

Benefits and Tax Credits – supporting young people from education to work

Debbie Witton
Senior Welfare Rights Officer
Salford Welfare Rights Service



The aims of this workshop

1. To provide an overview of what happens to the young person's and family carer benefits during the transition from education to work
2. To give you the confidence to ease family fears of being worse off and support carers to support young people on their journey to paid work
3. To share the Salford experience of integrating benefits advice into transition planning

Welfare Benefits Advice and Transition Planning

- Valuing Employment Now – 2009 strategy
“Clear up confusion about the benefits system”
- Shaw Trust – What works? – good practice in transition to employment for young people with learning disabilities
“success is also about how we manage welfare benefits and how we work with families to get the positive results they and the young person want”

Salford Welfare Rights Service experience

- 1 specialist welfare rights officer working with adults and children with learning disability
- 1 specialist mental health welfare rights officer
- Strong links with special schools, colleges, Connexions, family carer groups
- Regular attendance at Careers and Opportunities Conventions
- Talks and one to one advice for parent/ carer groups
- Systematic referrals from Supported Employment Services for in work calculations
- Training for staff on benefit and work issues

The benefit and tax credit implications of:

1. A young person reaching 16
2. Staying in full-time education up to age 20
3. Work experience
4. Training
5. Part-time paid work
6. Full-time paid work

Andrew and his family

Andrew has learning disabilities. He is nearly 16 and in year 11 of a special school.

He lives with mum and dad who are housing association tenants. The rent is £100 per week and the council tax is £20.00 per week. Mum cares for Andrew. She also works 10 hours per week. Dad left work last year due to health problems.

Andrew	DLA mid care /low mob	£66.75
Mum	Carer's Allowance	£53.90
	Earnings	£80.00
	Child Benefit	£20.30
	Child Tax Credit	£107.00
Dad	Employment & Support Allowance	£91.40
Housing	Housing Benefit	£83.00
	Council Tax Benefit	£15.00

Changes to benefits from 16

- At 16 a young person has the right to claim benefits in their own right even if they are unable to manage their own money
- Parent/carers can take on the role of appointee
- DLA is reassessed a few months before turning 16
- Employment and Support Allowance can be claimed for the first time but...
- Whole family benefit assessment needed to make the right choice between the young person claiming ESA or parent/carer's claiming Child Benefit and Child Tax Credit.

Disability Living Allowance and Carer's Allowance

- There are no rules that restrict the type or hours of education, training or work you can do
- As long as the disabled person continues to have care and mobility needs
- As long as the disabled person gets DLA middle or high rate of care, and a carer continues to care for 35 hours per week then Carer's Allowance is not affected by the choices a young person makes.

DLA and earnings

- Not means-tested
- Non-contributory
- Not taxable
- Does not count as income for any other benefit
- A passport to new benefits or increases in existing benefits and tax credits

Carer's Allowance and earnings

- Can earn up to £100 per week without Carer's Allowance being affected
- If a carer is paid a Direct Payment to provide care this is treated as earnings by the DWP
- The disabled person's earnings do not affect Carer's Allowance.

Andrew goes to college to do an entry level qualification

- Mum and dad can continue to get Child Benefit and Child Tax Credit for Andrew if he is in full-time non-advanced education (12+ hours per week up to level 3) or unwaged training (E.g. E2E)
- Entitlement can continue up to age 19 (or 20th birthday if Andrew started the course before his 19th birthday)
- Andrew will be eligible for EMA

Working whilst at college

- Unpaid work experience
- Voluntary work
- Paid part-time work (up to 24 hours per week)

These opportunities do not affect child benefit or child tax credit entitlement

Employment & Support Allowance

- From 16 Andrew is eligible to claim Employment and Support Allowance
- If he does this, mum and dad's CTC and CB will end and their housing and council tax benefit will be reassessed.
- Even though Andrew is still at home and still in education he will no longer be treated by the DWP as a dependant.
- He can still get EMA.

What is Employment & Support Allowance (ESA)?

- A benefit paid if your ability to work is limited by ill health or disability
- From October 2008 it has replaced Incapacity Benefit and Income Support on incapacity & disability grounds
- People who already get IB or IS will gradually transfer to ESA from October 2010 to March 2013.

Two strands of ESA

1) **Contributory ESA**

(replaces Incapacity Benefit)

2) **Income related ESA**

(replaces Income Support)

Youth route to claiming Contributory ESA

- No need to have paid National Insurance Contributions
- Must have been ill or disabled for a continuous 28 weeks before the claim can start **and**
- Disability or illness began before age 20 (25 in certain situations)

Contributory ESA and education

- If under 19, you cannot qualify if you receive full-time education.
- Full-time is defined as 21 hours or more of supervised study. But any tuition that is not suitable for a non-disabled student of the same age is not counted.
- If 19 and over there are no rules defining the hours and type of study a student can do

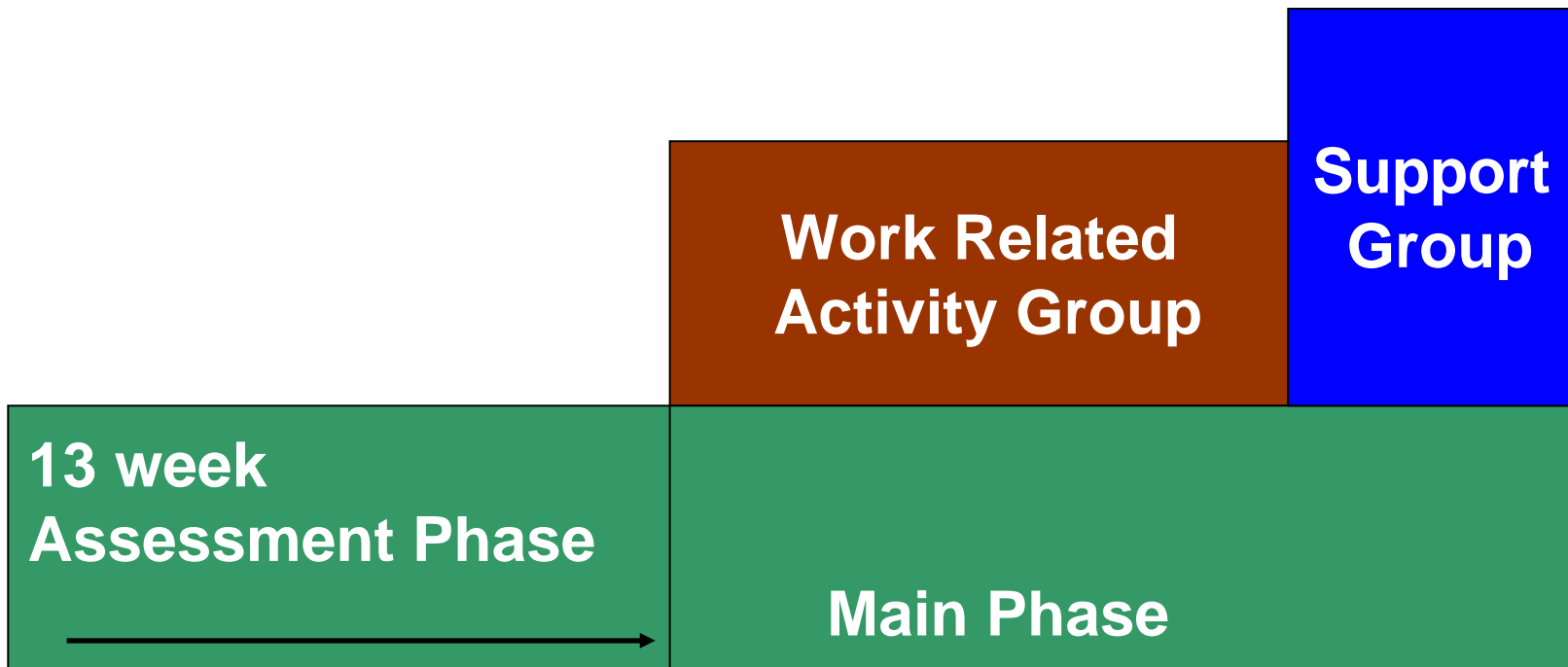
What is income-related ESA?

- Similar to Income Support
- Entitlement is means-tested; it is dependent on what income/capital a claimant (and partner) has
- Does not depend on NI contributions
- Passports to other benefits such as free prescriptions
- Full-time students must get DLA to qualify for income-related ESA.

ESA and full-time students

Contributory ESA	Income-related ESA
21 hour rule if age under 19	No hours restriction
Do not need to have DLA	Must be entitled to DLA
Not means-tested	Means-tested

How ESA works



ESA rates

Premiums

		work related activity component £25.95	support component £31.40
Basic rates		Basic rate 65.45	
16-24	51.85		
25 & over	65.45		

The choice

Parent's claim

CB and CTC £127.30

HB and CTB £98.00

Andrew claims

ESA £91.40

HB and CTB £80.00

Worse off by £53.90 per week by claiming
ESA

Non-dependant deductions from Housing Benefit and Council Tax Benefit

- From age 18, if Andrew's parents no longer get CB and CTC for him, he is treated as a "Non-dependant" and deductions are made from his parent's housing benefit and council tax benefit

£7.40 per week from housing benefit

£2.30 per week from council tax benefit

Andrew leaves college to do an unpaid supported work placement

- If Andrew is age 16/17, his parents can make a claim for child benefit and child tax credit to be extended for up to 20 weeks from the date he left college.
- Otherwise Andrew must now claim ESA.
- Permitted work rules will allow Andrew to do paid or unpaid work without it affecting his ESA.

ESA and permitted work options

- 1. Lower Limit** - earn up to £20 a week with no time limit
- 2. Supported permitted work** - earn up to £93.00pw (£95.00 from 1 Oct 10) with no time limit
- 3. Higher Limit** - Earn up to £93 a week (£95.00 from 1 Oct 2010), under 16 hours per week and time-limited to 52 Weeks (unless in the Support Group).

How earnings from permitted work affect benefits

- Earnings up to the £93.00 limit are completely ignored and do not reduce contributory ESA or Income-related ESA
- If you get Incapacity Benefit the earnings are ignored, but
- If you get Income Support then earnings over £20.00 will reduce Income Support
- If a young person lives away from home, in their own tenancy, permitted work earnings are ignored for housing benefit and council tax benefit

How are Andrew's benefits affected if he does supported permitted work and earns £50.00 per week?



How are Andrew's parent's benefits affected by permitted work earnings?



Full time work

- paid work of 16 hours or more per week
- ESA will stop
- Working Tax Credit can top up low pay
- Return to work credit for the first year
- Job grant
- Housing Benefit and Council Tax Benefit reduced

Andrew moves into full-time paid work 20 hours - £120 per week

- Maximum Working Tax Credit £86.24
- Return to work credit (52 weeks) £40.00
- Parent's housing benefit subject to a higher non-dependent deduction of £17.00
- DLA not affected, and mum's Carer's Allowance not affected.

Non-dependant deductions and earnings (Examples)

Gross income	Housing Benefit	Council Tax Benefit
£382.00 or more	£47.75	£6.95
£120.00 to £177.99	£17.00	£2.30
Others 18 and over	£7.40	£2.30

Andrew's household income (including HB/CTB) in different situations

Under age 20 in full-time non-advanced education	Age 18+ and getting ESA and doing unpaid placement	Getting ESA and doing permitted work, earning £50.00	In full-time work, £120, WTC & Return to work credit
Base	Worse off by £55.90	Worse off by £5.90	Better off by £98.54 (first year)

Factors to consider:

- The lower the parental income, the higher the child tax credit, and the more likely the family will be worse off if the young person claims ESA in full-time education
- If the young person claims ESA in education – do they satisfy the 21 hour rule?
- Part-time paid work or unpaid work experience whilst at college or leaving to do permitted work on ESA?
- Permitted work on ESA or full-time work with WTC
- Knock on effect on parent/carer housing benefit and council tax benefit through non-dependent deductions

Useful Resources

- Make it Work - A guide to ESA and Employment
www.salford.gov.uk/welfarerights
- The Young Person's Handbook
www.cesi.org.uk
- Disability Rights Handbook
www.disabilityalliance.org
- www.dwp.gov.uk/workingbenefits
- www.rightsnet.org.uk
- www.communitylegaladvice.org.uk
- www.citizensadvice.org.uk