

# Welfare benefits and mental illness

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This factsheet summarises the benefits that someone who is unwell may be entitled to. The government is currently implementing significant reforms to the welfare benefits system, and this factsheet is correct at the time of publication. If you would like further details of any of the benefits in this factsheet you will find more comprehensive information at [www.gov.uk](http://www.gov.uk).



- If you are unwell and unable to work, on a low income or if you have care or mobility needs, you may be entitled to claim some benefits that could help.
- Whenever you have a change in circumstances we recommend that you get a benefits check done to ensure you are receiving everything you are entitled to.
- If you are having difficulties with benefits you should seek advice and support from a welfare rights adviser.

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## 1. Checking your benefit entitlement

The Department for Work and Pensions (DWP) and your local council are not obliged to inform you which benefits you are entitled to, which means it is your responsibility to ensure you are claiming all of the relevant benefits. There are a number of online benefit checking tools that you can use to get an idea of what you may be able to claim. You can find the details at the end of this factsheet. Remember – these sites are just a guide, they cannot guarantee your claim will be successful.

If you are having problems with benefits then a welfare rights adviser may be able to help. This is someone that specialises in benefits. They can check that you are receiving everything you are entitled to, assist with claims and help with appeals if anything goes wrong. You can find a local adviser by contacting a local advice agency such as a Citizens Advice Bureau. Contact details are at the end of this factsheet.

## 2. Universal Credit (UC)

'Universal Credit' will replace the following benefits when it is rolled out in 2013:

- Income-based Job Seekers Allowance
- Income-related Employment and Support Allowance
- Income Support
- Tax Credits
- Housing Benefit

The Department for Work and Pensions (DWP) is currently planning for all new claimants to claim UC in October 2013, with existing benefits claimants being moved over to the new benefit by 2017.

You can claim UC if your household income is low and you don't have much in savings. You can qualify whether you are in or out of work.

You can find out more in our factsheet on '**Universal Credit**' which you can download for free from [www.rethink.org/factsheets](http://www.rethink.org/factsheets) or call 0300 5000 927 and ask for a copy to be sent to you.

## 3. Employment and Support Allowance (ESA)

ESA is a benefit you can claim if you are too unwell to work. It was introduced in 2008 for new claimants, and everyone who is currently claiming Incapacity Benefit, Income Support (on the grounds of disability)

or Severe Disablement Allowance will be assessed using the ESA criteria sometime between 2011 and 2014.

In order to make a decision about your ability to work the Department for Work and Pensions (DWP) will carry out a 'Work Capability Assessment' (WCA). This involves you (or your representative) completing a form called the ESA50 and providing the DWP with supporting medical evidence. You will usually have to attend an independent medical assessment carried out by a health care professional from an organisation called Atos.

ESA can either be contribution based or income related, the main difference between the two is that contribution based ESA is not affected by your savings or income or the income of other people in your household whereas income related ESA is. You automatically qualify for help with prescription charges when claiming income related ESA. You will be given the contribution based benefit if you have paid or been credited with sufficient national insurance (NI) contributions.

If you do not meet the NI contributions conditions you will have to apply for income related ESA which is means tested. This means the amount of benefit you receive will be affected by most other forms of income and any capital or savings worth £6000 or more. If you have capital or savings worth more than £16000 you will not receive any income related ESA.

From October 2013 if you do not meet the NI contributions conditions you will have to apply for Universal Credit on the grounds that you have limited capability for work, rather than income related ESA.

The Rethink Advice & Information Service produces factsheets on '**Employment and Support Allowance**' and the '**Work Capability Assessment**' which contain more detailed information about the benefit and the assessment. They can be downloaded for free on [www.rethink.org/factsheets](http://www.rethink.org/factsheets) or if you call us we can post one out to you. Our contact details are at the end of this factsheet.

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#### **4. Job Seekers Allowance (JSA)**

JSA is a benefit for people who are unemployed and are available for full time employment. If you are working less than 16 hours a week you can still claim JSA. Depending on your circumstances, you can sometimes keep up to £20 a week of earnings but you must be looking and available for full-time work.

JSA can either be contribution based or income related, the main difference between the two is that contribution based JSA is not affected by your savings or income or the income of other people in your household whereas income based JSA is. You automatically qualify for help with prescription charges when claiming income based JSA. You will

be given the contribution based benefit if you have paid or been credited with sufficient national insurance (NI) contributions.

If you do not meet the NI contributions conditions you will have to apply for income based JSA which is means tested. This means the amount of benefit you receive will be affected by most other forms of income and any capital or savings worth £6000 or more. If you have capital or savings worth more than £16000 you will not receive any income based JSA.

Depending on where you live, during October 2013 if you do not meet the NI contributions conditions you will have to apply for Universal Credit rather than income based JSA. .

When you apply for JSA you will be required to sign a jobseekers agreement, which is a contract that will be drawn up on the first interview, stating that you are actively seeking full-time employment and setting out what you are going to do in order to find work. When a job seekers agreement is set up it is important to think about any limitations your illness or disability may cause as these should be factored into the contract.

You will usually be asked to attend a meeting to 'sign on' every two weeks where you will have to show that you are fulfilling the jobseekers agreement by looking for work.

You can ask to speak to the Disability Employment Adviser (DEA) at your local Jobcentre Plus if you are claiming JSA and they could help you with your claim.

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## **5. Income Support (IS)**

You can claim income support if you are on a low income and not obliged to look for work because you are caring for someone or you are a lone parent of a child who is under five years old. There are other reasons that a person can claim Income Support but the rules are complex and cannot be covered in this summary. If you think you should be claiming Income support rather than ESA or JSA, it is recommended that you get assistance from a welfare rights adviser.

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## **6. Incapacity Benefit (IB)**

New claims for incapacity benefit stopped in October 2008 and were replaced by ESA. Some people are still receiving this benefit, but at the beginning of 2011 existing claimants of Incapacity Benefit started being reassessed using the ESA rules. The reassessment process is expected to take until March 2014. Your claim will not be reviewed if you reach pension age before 6<sup>th</sup> April 2014.

It is difficult to say exactly when an existing claimant of Incapacity Benefit will be reassessed for ESA, but the Jobcentre Plus helpline may be able to provide an approximate time frame if they are aware that not knowing is causing you anxiety.

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## **7. Severe Disablement Allowance (SDA)**

New claims for SDA stopped in April 2001, but if you were already claiming this benefit at that time, your claim may have been allowed to continue. SDA, like Incapacity Benefit is now being replaced by Employment & Support Allowance. The DWP aim to have all existing IB & SDA claimants reassessed for ESA by 2014.

It is difficult to say exactly when your SDA will be reviewed, but the Jobcentre Plus helpline may be able to provide an approximate time frame if they are aware that not knowing is causing you anxiety. You will be contacted by the DWP when your claim is going to be reviewed. Your SDA claim will not be reviewed if you are going to reach pension age before 6<sup>th</sup> April 2014.

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## **8. Statutory Sick Pay (SSP)**

SSP is not really a welfare benefit. It is paid by employers to employees who are unable to work due to sickness. Employers are under a legal obligation to pay SSP for a maximum of 28 weeks if you meet the criteria. SSP is paid at £86.70 per week, but some employers will pay more. This is called contractual sick pay. You should check your contract of employment to see what you will be paid in the event of sickness. When your SSP is due to end, your employer will send you a form called an SSP1. If you are still too unwell to work at the point when SSP stops, you should claim ESA.

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## **9. Working Tax Credit**

If you are in paid work but have a low income you may be able to claim Working Tax Credits (WTC) to top up your wages. WTC is administered by Her Majesty's Revenue & Customs (HMRC) who have a tax credit calculator on their website:

<http://www.hmrc.gov.uk/taxcredits/payments-entitlement/entitlement/question-how-much.htm>

You may be entitled to an additional amount of WTC called the disability element, if you are disabled and your disability affects your chances of obtaining work. To qualify for the disability element you must:

- Usually work more than 16 hours per week
- Be able to show that your disability puts you at a disadvantage of finding work
- Receive, or recently received, a qualifying benefit – these include Disability Living Allowance, Personal Independence Payment, Incapacity Benefit and Employment and Support Allowance among others

Examples of a person who is at a disadvantage of finding work due to a mental illness may be:

- Someone who is receiving treatment or under supervision of a mental health professional
- A person who is often confused or forgetful
- Someone who has difficulty forming normal social relationships<sup>1</sup>

If you are employed but suffer a reduction in earnings due to reduced hours, or an SSP/ESA claim, your entitlement to Working Tax Credits may change and you could be able to claim more money. It is important to inform HMRC of any changes in income or number of working hours so they can adjust your payment accordingly.

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## 10. Disability Living Allowance (DLA) and Personal Independence Payment (PIP)

Disability Living Allowance (DLA) is a benefit for people with disabilities who need help with their personal care and/or help getting around. It has two components: a care component, which could be paid at one of three rates (lower, middle and higher); and a mobility component which has two rates (lower and higher). If you have both care and mobility needs you may receive payment for both components

DLA can be paid on top of Income Support, Employment and Support Allowance, Jobseekers Allowance and other benefits and will not reduce the amount you get. In some cases getting an award of DLA can actually increase the amount you get in other benefits. You can claim DLA regardless of your employment status.

Rethink Advice & Information Service have produced a factsheet on '**Disability Living Allowance**' which covers this benefit in more detail. You can get a free copy online at [www.rethink.org/factsheets](http://www.rethink.org/factsheets) or by calling 0300 5000 927.

From 8th April 2013, a new benefit called the Personal Independence Payment (PIP) will be introduced to replace DLA. Initially, only new claimants in selected parts of the North of England will need to claim PIP. However, the DWP is hoping that from July, all new claimants will claim PIP. Most existing DLA claimants with an indefinite award not be affected

until 2015 unless their circumstances change after Oct 2013. You can find more information in our '**Personal Independence Payment**' factsheet, which you can download for free from [www.rethink.org/factsheets](http://www.rethink.org/factsheets) or call 0300 5000 927 and ask for a copy to be sent to you.

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## 11. Housing Benefit

If you are on a low income and live in rented accommodation you may be able to claim Housing Benefit (HB) to help with the cost of rent. You can claim HB if you live in a property owned by a close relative as long as they do not live in the same household; however the rules can be complicated so it is recommended that you speak to a welfare rights adviser before claiming housing benefit for a property owned by a family member.

### Renting council or housing association property

If your only income is from means tested benefits and you live in a property owned by the local authority or housing association your HB will usually cover the whole of your rent. If however you have additional income you may only get part of the rent paid, in which case you will be responsible for paying the shortfall.

You may also have to top up your housing benefit if:

- Part of your rent pays for bills or services that are not covered by HB (such as electricity, meals or laundry services)
- You have a non-dependant living with you (a non-dependant may be an adult child, friend or relative who will be expected to contribute towards the rent)

You may also have your housing benefit reduced if you have more bedrooms in your property than the government thinks that you need. This has been called the 'bedroom tax' by some people.

If you are under-occupying one bedroom then your housing benefit will be reduced by 14%. If you are under-occupying more than one bedroom, your housing benefit will be reduced by 25%.

You will not be regarded as under-occupying one of your bedrooms if you need that extra bedroom for a carer to stay overnight to provide care for you. A carer would actually have to do this regularly in order for you to claim the exemption. It is not necessary for you to claim DLA or PIP in order to show that you need a carer to provide this care as long as you have other evidence.

If you are affected by the 'bedroom tax', you have the following options:

- Move House
- Take in a lodger
- Apply for 'discretionary housing payments' from your local council

- Increase your hours of work
- Get a benefits check to make sure you are receiving everything you are entitled to
- Pay the difference out of your benefits or other income if you can afford to do this

### Renting from a private landlord

If you live in a property or room that is rented from a private landlord Local Housing Allowance rules are used to work out how much housing benefit you get. The LHA rates depend on where you live, the number of people in your household and the size of your accommodation. This can range from a single room in a shared house to a property with four bedrooms.

Changes to housing benefit regulations in April 2011 means the local housing allowance size criteria can be increased for a person who has an established need for overnight care, is actually receiving that care, and has an additional room in their property<sup>2</sup>. This means that you may be able to claim housing benefit for a property with an additional room if you have a non-resident carer that regularly needs to stay overnight.

From January 1<sup>st</sup> 2012 people under 35 have had their benefit restricted to the shared room rate. . However some people will not be affected by the changes.

### **The rules will not apply to you if:**

- You get the middle or higher rate care component of Disability Living Allowance and no-one receives Carer's Allowance for you.
- You live with someone else (for example, a partner, child, elderly relative, friend or grown-up child); who is part of your household.
- You rent from a Local Authority or housing association.
- You live in supported housing provided by a housing association, registered charity or voluntary organisation and get a package of care or support from your landlord (or from somebody else on behalf of your landlord).
- Your private tenancy began before January 1989.
- You need an extra bedroom for a carer who does not live with you but who provides you with overnight care.
- You are under 22 and have been in the care of a local authority since the age of 16, or have been accommodated by a local authority since the age of 16.
- You have lived in a hostel for homeless people or a hostel that provides rehabilitation and resettlement within the community for at least three months. You must have received resettlement support to help you live in the community.

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## 12. Support for Mortgage Interest (SMI)

If you live in a mortgaged property and you are claiming either income based ESA, Income Support or income based Jobseekers Allowance, you may be entitled to help with your mortgage payments through a benefit called Support for Mortgage Interest (SMI).

There is a 13 week waiting period from the time you claim until you get your first payment and payments will usually be made directly to your mortgage lender. SMI will only help with the interest portion of a mortgage up to the value of £200,000; it will not help pay back the amount you borrowed. The rate that SMI is paid at is based on the Bank of England's standard interest rate. You can find out how much the rate is at any time by checking 'support for mortgage interest' webpage at [www.gov.uk](http://www.gov.uk).

If you do not have an interest-only mortgage you will either have to make up the shortfall on the actual mortgage payments to ensure you do not go into arrears, or come to a satisfactory arrangement with your lender such as switching to an interest-only mortgage. To apply for this benefit or to ask further questions you should contact Jobcentre Plus or the Pension Service. Their contact details are at the end of this factsheet.

When Universal Credit is introduced, it will include additional payments to meet mortgage interest costs.

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## 13. Council Tax Support and Discounts

If you are liable for council tax and on a low income then you may be entitled to help with your council tax through Council Tax Support. This scheme replaced the national Council Tax Benefit on 1st April 2013. Council Tax Support is administered by your local authority through their local scheme, and may cover either part or your entire council tax bill depending on your household income. How much help you can get with your council tax will depend on your local scheme. However, the government has reduced the money available to local authorities by 10% and so it is likely that many working age people will have to contribute towards their council tax in order to make up the difference.

It is important to ensure that your council tax bill is correct. If you are living alone or you are very unwell, you may be able to get your bill reduced.

### Single person's discount

If you are the only adult living in a property you should be receiving a 'single person's discount' on your council tax bill, this will reduce the bill by 25%. You will also receive this discount if you are not the only adult, but the other people you live with are not liable to pay council tax because, for example they are students or exempt due to a 'severe mental impairment'.

### Exemption due to severe mental impairment

The council tax rules say that a person is exempt from council tax if they have a 'severe mental impairment'. It states that 'a person is severely mentally impaired if he has a severe impairment of intelligence and social functioning (however caused) which appears to be permanent'<sup>3</sup>.

To qualify for the exemption you must obtain confirmation from a doctor stating that you are severely mentally impaired and receive one of the following benefits:

- DLA with the middle or highest rate care component
- Personal Independence Payment Daily Living Component (standard or enhanced rate)
- Attendance Allowance
- Severe Disablement Allowance
- Employment and Support Allowance
- Incapacity Benefit
- Income Support or Jobseekers Allowance with a disability premium
- Working Tax Credit with the disability element

#### Disabled band reduction scheme

If you or a person that lives with you has a disability that means they require additional space, it may be possible to get the council tax bill reduced to the price of the next band down. So if, for example your property is in band C, you would be charged the band B rate.

To qualify for the disabled band reduction you would have to show that the property is the main residence of at least one disabled person. The property must also have an additional room to meet the needs of the disabled person (if the room is not a kitchen or bathroom it must be for the predominant use of the disabled person); or additional space to allow for wheelchair use.

#### **Example**

Paul lives, with his wife and 9 year old child. He has Post Traumatic Stress Disorder (PTSD) and has flashbacks, is very restless and struggles to sleep at night which can disturb his families work and school life, he regularly attends art therapy. Paul uses a spare room in his house to paint and sculpt which he finds calming. As the room has all the things he needs to occupy himself, somewhere to rest and an en-suite bathroom, he can try to relax when he can't sleep or is feeling particularly unwell, without disturbing his family. The house is in Council Tax band C and costs £1202.95 per year, but as the Local Authority agreed that Paul qualifies for the council tax reduction scheme, his bill is reduced to the band B rate of £1052.57

If you think you should qualify for a band reduction, you should contact the local authority that issues your council tax bill.

## 14. The Social Fund

From April 2013, the discretionary social fund will be disbanded. 'Crisis loans' and 'community care grants' will no longer be available. 'Budgeting loans' will continue to be available until they are replaced by 'budgeting advances' under the new Universal Credit scheme.

Crisis loans used to be very helpful to people who were experiencing a delay in the payment of their benefits for some reason. To replace crisis loans, the DWP can now provide 'short-term advances' to provide you with some money if you're having to wait for your benefits to be paid. The short-term advance will have to be paid back, just like a crisis loan.

Local authorities have been given the discretion to set up schemes to replace 'community care grants' if they would like to. Some local authorities may not set up schemes at all, and the ones that do may choose to do things very differently. We hope to be able to provide more information about this when we find out more about what local authorities are doing.



### **Rethink Mental Illness Factsheets:**

[Employment and Support Allowance \(ESA\)](#)

[Work Capability Assessment \(WCA\)](#)

[Disability Living Allowance \(DLA\)](#)

[Incapacity Benefit \(IB\)](#)

[Personal Capability Assessment \(PCA\)](#)

[Benefit Revisions and Appeals](#)

All of our factsheets are free and can be downloaded from [www.rethink.org/factsheets](http://www.rethink.org/factsheets) or you can call us on 0300 5000 927 and we will post you a copy.



### **Jobcentre Plus Benefit Helpline**

Job Seekers Allowance, Employment and Support Allowance, Income Support and Incapacity Benefit enquiries.

Telephone: 0800 882 200

### **Disability Benefit Unit**

Disability Living Allowance and Attendance Allowance enquiries.

Telephone: 08457 123 456

### **HMRC**

Tax Credit enquiries and claims

Tax Credit Office

Preston

PR1 4AT

Telephone: 0345 300 3900

Website: <http://www.hmrc.gov.uk/>

### **Independent Review Service**

Resolves disputes around Social Fund decisions

4<sup>th</sup> Floor, Centre City Podium

5 Hill Street

Birmingham

B5 4UB

Telephone: 0800 096 1926

Email: [sfc@irs-review.org.uk](mailto:sfc@irs-review.org.uk)

### **Community Legal Advice**

Provides free specialist advice on legal matters including benefits to people on a low income.

Telephone: 0845 345 4345

Find a local legal adviser:

<http://legaladviserfinder.justice.gov.uk/AdviserSearch.do>

### **Turn2us**

A charitable service which helps people access the money available to them – through welfare benefits, grants and other help.

Telephone: 0808 802 2000

Website: <http://www.turn2us.org.uk/>

### **Age UK**

Information and advice for the elderly about many issues including benefits.

Telephone: 0800 169 6565

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



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<sup>1</sup> HMRC Disability Help sheet – Do you qualify for the disability element of Working Tax Credit - <http://www.hmrc.gov.uk/taxcredits/tc956.pdf>

<sup>2</sup> The Housing Benefit (Amendment) Regulations 2010 s2 (2) a - <http://www.legislation.gov.uk/uksi/2010/2835/regulation/2/made>

<sup>3</sup> Local Government Finance Act 1992 s6 (4) - <http://www.legislation.gov.uk/ukpga/1992/14/section/6>

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This factsheet is available  
in large print.

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## Rethink Mental Illness

Phone 0300 5000 927

Monday to Friday, 10am to 2pm

Email [advice@rethink.org](mailto:advice@rethink.org)

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### Did this help?

We'd love to know if this information helped you.

Drop us a line at: [feedback@rethink.org](mailto:feedback@rethink.org)

### or write to us at Rethink Mental Illness:

Feedback  
PO Box 68795  
London SE1 4PN

or call us on 0300 5000 927.

We're open 9am to 5.30pm, Monday to Friday.



Leading the way to a better  
quality of life for everyone  
affected by severe mental illness.

For further information  
on Rethink Mental Illness  
Phone 0300 5000 927  
Email [info@rethink.org](mailto:info@rethink.org)

[www.rethink.org](http://www.rethink.org)

### Need more help?

Go to [www.rethink.org](http://www.rethink.org) for information on symptoms, treatments, money and benefits and your rights. Or talk to others about your problem at [www.rethink.org/talk](http://www.rethink.org/talk).

### Don't have access to the web?

Call us on 0300 5000 927. We are open 9am to 5.30pm, Monday to Friday and we will send you the information you need in the post.

### Need to talk to an adviser?

If you need practical advice, call us between 10am and 2pm, Monday to Friday. Our specialist advisers can help you with queries like how to apply for benefits, get access to care or make a complaint.

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