

## Benefits and tax credits for lone parent students

*Benefits and tax credits for lone parent students* is one of a series of Child Poverty Action Group in Scotland leaflets giving guidance to advisers who are working with people who are studying or thinking about doing a course of education. Child Poverty Action Group promotes action for the prevention and relief of poverty among children and families with children.

Lone parents considering going into education need accurate information about the money that will be available to them. This factsheet sets out the main social security benefits and tax credits that lone parents may be able to claim during a course of education. It also focuses on forthcoming and recent changes to the benefits system which will have a significant impact on what lone parents can claim. Other sources of funding and information on childcare are covered in brief.

Note that in this factsheet you will find information about the main eligibility rules for benefits for lone parents, but there are other rules to satisfy so seek advice (see 'Further information and advice').

## Key facts

If you are a lone-parent student then, depending on the age of your youngest child, you:

- are eligible for income support, housing benefit and, if you are liable for council tax, council tax benefit;
- in higher education, might not get these benefits during the academic year if your grant or loan is too high, but are likely to get income support and (more) housing benefit for July and August, when the grant and loan are ignored as income;
- in further education, can stay on income support, instead of applying for a discretionary bursary maintenance allowance;
- may be able to claim jobseeker's allowance in the summer vacation, if you are not eligible for income support;
- can claim child tax credit and child benefit.

## Studying full time

### What benefits for living costs are you eligible for

Being 'eligible' means you have passed the first hurdle to getting benefit. But there is also an income assessment to decide if you actually get benefit. Check this section first to see if you are eligible. Then look below under 'During the academic year' and 'During the summer vacation' to see how your grant or loan might affect things.

**Income support (IS)** provides money for living expenses to certain groups who are not expected to look for work. It is for people who are on a low income, or have no other money, and can also include help with mortgage interest payments.

If you are a lone parent studying full time, you are eligible to claim IS if you have a child under 10. This changed from age 12 on 26 October 2009, and will reduce further to age seven in October 2010. When the change affects you, you will be expected to claim jobseeker's allowance (JSA) instead if you are eligible (see below).

If you started a full-time course during 2009, but before 26 October 2009, and your youngest child is aged 10 or 11, special ('transitional') rules apply. You can stay on IS until the earliest of the following dates:

- the date your youngest child turns 12
- the date your course ends (or possibly later, see table below)
- the date you leave the course (or possibly later, see table below)

For the special rules to apply, you must have been getting IS as a lone parent before 26 October 2009 and be on a full-time course before then. If your IS stops for any reason during your course, you will lose this protection and will not be able to reclaim IS if your youngest child is 10 or over. If you started your course before 24 November 2008, and are still on it and have received IS throughout, more generous rules apply – you can get IS until your youngest child turns 16 (for more information see the March 2009 version of this factsheet).

### **Further education example**

*Judy, a lone parent with a 10-year-old child, is getting IS. She starts a course of further education in September 2009, and continues to be eligible for IS. At that time the legislation says that she can claim IS as a lone parent as long as she has a child under 12. The legislation changes in October 2009 so that lone parents with a youngest child aged 10 or over can no longer claim IS. However, because of the special rules this new legislation does not apply to Judy until she finishes her course, so she can continue to get IS as a lone parent until her course ends in June 2010.*

Because this protection only applies if you are actually entitled to IS ie, getting some IS, on 26 October 2009, it is more likely to help you if you are a full-time student in further education because of the way the income assessment works (see 'During the academic year' below).

**Jobseeker's allowance (JSA)** can be paid to you if your income is low enough, and you are available for and seeking work. You are not normally eligible for JSA if you are studying full time, but can claim it in the summer vacation between years of your course if you have a child that you can claim child benefit for (see 'Child benefit' below).

### **Higher education example**

*Pamela, a lone parent with a 10-year-old child, started a course in September 2009. Her IS stopped because her student loan was too high. She cannot reclaim IS in the summer vacation, because her youngest child is not under 10. Instead she can claim JSA over the summer vacation.*

**Housing benefit (HB)** helps with the cost of rent if you are on a low income. **Council tax benefit (CTB)** helps with your council tax bill, if you are on a low income. Full-time students do not usually have to pay council tax, but if you live with other adults you will sometimes have to pay.

If you are a lone parent with a child under 16, or aged under 20 as long as you are still eligible for child benefit for them (see 'Child benefit' below), you are eligible for HB and CTB (if you have a council tax bill to pay) while studying full time. However, your student grant or loan may affect how much, if any, you actually get (see 'During the academic year' below).

### **During the academic year**

When you start a higher education (HE) course at university or college, although you may still be eligible for IS, in practice it normally stops because your loan is higher than your IS amount. HB also reduces or, in a few cases, stops. You may need to rely on your student grant and loan together with child tax credit (CTC), child benefit and a reduced amount of HB during the academic year. If you have a mortgage to pay, you are more likely to get IS during the academic year because your IS amount will be higher.

You cannot substitute IS for a student loan. For IS (and HB), you are always treated as though you have taken out the maximum loan for which you are eligible, even if you have not applied for one.

Further education (FE) students can, however, stay on IS instead of applying for a discretionary bursary maintenance allowance. You should not be treated as having access to a discretionary bursary if you do not have one because, by its nature, there is no guarantee you would get it if you applied.

## **Example**

*Tricia is a single mum with a five-year-old child, claiming IS and HB. She starts an FE course. Her benefits do not change, and she is also eligible for help with travel expenses and course costs. If she gets into financial difficulties, or needs help with childcare costs, she can apply to the college's discretionary fund or childcare fund.*

## **During the summer vacation**

In July and August (if your academic year starts in the autumn), your grant and loan are usually disregarded when the amount of benefit is worked out (the rules may be different if you are a nursing or midwifery student or a postgraduate student). You can get IS and HB during the summer. If you are going into your second or later year of study, you may find your IS and your HB stop or go down in the first week of September. If your IS stops, tell the local authority so that your HB can be re-assessed. You may need to apply to the university's discretionary fund until your first loan cheque arrives for the autumn term. You can also ask SAAS to pay you the lone parents' grant early, to cover this period.

If you are not eligible for IS as a lone parent because your child is over the age at which you count as a lone parent, you may be able to claim JSA during the summer vacation. You can get JSA during the summer vacation (but not at other times) if you are a single person with a dependent child aged under 16, or aged under 20 as long as you are still eligible for child benefit for them (see 'Child benefit' below). In certain cases, you may be able to claim IS over the summer instead, not because you are a lone parent (although to be eligible you do have to have a dependent child) but, for example, because you are a carer, or if you are in the last few months of pregnancy.

## **Example**

*Alan is a lone parent with a 14-year-old son. Alan leaves his job to start a four-year degree course, and gets a student loan and lone parents' grant. He gets child benefit, maximum child tax credit and most of his rent paid by HB. In the summer between years one and two Alan claims JSA, which provides him with income over the summer while he looks for work.*

## Studying part time

You can study part time and stay on all your usual benefits (child tax credit, child benefit, income support (IS) or jobseeker's allowance (JSA), housing benefit (HB) and council tax benefit (CTB)), although if you are on JSA you must still be available for and seeking work.

The recent changes to IS (see 'Studying full time'), however, mean that some part-time students will find they are no longer entitled to IS. Lone parents with a youngest child aged 10 or 11 will have their IS claim terminated sometime over the next year and will have to claim JSA instead. The table below shows when your IS claim will come to an end.

As a part-time student, you may get your fees waived if you are on benefits. You can get a means-tested £200 or £500 grant for fees if you are not eligible for a waiver. This is disregarded when your IS, JSA, HB and CTB are worked out. You can apply for help from the childcare and discretionary funds.

### **Example**

*Susan starts studying part time with the Open University. She is a lone parent with two children aged 6 and 9. She is on income support, so her fees are waived. She can stay on income support while she studies part time, as long as she has a child under 10.*

## October 2009 changes

The rule change on 26 October 2009 means you will only be able to get IS as a lone parent if you have a child under 10 (unless the transitional rules for full-time students apply to you). However, IS does not immediately stop the day your youngest child turns 10. Instead, the changes are phased in. Check the table below to see when your IS will stop.

The table will apply to you if you are:

- a part-time student
- a full-time student whose course started on or after 26 October 2009
- someone else to whom the transitional rules do not apply, eg you started a course in autumn 2009 but did not start getting IS until after that
- someone to whom the transitional rules did apply but have now ceased to apply e.g. you started a course in autumn 2009, were getting IS, had a youngest child aged 10 and 11, but you have since left your course.

## Academic year 09/10

On 25 October 2009, you are

- Getting IS as a lone parent; and
- Your youngest child is aged:

1. 11 or will be 11 on or before 31 January 2010	1. IS stops at next work-focused interview after 31 January 2010
2. 10 and will be 11 on or after 1 February 2010	2. IS stops at the 11th birthday
3. 9 and will be 10 on or before 6 June 2010	3. IS stops at next work-focused interview after 6 June 2010
4. 9 and will be 10 on or after 7 June 2010	4. IS stops at the 10th birthday

### Examples

*Donna is a part-time student at college. She has a 10-year-old child, Sam, and gets IS. Sam turns 11 on 15 January 2010. Donna's IS will stop on the date of her next work-focused interview after 31 January 2010.*

*Simon is a lone parent with 10 and 12-year-old sons. He starts a full-time FE course in August 2009. His IS continues and the transitional rules (IS until youngest child turns 12) apply. He abandons the course in January 2010. The transitional rules no longer apply as he is no longer a full-time student. His 10-year-old son will be 11 on 4 April 2010. He can continue to get IS until then, but from 4 April, he will have to claim JSA.*

## Benefits to help with the costs of children

### Child tax credit (CTC)

Being a student does not affect your eligibility for CTC. Lone parent students normally continue to get maximum CTC. This is because you get maximum CTC if your income is below £16,040 for the year (rate from April 2009) (unless you are working and eligible for working tax credit). Since most of your student support is ignored as income, except your lone parents' grant, your income would normally be below this threshold.

Some lone parents who get IS still have amounts for their children included in their benefit and do not get CTC, although the amounts for children are likely to automatically transfer to CTC at some point. If you are in this situation, you may be better off claiming CTC now rather than waiting until you are transferred, but seek advice first. If you are a lone parent getting IS with amounts for your children and you are moved off IS onto JSA you will not get child amounts in your JSA, but will have to claim CTC instead.

### Child benefit

Child benefit is a universal benefit paid to almost everyone with a child. You can get this if you are studying full time. To get child benefit, broadly, your child must be under 16, or under 20 and in full-time non-advanced education or approved training, which they were accepted on or started before they turned 19. For more information, see CPAG in Scotland's leaflet *Parents claiming for young people in further education or training*.

## Other matters

### **New Deal for Lone Parents**

If you are on benefit and thinking about going into further education, ask at your Jobcentre Plus office about the New Deal for Lone Parents before you sign up for a course. If you undertake the course with the approval of a New Deal adviser, you can get help with childcare costs and a premium of £15 a week on top of your IS for up to a year. You should confirm with a New Deal adviser that you can do the course on this basis before enrolling.

### **Childcare**

There is an additional childcare grant for lone parents of up to £1,215 if you are a full-time higher education or postgraduate student getting support from the Student Awards Agency for Scotland (SAAS). You can also apply to your university or college for help from the childcare fund or discretionary fund. If you undertake an FE course through the New Deal for Lone Parents (see above), the Jobcentre Plus office may be able to help with childcare costs. In any case, the help you get may not be enough to cover the costs of childcare, particularly if you have small children. You may be able to get top-up funding from an educational trust. Contact the Educational Grants Advisory Service for a web search of funding bodies. Or look in your local library for the Educational Grants Directory (Directory of Social Change) or The Grants Register (Macmillan) for details of trusts.

In some areas, the local authority's Working for Families Fund helps lone parents with childcare costs. Although aimed at lone parents going back to work, the Fund may also help students who have particular difficulties meeting childcare costs.

If you work 16 hours or more a week, you can get working tax credit, which can include help with up to 80% of childcare costs. It does not matter what you need the childcare for, whether it is for while you are working or while you are studying.

## Further information and advice

### Child Poverty Action Group in Scotland

0141 552 0552 advice line for advisers on benefits and tax credits

Monday, Tuesday, Wednesday and Thursday 10 am to 12 pm

*This advice line is only for advisers. For help with your own benefits contact your college/university student welfare services, or your local citizens advice bureau.*

**E-mail:** [advice@cpagscotland.org.uk](mailto:advice@cpagscotland.org.uk)

*e-mail advice for advisers on benefits and tax credits*

### Web:

for more information about

- CPAG in Scotland's Benefits for Students Project and more factsheets go to [www.cpag.org.uk/scotland/studentbenefitsproject](http://www.cpag.org.uk/scotland/studentbenefitsproject)
- CPAG's *Benefits for Students in Scotland Handbook* go to <http://scottishhandbooks.cpag.org.uk>
- CPAG's *Welfare Benefits and Tax Credits Handbook* go to [www.cpag.org.uk](http://www.cpag.org.uk)

For more information about the student funding available in Scotland (loans, grants etc) contact Learn Direct Scotland's national helpline on 0808 100 9000 or go to <http://www.learndirectscotland.com/Help/Funding>. You can also get more information at [www.saas.gov.uk](http://www.saas.gov.uk) or from student services or advice staff in colleges and universities.

**CHILD  
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in SCOTLAND

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