

## Freephone Helpline 0808 808 3555

### **Personal independence payment, universal credit and other forthcoming benefit changes – A guide for families with disabled children**

Over the next three years the government will embark on the biggest shake up of the welfare system seen in this country for generations. This guide is aimed at parents who have a child with a disability. It attempts to outline what the main welfare reforms are, and where possible to explain what they will mean for families with a disabled child.

For information on the **personal independence payment** turn to pages 9-12. Details of the new **universal credit** can be found at pages 13-17. The earlier sections of this guide cover other forthcoming reforms such as changes to housing benefit, the benefit cap and the scrapping of council tax benefit.

This guide does not cover all of the changes announced by the government – we have not included a number of changes that are specific to people of pension age. Also, it does not cover changes that were implemented prior to February 2013, which were detailed in earlier versions of this guide.

Please note that detailed information on some of the changes is still limited. If you are worried about what any of the proposals will mean to you and your family, please call **Contact a Family's freephone helpline on 0808 808 3555**.

### **March 2013**

## **April 2013 – council tax benefit scrapped and replaced with local schemes for council tax support**

Until now help with council tax for low income families has been provided via council tax benefit – a national means tested system that applies everywhere in the UK (other than Northern Ireland). From April 2013 council tax benefit is to be scrapped and councils in England will be responsible for setting up their own schemes for council tax support. In Scotland and Wales the respective nations will have responsibility for council tax – and both the Scottish government and the Welsh Assembly have said that their schemes will retain the current council tax benefit rules.

In England we are likely to see the development of a patchwork of different schemes varying from area to area. Funding for help with council tax is also being cut by 10 per cent so it's likely that many areas will have schemes that are less generous than council tax benefit. Pensioner households are to be protected from any cuts in support. Given that pensioners account for half of all council tax benefit claimants it's likely that cuts in support for working age households will have to be greater than 10 per cent.

Under council tax benefit those families on the lowest incomes currently do not have to pay anything. Several local authorities have already said that under their local council tax support scheme no one will receive a full rebate. This means even the poorest families will start having to pay some council tax in those areas.

### **When will council tax benefit be scrapped?**

Council tax benefit will be scrapped from April 2013 and local schemes for council tax support will have to be in place from that date. If you are getting council tax benefit it's expected that you will automatically be moved onto council tax support without having to make a claim.

### **What will happen if my local council refuses to implement a local scheme?**

If a council does not develop its own scheme then a default scheme will automatically apply. This default scheme has identical rules to the current council tax benefit scheme – but your council will receive 10 per cent less funding. This means it is likely to have to consider making cuts in services elsewhere.

### **Can my council decide to exempt other groups from the cuts alongside pensioners?**

Local councils are free to set their own rules so it is possible for them to agree to protect other groups from cuts – including parents with a disabled child.

### **What about council tax discounts and disability reductions? Are these being scrapped too?**

There will be no change to the rules applying to disability reductions. Councils will be able to change some of the council tax discounts and exemptions given to certain properties such as second homes. But other discounts such as those given to carers who meet particular rules won't be affected.

## **April 2013 – scrapping of community care grants and crisis loans**

Currently a family getting income support or certain other means tested benefits can apply for a community care grant or budgeting loan to help them pay for one-off items such as a bed or cooker. Any family facing financial hardship due to an emergency can also apply for a crisis loan. These grants and loans are paid by the Department for Work and Pensions (DWP). They are discretionary which means that no one is guaranteed getting a grant or loan. However under national guidance families with a disabled child often have a high priority.

From April 2013 **community care grants and crisis loans** (except for crisis loans to help with financial hardship caused by problems with benefit payments) will be replaced by 'locally administered assistance'. This means that families needing help with one-off items will be expected to approach their local councils for help instead of the DWP. Each council in England will have responsibility for arrangements in their area.

In Scotland there will be a Scottish Welfare Fund offering crisis grants in emergency situations alongside grants to enable independent living and to ease exceptional pressures on families. In Wales, the Welsh Social Fund will provide emergency assistance grants and also work with credit unions to offer loans to those who aren't eligible for a grant. Details of the replacement scheme in Northern Ireland have yet to be finalized.

Initially budgeting loans will continue to be available from the DWP until universal credit is fully rolled out. Budgeting loans are interest free loans for essential items that can be claimed by people who have been on certain means-tested benefits for six months or more. As people are moved onto universal credit they will have access to a new system of budgeting advances instead. Crisis loans for help due to issues with benefit payments will also initially continue – although they will eventually be replaced by a new national scheme of short term advances from the DWP.

## **From April 2013 – local housing allowance rates will be uprated with inflation rather than average rents.**

If you started claiming housing benefit for a private tenancy after April 2008 it is likely that the help you get from housing benefit can be restricted under local housing allowance rules (LHA). These rules cap the maximum amount of help that you can get with your rent. Currently the cap is based on a figure that will cover the cheapest third of properties in your area. However from April 2013 LHA rates will rise in line with inflation rather than with local rents. If rents in your area increase at a faster rate than inflation this means that local housing allowance payments will cover an ever decreasing percentage of the properties in your area. This will lead in cuts to housing benefit payments for those unable to move to a cheaper property.

## **April 2013 – capping housing benefit in social housing in line with household size (the bedroom tax)**

The government is reducing the amount of housing benefit that council or housing association tenants receive if they ‘under-occupy’ their property. You will be held to ‘under-occupy’ your property if it has more bedrooms than your family is seen as needing. This is sometimes described as ‘the bedroom tax’. These rules only apply to working age tenants and not pensioners. You are also exempt if you have a shared ownership property (that is, you part rent and part own your home) or if you are in certain types of supported accommodation.

### **How much will my housing benefit be cut by?**

If you under-occupy by one bedroom then your housing benefit will be cut by a figure that is equivalent to 14 per cent of your rent. If you under-occupy by two or more bedrooms then the cut will be 25 per cent of your rent figure.

### **How will the housing benefit office decide how many bedrooms I need?**

Your local council will apply rules that are known as the size criteria. These say that you are allowed one bedroom for each of the following:

- every adult couple (married or unmarried)
- any other adult aged 16 or over – including any armed forces personnel who intend to return home when not on duty.
- two children of the same sex aged under 16
- two children aged under 10 (regardless of their sex)
- any other child,
- a carer (or team of carers) who don’t live with you but who provide you or your partner with overnight care.

***Although children are usually expected to share a bedroom under these rules – you will get an individual bedroom for any child whose condition prevents them from sharing with a sibling.***

Foster carers are also allowed an additional bedroom so long as they have fostered a child in the previous 12 months. Single people aged under 35 will only get enough housing benefit to pay for a room in shared accommodation – unless they are in receipt of certain disability benefits and meet other conditions.

### **What happens if my disabled child can’t share a bedroom because of their condition?**

As a result of the Court of Appeal decision in *DWP v Burnip, Trengove and Gorry* you should be allowed a separate bedroom for any child whose disability prevents them from sharing with a sibling. This has been confirmed in government guidance (HB Circular U2/2013). You will need to provide your Housing Benefit office with details of why your child’s condition prevents them from sharing and you may be expected to provide medical evidence as part of this process. If your Housing Benefit office refuses to accept that your child cannot share a bedroom you should either request a review or appeal against this decision within one month.

**What happens if I need an extra bedroom for another reason connected to my child's disability?**

Some families may need a bigger property because they need a spare bedroom to store disability equipment or because a room is needed for someone who comes into their home to help provide overnight care to their disabled child. Unfortunately the government's current position is that this cannot be taken into account under the housing benefit rules. Families in this position are likely to face a cut in their housing benefit and should seek urgent advice about applying for discretionary housing payments (see below) to make up the shortfall in their rent.

If you are in this position you should also seek specialist advice about whether the failure of the rules to take account your need for an extra room amounts to disability discrimination. The Court of Appeal decision in the Burnip/Gorry case may offer a precedent for such a challenge.

**In my property I have two bedrooms, a living room and a box room. However housing benefit say that my box room can be used as a third bedroom and I therefore under-occupy my flat. Can they do this?**

There is no definition of 'bedroom' in the housing benefit rules. The housing benefit office is likely to use the number of bedrooms that your landlord describes you as having. Seek further specialist advice if you wish to challenge a decision to treat a room as a bedroom.

**My child is looked after by the local authority under the Children Act but returns home periodically. Will I be allowed a bedroom for them?**

Unfortunately the housing benefit rules say that a child cannot usually be treated as part of your household if they have 'looked after' status. However if your child has come home for part of the week (e.g. at the weekend) housing benefit have the power to treat your child as if they have been part of your family for the whole week. This may mean your housing benefit covers an extra bedroom in that week. Your housing benefit office will only do this if they consider it "reasonable to do so taking into account the nature and the frequency" of the child's visits home. Otherwise you will need to apply for a discretionary housing payment.

**What can I do if my housing benefit payments are cut – will I be forced to move?**

The government appears to assume that most tenants affected by the cut will move to a smaller tenancy. But this may not be a realistic option for some families. Seek advice about the possibility of getting discretionary housing payments to try and make up any shortfall in your housing benefit.

**What are discretionary housing payments?**

Discretionary housing payments can be made by local authorities to help tenants meet their rent charges. For instance they can be used by a council to make up any shortfall between the housing benefit paid to a private tenant and the actual rent they are charged. These payments are at the discretion of the local authority so you have no legal right to a payment. Also, payments tend to be made for a temporary period and you may need to reapply for help periodically.

## **From summer 2013 – benefit cap for out of work families**

The total amount of benefits and tax credits that an out of work family can receive will be capped on the basis of average earnings. This will be approximately £500 per week for lone parents and couples and £350 per week for single people. **This cap won't apply if you, your partner or any child who you claim benefit for as a dependent gets disability living allowance.** It also won't apply if you or your partner is eligible for working tax credit.

Initially this rule will be implemented by cutting the amount of housing benefit you get. But the cap will also be a feature of the new universal credit once it is introduced. If your payments are capped you should seek advice about applying for a discretionary housing payment (see information in earlier box).

### **When will the cap be applied?**

It will start from April 2013 in the pilot areas of Croydon, Enfield, Bromley and Haringey. The government intends to then extend it to all other parts of the UK between July and September 2013.

### **Does my child need to be receiving DLA at a particular rate to be exempt?**

No. If your child gets either component of DLA at any rate you will be exempt.

### **I have an older child living with me who gets DLA – will the fact that they get DLA mean we are exempt from the cap?**

You are only exempt if you, your partner or a dependent child gets DLA. If your son or daughter receives benefits in their own right as an adult their DLA award will not protect you from the cap, even if you act as their appointee. But you may still be exempt on other grounds – see below.

### **Are any other groups exempt?**

You will be exempt if you, your partner or a dependent child is getting:

- personal independence payment
- attendance allowance
- the support component of employment and support allowance
- industrial injuries benefits (and equivalent war disablement pensions and payments under the Armed Forces Compensation Scheme)
- war widows and war widowers pension.

Working parents who are eligible for working tax credit are also exempt.

### **Do I need to be receiving working tax credit to be exempt as a worker?**

No. You will be exempt as a working family if you are working sufficient hours to be eligible to claim working tax credit (that is, 16 or 24 hours a week depending on your circumstances). It doesn't matter if you don't actually receive working tax credit payments. Once universal credit is introduced you will be exempt from the benefits cap if you (or you and your partner's) gross monthly earnings are equivalent to at least 16 hours a week at the national minimum wage.

### **What happens if I lose my job or have to give up work because I fall ill?**

If you were working for at least 50 out of the 52 weeks immediately before you started claiming benefit and you either lose your job or give up work through illness, you will be allowed a nine month 'grace period' before the cap is applied to your benefit income. You must not have been entitled to employment and support allowance, jobseeker's allowance or income support during the time you were working. The grace period runs from the date you stopped working even if that date was prior to the cap being introduced. This means that if you lost your job in February 2013 your 'grace period' will end in November.

### **What benefits are included in calculating whether my income is higher than the cap?**

Bereavement benefits, carer's allowance, child benefit, child tax credit, employment and support allowance (ESA) (contribution-based and income-related) except where the support component has been awarded, guardian's allowance, housing benefit, incapacity benefit, income support, jobseeker's allowance (contribution-based and income-based), maternity allowance, severe disablement allowance (SDA) and widow's pension

## **Other benefit changes**

### **From April 2013 – tax credit earnings disregard reduced**

Tax credit awards are normally based on your previous year's income. But if your income in the current year increases by more than £10,000 then your award is based on your current income minus the first £10,000 instead. From April 2013 only the first £5000 of any increase in annual income will be ignored - not £10,000.

### **April 2013 – Launch of personal independence payment (PIP) in pilot areas.**

Personal independence payment (PIP) is to be introduced from the 8 April 2013 in certain pilot areas within the north east and north west of England. This will apply in the following postcode areas: CA, CH (except CH1 & CH5-8), LA (except LA2 7, LA2 8, LA6 2 and LA6 3), CW, FY, L, PR, WA, WN, BL, DH, DL (except DL6-11), M, NE, SR and TS (except TS9). PIP will then start to be rolled out nationally from June 2013. See page 9 for more details about the introduction of the personal independence payment.

### **April 2013 – Launch of universal credit in pilot areas.**

Universal credit is to be piloted from April in parts of Oldham, Tameside, Warrington and Wigan. It will then be rolled out nationally from October 2013. See page 13 for more details about universal credit.

## **April 2013 – Scrapping of the job grant**

From 1<sup>st</sup> April 2013 no new job grant payments will be made. This is a one off payment of up to £250, made where a claimant moves into work of 16 hours or more after spending at least 26 weeks on certain benefits.

## **October 2013 – Scrapping the in-work credit**

From 1 October 2013 there will be no new awards of the in-work credit. This is a payment of £40 per week (£60 per week in London) that is made where a lone parent has moved from certain means-tested benefits such as income support into work of at least 16 hours per week. To be eligible a lone parent must have been on a qualifying benefit for at least 52 weeks before they moved into work. In-work credit payments are made for the first year of your new job and so long as a lone parent has been getting the in-work credit prior to 1 October 2013 these payments can continue after that date.

## **October 2013 – Scrapping of return to work credit**

The return to work credit is similar to the in-work credit but instead of lone parents they are aimed at people who are moving into work after at least 13 weeks on certain incapacity benefits. From 1 October there will be no new awards of the return to work credit. The return to work credit is £40 per week and is paid for the first year of a job involving at least 16 hours a week employment. If you have been getting the return to work credit prior to October 2013 payments can continue after that date.

## **October 2013 – changes to benefit appeal rights**

From October 2013 anyone unhappy with a benefit decision made by the Department for Work and Pensions (DWP) or a decision on a child maintenance case will need to ask for a revision, before they are able to lodge an appeal. If you submit an appeal before requesting a revision, your appeal will be treated as a revision request instead. After the DWP has reconsidered a decision, if someone still disputes the decision they can lodge an appeal but they must send their appeal request directly to the Courts and Tribunal Service. **These rules will apply to personal independence payment and universal credit claims from their introduction in pilot areas in April 2013.** These changes are not expected to apply to housing benefit decisions.

## **From June 2013 – introduction of personal independence payment for those aged 16 and above**

Disability living allowance (DLA) is the main benefit paid to both disabled children and to disabled adults of working age. It has two separate components:

- a care component, paid where someone needs a lot of care or supervision, and
- a mobility component, paid where someone has difficulties getting around out of doors

From June 2013, the government will start to replace DLA for people aged 16 to 64, with a new disability benefit called the personal independence payment (PIP).

### **What about DLA for disabled children**

Disabled children under the age of 16 will continue to claim DLA. The government has said it has no immediate plans to extend PIP to children and will not look at doing so until it is able to assess the impact of PIP on adults.

### **When will PIP be introduced?**

PIP will be introduced for new claims from June 2013 (following a pilot scheme in parts of northern England from April 2013). Then, from October 2013 adult DLA claimants whose existing award ends or who report a change of circumstances or who turn 16 will be re-assessed under the PIP system. Other adults claiming DLA will be re-assessed for PIP from October 2015 onwards.

### **Similarities to DLA**

At first sight the new PIP seems similar to DLA in many ways. It is a non-means tested benefit, it does not require a National Insurance contribution record, is not taxable and can be paid whether you are working or not. Like DLA it is not counted as income for means tested benefits or tax credits. Similarly to DLA it will also have two components – a mobility component and a daily living component which considers the need for care and assistance.

If you look after someone who gets the daily living component at either rate, you may be able to claim carer's allowance. Rules similar to those used in DLA mean payment of PIP can be affected by stays in hospital and residential accommodation.

If your son or daughter is aged 16-19 and you still get benefits for them as a dependent child, an extra amount can be added to your tax credits or certain means-tested benefits (including universal credit) if they are entitled to PIP. These rules are similar to those that already apply where a dependent child gets DLA.

### **What's new about PIP?**

While it looks similar to DLA in many ways, PIP uses entirely new rules to decide whether you qualify for the benefit, and at what rate. There will also be a new

way of assessing your claim, involving a face-to-face meeting with a health professional.

### **How will PIP be assessed?**

The PIP assessment will be very different to that for DLA. As well as having to complete a claim form, most people will be asked to attend a face to face assessment undertaken by a health care professional. This will not be your own GP but a health professional working on behalf of the DWP. In this respect PIP is similar to the assessment used for employment and support allowance (ESA). This means some people will have to undergo two medical assessments, one for ESA and one for PIP.

You can be accompanied to the medical assessment for support and can send in relevant evidence that you want to be taken into account in assessing your claim.

### **What tests will be used to decide if someone gets PIP?**

Unlike DLA, entitlement to PIP will depend on a points based system. The disabled person will be awarded points depending on how limited their ability is to undertake certain specific activities. The specific activities that are tested are:

#### Daily Living Component

1. preparing food
2. taking nutrition
3. managing therapy or monitoring a health condition
4. washing and bathing
5. managing toilet needs or incontinence
6. dressing and undressing
7. communicating verbally
8. reading and understanding signs, symbols and words
9. engaging with other people face to face
10. making budgeting decisions

#### Mobility Component

11. planning and following a journey
12. moving around

*See appendix at the end of this guide for full details of activities, descriptors and points system.*

You will only be awarded points for an activity if your ability to carry it out is affected for at least 6 months in a 12 month period. If your condition fluctuates your score will be based on the descriptor that applies to you for the greatest proportion of the time. The DWP must take into account your ability not just to undertake an activity but to undertake it 'safely, reliably, repeatedly and in a reasonable time period'.

## **How much is PIP?**

Your total score from descriptors 1-10 decides whether you get the daily living component and at what rate. Your score from descriptors 11 and 12 are added together to decide if you get the mobility component and at what rate. If you score 8-11 points you will qualify for the standard rate, 12 points or more will lead to the enhanced rate. If you score less than 8 points you will be refused that component of PIP. PIP will be paid at the following weekly rates.

### **Daily living component**

- standard rate - £53.00
- enhanced rate -£79.15

### **Mobility component**

- standard rate - £21.00
- enhanced rate - £55.25

If you get the *enhanced* mobility component of PIP you will be eligible for a car under the Motability Scheme and for an exemption from road tax. It is expected that those who qualify for the *standard* mobility component will be eligible for a 5 per cent reduction in road tax. Central government and the devolved administrations in the nations will liaise about entitlement to other help with transport. It has already been decided that in England that automatic eligibility for a Blue Badge will be limited to those who score 8 points or more in the PIP activity of 'moving around' (see activity 12 in Appendix) and not given to everyone who gets the mobility component at the enhanced rate.

### **PIP and young people turning 16**

From 10 June 2013 (April in pilot areas) – anyone, including a 16 year old, who is making a brand new claim will have to apply for PIP rather than DLA. However different rules will apply if you need to make a claim because your existing fixed-term DLA award is ending. If your child turns 16 on or before 6 October 2013 and their DLA award is ending they should be sent a DLA renewal pack and will not be invited to claim PIP until a later date.

If your child turns 16 after the 6 October 2013, the Department for Work and Pensions (DWP) will contact them shortly after their birthday to invite them to claim PIP. Before they turn 16 the DWP will also contact you as their parent to keep you informed of this process and to find out if your son or daughter needs an appointee. If their current DLA award is due to run out, new rules will allow these DLA payments to continue for a temporary period until a decision has been made on their PIP claim. It is expected that special rules will allow a terminally ill 16 year old to continue claiming DLA rather than PIP.

### **Other claimants and the move to PIP**

If your son or daughter is 17 or older and their existing award is due to be renewed, the process that is followed will depend on the date that their existing

award ends. If their DLA award is due to run out before the end of Feb 2014 it is likely that they will be able to make a renewal claim for DLA. But if their existing DLA award is due to run out after Feb 2014 they will be invited to claim PIP instead.

From 6 October 2013 those with an existing DLA award (including indefinite awards) will be reassessed under PIP if they report a change of circumstances that would affect the level of DLA award or ask for their award to be reviewed.

From October 2015 onwards, all other DLA claimants will gradually be asked to claim PIP. This will include those on indefinite awards.

### **Can I opt to claim PIP early or do I have to wait to be invited to claim?**

The government has proposed allowing people to volunteer to claim PIP from October 2013. But seek advice before considering this as many more people are expected to lose than gain under PIP.

### **Other Implications of PIP**

- the Government's stated intention is to save 20 per cent of the DLA budget, so this suggests that many disabled people will lose out.
- at present DLA has three rates of care component yet PIP only has two rates for daily living. This suggests some people, with less severe health conditions, will not qualify for the daily living component of PIP at all.
- in the PIP assessment the need for supervision or prompting, for example, due to mental health needs or learning disabilities is given a lower priority than in DLA assessments so it may be harder to qualify for PIP daily living component on these grounds. On the other hand the new benefit tests your ability to make budgeting decisions which may help some people with learning difficulties to qualify.
- under PIP some severely disabled people who don't have night time care needs may be able to qualify for the enhanced rate for daily living.
- people with mental health problems, learning difficulties or severe behavioural problems who don't get the higher rate mobility component of DLA may find it easier to qualify for the equivalent enhanced rate mobility component of PIP. For example, if they require supervision or prompting to follow a journey to a familiar destination or a journey to a familiar destination has to be planned entirely by another person.
- conversely, some people who currently get the higher rate of mobility component of DLA on the grounds that they are virtually unable to walk may only qualify for the standard rate of the mobility component of PIP.

## **From October 2013 - Introduction of a new universal credit**

The universal credit is a new benefit for people of working age. It can be paid whether you are in or out of work. It will replace most of the current means-tested benefits and tax credits for people of working age.

### **What benefits will the Universal Credit replace?**

Income support, income-based jobseeker's allowance, income-related employment and support allowance, child tax credit, working tax credit and housing benefit.

### **What benefits will stay?**

Carer's allowance, child benefit, contribution based jobseeker's allowance, contributory employment and support allowance, disability living allowance, personal independence payment, bereavement benefits, industrial injuries benefit, maternity allowance, statutory maternity/adoption/paternity pay, statutory sick pay, maternity grants, funeral payments and cold weather payments.

### **When will Universal Credit be introduced?**

The new benefit will be introduced from April 2013 in a number of pilot areas in the north west of England. Then from October 2013 (**April 2014 in Northern Ireland**) all new claims for any of the benefits being replaced will instead be claims for universal credit. People already getting any of the existing benefits will be transferred to universal credit at some point between 2014 and 2017.

### **How will my universal credit be calculated?**

In calculating your universal credit the Department of Work and Pensions start by working out the maximum amount of universal credit that you can get. This figure varies depending on your family size and other circumstances. However because universal credit is means tested, this figure is then reduced if you have other income or capital above certain amounts.

Your maximum Universal Credit award is worked out by adding together whichever of the following elements apply to you:

**Adults** – there is a standard allowance for adults depending on whether you are single or part of a couple. A lower amount is paid where both members of a couple or a single person are under 25.

**Children** – an amount is added for each child or qualifying young person, with a slightly higher amount for the first child.

**Disabled child** – an extra element is added for each child or qualifying young person in your family who gets DLA or PIP. If a child gets the highest rate care component of DLA, the enhanced rate of the daily living component of PIP or if they are registered blind this will be paid at a higher rate (see box on page 16)

**Carer element** – an amount will be added for each adult who meets all the qualifying rules for carer's allowance other than the earnings rule. This means that to qualify you cannot be in full-time education and must be regularly providing at least 35 hours a week care to someone who is either getting DLA care component at the middle or highest rate or the daily living component of the personal independence payment or Attendance Allowance. Because the earnings rule doesn't apply, carers whose earnings prevent them claiming carer's allowance may still get some extra help as a carer via universal credit. If two parents care for the same disabled child only one carer element will be awarded. Two carer elements can be added if each parent cares for a different disabled child.

**Disabled adult** – an amount can be added for each adult who has 'limited capability for work'. The amount is paid at one of two rates depending on the severity of your impairment. If you are a disabled adult who also is a full time carer you cannot get a carer element and a disability element at the same time. Instead only the higher of the two amounts will be paid.

**Childcare costs element** – this can be included if you are paying for 'relevant' childcare in order to take up or continue in paid work. You can get 70 per cent of your costs taken into account subject to certain maximum amounts. The childcare has to be provided by a registered childminder or other regulated body such as a school or nursery. If you have a partner, they also have to be in paid work unless they fit one of the following groups:

- they have been assessed as having a limited capability for work due to illness or disability;
- they qualify for the carer element (see above);
- they are temporarily absent from the household.

**Housing costs element** - this can be added if you have a mortgage or pay rent to a private landlord, council or housing association. For mortgage payers the element will only be added if you are not working and only helps towards the interest on your mortgage. If you work and have a mortgage you will not get this help but will get a higher amount of earnings disregarded instead. The help you get with rent may be capped if your property is deemed to have more rooms than you need or if you rent privately and your rent is more expensive than the maximum allowed for your area. Help towards your housing costs will normally be paid to you rather than directly to your landlord or mortgage lender.

### **How will my income affect my universal credit award?**

If you have certain types of income this can affect the amount of universal credit you receive. Earnings above specific levels, certain benefit payments and some other types of income are deducted from your maximum Universal Credit figure.

### **What happens if I have earnings?**

There are earnings disregards or 'work allowances' for certain groups – this is an amount of earnings that is ignored. The amount of the disregard will depend on whether the housing costs element is included in your calculation and on whether you have children, are single or part of a couple.

For every £1 you earn above the disregard, 65 pence will be deducted from your maximum award. It is your net earnings figure that will be used – the amount after tax, national insurance and some pension contributions. Many self-employed people will be assumed to have a minimum amount of earnings even if their actual profit is below that amount – but this doesn't apply to anyone who qualifies for the carer element or certain other groups.

### **What happens if I have other income?**

Some types of income, for example, DLA and child maintenance payments will be disregarded but most other income such as carer's allowance, will be deducted from your maximum award. For every £1 of income (other than earnings) that you have, £1 will be deducted from your Universal Credit.

### **What happens if I have savings or other capital?**

If you have savings or other capital above £16,000 you won't be entitled to any universal credit. If you have savings or other capital below £16,000 but over £6,000 you will be treated as having income from your capital. £4.35 per month will be deducted from your award for every part of £250 in capital that you have above £6,000.

### **Will the universal credit be more generous than current benefits?**

The government says that some groups will be much better off under the universal credit as a result of rules designed to make sure that work pays. While it is true that many working families will gain, Contact a Family is concerned that some families with a disabled child will end up worse off as a result of cuts to the basic child disability addition. You are at particular risk of being worse off if no one in your family is working and you have a disabled child who does not qualify for the highest rate DLA care component. See box on page 16.

The following groups are also at risk of being worse off:

- young people under 25 who have 'limited capability for work' and who are not placed in the 'support group' for the most severely disabled
- carers who are also unable to work because of their own ill health or disability – they will either get a disability addition or a carer addition but not both
- some working families in rented accommodation with high childcare costs
- parents who have a disabled child who is in residential accommodation and 'looked after' under section 22 of the Children Act or section 17 of the Children (Scotland) Act.

Even if you are in one of the groups who is at risk of being worse off you will be **transitionally protected** if you are an existing claimant. See page 16.

### **Looked after children and others living away from home**

Under the tax credit system you can continue to receive payments for a looked after child who is in a residential placement solely because of their disability. However it appears that under universal credit you will not be able to receive payments for a child with 'looked after' status. The only exception to this will be where a child is 'looked after' as part of a planned short break.

If your child is living away from home but does not have 'looked after' status then payments can continue but only so long as they are not expected to be absent for more than six months. If they are likely to be away from home for longer than this payments for them will stop. If your child comes home for short stays within a six month period it's hoped that this will mean you can continue to get benefit for them on an ongoing basis. However this hasn't yet been made clear by the government.

### **Cuts to the child disability addition under universal credit**

An additional amount is added into your universal credit calculation for each child you are responsible for who receives DLA or PIP.

Under universal credit there will be two rates of the disability addition for a child. The higher rate will be awarded for a child who is registered blind or who gets the highest rate of DLA care component or the daily living component of PIP at the enhanced rate. This will be an extra £81.22 per week – the same amount as the equivalent disability addition paid under the existing benefits system.

All other children on DLA or PIP will qualify for the lower rate of the addition. This will be £28.45 per week. Given that the equivalent additional payment under the existing benefits system is £57.89 per week, **this represents a cut of £29.44 per week** or just over £1,500 per year. Since the addition is paid for each disabled child, those families with two children on the lower addition could lose twice this amount.

Some working families may find that other Universal Credit work incentives offset the cut in their disability addition, still leaving them better off overall. But other families will be worse off over time – particularly out of work families with a child who qualifies for the lower disability addition.

### **Transitional protection**

If you already get other benefits or tax credits you will not get universal credit until either you are transferred onto the new benefit or your circumstances change. For most people the transfer will happen at some point between 2014 and 2017.

If you would be worse off under universal credit you will receive a top up payment so that you do not lose out. This extra amount will be 'frozen' so that eventually,

as universal credit payments increase, the top up will disappear. Transitional protection will also end if any of the following changes of circumstance happen:

- you start to live with your partner
- you split up from your partner
- your earnings drop below a certain level for 3 months or more
- your earnings rise above a certain level for 3 months or more
- your claim stops.

Transitional protection will not be of help to anyone who claims benefit for the first time after the introduction of the universal credit.

### **How will I claim and get paid?**

Most claims will have to be made online. Couples will make a joint claim. Universal credit will be paid monthly in arrears into your bank account. In some exceptional cases it can be paid at shorter intervals.

### **Will I have to look for work as a condition of claiming universal credit?**

Some people will have to accept a 'claimant commitment' in order to qualify for universal credit. This means that depending on personal circumstances, some claimants will have to attend 'work focused interviews,' whilst others might be required to actively look for work. Failure to meet your claimant commitment can result in your universal credit payments being cut. **However it is important to note that some universal credit claimants will be exempt from having to meet any work related conditions. This exemption will apply to many full-time carers.**

If you qualify for the carers element (see page 14) you will be automatically exempt from having to meet any work conditions. However, in cases where you are a couple and both of you care full time for the same disabled child, there is a possibility that only one of you will automatically be exempt in this way, with the other partner having to rely on the discretion of the Department for Work and Pensions (DWP).

The regulations suggests that if you do not qualify for a carer element because someone else is already claiming this for your child you will only be exempt from meeting work conditions if the DWP agrees that it is unreasonable to expect you to be available for work. No indication has yet been given of the factors that the DWP will look at in deciding whether this would be a reasonable expectation or not.

It is expected that guidance will make clear that you will also be exempt from work conditionality if you are the carer for someone who has made a claim for a disability benefit such as DLA and you are awaiting a decision on that claim.

Certain other groups will also be exempt from these work-related requirements. This includes someone with a child aged under one or who is working and earning over a certain amount or who is unable to work because of ill health or disability and is in the 'support group' for the most severely disabled.

## Appendix A

### Daily Living Component:

activity	points	descriptors
1. preparing food	0	- can prepare and cook a simple meal unaided
	2	- needs to use an aid or appliance to be able to either prepare or cook a simple meal
	2	- cannot cook a simple meal using a conventional cooker but is able to do so using a microwave
	2	- needs prompting to be able to either prepare or cook a simple meal
	4	- needs supervision or assistance to either prepare or cook a simple meal
	8	- cannot prepare and cook food
2. taking nutrition	0	- can take nutrition unaided
	2	- needs (i) to use an aid or appliance to be able to take nutrition or (ii) supervision to be able to take nutrition or (iii) assistance to be able to cut up food
	2	- needs a therapeutic source to be able to take nutrition
	4	- needs prompting to be able to take nutrition
	6	- needs assistance to be able to manage a therapeutic source to take nutrition
	10	- cannot convey food and drink to their mouth and needs another person to do so
3. managing therapy or monitoring a health condition	0	- either (i) does not receive medication or, therapy or need to monitor a health condition; or (ii) can manage medication or, therapy or monitor a health condition unaided,
	1	- needs either (i) to use an aid or appliance to be able to manage medication or (ii) supervision, prompting or assistance to manage medication or monitor a health condition
	2	- needs supervision, prompting or assistance to be able to manage therapy that takes up to 3.5 hours a week
	4	- needs supervision, prompting or assistance to manage therapy that takes more than 3.5 but no more than 7 hours a week
	6	- needs supervision, prompting or assistance to be able to manage therapy that takes more than 7 but no more than 14 hours a week
	8	- needs supervision, prompting or assistance to be able to manage therapy that takes more than 14 hours a week
4. washing and bathing	0	- can wash and bathe unaided
	2	- needs to use an aid or appliance to be able to wash or bathe
	2	- needs supervision or prompting to be able to wash or bathe
	2	- needs assistance to be able to wash either their hair or body below the waist
	3	- needs assistance to be able to get in or out of a bath or shower
	4	- needs assistance to be able to wash their body between the shoulders and waist
8	- cannot wash and bathe at all and needs another person to wash their entire body	
5. managing toilet needs or incontinence	0	- can manage toilet needs or incontinence unaided
	2	- needs to use an aid or appliance to be able to manage toilet needs or incontinence
	2	- needs supervision or prompting to be able to manage toilet needs
	4	- needs assistance to be able to manage toilet needs
	6	- needs assistance to be able to manage incontinence of either bladder or bowel
	8	- needs assistance to be able to manage incontinence of both bladder and bowel
6. dressing and undressing	0	- can dress and undress unaided
	2	- needs to use an aid or appliance to dress or undress
	2	- needs either (i) prompting to be able to dress, undress or determine appropriate circumstances for remaining clothed or (ii) prompting or assistance to be able to select appropriate clothing
	2	- needs assistance to be able to dress or undress their lower body
	4	- needs assistance to be able to dress or undress their upper body
	8	- cannot dress or undress at all
7. communicating verbally	0	-can express and understand verbal information unaided,
	2	- needs to use an aid or appliance to be able to speak or hear
	4	- needs communication support to be able to express or understand complex verbal information
	8	- needs communication support to be able to express or understand basic verbal information
	12	- cannot express or understand verbal information at all even with communication support
8. reading and understanding signs, symbols and words	0	-can read and understand basic and complex written information either unaided or using spectacles or contact lenses
	2	- needs to use an aid or appliance, other than spectacles or contact lenses, to be able to read or understand either basic or complex written information
	2	- needs prompting to be able to read or understand complex written information
	4	- needs prompting to be able to read or understand basic written information
	8	- cannot read or understand sign, symbols or words at all

9. engaging with other people face to face	0	- can engage with other people unaided
	2	- needs prompting to be able to engage with other people
	4	- needs social support to be able to engage with other people
	8	- cannot engage with other people due to such engagement causing either (i) overwhelming psychological distress to the claimant or (ii) the claimant to exhibit behaviour which would result in a substantial risk of harm to the claimant or another person
10. making budgeting decisions	0	- can manage complex budgeting decisions unaided
	2	- needs prompting or assistance to be able to make complex budgeting decisions
	4	- needs prompting or assistance to be able to make simple budgeting decisions
	6	- cannot make any budgeting decisions at all

Mobility Component:

activity	points	descriptors
11. planning and following journeys	0	- can plan and follow the route of a journey unaided
	4	- needs prompting to be able to undertake any journey to avoid overwhelming psychological distress to the claimant
	8	-cannot plan the route of a journey
	10	-cannot follow the route of an unfamiliar journey without another person, assistance dog or orientation aid
	10	-cannot undertake any journey because it would cause overwhelming psychological distress to the claimant
	12	- cannot follow the route of a familiar journey without another person, an assistance dog or an orientation aid
12. moving around	0	- can stand and then move more than 200 metres either aided or unaided;
	4	-can stand and then move more than 50 metres but no more than 200 metres either aided or unaided
	8	- can stand and then move unaided more than 20 meters but no more than 50
	10	- can stand and then move using an aid or appliance, more than 20 metres but no more than 50 metres
	12	- can stand and then move more than 1 metre but no more than 20 metres either aided or unaided
	12	- cannot either aided or unaided (i) stand or (ii) move more than 1 metre

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