

Welfare reform and carers

This factsheet describes how welfare reform changes might affect you if you care for a disabled person. The changes to the benefits received by disabled people are also highlighted. In this factsheet, we use 'you' to refer to you if you are a carer; and 'the person you care for', or 's/he,' refers to someone with a long term health problem or disability.

What are the main changes and when do they happen?

- Personal independence payment (PIP) replaced disability living allowance (DLA) for new claimants (ie, disabled people who haven't already claimed DLA) aged 16 and under 65 from 10 June 2013.
- Housing benefit restrictions were introduced if you are a working age claimant living in the social rented sector and have a spare bedroom.
- Council tax benefit has been replaced by a Council tax reduction scheme. Parts of the discretionary social fund are replaced by a new Scottish welfare fund grant scheme. Both schemes are delivered by Local Authorities.
- A benefit cap has been introduced, limiting total benefit entitlement for some out of work households.
- Universal credit (UC) will start to replace working age means-tested benefits and tax credits if you make a new claim in parts of Scotland from November 2013. Initially this only applies to single jobseekers. Further into the future, it is expected that no-one will be able to make a new claim for one of the benefits being replaced.
- From some point later in 2014 or beyond, if you get income support, or one of the other benefits being replaced by universal credit, you may be transferred to universal credit. Details of this process are unavailable at the time of writing.
- The transfer of existing DLA claimants to PIP will begin. The start date in Scotland is not currently clear. This is not expected to affect a disabled person with a longer term DLA award until October 2015 unless s/he reaches 16, or reports a change of circumstances.
- From some point in the future, changes will be made to pension credit. If you get pension credit and rent your home or look after children, you will get extra amounts in your pension credit instead of housing benefit and child tax credit.

Carer's allowance

The most important change affecting entitlement to carer's allowance (CA) is that DLA will be replaced by personal independence payment (PIP). PIP will have a 'daily living' component, payable at two different rates. If the person you care for receives either rate, you will be able to claim carer's allowance for looking after her/him. You will still have to meet the other carer's allowance entitlement conditions. There is more detailed information about the PIP entitlement conditions available in a separate CPAG factsheet.

Claiming CA may have an impact on the benefits of the person that you care for. At the time of writing it appeared that once the person you care for claims universal credit, this will no

longer happen. However, the rules are yet to be finalised, so it is still important to check the impact of a carer's allowance claim.

New residence and presence conditions for CA were introduced from April 2013, including a 'habitual residence' test and the requirement that you have been in the UK for two of the past three years (with limited exceptions). The rules about temporary absences from the UK are also tightened. There is some transitional protection from the new rules if you already got CA before April 2013.

Universal credit

Universal credit (UC) is a new benefit that will be introduced from November 2013 onwards, replacing the current system of means-tested benefits and tax credits for working-age people. From 25 November single people with no health problems living in Inverness and the surrounding area will claim UC. It is not known when this will be extended to other areas.

If you are a carer and you, or someone in your family, claim any of the following benefits, you will eventually be transferred to UC.

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

There is more detailed information about UC available in a separate CPAG factsheet.

Who will be able to claim universal credit?

UC will be paid to people in or out of work. There are several basic entitlement conditions you must meet.

- You can either claim as a single person, or jointly with your partner if you are living together.
- You must accept a 'claimant commitment', and so must your partner if you have one.
- You must normally be at least 18 years old and under the qualifying age for pension credit (if you qualify for the carer element (explained below) you will be able to claim UC from the age of 16).
- You will not be able to get UC if you have capital, such as savings or property you don't live in, worth over £16,000.

How much will universal credit be?

Your maximum universal credit will be made up of a standard allowance for you (or you and your partner if you claim as a couple), and additional elements for:

- children (or qualifying young people), with additional amounts for disabled and severely disabled children;
- rent or a mortgage (support for mortgage interest will only be available if you are not doing any paid work, and may include a waiting period);
- a carer element if you have 'regular and substantial caring responsibilities for a severely disabled person'
- limited capability for work or limited capability for work-related activity if you have health problems or a disability.

- help with formal childcare costs if you work. You and your partner must both normally work, although if one of you gets the carer element, or additional UC because you have limited capability for work due to illness or disability, only the other person must work.

Your award may be reduced if you have other sources of income.

- Some of your income will be disregarded – eg, disability living allowance and its replacement, personal independence payment; while other income will be taken into account in full – eg, carer's allowance and occupational and personal pensions.
- There will be a system of earnings disregards, which will depend on your household type and whether your UC award includes housing costs. Earnings above the disregard will reduce the UC award with a taper rate of 65 per cent (so for every £1 of net earnings, your award is reduced by 65p).

The carer element in universal credit

A common route to the extra carer element in universal credit will be that you are getting carer's allowance. If you are a carer who earns too much to claim carer's allowance, you will still have a carer element included in your UC award if you meet all of the other entitlement conditions (caring 35 hours a week for a severely disabled person, not in education, no-one else gets a carer element for the same disabled person, etc.) Also, it will not be necessary to have actually claimed carer's allowance to get the element – if you meet the entitlement conditions it can be paid even though no carer's allowance claim has been made. Be sure to state if you are a carer in your claim for UC.

Only one person will be able to get a carer element for looking after an individual disabled person. If you and your partner care for different disabled people, then you can both qualify for a carer element.

If you are a carer who also has health problems or disabilities, you will not be able to qualify for both a carer element and a limited capability for work element in a UC award. If you qualify for the carer element and your partner qualifies for a limited capability for work element, then both can be paid.

Transitional protection

If you are transferred to universal credit and you would otherwise lose out financially, you will be given transitional protection to ensure that your UC award matches your former award of benefit. For example, this will give important protection you if you currently receive both a carer premium and a disability premium in an income support award, or if you are caring for a disabled child. The transitional protection will be reduced every year so that the protected rates do not increase until the amounts of UC have 'caught up'. Transitional protection will end on certain significant changes of circumstances.

What work-related requirements will there be for carers?

You must accept a 'claimant commitment' as a condition of receiving universal credit. You will then be placed into one of the four following groups:

- Claimants subject to no work-related requirements;
- Claimants subject to the work-focused interview requirement only;
- Claimants subject to the work preparation requirement; *or*
- Claimants subject to all work-related requirements (including being available for and actively looking for work).

You will have no work-related requirements if you get the carer element in your UC award. If

you care 35 hours a week for someone on a qualifying disability benefit but don't meet the entitlement conditions for carer's allowance or the UC carer element, you may also have no work-related requirements. However, this only applies if it is considered to be unreasonable for you to look for any paid work in light of your caring responsibilities. This leaves the decision maker with discretion to decide if you should be subject to work-related requirements.

You and your partner will be placed into a group depending on your individual circumstances. Your other personal circumstances may also be relevant to your work-related requirements. If you have to look for and be available for work, you will be able to restrict your hours of work search and availability to fit your caring responsibilities, as long as you have a reasonable prospect of finding a job with those restrictions. The decision to allow a restriction will be at the discretion the DWP.

There will be a new concept of 'in-work conditionality', where if you already have a job you may be required to look for more work unless you are earning at least the minimum wage for 35 hours work a week. If you have been able to reduce your work availability due to your caring responsibilities, you would be expected to earn the amount you would get if you worked your agreed hours, and earned the national minimum wage.

Sanctions

Sanctions may be imposed on you if you fail to meet your work-related requirements and do not have 'good reason' for the failure. This may result in a reduction of your universal credit, for a period from seven days up to a maximum of three years, depending on the number and regularity of such failures, and which of the four conditionality groups above you are in.

Hardship payments may be available if you have been subject to sanctions and are, or will be in 'hardship'. Hardship payments are a loan, and you must agree that they will be recovered from you. You must also comply with your work-related requirements to qualify.

Is there a right of appeal?

You will have the right to appeal to the First-tier Tribunal (Social Entitlement Chamber) against most universal credit decisions. However, you will have to ask for a revision (often referred to as a reconsideration) being able to appeal.

Changes to housing benefit

Normally, the amount of housing benefit that you are eligible for depends on the number of bedrooms that you are allowed by the rules. You are allowed one bedroom for each of the following who live in your home:

- a couple;
- a single person aged 16 or over (including your adult child if s/he is temporarily away at university or in the Armed Forces);
- a room for an overnight carer (see below);
- a child who cannot share a bedroom due to disability (see below);
- two children of the same sex;
- two children under 10 (of either sex);
- another child;
- a child you foster or look after as a kinship carer if s/he doesn't count as part of your family for other benefits. This continues during some gaps between placements.

Overnight carers

To qualify for a room for an overnight carer, you, your partner or your joint tenant must get a qualifying disability benefit or convince your local authority that you require overnight care. That care must be provided by someone who doesn't live with you, who has a separate bedroom in your home for their use. If a child who is part of your family or a 'non-dependent' who isn't part of your benefit claim needs overnight care from someone who doesn't live with you, you should seek advice about how to challenge the decision.

Disabled children

From 4 December 2013, provision is also made in the rules for disabled children who are not able to share a bedroom due to disability. The child must get DLA middle or highest rate care component, and the local authority must accept that s/he is unable to share a bedroom with another child. You must have a bedroom in your home above the number otherwise allowed by the rules for the child.

Disabled adults

If the person you care for cannot share a room with her/his partner, or needs an extra bedroom to store medical equipment, then it may be possible to argue that an extra room should be included in the calculation. This may also apply to rooms unsuitable for sleeping in. You should encourage her/him to seek specialist advice about challenging the decision on the amount of housing benefit.

Social rented sector restrictions

Your housing benefit may also be restricted if you are under pension credit age and live in the social rented sector, if you have a spare bedroom under the rules above. This is commonly known as the 'bedroom tax'. If your home is 'under-occupied', then a reduction to your maximum housing benefit will be made. The reduction is 14 per cent if there is one spare bedroom, and 25 per cent if there are two or more spare bedrooms. You may not have a spare bedroom. For example, two children may have a room each but be assessed as only requiring one.

Private sector restrictions

The amount that your maximum housing benefit is limited to depends on the number of rooms that you are allowed under the rules, and the price of properties this size in your local area. The maximum number of bedrooms is four; and most single people under 35 are only allowed a special rate for shared accommodation, with some exceptions.

The benefit cap and carers

The maximum amount of certain benefits a working-age household can receive is subject to the 'benefit cap'— this is set at £500 a week for couples or lone parents. The cap includes benefits such as income support, carer's allowance and child benefit, but will be implemented by reducing the amount of housing benefit or universal credit someone gets.

You are not affected by the cap if someone in your household gets:

- disability living allowance, attendance allowance or personal independence payment;
- an industrial injuries benefit or ESA with a support component;
- Certain war pensions and war widows benefits;
- Any working tax credit, or universal credit if you are earning at least £430 per month (gross figure, including your partner's earnings if applicable).

If you, or your partner, become unemployed after working for at least 12 months, you are exempt from the cap for 39 weeks after you stop work. Carers are not exempt from the benefit cap. However, if you are part of the same benefit family as the person you care for, you will be exempt because that person receives a disability benefit.

The Scottish welfare fund

You can apply to your local authority for either a community care grant or a crisis grant. Normally you need to be getting a means-tested benefit, although the local authority has discretion to not require this.

Crisis grants are intended for people following an emergency or disaster where there is a serious risk to health or safety.

Community care grants are intended to:

- help people move to, or retain, an independent way of living, for example by stopping someone from needing to go into care or hospital
- to ease exceptional pressures on a family, which might include extra needs of a disabled child

There is more detailed information about the Scottish welfare fund available in a separate CPAG factsheet.

Pension credit and carers

As a result of the abolition of child tax credit and housing benefit, new child and housing elements will be introduced in to pension credit (PC). It is not clear when this will happen. A capital limit above which pension credit is not payable may also be introduced. In areas where universal credit has been rolled out, if you are living with a partner, you will have to claim UC unless you are both over the qualifying age for PC. This change will not affect you if you are already getting PC.

The rules saying how you qualify for the carer additional amount in pension credit will also change. It is expected that they will be similar to the UC carer element rules.

Further information

CPAG information at: www.cpag.org.uk/

The CPAG website has separate factsheets about universal credit and personal independence payment, which are free to download.

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