



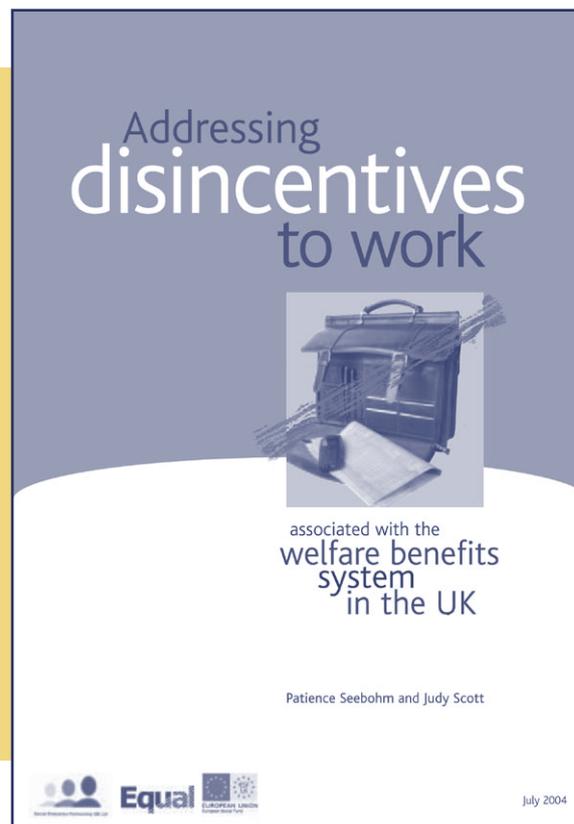
The Sainsbury Centre

for Mental Health

BRIEFING 27

An introduction to a topic of current importance or controversy, giving clear and independent comment and analysis of the issues that lie behind it.

Further copies of this briefing can be downloaded from www.scmh.org.uk or ordered by phoning 020 7827 8352.



BRIEFING 27

The Sainsbury Centre for Mental Health is a charity that works to improve the quality of life for people with severe mental health problems.

We carry out research, development and training work to influence policy and practice in health and social care. The Sainsbury Centre was founded in 1985 by the Gatsby Charitable Foundation, one of the Sainsbury Family Charitable Trusts, from which we receive core funding. The Sainsbury Centre is affiliated to the Institute of Psychiatry at King's College, London.

Benefits and work for people with mental health problems: A briefing for mental health workers

This briefing paper is for staff working with people with mental health problems, based within mental health, housing, employment or other support services. It provides information on:

- ❖ the disincentives to work associated with the welfare benefits system
- ❖ ways of minimising or overcoming these barriers to work
- ❖ other financial help which may be available
- ❖ sources of useful information.

Background

Many people who use mental health services want to work (Secker *et al.*, 2001). Most of those who claim Incapacity Benefit for the first time expect to go back to work, but after six months of sickness absence there is only a 50 per cent chance of them ever returning to work (British Society of Rehabilitation Medicine, 2003). The number of people claiming Incapacity Benefit because of mental health problems has almost doubled in the last decade (Office of

the Deputy Prime Minister, 2004). Despite their aspirations, people with mental health problems find it particularly hard to make it back into the workplace. The government has made significant changes to ease their way, but often these are not well known or fully understood. Many people remain unsure or misinformed about how to make the journey into employment without feeling financially and emotionally insecure.

Incapacity-based benefits

Incapacity Benefit (IB) is one of a range of social security benefits for people unable to work because of illness or disability. The other *incapacity-based benefits* are: Income Support (IS) for incapacity and Severe Disablement Allowance (SDA).

Disability Living Allowance (DLA) is also paid to anyone who needs help with personal care or getting around. For more information about these and other benefits see Figure 1 on pages 6–7.

The impact of uncertainty about financial security can be enormous (Thornton, 2003). Many people fear that they may lose entitlement to incapacity-based benefits before they can cope with an ordinary job, leaving them with a lower income on Jobseekers Allowance or basic Income Support. This will make it difficult, if not impossible, to enjoy a balanced diet, to travel or to replace worn out clothing and essential household items. The struggle to manage at this level for a long time can damage people’s self-esteem and exacerbate their distress (Repper *et al.*, 2003). The higher level of incapacity-based benefits makes a small but significant difference to quality of life.

People who have passed the medical test which gives them ‘incapacity status’ are released from the pressure to be continually seeking a job. They therefore avoid repeated rejections by discriminatory employers and the risk of employment before they can cope. People can become trapped as they feel it is necessary to maintain their ‘incapacity status’ in order to retain a basic standard of living and mental stability.

The seven disincentives to work

Research has identified seven main areas of concern for many people with mental health needs who might – if they were addressed – consider moving towards or into employment. These include the complex interaction of rules, administrative problems in the benefit system, and historical barriers not yet fully resolved. Equally important are the misinformation and local mythology which

prevail if there is no easy access to accurate information and trusted, expert advice.

1. Voluntary work, education and training can provide important steps towards getting back to work. Yet people with mental health problems may believe that these activities can trigger a medical review process which they consider to be a poor test of their capacity to work. They may fear, therefore, that if they take part in a vocational activity, they could be found capable of work before they feel able to cope with an ordinary job. *“The Test feels like a great big weight hanging over me just waiting to drop.”*
(Participant in Mind Survey, Cobb, 2001)
2. Many people with mental health problems would like a gradual entry to the workplace, and Permitted Work rules allow earnings up to £20 without benefits being affected. This allows for four hours at the minimum wage. Many people are deterred from working more than the permitted four hours a week because they will lose Income Support and Housing Benefit and thus experience little or no financial gain. *“We continue to have issues around the Permitted Earnings scheme... all the money earned [over £20] is taken away from the user’s Income Support top up or from their Housing Benefit, so it is virtually useless.”*
(Service user, Shaping Our Lives)
3. Many people fear that the transition from work to benefits will disrupt their income. They may be unaware of measures to ease this transition, such as the continuation of Housing Benefit for the first four weeks at work. They may be aware of continuing problems with delays in processing tax credit applications and the risk of losing Disability Living Allowance (DLA). *“Many people... have concerns that if they returned to work, or took steps towards finding work, they would be judged no longer to have the additional care needs provided for by DLA as they would be deemed ‘better’. The return to work is often a stressful time, with many people needing more support... not less.”*
(Office of the Deputy Prime Minister, 2004)
4. People fear a drop in income – or little financial gain – when replacing benefits with work. This may be caused by low wages, loss of DLA and the reduction in Housing Benefit which reduces the positive impact of tax credits. *“We are aware of people who were led to believe they would be significantly better off with a Tax Credit, only to find much of the increase clawed back because of the Housing Benefit taper.”*
(Disability Alliance, 2003)

5. People often fear that their benefit levels will be lower if they try out work and then, for health reasons, need to return to incapacity-based benefits. The 52 Week Linking Rule is intended to protect benefit levels by enabling claimants to return to benefits previously claimed if they have to leave employment within 52 weeks. However, this is not well understood and there are difficulties in using it, so a significant drop in payments can occur.

“If this job goes pear-shaped, I’ve got to go through all that again and that’s a really daunting prospect.”
(quoted in Witton, 2002)

6. There are difficulties in getting financial support for practical needs at work, as the Access to Work scheme is not widely used by people with mental health problems and can be subject to long delays in processing applications.

“It is important that delays in the Access to Work system are eliminated.”

(Disability Rights Commission, 2003)

7. People often lack access to expert, independent benefits advice on the return to work. They may not trust the advisors at Jobcentre Plus to take into account their overall needs, and the support workers they do trust may not have up-to-date information.

“There is still a lot of old information around on benefits. People just don’t know about some of the benefit changes which are positive and helpful.”

(Restore, Oxford, cited in Witton, 2002)

How to address or reduce barriers to work

This section presents the action that staff can take to address the concerns of their clients. Please bear in mind that this briefing gives only an outline of key regulations and legislation, and should be used as an aid to pursuing detailed advice, not as a substitute. Also, remember when seeking advice from Jobcentre Plus not to give the name of any client without permission.

Ensure that you and your clients have easy access to expert benefits advice

Many people prefer to get benefits advice from an independent agency, but it is also important to establish a good relationship with your local Jobcentre Plus, as this provides financial and practical help with the journey to work. Develop trust and good working relationships with:

- ❖ An independent welfare rights agency: ask for a named person to take a link role and ensure contact details are known to colleagues and clients. It may be possible to set up a dedicated work-related advice service for your clients, but funding may be needed.
- ❖ Jobcentre Plus: it may be possible to arrange an outreach service whereby an advisor comes to a day centre or specialist employment service. Find out if there is a local Customer Services Liaison Officer, who works at a district level covering local Jobcentres and Social Security Offices.

Some mental health or care trusts employ welfare rights advisors. Ensure that the advisors used by your clients, wherever they are based, acquire an expertise in issues relating to work and mental health, particularly concerns about medical reviews, fluctuating health and financial insecurity.

Find out about opportunities within the benefits system

Support staff can acquire an overview of the opportunities available, outlined here. This may be sufficient to encourage clients to seek expert advice relating to the activities that they would like to pursue.

Part-time paid work – ‘Permitted Work’

The benefit regulations allow people receiving incapacity-based benefits to do some paid work. This is called ‘Permitted Work’. People doing Permitted Work keep all their benefits, as long as they work less than 16 hours per week and do not earn more than the prescribed amount. Note that the minimum wage (£4.85 per hour) usually applies.

There are three types of Permitted Work:

- ❖ Permitted Work – lower limit
People can earn up to £20 a week, for an unlimited period. The law allows people doing Permitted Work – lower limit, to notify Jobcentre Plus some time before the work ends, but the Jobcentre usually likes to know when the work starts (Department for Work and Pensions, 2002).
- ❖ Supported Permitted Work
People can earn up to £78 a week, for an unlimited period, if they are supervised by a support worker who is working for a public authority or voluntary organisation, whose job it is to find work for people with disabilities. The work can take place in a business or a community-based organisation, such as a social enterprise. The level of support and supervision

may vary depending on the need and can be as little as a regular telephone call. A form must be completed and sent to Jobcentre Plus.

❖ Permitted Work – higher limit

People can earn up to £78 a week, for a limited period of six months, with a possible extension of six months if Jobcentre approval is obtained.

In practice, anecdotal evidence suggests few people choose to earn over £20 a week. This is because most people who receive incapacity-based benefits also receive a means-tested benefit such as Income Support and Housing Benefit. Those who receive a means-tested benefit and do Permitted Work with earnings over £20 must declare the amount. The excess over £20 will be deducted from their benefits. Consequently, earning over £20 brings no financial gain, and involves a disruption to weekly income during the re-assessment of means-tested benefits. People seeking employment may feel this is worthwhile if there is a prospect of it leading to their ambitions being achieved.

A small number of people who do not claim means-tested benefits will be able to earn £78 a week with no disruption to their benefits. These are people who claim Incapacity Benefit itself, or Severe Disablement Allowance, but do not claim Income Support, Housing Benefit, Council Tax Benefit or mortgage relief.

Lone parents and carers can earn up to £20 a week without benefits being affected, but those on Jobseekers Allowance can earn no more than £5.

Voluntary work

People claiming incapacity-based benefits have no restrictions on the hours of voluntary work they can do, but it is important that the risk of a medical review is reduced.

People who receive Jobseekers Allowance can also do voluntary work, if this is consistent with their contract with Jobcentre Plus, and if they are given permission by Jobcentre staff. They must show that they are still looking for and available for work.

Voluntary work must be notified to Jobcentre Plus before it starts. Certain payments can be made to volunteers without affecting benefits, and these include:

- ❖ Reimbursement of the cost of travel to work
- ❖ Costs which are ‘wholly, exclusively and necessarily incurred whilst volunteering’.

But payments which do not relate to actual expenses (and therefore have no receipts) are not allowed, and may lead to loss of benefits. Vouchers and benefits in kind given to volunteers may be treated as earnings, and the work may be deemed to be paid work under the Minimum Wage Act.

Training and study

Rules regarding training and study are not clear, and can be interpreted differently in different areas, so find out the approach of your local Jobcentre Plus. If your clients wish you to do so, explain their support needs to Jobcentre Plus to reduce the risk of an untimely medical review.

If the training is linked to paid work, get advice to ensure it does not inadvertently attract the Minimum Wage rate of pay, which will have an impact on benefit entitlements.

People receiving incapacity-based benefits are generally allowed to do accredited training (such as National Vocational Qualifications), and trainees can be reimbursed for travel costs. Jobcentre Plus must be notified before the training starts.

Reduce the risk of an untimely medical review

Support staff whose clients are making tentative steps towards employment can help to reduce the risk of this activity triggering an inappropriately timed medical review. They can help the Jobcentre Plus staff to understand that the work or training does not imply the client is capable of ordinary employment. For instance, they can write a letter for the client to take to Jobcentre Plus, and this may include the following (where relevant):

- ❖ Describe the mental health support provided to enable the client to work or train.
- ❖ Describe the flexibility of the work or training, explaining that the worker/trainee may not always be able to turn up due to mental health problems.
- ❖ Describe how the work or training is to some extent shaped to the individual worker’s needs and if needs vary, the work or training will vary.
- ❖ Explain the activity is part of a Care Plan to enable the individual to move gradually into work as their health improves.
- ❖ Point out that the work is organised in liaison with a specialist mental health service.

Help to protect the income of people starting work for sixteen hours or more

The ‘jumping off point’ from benefits to tax credits comes when a person starts work for 16 hours or more a week. The most effective way of reducing risks in this situation is through the assistance of an expert benefits advisor. At this stage, a Jobcentre Plus advisor can provide information about the available benefits but it is also advisable to seek the assistance of an independent benefits advisor who

can take into account all of the individual's needs. However, sensitivity to the jobseeker's health issues is essential. This list gives the questions a person moving into employment should ask their advisors.

- ❖ *What will my income be when I am in work?* Before beginning work, the jobseeker needs to know what his or her income will be after paying essential costs, such as rent.
- ❖ *Can you help me get my tax credits?* These are important in-work benefits, but help is needed with the complex application process. An application can be made seven days before the job starts. Help with the process should continue until payment is made.
- ❖ *Can you help me register for the 52 Week Linking Rule?* Many people want reassurance that if they are unable to cope with their job, they can return to 'incapacity status' and the benefits they previously received. After 28 weeks on incapacity-based benefits they are able to make use of the 52 Week Linking Rule, which enables them to return to the same benefits if they have to leave employment within 52 weeks. People seeking employment should talk with their doctor, as the doctor will be required to give a sickness certificate if mental health problems return and the job is lost. Registration with Jobcentre Plus must be after the job has started and within four weeks of incapacity-based benefits ending.
- ❖ *How can I safeguard my Disability Living Allowance (DLA)?* If, as is likely, a review of entitlement takes place, the jobseeker needs the help of a welfare rights expert. If a person receives their incapacity-based benefit payment in a lump sum with DLA they must plan ahead. At least two months before they hope to get a job, the person should ask Jobcentre Plus to separate out the payment of DLA, to avoid it being stopped without review.
- ❖ *How can I avoid problems with Housing and Council Tax Benefit?* Since April 2004 people receiving incapacity-based benefits have been entitled to continued Housing Benefit and Council Tax Benefit for the first four weeks in work. Even after four weeks, these benefits are not withdrawn; payments continue at the previous rate until the worker is notified of their reduced entitlement. During this time overpayments are likely, and the new worker needs to be advised that he or she will be required to repay these in future.
- ❖ *Will my local authority exercise their discretion in charging for supported accommodation or residential care?* Local authorities now have discretionary powers to ignore some or all

of the earnings and tax credits of people who are moving into work, where this promotes independence. They may be unaware of this change. The guidance can be found on the Department of Health website (Department of Health, 2004).

- ❖ *Can I apply for Access to Work funds?* These funds are for people with a disability or mental health problem who need assistance to get or keep a job. Clients may be able to apply if they need help with transport (for instance if they cannot cope with public transport), job coaching, or counselling. They are now also available to people working under the Permitted Work higher limit rules.
- ❖ *Am I within a Pathways to Work pilot area?* Pathways to Work is a pilot scheme running in eight areas to provide additional support to some people on Incapacity Benefit. People within the pilot areas may be entitled, for example, to a £40 Return to Work credit each week for one year, help to manage their health problems and regular interviews with a Jobcentre Plus advisor.
- ❖ *Are there any other benefits available?* There are a number of benefits available to specific groups of people or in certain pilot areas. Examples include the Jobfinders grant (for people who have claimed Jobseekers Allowance for over two years and get a job paid at less than £5 an hour), additional payments to Lone Parents from October 2004 in certain areas, and small sums from the Personal Advisors' Discretion Fund (for instance, to buy essential items of clothing when going to an interview or new job).

Provide continuing support to ensure benefits and tax credits are paid

Keep in touch with the client to ensure claims for financial support are successful. It may be necessary for you or a welfare rights advisor to contact the Inland Revenue to pursue payment. Until tax credits are paid, weekly income may drop substantially. Similarly, if DLA is stopped, continuous support and advice may be needed throughout the review process. During this difficult time, when work is beginning, clients may find the reduction in income particularly hard to manage.

We have done our best to ensure information in this briefing is correct. However, changes in the law after the publication of the briefing (October 2004) might affect the accuracy of some of the information. It is always advisable to check details with an advice centre or Jobcentre Plus.

Figure 1: Overview of the main benefits for income, housing and care/mobility needs

1. Main income benefits for people who are out of work

A person with mental health problems which prevent them from working will – subject to passing a medical test – usually be able to claim one or more of the three ‘incapacity-based benefits’:

- Incapacity Benefit (IB) or
- Severe Disablement Allowance (SDA) (existing claimants only. New claimants ineligible.)
- And/or Income Support for incapacity.

A person who is a lone parent, a carer, is over a certain age, or has an income below a certain amount will be able to claim:

- Income Support (IS).

People who are able to work (including people with mental health problems who have not passed the medical test), may be able to claim:

- Jobseekers Allowance (JSA).

People who claim Jobseekers Allowance must sign on and actively seek work.

The incapacity-based benefit rates are, after one year, at least £23.70 higher a week than Jobseekers Allowance. IB and SDA are not means-tested.

People receiving incapacity-based benefits can do paid work for a limited number of hours per week and continue to receive their benefits using the Permitted Work rules. Lone parents and carers can earn up to their benefit amount but the benefit is reduced penny for penny above £20. All the above benefits are stopped if people work for 16 hours or more a week.

2. Help with housing costs

Housing costs are paid for people out of work.

Some reduced housing costs may continue to be paid for those in work.

Rent and Council Tax costs can continue to be claimed in full or partly by Housing Benefit (for the rent) and Council Tax Benefit (for the Council Tax) when the person does paid work for any number of hours. However, these are means-tested; as income rises the amount of benefit is sharply reduced (tapered).

Care costs for people in supported housing or non-registered residential accommodation can continue to be paid for people in work by the local authority, which has a discretionary power to continue full or partial payment if this furthers the independence of the individual. This must be negotiated.

Residential (registered) care financial support is sharply reduced as earned income rises, but a higher personal expenses allowance may be negotiable.

Income Support for mortgage interest is stopped when work of 16 hours or more per week commences.

3. Care and/or mobility needs

Disability Living Allowance (DLA) may be awarded to meet the costs of care and/or mobility needs.

The lowest rate is £15.55.

The highest rate for care is £58.80.

The highest rate for mobility is £41.05.

DLA is not means-tested so if care or mobility needs continue, it can be claimed regardless of hours of paid work and regardless of the level of income from employment or other sources.

4. Financial support for people in work

Working Tax Credit is a means-tested benefit for those in low paid work.

It is available for the following groups, when they work for 16 hours or more a week:

- disabled people who were previously on sick pay or incapacity-based benefits
- parents
- people over 50 years of age.

Disabled people can receive up to £70.58 per week (or £87.70 for a severe disability) in tax credit. It is also available for other people on a low wage, when they work for 30 hours a week or more. People who receive Working Tax Credit with a disability element and have an income under £14,600, are entitled to free prescriptions, dental and optical care.

5. Financial help with getting or staying in a job

Access to Work is available for people who have a disability or mental health problem, who need assistance to get or keep a job. It is also available for people doing Permitted Work under the higher limit rules. It is a flexible service, and assistance can include taxi fares, counselling (outside the workplace), and equipment costs. Disability Employment Advisors (DEA) at Jobcentres can advise on how to contact the local Access to Work service.

There are a number of schemes offering some short term financial assistance for different groups of people, such as those over 50, the long term unemployed, and those who have been doing part time Permitted Work. In the Pathways to Work pilot areas, a £40 Return to Work Credit is paid each week for a year to some people returning to work. Ask at the Jobcentre for details of these.

(Benefit rates quoted relate to October 2004 figures)

Sources of Useful Information

Benefits

Jobcentre Plus can provide you with benefits advice.

Go to the website for further information:

<http://www.jobcentreplus.gov.uk>.

Disability Employment Advisors (DEA) at Jobcentre Plus can advise on how to apply for Access to Work support.

Public Enquiry Line (for benefits) at the Department for Work and Pensions, Tel: 020 7712 2171.

Child Poverty Action Group produces a handbook on benefits and tax credits.

Address: 94 White Lion Street, London N1 9PF.

Tel: 020 7837 7979

Disability Alliance produces the Disability Rights Handbook, and has a membership scheme which includes a useful helpline. A new publication to be published in 2005 will provide detailed benefit advice for staff supporting people with mental health problems moving into work.

Address: Universal House,

88 – 94 Wentworth Street, London E1 7SA.

Tel: 020 7247 8776

SKILL gives advice on the benefit system and grants for students with disabilities.

Address: Head Office, Chapter House,
18 – 20 Crucifix Lane, London SE1 3JW.

Tel Helpline: 0800 328 5050.

Website: <http://www.skill.org.uk>.

Tax Credits

www.inlandrevenue.gov.uk

Provides a Tax Credits DIY entitlement calculation and entitlement check. Note that the Inland Revenue Tax Credit DIY calculator does not give information on the withdrawal of Housing Benefit and Council Tax Benefit, which is required if the job seeker is to know how much income he or she will have in a particular job. A Welfare Rights Adviser can provide an exact calculation.

Supported housing and residential care

<http://www.dh.gov.uk> Discretionary charging guidance. Search for 'CRAG' March 04

<http://www.spkweb.org.uk> Supporting People Guidance, 31 March 03

References

- British Society of Rehabilitation Medicine (2003) *Vocational Rehabilitation: The Way Forward*. London: BSRM.
- Cobb, A. (2001) *Mind Disability Benefits Survey*. London: Mind.
- Department of Health (2004) *Charging for Residential Accommodation Guide*. London: DH. Available at <http://www.dh.gov.uk>
- Department for Work and Pensions (2002) *Statutory Instrument No 491: The Social Security (Incapacity) (Miscellaneous Amendments) Regulations 2002*. London: HMSO.
- Disability Alliance (2003) *Pathways to Work: Helping people into employment – Response from Disability Alliance*. London: Disability Alliance.
- Disability Rights Commission (2003) *DRC Response to the Department for Work and Pensions Consultation Document, 'Pathways to Work: Helping People'*. London: Disability Rights Commission.
- Office of the Deputy Prime Minister (2004) *Mental Health and Social Exclusion*. London: ODPM.
- Repper, J. & Perkins, R. (2003) *Social Inclusion and Recovery*. London: Bailliere Tindall.
- Secker, J., Grove, B. & Seebohm, P. (2001) Challenging barriers to employment, training and education for mental health service users: The service users' perspective. *Journal of Mental Health* 10 (4) 395-404.
- Thornton, P. (2003) *What Works and Looking Ahead: UK Policies and Practices Facilitating Employment of Disabled People*. London: Social Policy Research Unit/Department for Work and Pensions.
- Witton, D. (2002) *Communicating Welfare Benefits: Developing an integrated approach to resolving the benefit barriers to work experienced by people with mental health problems*. London: HAZ Research Fellowship.

Acknowledgements

We would like to thank the Social Enterprise Partnership who commissioned the work on which this Briefing and the following publications are based:

- ❖ *Guidance for social enterprises: Minimising Disincentives within the Benefits System (2003)*
- ❖ *Research paper: Addressing disincentives to work associated with the welfare benefits system in the UK and abroad (2004)*.

These are available from Social Firms UK at www.socialfirms.co.uk.

The above publications and this briefing are written by Patience Seebohm and Judy Scott.

Many thanks are due to Shaping Our Lives, the national user controlled organisation, for permission to include a quote provided by a service user in its own independent study.

Contact details

Questions or comments about this briefing should be directed to Patience Seebohm at The Sainsbury Centre for Mental Health (patience.seebohm@scmh.org.uk).

© The Sainsbury Centre for Mental Health.
Recipients (journals excepted) are free to copy or use the material from this briefing paper as they wish, provided that the source is appropriately acknowledged.

Published: October 2004



Working for Excellence in Mental Health Services

The Sainsbury Centre for Mental Health,
134-138 Borough High Street, London SE1 1LB
T 020 7827 8300 F 020 7403 9482 www.scmh.org.uk