

## A rough guide to welfare benefits



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Hertfordshire County Council

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# Why worry about client's money?

- Because they do! Especially now.
- Two-way links between debt and depression
- Credibility - it shows you are of practical value
- Can simply get you 'in' to the situation
- Extra money can make a real difference to heating, housing, clothing, diet, self-esteem etc. – the social determinants of health.



# The benefit system

## **Contributory benefits e.g.**

JSA, ESA, State Pension, Bereavement Support Payment

- **“Situational benefits” e.g.**  
child benefit, attendance allowance, PIP disability living allowance, carers allowance
- **Means-tested (legacy benefits)**  
child tax credit, working tax credit, housing benefit, income support,
- **Non-legacy means-tested benefits**  
e.g. pension credit and council tax support, housing benefit for pensioners
- **Means-tested new benefit – universal credit**



<b>EMPLOYEES' BENEFITS</b>	<b>CONTRIBUTORY</b>	<b>NON CONTRIBUTORY</b>	<b>MEANS-TESTED</b>
<b>STATUTORY SICK PAY</b>	<b>CONTRIBUTORY (new style)</b>	<b>CHILD BENEFIT</b>	<b>INCOME SUPPORT</b>
<b>STATUTORY MATERNITY PAY</b>	<b>JOBSEEKER'S ALLOWANCE</b>	<b>GUARDIAN'S ALLOWANCE</b>	<b>INCOME-BASED JSA</b>
<b>STATUTORY PATERNITY PAY</b>	<b>RETIREMENT PENSION</b>	<b>MATERNITY ALLOWANCE</b>	<b>PENSION CREDIT</b>
<b>STATUTORY ADOPTION PAY</b>	<b>BEREAVEMENT BENEFITS (Bereavement Support Payment)</b>	<b>PERSONAL INDEPENDENCE PAYMENT</b>	<b>HOUSING and COUNCIL TAX BENEFIT</b>
	<b>CONTRIBUTORY (New Style) EMPLOYMENT &amp; SUPPORT ALLOWANCE</b>	<b>DISABILITY LIVING ALLOWANCE</b>	<b>CHILD TAX And WORKING TAX CREDIT</b>
		<b>ATTENDANCE ALLOWANCE</b>	<b>INCOME-RELATED ESA</b>
		<b>CARER'S ALLOWANCE</b>	<b>UNIVERSAL CREDIT</b>
		<b>INDUSTRIAL INJURIES BENEFIT</b>	



## EMPLOYEES' BENEFITS

STATUTORY SICK PAY

STATUTORY MATERNITY PAY

STATUTORY PATERNITY PAY

STATUTORY ADOPTION PAY

**e.g. Person with learning disabilities who has lost their job after 20 years. Lives independently but needs social care support. Hopes to find a new job.**

## CONTRIBUTORY

**CONTRIBUTORY (new style) JOBSEEKER'S ALLOWANCE**

RETIREMENT PENSION

BEREAVEMENT BENEFITS (Bereavement Support Payment)

**CONTRIBUTORY (New Style) EMPLOYMENT & SUPPORT ALLOWANCE**

## NON CONTRIBUTORY

CHILD BENEFIT

GUARDIAN'S ALLOWANCE

MATERNITY ALLOWANCE

**PERSONAL INDEPENDENCE PAYMENT**

DISABILITY LIVING ALLOWANCE

ATTENDANCE ALLOWANCE

CARER'S ALLOWANCE

INDUSTRIAL INJURIES BENEFIT

## MEANS-TESTED

INCOME SUPPORT

INCOME-BASED JSA

PENSION CREDIT

HOUSING and **COUNCIL TAX BENEFIT**

CHILD TAX And WORKING TAX CREDIT

INCOME-RELATED ESA

**UNIVERSAL CREDIT**

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e.g. Pensioner couple; one disabled and the other is their carer. Struggling financially with high rent and council tax.	CONTRIBUTORY (New Style) EMPLOYMENT & SUPPORT ALLOWANCE	ATTENDANCE ALLOWANCE	CHILD TAX And WORKING TAX CREDIT
		CARER'S ALLOWANCE	INCOME-RELATED ESA
		INDUSTRIAL INJURIES BENEFIT	
		ARMED FORCES COMPENSATION SCHEME/WAR PENSIONS	UNIVERSAL CREDIT

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e.g **Family with kids who haven't 'migrated' to universal credit, in rented house, on a low wage and looking after a disabled child**

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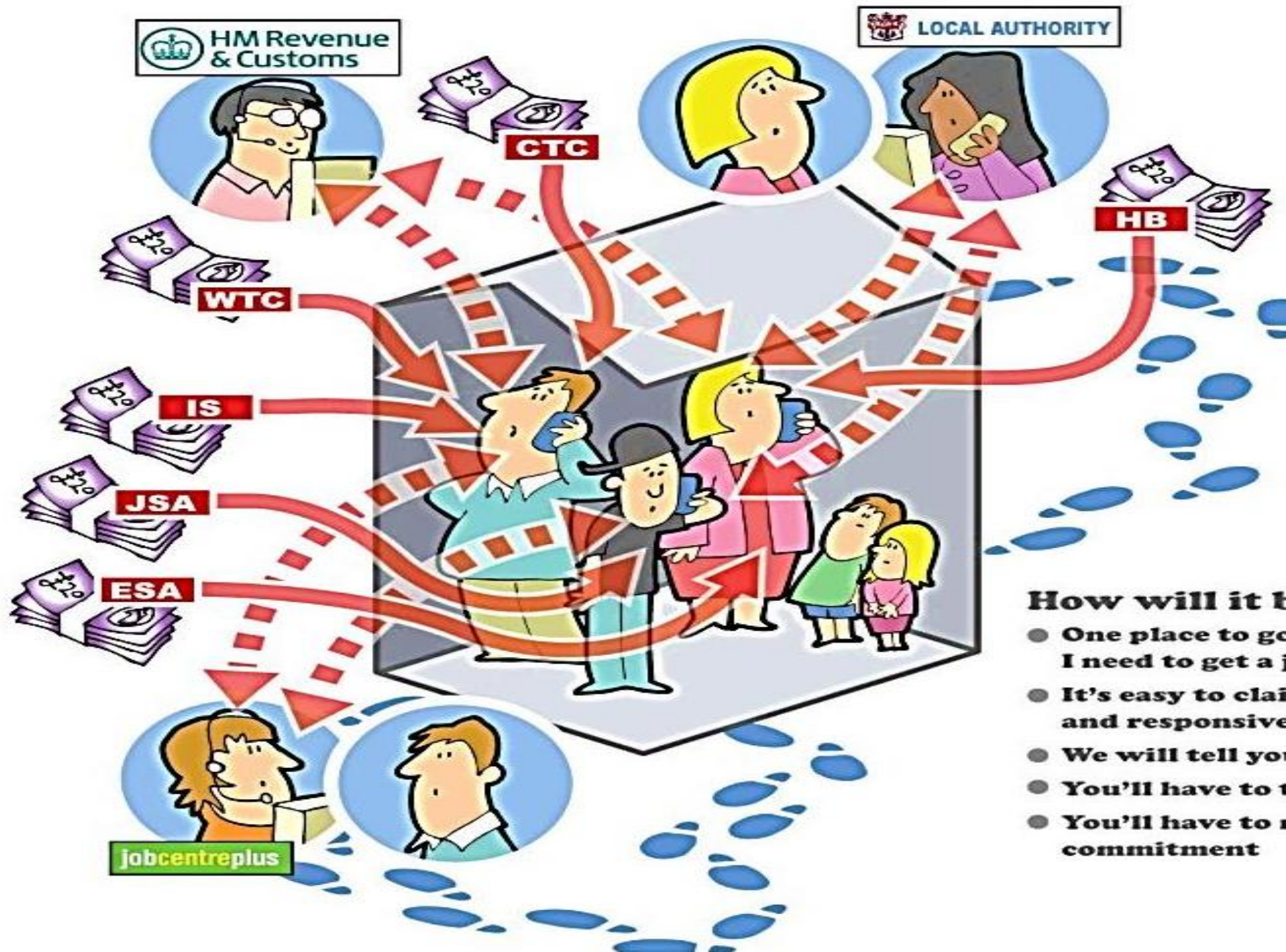
## EXAMPLE: A person with a disability

- **Contributory ESA** to replace earnings because unable to work – new claims known as ‘**new-style ESA**’ - but only if paid N.I.
- **Income-related ESA or Universal Credit** to top up income to a set level (no new claims for ESA)
- **Personal independence payment** to help with extra costs because of disability
- **Carers Allowance** – for their carer
- **Housing benefit or Universal Credit** to pay rent (no new claims for HB unless in temporary or supported accommodation).



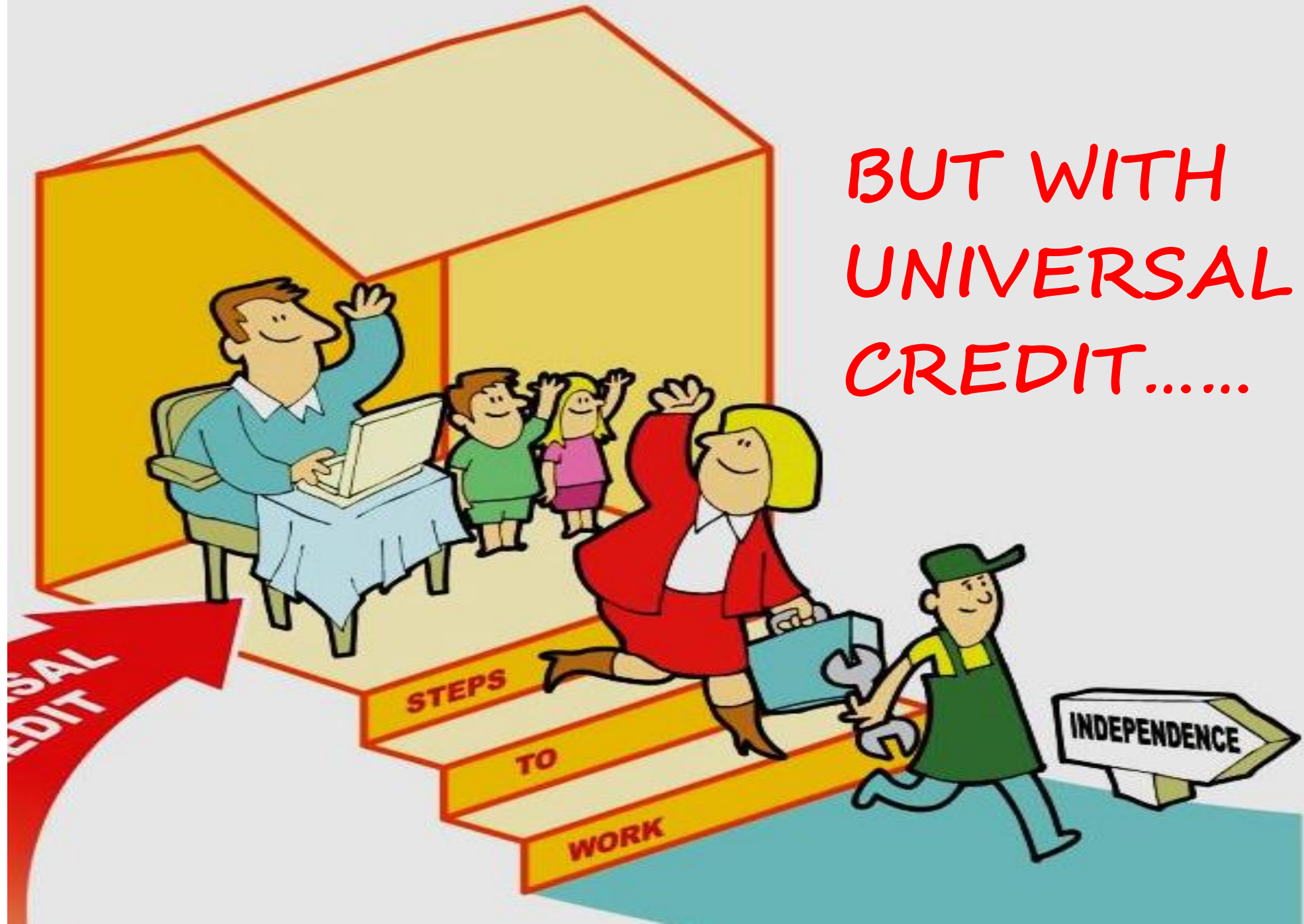




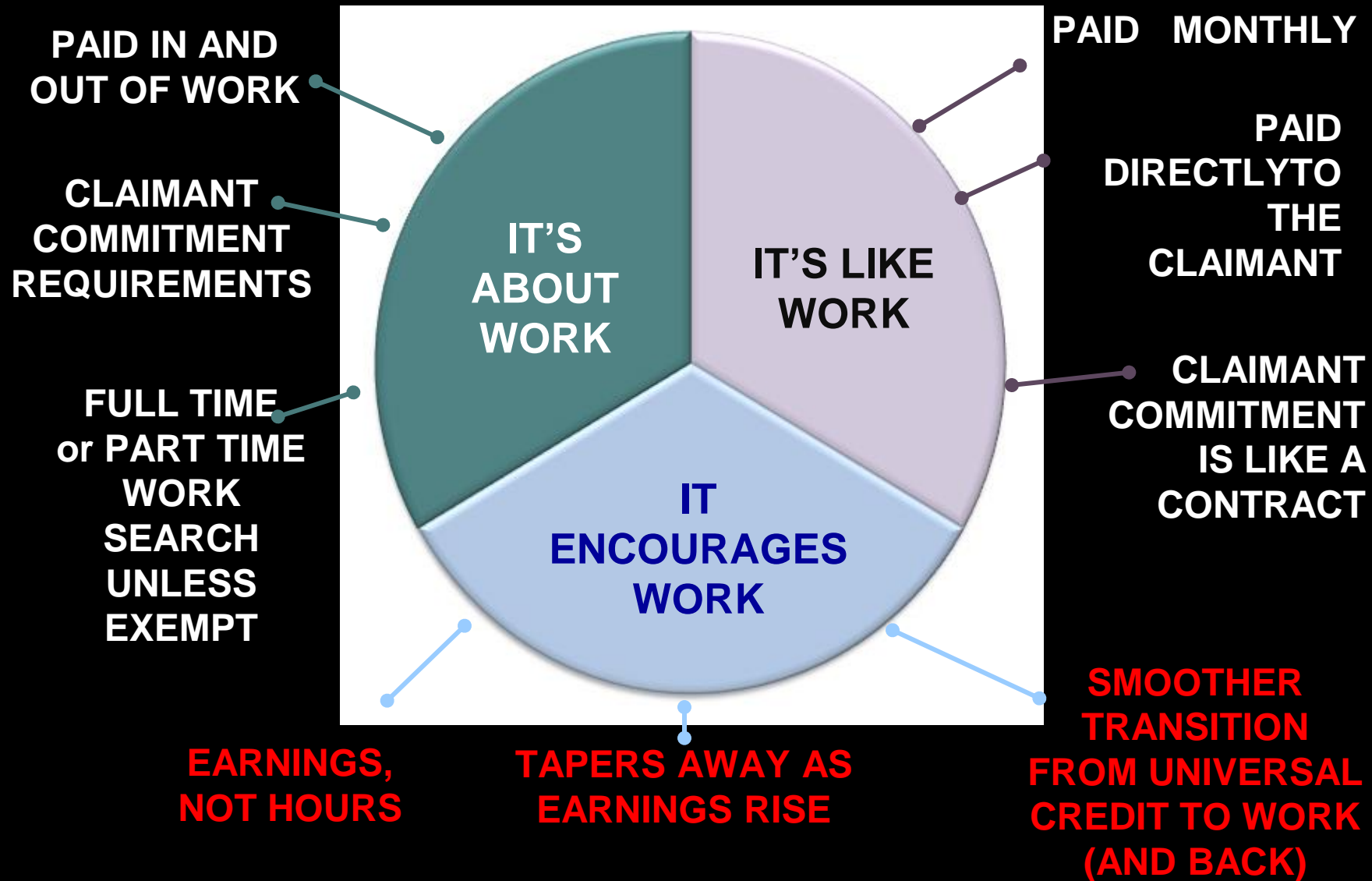


- One place to go
- I need to get a j
- It's easy to clai
- and responsive
- We will tell you
- You'll have to 1
- You'll have to 1
- commitment

**BUT WITH  
UNIVERSAL  
CREDIT.....**









# Do you have to claim universal credit?

- No – its not compulsory  
You are not dragged kicking and screaming onto UC. But there are consequences of not claiming.
- You can choose to move voluntarily at any time or when affected by natural or by managed migration.



# Legacy to U.C.

Moving from legacy benefits to universal credit is optional – “managed migration” is now in place everywhere though.

Some people may need to ‘naturally migrate’ due to RELEVANT change of circumstances e.g. moving home into a new local council area and still needing help with rent. And it’s a one-way shift – the UC lobster-pot!



# Some key features of UC

- Working-age only (includes couples where only one is of pension age)
- Reduced if there is an income e.g. wages but all SGO/CAO/S17/fostering income ignored
- Monthly re-calculation and payment, in arrears (“assessment periods”)
- For example – claim UC on March 18<sup>th</sup>; AP is March 18<sup>th</sup> to April 17<sup>th</sup>. First payment – April 24<sup>th</sup> (unless take out an advance, to be repaid over 24 months)
- Each UC payment based on earnings paid in that AP and circumstances on last day.
- Online claims and accounts
- “Conditionality” (looking for work) can apply



# Why do most people struggle if just on universal credit

- Basic rates are low
- There are some 'winners', and transitional protection is supposed to compensate 'losers' but ONLY if moved through managed migration
- **"Two-child" policy – nothing for 3<sup>rd</sup> kids born after April 2017**
- Benefit cap (limit on total amount of benefit that can be paid)
- **Local Housing Allowance (private rents) or bedroom tax (social sector)**
- Lower rates of UC for under 25's (and LHA for childless under 35's)
- **Benefit sanctions e.g. for not looking for work or losing a job without a good reason**
- Repayment of debts esp. tax credits and benefit advances
- **UC reduced by 55p for every after-tax £1 earned Some of the pay – a work allowance - is ignored if a parent or disabled**
- Doesn't fit well with anyone not paid monthly on same date every month.
- **Proving unfitness for work if you have health problems**
- No or inadequate help with one-off items e.g. maternity grant (only for first child); household goods (except as a loan); rent in advance/deposit (except as a discretionary housing payment ) and **only a loan to help with mortgages**

## Some other universal credit problem areas.

Universal Credit implementation – DWP errors and delays

Complex arrangements for paying for child care – can meet up to 85% but in arrears.

Long-standing issues over what constitutes 'living together'

Understanding of structure – amount will vary month to month as income changes

Relationship to council tax – has to be claimed and adjusted separately

On-line claiming, and maintaining claim on-line via 'journal'

Being assessed as having LCW/LCWRA (unfit for work) –i.e. delays and poor decisions

Some of the 'problems' attributed to UC are not UC-related at all e.g. benefit cap, sanctions, lack of grants etc

Repayment of advance payments, debts and overpayments especially of tax credits



# Two-child limit (6<sup>th</sup> April 2017)

- Child tax credit, HB child element and UC child element – all now limited to first two children for new births (some exceptions e.g. rape, controlling or coercive relationships, multiple births and adoption or kinship care etc.)
- See [www.gov.uk/hmrc/ctc-exceptions](http://www.gov.uk/hmrc/ctc-exceptions)
- Child benefit remains payable – no limit.





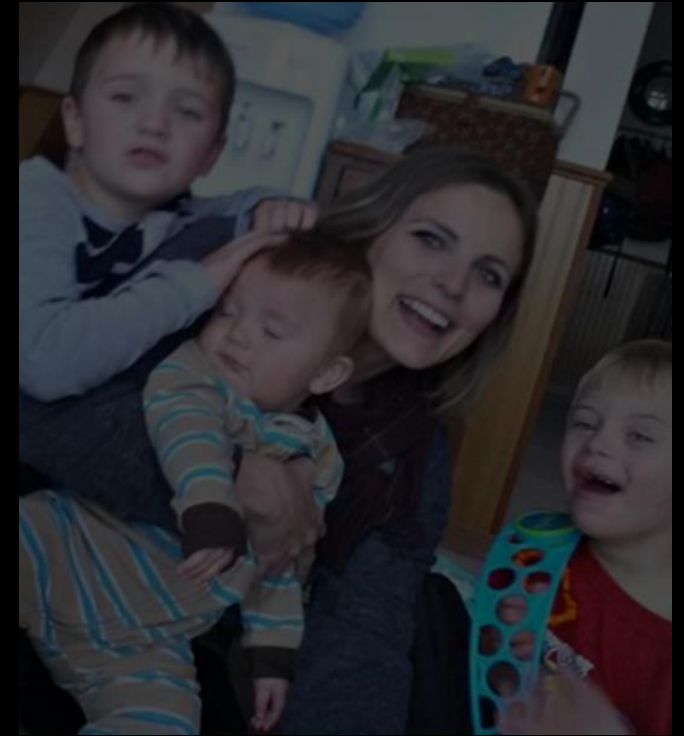


# The benefit cap

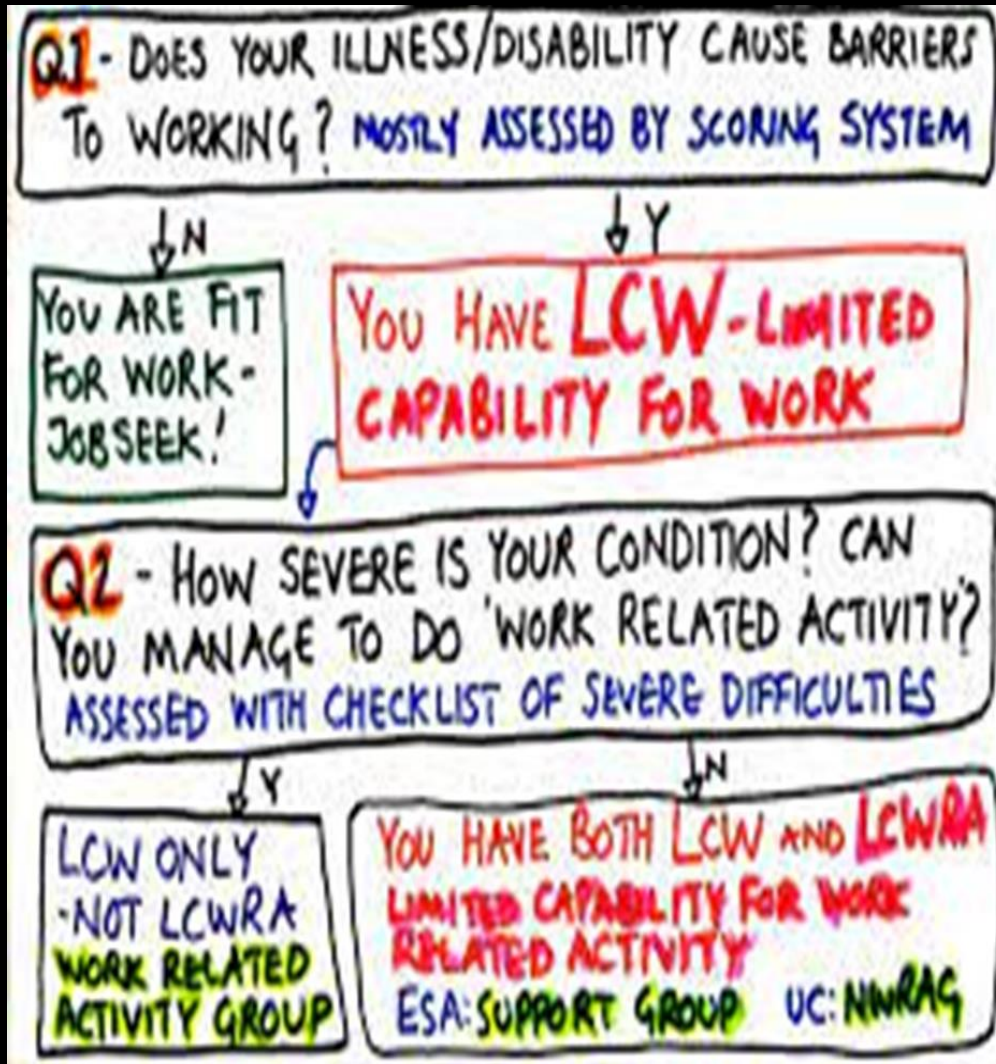
Theresa is on UC, in a 3-bed house at £200 per week. She has two boys aged 16 and 12. She takes-in her two nephews aged 2 and 7 (and is exempt from 2-child limit.....but.....)

She claims child benefit for the two nephews and adds them to her UC claim. Her UC would be around £2,400 p.m. plus around £290 child benefit – total £2690 (£870 of which is her rent)

The cap figure unless exempt, is £2110 in London (£1835 outside) so her UC and CB would be brought down to that figure, a potential loss of between £580 and £855 a month.



**After paying rent, if living outside London, she would have £985 per month to live on in total for self and 4 kids.**



Some people claim benefit on the basis that they have **limited capability for work**.

The two benefits are employment and support allowance and universal credit.

There are two versions of employment and support allowance, one based on having paid national insurance contributions ('new style' ESA) and the other means-tested ('income related ESA').

For most claimants, universal credit has replaced income-related ESA for new claims and existing claims by December 2025.

The previous Government planned to abolish the WCA altogether. Fitness to work would be decided by a new and harder PIP test. There would be more pressure to look for work, more sanctions for not complying and DWP would have power to access bank accounts.





**The new Government** are publishing a White Paper on benefit reform 'in the autumn' Based on announcements made so far, there will be more pressure to look for work, more sanctions for not complying and DWP would have power to access bank accounts.





The carrot and the stick

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# The Government had Great Expectations of PIP

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# Personal Independence Payment

- DWP have issued -The Personal Independence Payment (PIP) toolkit - GOV.UK ([www.gov.uk](http://www.gov.uk))
- New shorter form for PIP renewals
- 'light touch reviews' every 10 years for unchanging conditions
- Increased use of on-line claiming
- "Health Transformation Programme" Sept 2024 onwards – eventually merge assessment of PIP and ESA and use PIP assessment for 'fitness for work' too.

JAM TODAY



# Cost of Living – Just About Managing

Kendall launches blueprint for fundamental reform to change the DWP from a 'Department of Welfare to a Department for Work' - GOV.UK

<https://www.gov.uk/government/news/kendall-launches-blueprint-for-fundamental-reform-to-change-the-dwp-from-a-department-of-welfare-to-a-department-for-work>

JAM  
TOMORROW







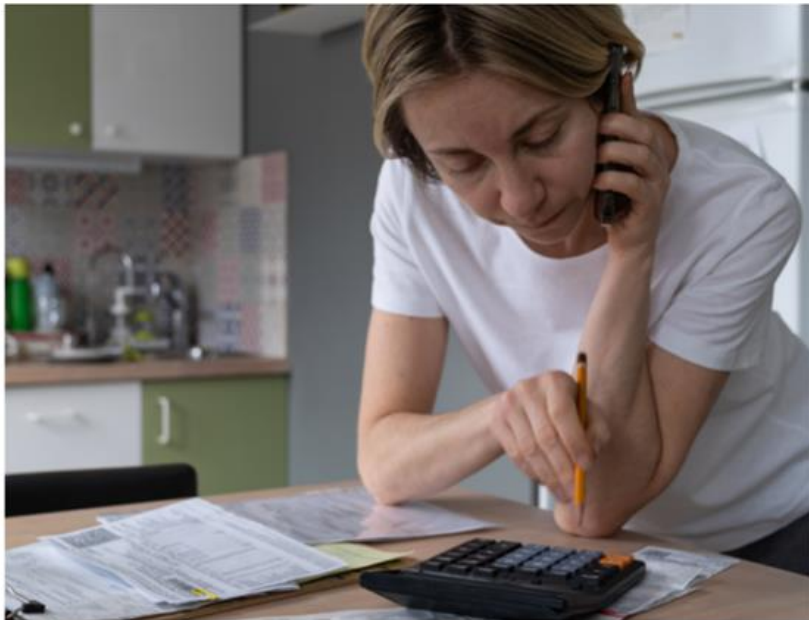
## One crisis might be all it takes

Life events like losing a job, bereavement, ill-health, becoming a carer or having a relationship breakdown. Domestic pressures like a broken cooker, boiler or bed, or a new exhaust for an essential car. “Living on a knife-edge”



## Heading for crisis:

Caught between caring  
and rising costs



Carers who care for longer and provide more hours of care per week are more likely to be struggling financially. The proportion of people caring for over 5 years are almost twice as likely to be struggling to afford the cost of food (20%) and be in debt (19%) compared to people caring for less than 5 years (11% and 9% respectively).



# Pension Credit

- Pension Credit toolkit - GOV.UK ([www.gov.uk](http://www.gov.uk))

The toolkit contains:

- guidance to help you understand Pension Credit
- information to help you support someone applying for Pension Credit
- some reasons why 850,000 pensioners don't claim



For information on income-related benefits, tax credits, contribution-based benefits, Council Tax Reduction, Carer's Allowance, Universal Credit, how these are calculated and how your benefits will be affected if you start work or change your working hours

- [Turn2us](#)
- [Policy in Practice](#)
- [Entitledto](#)

Two new free, interactive courses are now available and should take no longer than an hour to complete – on [www.hertfordshire.gov.uk/benefits](http://www.hertfordshire.gov.uk/benefits)

**Introduction to welfare benefits** covers the different types of benefits and their eligibility rules and is ideal for anyone who wants a basic overview of the current system whilst **Benefits for older people** gives an overview of the benefits available for people who have reached state pension age.



