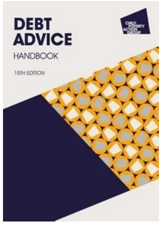

The content

Debt Advice Handbook 15th edition

Description

With living costs and unemployment rising, budgets squeezed and problem debt on the increase, no adviser should be without this essential guide to the practice and process of giving money advice in England and Wales.

Who's this book for?
It is essential for debt advisers, welfare rights advisers, lawyers, local authority and housing association staff, social workers and union official.

What does it do?
The handbook provides the most comprehensive information needed by advisers on the key stages of money advice, including interviewing clients, establishing liability, prioritising debts, preparing a financial statement, negotiating with creditors and dealing with bailiffs. Fully indexed and cross-referenced to law, regulations and official guidance, and to court and tribunal decisions Includes tactical guidance and examples

What's new?
Fully updated to cover all recent changes to legislation, caselaw and court procedure and practice Emphasis is placed on taking due care of vulnerable clients and making sure that any payment arrangements agreed are appropriate. There is a focus on sustainable credit arrangements that do not affect a client's abilities to pay essential living expenses and priority debts.

Properties

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3. A–Z of benefits and tax credits

Unless otherwise stated, all the benefits referred to in this section are claimed from and paid by the DWP. For more information and the current rates, see CPAG's *Welfare Benefits and Tax Credits Handbook*.

Adult disability payment

Adult disability payment (ADP) is replacing personal independence payment (PIP) for people living in Scotland. It is not covered in this *Handbook*.

Attendance allowance

Attendance allowance (AA) is a benefit for clients who are pension age or over when they first claim and who have a mental or physical health condition or disability. To get the lower rate of AA, they must usually need:

- frequent help with personal care throughout the day; *or*
- continual supervision throughout the day to avoid danger to themselves or others; *or*
- repeated or prolonged attention at night to help with personal care; *or*
- for another person to be awake for a prolonged period or at frequent intervals at night to avoid danger to the client or others.

If a client meets one of the daytime conditions *and* one of the night-time conditions, they will be paid the higher rate of AA.

Clients must satisfy these conditions for at least six months before they can get AA. However, people who are terminally ill (ie, who have a progressive disease from which they could reasonably be expected to die within 12 months) should be awarded the higher rate of AA immediately.

An award of AA always makes a client better off. It is not means tested and does not count as income when calculating means-tested benefits and tax credits. Entitlement to AA may actually increase a client's entitlement to a means-tested benefit, or mean that they are entitled to a means-tested benefit that they could not get before. An award of AA could also mean that a client's carer could claim carer's allowance (CA – see here) and/or get the carer element of universal credit (UC – see here) for looking after them.

AA cannot be backdated. It is not taxable.

Bereavement support payment

Bereavement support payment replaces the 'old' bereavement benefits (bereavement payment, widowed parent's allowance and bereavement allowance) for people whose spouse, civil partner or (in some cases) cohabiting partner died on or after 6 April 2017. If the death was before 6 April 2017, clients may be entitled to the 'old' bereavement benefits.

To qualify, the client's late spouse, civil partner or co-habiting partner (where applicable) must either have paid sufficient national insurance (NI) contributions or been an employee and died as a result of an industrial accident or disease. In addition, the client must be under state pension age.

There are two rates of bereavement support payment:

- the standard rate, comprising an initial lump sum and a monthly amount; *and*
- the higher rate, payable to pregnant women and those with dependent children, comprising a higher initial lump sum and a higher monthly amount.

Bereavement support payment is paid for a maximum of 18 months after the death and must normally be claimed within 12 months of the death. It

is automatically backdated for up to three months, to the date of death.

The initial lump sum is disregarded as capital for means-tested benefits for the first 12 months and the monthly allowance is disregarded as income for means-tested benefits and tax credits.

Carer support payment

Carer support payment is replacing carer's allowance for people living in Scotland. It is not covered in this *Handbook*.

Carer's allowance

CA is a benefit for clients who are providing regular and substantial care (35 hours a week or more) for someone who gets:

- AA;
- the middle or highest rate of the care component of disability living allowance (DLA) or child disability payment (CDP);
- either rate of the daily living component of personal independence payment (PIP) or adult disability payment (ADP);
- armed forces independence payment, or constant attendance allowance paid with an industrial injuries disablement benefit or a war disablement pension.

This includes caring for a partner, family member, friend or neighbour.

Clients who claim CA (even if it is not paid because of special rules on 'overlapping benefits') may be entitled to an extra amount, called a carer premium, in a means-tested benefit or a carer element in UC.

Note: a claim for CA can mean that the cared-for person receives less in means-tested benefits and so a detailed better-off calculation may be needed. Clients should usually be referred for specialist advice before claiming CA.

CA is not means tested, but clients cannot get it if they have earnings above a set limit. CA is taken into account in full as income for means-tested benefits and tax credits. CA is taxable.

Child benefit

Child benefit is a benefit for clients who are responsible for a child under 16 or a 'qualifying young person' aged 16 to 20 who meets certain conditions, such as being enrolled on a course of full-time, non-advanced education or approved training.

To be responsible for a child or qualifying young person, the client must live with the child or contribute to the cost of supporting them of at least the child benefit rate.

Child benefit is not means tested, and can be paid in addition to other benefits and tax credits. Child benefit is not taxable, unless a client or their partner individually earns more than £50,000 a year. Child benefit is claimed from and paid by HMRC.

Child benefit is not affected by the 'two-child limit'.

Child disability payment

CDP has replaced disability living allowance for children in Scotland. It is not covered in this *Handbook*.

Child tax credit

Note: the introduction of UC affects child tax credit (CTC) (see here). It is no longer possible to make a new claim for CTC, although a client may be able to get it for the first time if they already receive working tax credit (WTC). It is not possible to be entitled to CTC and UC at the same time. A claim for UC causes CTC to be terminated.

CTC is paid to clients who are responsible for a child or qualifying young person (see above). A client counts as responsible for a child if the child normally lives with them. CTC is affected by the 'two-child limit', meaning that your client may not get CTC for third or later children born after 5 April 2017.

CTC is paid in addition to child benefit and can also be paid alongside most other benefits. People entitled to income support (IS), income-based jobseeker's allowance (JSA), income-related employment and support allowance (ESA) or pension credit (PC) automatically get maximum CTC, but it counts as income for housing benefit (HB), except for people who are have reached pension age (see here).

CTC is claimed from and paid by HMRC and is means tested. The means test for tax credits is different from that for benefits, and is based on annual income. CTC is not taxable.

Disability living allowance

DLA is a benefit for people who have care and/or mobility needs due to a physical or mental disability or health condition. Since April 2013, new claims for DLA can only be made for children aged under 16. People aged 16 to 64 who have a disability must claim PIP instead. When a child who gets DLA turns 16, they are normally invited to claim PIP. Many adults who already receive DLA will continue to receive it for some time until they are transferred to PIP. However, in the rest of this section, we focus on DLA for children.

DLA has two components.

To qualify for the '**care component**', the child must need:

- help with personal care for a significant portion of the day; *or*
- frequent help with personal care throughout the day; *or*
- continual supervision throughout the day to avoid danger to the child or others; *or*
- frequent or prolonged supervision at night to avoid danger; *or*
- prolonged or repeated attention at night.

To qualify for the '**mobility component**', the child must:

- be unable or virtually unable to walk; *or*
- be both blind and deaf; *or*
- be blind or have a severe visual impairment; *or*
- be born without feet or be a double amputee; *or*
- have a severe mental impairment, have severe behavioural problems and be entitled to the highest rate of the care component (see below); *or*
- need guidance or supervision on unfamiliar routes.

DLA care component is paid at three different rates and the mobility component at two different rates. Which rate is awarded depends on which needs the child has from the list above. Children can get the care component or the mobility component or both. They can receive the higher rate of the mobility component from age three, the lower rate of the mobility component from age five and any rate of the care component from age three months.

The child must satisfy the conditions above for at least three months before the start of the award and be likely to continue to satisfy them for at least the next six months. However, a child who is terminally ill (ie, who has a progressive disease from which they could reasonably be expected to die within 12 months) should be awarded the higher rate of DLA care component immediately.

An award of DLA for a child always makes a family better off. It is not means tested and does not count as income when calculating means-tested benefits and tax credits. If a client's child gets DLA, this may mean that the client becomes entitled to a means-tested benefit, or a higher amount of benefit that is already being paid. The client may also be able to claim CA (see here) and/or get the carer element of UC (here).

DLA cannot be backdated. It is not taxable.

Employment and support allowance

Note: ESA is affected by the introduction of UC (see here).

ESA is a benefit for clients who cannot work due to illness or disability. Employees usually claim statutory sick pay (SSP) for the first 28 weeks of illness rather than ESA. Self-employed and unemployed people claim ESA straight away.

There are two types of ESA.

- **Contributory ESA** (sometimes called 'new-style ESA') is paid if a client satisfies the NI contribution conditions. It is not means tested. It is only paid for 52 weeks, except if the claimant is in the 'support group' (see below). Contributory ESA is *not* being replaced by UC.
- **Income-related ESA** is means tested and has no NI contribution test or maximum duration. It is possible to receive contributory ESA topped up with income-related ESA. Income-related ESA is being replaced by UC and a client cannot make a new claim for it.

A basic allowance of ESA is paid during an initial 'assessment phase' of 13 weeks. The amount paid could be higher if, for example, it includes disability premiums.

The DWP then assesses the client's ability for work under a 'work capability assessment'. A small number of people are automatically treated as having limited capability for work and do not have to undergo this assessment – eg, people who are terminally ill, those receiving or recovering from certain types of chemotherapy and hospital patients.

After the initial assessment phase, clients who pass a medical assessment go on to the 'main phase' of ESA. Clients are put into either:

- the 'work-related activity group' and must attend work-focused interviews and undertake work-related activity. They may get any extra amount of ESA called the work-related activity component, but few claimants can now get this; *or*
- the 'support group' and have no work-related requirements. They also get an extra amount of ESA called the support component.

Clients in the work-related activity group may have their benefit reduced by a sanction if they do not attend a work-focused interview or carry out work-related activity. There is a right to appeal this and it is always worth considering whether to challenge a sanction. Clients whose income-related ESA has been reduced by a sanction may qualify for hardship payments.

The general rule is that people cannot get ESA if they are working. Clients can do some limited work (called 'permitted work') while on ESA, but they must notify the DWP and they can lose their ESA entitlement if they earn more than a certain amount. Clients affected by these rules may need specialist advice.

Contributory ESA is not means tested, but it is affected by any income from certain pensions and is subject to the 'overlapping benefit' rules. It can be 'topped up' with income-related ESA or with UC.

Income-related ESA is a 'passporting' benefit, which means that it can help the client to get maximum HB, free prescriptions, free school meals for their children and help from the social fund. Extra amounts of income-related ESA, called premiums, can be paid depending on the client's and their partner's circumstances.

Contributory ESA is taxable; income-related ESA is not.

Guardian's allowance

Guardian's allowance is a benefit paid to a client who is responsible for a child who is effectively an orphan. Clients can be paid it if they are entitled to child benefit for a child:

- whose parents have died; *or*
- where one of the child's parents has died and either the whereabouts of the other parent is unknown, or the other parent has been sentenced to a term of imprisonment of two years or more or is detained in hospital by a court order.

Guardian's allowance is not means tested, does not count as income for other benefits and tax credits, and can be paid in addition to child benefit. It is claimed from and paid by HMRC.

Health benefits

Clients can qualify for the health benefits listed below if they receive:

- UC and either have no earnings or have earnings below a certain amount;
- IS;
- income-related ESA;
- income-based JSA;
- the guarantee credit of PC;
- CTC and they are not eligible for WTC – eg, because they do not work enough hours to qualify;

- CTC *and* WTC;
- WTC that includes a disability or severe disability element and they have income below an income threshold;
- none of the benefits above but can qualify under the NHS Low Income Scheme. These clients should apply directly to the NHS Business Services Authority by completing an HC1 form.

The health benefits are:

- free prescriptions;
- free dental treatment;
- free sight tests;
- vouchers towards the cost of glasses or contact lenses;
- travel costs to and from hospital for treatment or services.

Each health benefit has its own rules on who is entitled.

Healthy Start food and vitamins

This section applies to England and Wales only.

The Healthy Start scheme provides a prepayment card to pay for healthy food, such as fruit, vegetables and milk. Those who qualify for the card can also get free vitamins. Clients qualify if they:

- are at least 10 weeks pregnant and are aged under 18; *or*
- are 18 or over, are more than 10 weeks pregnant and are entitled to IS, PC, income-based JSA or income-related ESA, or have an income of less than a certain amount and get UC or CTC (but not WTC); *or*
- are aged 16 or over, have a child under four and get one of the qualifying benefits above.

Some clients with 'no recourse to public funds' can still qualify for Healthy Start.

Housing benefit

Note: HB is affected by the introduction of UC (see here).

HB is a means-tested benefit, claimed from and paid by local authorities to tenants to help with the cost of their rent. HB can be paid to people in and out of work.

Clients in private rented accommodation may not have their full rent covered by their HB if their rent is more than a local housing allowance for their area. This is based on the number of bedrooms a client is allowed under the rules and the local housing allowance rates set by the rent officer.

Clients in local authority or housing association accommodation may not have their full rent covered by their HB if they live a property with more bedrooms than they are allowed (known as the 'bedroom tax').

Clients in any type of housing could find that their HB does not cover their full rent if:

- their household income from benefits is above a certain amount (known as the 'benefit cap'); *or*
- their rent includes non-eligible charges, such as fuel, water or some service charges; *or*
- if a non-dependant (eg, a relative or friend) lives with them.

Clients entitled to IS, income-based JSA, income-related ESA or the guarantee credit of PC are usually entitled to HB, but they must make a separate claim. Clients not on a means-tested benefit can also qualify for HB if their income is sufficiently low and they have capital below a certain amount (£16,000 for most clients). There is no capital limit for clients who get the guarantee credit of PC.

Most working-age clients can no longer start a new claim for HB. If they want to start getting help with housing costs, they must claim UC instead. However, people already getting HB can continue receiving it until they are asked to move to UC, and pensioners and people living in certain types of housing (eg, supported accommodation and some types of temporary accommodation) *can* still make new claims for HB.

Claims for HB can be backdated for a maximum of one month if a client can show good cause for claiming late. Clients or their partners not in receipt of IS, income-based JSA or income-related ESA who are at least pension age can get HB backdated for up to three months without showing good cause.

Clients whose HB does not cover the whole amount of their rent can apply for a discretionary housing payment (DHP) to help make up the shortfall (see here). DHPs are paid from a cash-limited budget and are not guaranteed.

HB and discretionary housing payments are not taxable.

Income support

Note: IS is being replaced by UC (see here). It is not possible to make a new claim for IS. Clients already getting IS can continue to do so until they are asked to claim UC instead.

IS is a means-tested benefit that provides basic financial support for clients on a low income who are not expected to look for work.

IS pays a basic amount for the client and their partner, if they have one. Some people who have been getting IS since before 2004 may also receive amounts for their children. IS is a 'passporting' benefit – ie, it can help the client get maximum HB, free prescriptions, free school meals for their children and help from the social fund. Extra amounts can be paid depending on the client's and their partner's circumstances – eg, premiums for carers or because of a disability.

IS is not taxable.

Industrial injuries disablement benefit

Industrial injuries disablement benefit (IIDB) is for clients who:

- have a personal injury while working as an employee – eg, from an accident at work; *or*
- have a prescribed industrial disease contracted during the course of their employment – eg, asbestosis.

Clients must be assessed as having a degree of disablement resulting from a loss of faculty – eg, a reduced ability to walk because of arthritis. Clients can get IIDB if they are still in work. It can be paid on top of contributory ESA and other non-means-tested benefits. IIDB is not taxable. It generally counts as income for the purposes of calculating means-tested benefits, but is disregarded as income for tax credits.

Jobseeker's allowance

Note: income-based JSA is affected by the introduction of UC (see here).

JSA provides basic financial support for people who are expected to look for work. There are two types of JSA.

- **Contribution-based JSA** (sometimes called 'new-style JSA') is paid for six months to those who have recently paid NI contributions. Contribution-based JSA is *not* being replaced by UC.
- **Income-based JSA** is means tested with no requirement to have paid NI contributions. Income-related JSA is being replaced by UC and a client cannot make a new claim for it.

Income-based JSA pays a basic amount for the client and their partner, if they have one. Some people who have been getting income-based JSA since before 2004 may also receive amounts for their children. Income-based JSA is a 'passporting' benefit – ie, it can help the client get maximum HB, free prescriptions, free school meals for their children and help from the social fund. Extra amounts can be paid depending on the client's circumstances – eg, if they are caring for someone or have a disability.

Contribution-based JSA pays a basic amount for the client and is only paid for six months. Contribution-based JSA can be 'topped up' with income-based JSA or UC.

Clients may have their JSA reduced by a sanction if they do not comply with certain 'jobseeking conditions' (eg, attending interviews) and for other things, such as losing a job because of misconduct, giving up work without a good reason or for not participating in specified training or employment schemes. There is a right to appeal, and it is always worth considering whether to challenge a sanction.

Clients can apply for hardship payments if their JSA is not paid because of a sanction and they are considered to be in a vulnerable group – eg, carers, and people who have a disability or children.

JSA is taxable.

Maternity allowance

Maternity allowance (MA) is a benefit for women who are pregnant or who have recently given birth. It is normally claimed by women who do not qualify for statutory maternity pay (SMP) – eg, self-employed women, those not currently in work or those who have not worked for the same employer for long enough to get SMP. To qualify for MA, the client must have been employed or self-employed for at least 26 of the 66 weeks before the week the baby is due, and have had average weekly earnings of at least £30 a week in 13 weeks of this 'test' period.

MA is not taxable.

Pension credit

PC is a benefit for people on a low income who are at least pension age. A client's pension age depends on their date of birth. Pension age is currently 66 (as of 2023) and will eventually go up to 68.

PC is made up of a guarantee credit and a savings credit.

The guarantee credit is the basic amount paid for the client and their partner. It is means tested, but there is no limit on how much capital a client can have.

Extra amounts of guarantee credit can be paid depending on the client's circumstances – eg, if they are caring for someone or have a disability. PC is a 'passporting' benefit – ie, it can help the client get maximum HB, free prescriptions, free school lunches for their children and help from the social fund.

The savings credit is an additional amount of PC, paid to clients with qualifying income (eg, retirement pension) over a certain amount. However, savings credit is being phased out and is only available for people who reached pension age before 6 April 2016.

PC is not taxable.

Personal independence payment

PIP is a benefit for people who have care and/or mobility needs due to a physical or mental disability or health condition. It is for working-age clients but can often continue to be paid after pension age. It has replaced DLA for new claimants aged 16 or over from 8 April 2013. Clients who get DLA are being gradually transferred to PIP.

PIP has two components – a daily living component and a mobility component. Each component has two rates – a standard rate, and an enhanced rate.

Entitlement to PIP is determined by testing the difficulty a client has performing a specified list of activities. Points are given for each activity and benefit is awarded once a specified number of points is reached. Most clients must have a medical assessment.

To qualify for PIP, a client must usually have met the conditions for three months and be expected to meet them for at least a further nine months. However, a client who is terminally ill (ie, who has a progressive disease from which they could reasonably be expected to die within 12 months) should be awarded the enhanced rate of the daily living component immediately.

An award of PIP always makes a household better off. It is not means tested, taxable or based on NI contributions. Entitlement to PIP may mean that a client becomes entitled to a means-tested benefit or an increased amount of a benefit already being paid. Someone who spends time caring for the client may also be able to claim CA (see here) and/or get the carer element of UC (here).

PIP cannot be backdated.

Scottish child payment

Scottish child payment is a payment for people living in Scotland who get certain benefits and have children under 16. It is not covered in this *Handbook*.

Social fund payments

Alert: The Government has announced that for 2024/25 the winter fuel payment will only be paid to people over pension age where the household is in receipt of pension credit or other means-tested DWP benefits

The following payments are available from the social fund.

- **Budgeting loans.** These are for specified types of expenses, such as an item of furniture or household equipment. They are discretionary, so a loan is not guaranteed. The client must have been getting a qualifying benefit (see here) for at least 26 weeks. The amount paid is determined by a formula based on the size of the client's family and the amount of any outstanding budgeting loan debt. Loans are repaid through weekly deductions from benefits, but are interest free. The loan must usually be repaid within two years. **Note:** clients getting UC cannot apply for a budgeting loan and must apply for a budgeting advance of UC instead (see here).
- **Sure Start maternity grant** (England and Wales only. For Scotland see Best Start grant and foods). This is a £500 lump sum payable to clients on a low income to help with the costs of a new baby. If another child in the client's family is under 16 at the time of the claim, the client cannot usually get the grant. The client must be getting a qualifying benefit (see below). The grant must usually be claimed within six months of the baby's birth (or an adoption, residence or parental order).
- **Funeral payment**. This is a lump sum to cover the basic costs of a funeral plus some other related expenses. The client must be responsible for the funeral arrangements and be on a qualifying benefit (see below). The payment may be recovered from any money or assets left by the person who died. There are also rules which exclude some people from claiming if someone else, not getting a benefit, could have paid for the funeral.
- **Winter fuel payment.** This is a lump-sum payment to help pay fuel bills, although it can be spent on anything the client wants. Clients must be at least pension age to qualify (see here). It is usually paid automatically.
- **Cold weather payments** are paid to people on a qualifying benefit (see below) during recorded periods of cold weather. **Note:** there are other eligibility conditions.

Qualifying benefit

A 'qualifying benefit' for a **budgeting loan** is:

– IS;

– income-based JSA;

– income-related ESA;

– PC.

A 'qualifying benefit' for a **Sure Start maternity grant, funeral payment and cold weather**

payment is:

– IS;

– income-based JSA;

– income-related ESA;

– HB (funeral payments only);

– PC;

– CTC of more than just the family element (Sure Start maternity grants and funeral payments only);

– WTC including the disabled worker or severe disability element (Sure Start maternity grants and funeral payments only);

– UC.

In some cases, a client can claim a social fund payment if their partner has an award of the qualifying benefit or tax credit.

State retirement pension

Clients who reach pension age on or after 6 April 2016 can get the new state pension. Clients who reached pension age before 6 April 2016 may be entitled to an 'old' retirement pension, known as category A, category B and category D retirement pensions.

The amount of state pension a client receives depends on their NI contribution record. State pension is paid at a basic weekly rate, which can be increased if a client has chosen to defer the pension.

A client must claim state pension on the approved form, by telephone or online. State pension can be backdated for a maximum of 12 months from the date they would have been first entitled. Any claim made after this date can be treated as an application to defer the pension. Clients should consider the financial implications before choosing to either have their pension backdated for 12 months or deferred.

State pension is not means tested, but is taken into account as income for other benefits and tax credits. It is taxable.

Statutory adoption pay

Statutory adoption pay (SAP) is paid to clients who are (or have recently been) employees and who take adoption leave.

A client's average gross weekly earnings must be at least the NI 'lower earnings' limit. They must have worked continuously for their employer for 26 weeks by the end of the week in which they are notified that they have been matched for adoption.

SAP is claimed from the client's employer and is paid in the same way as the client's normal pay. The employer must be given relevant notice and information within a strict time limit. SAP is paid for 39 weeks. It is not means tested, but counts as earnings for means-tested benefits. The first £100 of a client's weekly SAP is ignored for tax credits; anything above £100 is counted as employment income.

SAP is taxable.

Statutory maternity pay

SMP is paid to clients who are (or have recently been) employees and who take maternity leave.

A client's average gross weekly earnings must be at least the NI lower earnings limit. She must have worked continuously for her employer for 26 weeks up to and including the 15th week (called the 'qualifying week') before the week the baby is due.

SMP is paid for a maximum of 39 weeks. For the first six weeks, clients get a higher rate equal to 90 per cent of average weekly earnings and a further 33 weeks at the lower rate. These are the minimum amounts of maternity pay; the client's employer might offer more generous contractual maternity pay. Clients who do not qualify for SMP may be able to claim MA (see here). Entitlement to SMP does not depend on the client returning to work.

SMP is claimed from the client's employer and paid in the same way as her normal pay. The employer must be given relevant notice and information within a strict time limit. SMP is not means tested, but counts as earnings for means-tested benefits. The first £100 of a client's weekly SMP is ignored for tax credits; anything above £100 is counted as employment income.

SMP is taxable.

Statutory parental bereavement pay

Statutory parental bereavement pay (SPBP) is paid to clients who are employees and are taking leave following the death of a child or a stillbirth. It is paid for up to two weeks for deaths and stillbirths occurring on or after 6 April 2020.

To qualify for SPBP, the client must have been continuously employed by the same employer for at least 26 weeks. Their earnings must be at the NI lower earnings limit. The client must give their employer notice of the period over which they want the payment to be made. The payment can cover two consecutive weeks or two separate weeks, but must be paid within 56 weeks of the child's death.

Statutory paternity pay

Statutory paternity pay (SPP) is paid to clients who are (or have recently been) employees and are taking paternity leave because their partner has just given birth. They do not have to be male. Clients can also get SPP if they adopt a child and their partner claims SAP. Clients may also qualify for statutory shared parental pay (SSPP – see here).

A client's average gross weekly earnings must be at least the NI lower earnings limit. They must have worked continuously for their employer for 26 weeks up to and including the 15th week (called the 'qualifying week') before the week the baby is due.

SPP is claimed from the client's employer and is paid in the same way as normal pay. The employer must be given relevant notice and information within a strict time limit. SPP is paid for a maximum of two consecutive weeks at either a standard rate or 90 per cent of average weekly earnings, whichever is lower.

SPP is not means tested, but counts as earnings for means-tested benefits. The first £100 of a client's weekly SPP is ignored for tax credits; anything above £100 is counted as employment income.

SPP is taxable.

Statutory shared parental pay

A client can get SSPP if they qualify for either:

- SMP or SAP; *or*
- SPP and they have a partner who qualifies for SMP, MA or SAP.

If the eligible partner ends their maternity/adoption leave and pay (or MA) early, the other partner can take the remainder of the 39 weeks of pay (up to a maximum of 37 weeks) as SSPP.

The client's average gross weekly earnings must be at least the NI 'lower earnings limit'. They must have worked continuously for their employer for 26 weeks up to and including the 15th week (called the 'qualifying week') before the week the baby is due.

SSPP is claimed from the client's employer and is paid in the same way as normal pay. The employer must be given relevant notice and information within a strict time limit. A mother must take a minimum of two weeks' maternity leave following the birth (four if she works in a factory). SSPP is paid at either a standard rate or 90 per cent of average weekly earnings, whichever is lower.

SSPP is not means tested, but counts as earnings for means-tested benefits. The first £100 of a client's weekly SSPP is ignored for tax credits; anything above £100 is counted as employment income.

SSPP is taxable.

Statutory sick pay

SSP is paid to employees who are sick and unable to work for at least four consecutive days. SSP is not paid during the first three days of illness. Clients cannot get ESA while they are entitled to SSP, but can claim UC to top up any SSP if their income and capital are sufficiently low.

To qualify, clients must have average earnings of at least the NI lower earnings limit.

SSP is claimed from the client's employer and is paid in the same way as their normal pay. It is paid at a standard rate for a maximum of 28 weeks for each episode of illness. If a client is still off work sick after SSP has expired, they may then qualify for ESA (or UC). SSP is not means tested, but counts as earnings for means-tested benefits and tax credits.

SSP is taxable.

Universal credit

UC is a means-tested benefit for people on a low income who are under pension age (or who have a partner under pension age). UC can be claimed by workers, jobseekers and people whose ability to work is limited by their health or circumstances.

UC has been gradually introduced from October 2013 and is replacing the following means-tested benefits and tax credits:

- IS;
- income-based JSA;
- income-related ESA;
- HB (for most people);

- CTC;
- WTC.

People already getting these benefits and tax credits can continue getting them until their circumstances change and they lose entitlement, or until they are asked to move to UC by the DWP/HMRC under the 'managed migration' process.

To qualify for UC, the client must usually:

- meet certain residence rules and not be a 'person subject to immigration control';
- not be a student (with some exceptions);
- have a low enough income and have capital below £16,000;
- agree to meet certain work-related requirements, including attending work-focused interviews, and preparing for and looking for work.

Note: there are special exceptions for people moving to UC under 'managed migration'. For more information, see CPAG's *Welfare Benefits and Tax Credit Handbook*.

The amount of UC a client can get is calculated using a standard allowance plus a number of 'elements' including the child element(s), housing costs element, carer element and elements connected with health/disability. The client's earnings, other income and savings are taken into account when calculating their UC amount. Their UC payment can be further reduced by, for example:

- the benefit cap, 'bedroom tax' or local housing allowance rates (like HB - see here);
- the 'two-child limit', which means that your client may not get a child element for their third or later children born after 5 April 2017.

UC is paid monthly in arrears. New UC claimants can apply for a repayable 'advance' to tide them over until their first payment. Repayments are deducted from future benefit payments and the rate of repayment is difficult to reduce. It is therefore essential to have details of any advance repayments when drawing up the client's budget.

In exceptional circumstances, a client can ask to be paid more frequently (eg, every one or two weeks), or for their UC payment to be split between two partners. They can also ask that rent be paid directly to their landlord. These are sometimes called 'alternative payment arrangements'.

Clients who need help with expenses such as buying new furniture or household equipment may be able to apply for a 'budgeting advance'. Budgeting advances must be repaid, usually by deductions from future payments of UC.

UC replaces income-related ESA for people whose ability to work is limited by health or disability. The DWP assesses a client's ability for work using a 'work capability assessment'. A small number of people are automatically treated as having limited capability for work and do not have to undergo this assessment – eg, people who are terminally ill.

A work capability assessment can lead to one of three outcomes:

- a client is found to have 'limited capability for work and work-related activity'. They do not have work-related requirements and may receive an extra amount of UC; *or*
- a client is found to have 'limited capability for work'. They can still have some work-related requirements (eg, work preparation activity) and do not usually get an extra amount of UC; *or*
- a client is found 'fit for work' and can be given a range of work-related requirements.

Most UC claimants have work-related requirements. Clients may have their UC reduced by a sanction if they do not comply with their work-related requirements, without good reason. There is a right to appeal this, and it is always worth considering whether to challenge a sanction.

Clients whose benefit is reduced by a sanction may qualify for a hardship payment if they can demonstrate that their reduced level of income is causing hardship.

UC is a qualifying benefit for free school meals (see here), health benefits (see here) and some social fund payments (see here).

It is not taxable.

Working tax credit

Note: WTC is affected by the introduction of UC (see here). It is no longer possible to make a new claim for WTC unless you are already entitled to CTC or making a renewal claim. It is not possible to be entitled to WTC and UC at the same time. A claim for UC causes WTC to be terminated.

WTC is paid to a client who is, or whose partner is, in full-time paid work. The client must be:

- a lone parent with a dependent child and working at least 16 hours a week; *or*
- a member of a couple with a child, one partner who works at least 16 hours a week, and the other disabled, in hospital or in prison, or entitled to CA; *or*
- a member of a couple with a child. The couple must work 24 hours between them, with one partner working at least 16 hours a week. If only one partner works 24 hours, they will qualify; *or*
- disabled and work at least 16 hours a week; *or*
- aged 25 or over and work at least 30 hours a week; *or*
- aged 60 or over and work at least 16 hours a week.

WTC is claimed from and paid by HMRC. It is means tested, and counts as income for means-tested benefits. It is claimed and assessed at the same time as CTC.

WTC is not taxable.