New permitted work rules introduced from April 2006

New regulations have been issued in relation to the permitted work rules that allow people to undertake some part-time, paid work while continuing to receive incapacity benefits.

In force from 10 April 2006, the Social Security (Incapacity for Work) Amendment Regulations 2006 (SI No. 757/2006) extend the categories of work people receiving incapacity benefits are able to do without losing benefit, and simplify existing rules by –

- creating a new category of permitted work to enable those who are exempt from the personal capability assessment to be able to work for an unlimited period, providing it is for less than 16 hours a week and their earnings do not exceed £81 a week;
- removing the requirement to apply for an extension of time after 26 weeks of permitted work (higher limit);
- removing the notice requirements for people doing permitted work (since there is already a general obligation to report relevant changes in circumstances in the Social Security (Claims and Payments) Regulations 1987);
- making it easier for people to attempt ‘test trading’ (that allows people to try out self employment for a period of up to 26 weeks); and
- ensuring that people who notify a return to work in advance are protected by the linking rules in the same way as people who notify the DWP after work is commenced.

NB – The new regulations also ensure that people receiving statutory sick pay qualify for the protection of the linking rules after 6 months of incapacity in the same way as people receiving incapacity benefit.

‘Investing in Britain’s future’

Welfare benefit and tax credit highlights in Budget 2006

The government has announced a series of wide-ranging reforms in Budget 2006 aimed at building ‘a strong and strengthening economy’ by ‘investing in Britain’s future’.

In relation to welfare benefits and tax credits, the government said that the reforms are designed to provide employment opportunity for all – by promoting a flexible labour market which sustains a higher proportion of people in employment than ever before – and ensure fairness – by providing security for people when they need it; tackling child and pensioner poverty; providing opportunity for all children and young people; and delivering security for all in retirement.

Child tax credit and tackling child poverty

As part of its strategy to halve child poverty by 2010, the government confirmed that it will continue to increase the child element of child tax credit at least in line with earnings until the end of this Parliament. This, the Chancellor said, will represent a 14% increase in the child element over the next 3 years, and will be ‘far bigger family tax cut than if we used the same money to improve personal tax allowances or cut the tax rate.’

Lone parents and work

From April 2007, six-monthly work-focused interviews (WFIs) will be rolled out to all lone parents who have been on benefit for at least a year and whose youngest child is under 14.

NB – Lone parents who have been claiming income support for 12 months or more, and who have a youngest child aged 14 years or over, are already required to attend an interview once every 3 months. From April 2007 therefore, all lone parents who have been on benefit for a year will be required to attend an interview at least every six months.

(continued on page 4)

Permission to appeal landmark overpayment judgment refused

The House of Lords has refused to give the claimant in B v Secretary of State for Work and Pensions permission to appeal against the Court of Appeal’s decision.

The Lords’ refusal effectively means that the ‘classic test’ of whether disclosure is ‘reasonably to be expected’ for any overpayment to be recoverable no longer has any place in overpayment caselaw.

In consequence, all that is required is for the DWP to have placed a claimant under an obligation to report information to it, and if s/he does not do so, then they will have failed to disclose.
### April 2006

**Capital limits**
- Limit above which savings begin to reduce eligibility for income support, JSA, housing benefit and council tax benefit increased from £3,000 to £6,000.
- Upper capital limit excluding people from income support and JSA entitlement increased from £8,000 to £16,000.
- Capital limits for budgeting loans, crisis loans and community care grants increased to £1,000 for people of working age and to £2,000 for pensioners.

**Tax credits**
- Threshold above which changes in income need to be reported for tax credit purposes raised from £2,500 to £25,000.
- Maximum share of eligible childcare costs covered raised from 70% to 80%.

**16 to 19 year-olds**
- Entitlement to child benefit and child tax credit extended to the families of 16 to 19 year-olds in unwaged, work-based learning, and 19 year-olds attending a course of full-time, non advanced education.

**Hospital downrating**
- 52-week hospital downrating rule abolished for most benefits.

**Social fund loans**
- Three maximum budgeting loan rates introduced.
- Minimum budgeting loan amount, and overall loan debt limit increased; and repayment periods extended.

**Permitted work**
- New category introduced for those exempt from the personal capability assessment, and notice requirements relaxed.

**Appeals tribunals**
- Appeals Service transferred to the Tribunals Service within the Department for Constitutional Affairs.

### June 2006

**Jobseeker’s allowance**
- Strengthened, refocused Fortnightly Job Reviews introduced for JSA claimants.

### October 2006

**Incapacity benefits linking rules**
- More generous rules for those moving into work from incapacity benefits.

**Pathways to Work**
- Incapacity benefit pilots to have rolled-out to cover a third of all claimants.

**Lone Parents**
- Extension of New Deal Plus to new Jobcentre Plus districts.

### November 2006

**Tax credits**
- Automatic limits imposed on the amount by which tax credit payments can be reduced to recover overpayments.
- Range of changes reducing entitlement that must be reported to the Revenue within three months to be expanded.

For more information on www.rights.org.uk
December 2006

Migration to child tax credit
- Transfer of remaining families in receipt of income support/JSA due to have been completed during the year.

Deductions from benefit
- Scheme enabling lenders to recover arrears through deduction from benefits to have been introduced.

March 2007

New Deal for Disabled People
- Current NDDP programme due to end.

April 2007

Lone parents
- Roll out of six-monthly WfIs to those who have been on benefit for a year and whose youngest child is under 14.

Maternity and adoption pay
- Extension of paid leave to nine months.

Tax credits
- Time allowed to report changes reducing entitlement that must be reported to the Revenue reduced from three months to one.

March 2008

DWP staffing cuts
- DWP to have completed reduction in overall staff numbers by 30,000 compared to 2004 figures.

April 2008

Incapacity benefits reform
- Employment and support allowance to replace incapacity benefit and income support paid on the grounds of incapacity.
- Entitlement to be based on a reformed and renamed personal capability assessment focusing on capability rather than incapacity.
- Pathways to Work to have been rolled-out to the whole of Britain during the year.

Local housing allowance
- DWP expects to commence national roll-out during the year.

April 2010

State pension age
- Equalisation of state pension ages for men and women to be phased in over a ten-year period to 2020.

Child poverty
- Government aims to have halved the number of children living in relative low-income households by 2010/11 compared to 1998/99, on the way to eradicating child poverty by 2020.

Maternity pay
- Goal of 12 months paid maternity leave with the right to transfer entitlement to the father.

all these changes see – snet.org.uk site for advice workers
‘Investing in Britain’s future’
Welfare benefit and tax credit highlights in Budget 2006

(continued from page 1)

Fortnightly Job Reviews for JSA claimants

From June 2006, a strengthened, refocused ‘Fortnightly Job Review’ will be introduced for jobseeker’s allowance claimants ‘to ensure that only those claimants who are able to demonstrate that they have undertaken their responsibilities to look for work are allowed to continue their claim.’ Jobcentre Plus Personal Advisers, the government said, ‘will have effective powers to sanction those who are unable to demonstrate that they have undertaken sufficient jobsearch.’

Housing benefit reform

Amongst a package of measures aimed at further simplifying, and reducing anomalies in, the administration of housing benefit, the government announced that steps will be taken to ensure that regulations apply more equally to claimants and their partners, and that new rules will be introduced to clarify the treatment of owner-occupiers and former owner-occupiers and their partners.

In addition, to promote home ownership and the greater involvement of private sector providers in offering shared ownership opportunities, the government said that it intends to legislate to enable tenants to receive housing benefit on the rental portion of a shared ownership arrangement where the tenancy is granted by an organisation other than a housing association or housing authority.

Women and skills

In response to the Women and Work Commission’s report – Shaping a Fairer Future – the government announced measures to enhance lifelong learning opportunities for women in training and work, including new funding to double the number of existing Skills Coaching pilots to 16 Jobcentre Plus districts with a specific focus on helping low-skilled women return to work; a 50% increase in the number of pilots delivering level 3 skills; and an additional pilot focused on women with low skills.

Deductions from benefit in respect of non-DWP loans

To reduce some of the increased risk and cost associated with lending to vulnerable groups the government confirmed that, by December 2006, a scheme will be introduced where, under certain circumstances, lenders can apply for repayment of arrears through deduction from benefits, where normal repayment arrangements have broken down. However, whilst the government had previously said that such a deduction scheme would include private sector lenders, in Budget 2006 the measure is highlighted in relation to ‘third sector lenders and ‘community development finance institutions’ only.

Alignment of income tax and national insurance contributions

In order to improve outcomes for the low paid and to reduce burdens on employers, especially smaller employers, the government said that further steps are to be taken to align income tax and national insurance for low paid workers. Whilst recognising that aligning two very different systems with very different purposes presents difficult challenges, the government said that it will nevertheless conduct a review in time for consultation after the pre-Budget Report.

Online tax credit claims

Following checks to ensure that safeguards against fraud are sufficiently robust, the government announced that the DWP e-portal for tax credit applications will be reopened in April 2006. Other aspects of the internet service will not however be reopened until the Revenue has developed extra security measures and can be sure that the risk of fraud is minimized, the government said.

To find out more, email us @ free@rightsnet.org.uk with your name, and the name and address of your organisation. Offer ends 1 June 2006.

NB – If your organisation already subscribes to rightsnet we’re pleased to announce that subscriptions for 2006/2007 have been frozen at last year’s prices.