effective stewardship of the economy and greater social justice go hand in hand. Replacing the flawed economic model, which rewarded a privileged elite with excessive and unfettered wealth and brought about near collapse of our financial system, with a fairer society in which rewards and resources are more equitably shared, will provide a sustainable route to economic recovery, commanding widespread popular support.

The challenges we face are unprecedented, but the solutions – mending the economy, ending child poverty and increasing fairness – must work together now. 2009 marks the tenth anniversary of Tony Blair's pledge to end child poverty

in a generation. Today's exceptional economic circumstances offer a once in a generation opportunity to take the radical steps necessary to achieve that goal.

Kate Green

Chief Executive, Child Poverty Action Group

Contents

How to use this <i>Handbook</i>	x	
Abbreviations	xii	
Means-tested benefit rates	xiii	
Non-means-tested benefit rates	xvii	
Tax credit rates	xx	
Part 1	Introduction	
Chapter 1	Introduction	3
Part 2	Benefits	
Chapter 2	Bereavement benefits	21
Chapter 3	Carer's allowance	45
Chapter 4	Child benefit	58
Chapter 5	Council tax benefit	82
Chapter 6	Disability living allowance and attendance allowance	102
Chapter 7	Employment and support allowance	141
Chapter 8	Guardian's allowance	169
Chapter 9	Health benefits	179
Chapter 10	Housing benefit and discretionary housing payments	197
Chapter 11	Housing benefit rent restrictions	253
Chapter 12	Incapacity benefit	280
Chapter 13	Income support	292
Chapter 14	Industrial injuries benefits	316
Chapter 15	Jobseeker's allowance: main rules	342
Chapter 16	Jobseeker's allowance: sanctions and hardship payments	405
Chapter 17	Maternity allowance	439
Chapter 18	Pension credit	451
Chapter 19	Retirement pensions	469
Chapter 20	Severe disablement allowance	487
Chapter 21	Social fund: discretionary payments	490
Chapter 22	Social fund: regulated payments	519
Chapter 23	Statutory maternity, paternity and adoption pay	532
Chapter 24	Statutory sick pay	560

Part 3	Special benefit rules	
Chapter 25	Studying and benefits	579
Chapter 26	Benefits in hospital, prison and other special circumstances	618
Part 4	Common benefit rules	
Chapter 27	Work and benefits	659
Chapter 28	Incapacity for work	674
Chapter 29	Claiming for others: non-means-tested benefits	701
Chapter 30	Claiming for others: means-tested benefits	716
Chapter 31	National insurance contributions	734
Chapter 32	Maintenance	761
Chapter 33	Applicable amounts	777
Chapter 34	Housing costs	809
Chapter 35	Income: non-means-tested benefits	847
Chapter 36	Income: means-tested benefits	863
Chapter 37	Capital	933
Part 5	Benefit claims, decisions and challenges	
Chapter 38	Claims, backdating and getting paid	979
Chapter 39	Overpayments	1035
Chapter 40	Fraud	1067
Chapter 41	Decisions, revisions and supersessions	1084
Chapter 42	Appeals	1023
Chapter 43	Challenging decisions on statutory payments	1184
Chapter 44	Social fund reviews	1195
Chapter 45	Discrimination and human rights	1202
Chapter 46	Complaints	1219
Part 6	Tax credits	
Chapter 47	Introduction: tax credits	1231
Chapter 48	Child tax credit	1236
Chapter 49	Working tax credit	1251
Chapter 50	Work and tax credits	1264
Chapter 51	The amount of tax credit	1275
Chapter 52	Income: tax credits	1295
Chapter 53	Claims, backdating and getting paid: tax credits	1315
Chapter 54	Decisions and changes in circumstances: tax credits	1326
Chapter 55	Overpayments of tax credits	1337
Chapter 56	Investigations, penalties and fraud: tax credits	1347
Chapter 57	Revisions and appeals: tax credits	1357

Part 7	Immigration and residence rules for benefits and tax credits	
Chapter 58	Coming from and going abroad: benefits	1373
Chapter 59	Residence rules: benefits	1399
Chapter 60	Immigration and residence rules: tax credits	1425
Chapter 61	European Community law	1432
Appendices		
Appendix 1	Useful addresses	1463
Appendix 2	Information and advice	1468
Appendix 3	Useful publications	1470
Appendix 4	Disabilities that may make a person incapable of work	1474
Appendix 5	Statutory maternity pay, statutory paternity pay (birth) and maternity allowance	1481
Appendix 6	Pensionable age for women aged between 40 and 45 on 6 April 1995	1484
Appendix 7	Prescribed degrees of disablement	1486
Appendix 8	Prescribed industrial diseases	1488
Appendix 9	Upper and lower earnings limits	1499
Appendix 10	Disability which puts a person at a disadvantage in getting a job	1500
Appendix 11	Limited capability for work assessment	1502
Appendix 12	Limited capability for work-related activity assessment	1514
Appendix 13	Abbreviations used in the notes	1519
Index		1531

Means-tested benefit rates

Income support/income-based jobseeker's allowance

Personal allowances		£pw
Single	Under 25	50.95
	25 or over	64.30
Lone parent	Under 18	50.95
	18 or over	64.30
Couple	Both under 18	50.95
	Both under 18, certain cases	76.90
	One under 18, one 18–24	50.95
	One under 18, one 25 or over	64.30
	One under 18, certain cases	100.95
	Both 18 or over	100.95
Premiums		
Carer		29.50
Disability	Single	27.50
	Couple	39.15
Enhanced disability	Single	13.40
	Couple	19.30
Severe disability	One qualifies	52.85
	Two qualify	105.70
Pensioner	Single (jobseeker's allowance only)	65.70
	Couple	97.50
Children (Pre-6 April 2004 claims with no child tax credit)		
Child under 20 personal allowance		56.11
Family premium		17.30
Disabled child premium		51.24
Enhanced disability premium (child)		20.65
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		

Means-tested benefit rates

.....

		£pw	
Pension credit			
Guarantee credit			
Standard minimum guarantee	Single	130.00	
	Couple	198.45	
Severe disability addition	One qualifies	52.85	
	Two qualify	105.70	
Carer addition		29.50	
Savings credit			
Threshold	Single	96.00	
	Couple	153.40	
Maximum	Single	20.40	
	Couple	27.03	
Capital disregard			
Standard		6,000	
Care homes		10,000	
No upper limit			
Deemed income £1 per £500 above disregard			
Income-related employment and support allowance			
		Assessment phase	Main phase
Personal allowances			
Single	Under 25	50.95	64.30
	25 or over	64.30	64.30
Lone parent	Under 18	50.95	64.30
	18 or over	64.30	64.30
Couple	Both under 18 (max)	79.60	100.95
	Both 18 or over	100.95	100.95
Premiums			
Carer		29.50	29.50
Severe disability (one qualifies)		52.85	52.85
Severe disability premium (two qualify)		105.70	105.70
Enhanced disability	Single	13.40	13.40
	Couple	19.30	19.30
Pensioner	Single, no component	65.70	–
	Couple, no component	97.50	–
	Single, work-related activity component	–	40.20
	Couple, work-related activity component	–	72.00
	Single, support component	–	34.85
	Couple, support component	–	66.65

Means-tested benefit rates

		£pw
Components		
Work-related activity	–	25.50
Support	–	30.85
Capital limits		
As for income support		
Housing benefit and council tax benefit		
Personal allowances		
Single	Under 25	50.95
	Under 25 (on main-phase ESA)	64.30
	25 or over	64.30
Lone parent	Under 18	50.95
	Under 18 (on main-phase ESA)	64.30
	18 or over	64.30
Couple	Both under 18	76.90
	Both under 18 (claimant on main-phase ESA)	100.95
	One or both 18 or over	100.95
Dependent children	Under 20	56.11
Pensioner 60 or over	Single under 65	130.00
	Single 65 or over	150.40
	Couple both under 65	198.45
	Couple one or both 65 or over	225.50
Premiums		
Carer		29.50
Disability	Single	27.50
	Couple	39.15
Disabled child		51.24
Enhanced disability	Single	13.40
	Couple	19.30
	Child	20.65
Severe disability	One qualifies	52.85
	Two qualify	105.70
Family	Ordinary rate	17.30
	Some lone parents	22.20
	Baby addition	10.50
Components		
Work-related activity		25.50
Support		30.85

Means-tested benefit rates

.....

Capital limits	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		
Social fund payments		
Maternity grant		500.00
Cold weather payment		25.00
Winter fuel payment	60–79	250.00
	80 or over	400.00
	Care home (60–79)	125.00
	Care home (80 or over)	200.00

Non-means-tested benefit rates

	Claimant £pw	Adult dependant £pw
Attendance allowance		
Higher rate	70.35	
Lower rate	47.10	
Bereavement benefits		
Bereavement payment (lump sum)	2,000	
Bereavement allowance/widow's pension (55 or over)	95.25	
Bereavement allowance/widow's pension (45–54)	28.58–88.58	
Widowed parent's allowance/widowed mother's allowance	95.25	
Carer's allowance	53.10	31.70
Child benefit		
Only/eldest child	20.00	
Other child(ren)	13.20	
Child dependant (some existing claimants only)		
Only/eldest child	8.20	
Other child(ren)	11.35	
Disability living allowance		
Care component		
Highest rate	70.35	
Middle rate	47.10	
Lowest rate	18.65	
Mobility component		
Higher rate	49.10	
Lower rate	18.65	
Contributory employment and support allowance		
Assessment phase		
Under 25	50.95	
25 or over	64.30	

Non-means-tested benefit rates

.....

	Claimant £pw	Adult dependant £pw
Main phase		
16 or over	64.30	
Work-related activity component	25.50	
Support component	30.85	
Guardian's allowance	14.10	
Short-term incapacity benefit		
Lower rate	67.75	41.35
Higher rate	80.15	41.35
Lower rate (over pension age)	86.20	51.10
Higher rate (over pension age)	89.80	51.10
Long-term incapacity benefit	89.80	53.10
Age addition (under 35)	15.65	
Age addition (35–44)	6.55	
Industrial disablement benefit		
Under 18	20%: £17.61 to 100%: £88.05	
18 or over	20%: £28.72 to 100%: £143.60	
Contribution-based jobseeker's allowance		
Under 25	50.95	
25 or over	64.30	
Maternity allowance		
Standard rate	123.06	41.35
Retirement pension		
Category A	95.25	57.05
Category B (widow(er)/surviving civil partner)	95.25	
Category B (spouse/civil partner)	57.05	
Category D	57.05	
Severe disablement allowance	57.45	31.90
Age addition (under 40)	15.65	
Age addition (40–49)	9.10	
Age addition (50–59)	5.35	
Statutory maternity, paternity and adoption pay		
Standard rate	123.06	
Statutory sick pay	79.15	

Non-means-tested benefit rates

	Claimant £pw	Adult dependant £pw
National insurance contributions		
Lower earnings limit	95.00	
Primary threshold	110.00	
Employee's class 1 rate	11% of £110.01 to £844	
Class 2 rate	1% above £844	2.40

Tax credit rates

		£ per day	£ per year
Child tax credit			
Family element	Basic	1.50	545
	Baby element	1.50	545
Child element		6.13	2,235
Disability element		7.32	2,670
Severe disability element		2.95	1,075
Working tax credit			
Basic element		5.18	1,890
Couple element		5.10	1,860
Lone parent element		5.10	1,860
30-hour element		2.13	775
Disability element		6.94	2,530
Severe disability element		2.95	1,075
50-plus element	Working 16–29 hours	3.57	1,300
	Working 30 hours or more	5.31	1,935
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		16,040
First taper			39%
Second income threshold			min. 50,000
Second taper			6.67%
Income disregard			25,000