Benefits Factsheet

Work and Benefits – April 2019

There are currently four ‘sickness’ benefits – Incapacity Benefit, Income Support, Severe Disablement Allowance and Employment and Support Allowance. These are benefits that are payable because a person is either incapable of work, or has limited capability for work. Universal Credit will be replacing the means-tested benefits. Most people who were claiming Incapacity Benefit, Severe Disablement Allowance or Income Support as sick may have been migrated on to Employment Support Allowance.

The law says that people on these benefits cannot do any work unless it meets certain conditions. It is vital that a person follows all the rules. They should also tell the Department for Work and Pensions (DWP) about any paid or voluntary work they are going to do. If they don’t do that they could put their benefit at risk. They can use form PW1 available from the Jobcentre. Universal Credit claimants can notify the Jobcentre via their online journal.

The following things are not counted as being work for all the benefits:

- Work as a volunteer. The person must not receive, or expect, payment for the work. They can receive money to cover expenses. The work must not be for a close relative. There is no limit to the number of hours a person can work as a volunteer if they are getting ESA or a similar benefit. The rules for Universal Credit are covered later.
- Work for one day a week as a ‘disability member’ of an Appeal Tribunal or of the Disability Living Allowance Advisory Board
- Work as a local councillor
- Domestic tasks carried out in the person’s home, or care of a relative
- Any activity undertaken during an emergency to protect another person or to prevent serious damage to property or livestock

It is possible to do some other paid work, while claiming ESA or similar benefits, but it must come under the following rules in order to be exempt. This is known as Permitted Work. A person getting Employment and Support Allowance – either contribution based or income based – can receive up to £131.50 per week in earnings as long as they meet the conditions set out. They can also have this amount disregarded for Housing Benefit and Council Tax Support.

**Supported Permitted Work – for ESA and similar benefits**
This is where people get help with finding work. Somebody who works for an organisation that helps people to find work must supervise the work. The level of support may vary according to his or her needs. Organisations like the Papworth Trust or the Richmond Fellowship can come into this category. A person can earn up to £131.50 per week with no time limit. The work could be done in the community or in a sheltered workshop. It could also be part of a hospital treatment programme.

**Permitted Work Higher Limit – for ESA and similar benefits**
People can work and earn up to £131.50 per week. The work must be for less than 16 hours per week. The time limit of 52 weeks was abolished from April 2017.

**Permitted Work Lower Limit – for ESA and similar benefits**
A person claiming benefit on the grounds of sickness may work and earn up to £20 per week with no time limit. There is no limit on hours, but it is expected to be a few hours a week, considering the National Living Wage.
Doing paid work can have an effect on Income Support in addition to the rules set out above. The rules allow a person who qualifies for the disability premium an earnings ‘disregard’ of £20 per week. If they earn more than that amount their Income Support would be reduced penny for penny.

**Universal Credit and work**

There is no Permitted Work limit on Universal Credit. The amount of Universal Credit will gradually reduce as people’s earnings increase. There is no limit or cut off on the number of hours that someone can work, and people do not have to stop and start difference claims when they move in and out of work.

A **Work Allowance** is the amount that can be earned before Universal Credit is affected. This is included for people who are claiming Universal Credit and either have:

- **Responsibility** for a child
- **Limited capability** for work

There are two levels of work allowance; the **higher amount** is paid if there are no housing costs in the assessment, and the **lower amount** if there is an amount for housing costs included in the assessment.

Any earnings above the work allowance are **reduced** at a steady rate of 63%. This is known as the **earnings taper** and means that for every £1 over the work allowance, Universal Credit is reduced by 63p.

People claiming Universal Credit can do voluntary work as the Jobcentre recognises that it can be helpful to develop skills and experiences in order to increase their employability. They can do voluntary work of up to 50% of their expected work hours.

Expected hours are the **number of hours** which a claimant will be expected to spend on work-related activity in a week. They are not restricted in what time of day they should be doing their work search but (unless they have had their requirements limited by their adviser) they should ensure that they are available to attend a job interview or take up an offer of paid work at any time.

**Warnings**

The DWP may take account of the fact that a person is doing some work when they assess whether a person is incapable of work or has limited capability for work – this can include any voluntary work.

This factsheet is a general guide. It is not a full statement of the law.