

PSS Shared Lives Plus Guidance

Welfare Benefits Guidance

Shared Lives carers are self-employed and are not included specifically in any benefits legislation. This can cause confusion about which benefits a Shared Lives carer is entitled to and how a person's existing benefits are affected when they become a Shared Lives carer. This Shared Lives Plus Welfare Benefits guidance aims to provide clarity on some of the key welfare benefit issues for Shared Lives carers. Shared Lives Plus will continue to issue separate guidance to address these changes and ensure Shared Lives carers and schemes are aware of any potential welfare benefits changes and how these will impact on them.

Any Shared Lives carers who are Shared Lives Plus members are also able to access specific welfare benefits advice by contacting:

- Broudie Jackson Canter on 0151 541 0240,
- Judith Holman, Shared Lives carers Support and Development worker, on 01772 723677

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1. The Impact on personal benefits when you become a Shared Lives carer

HMRC recognises Shared Lives carers as being self-employed for tax and national insurance purposes and expects that Shared Lives carers are responsible for ensuring that necessary payments are made to HMRC. There is no clear and defined Department for Work and Pensions (DWP) guidance regarding Shared Lives carers claiming income related benefits (such as Employment and Support Allowance, Job Seekers Allowance, Income Support and Housing Benefit, Council Tax Benefit), which can result in confusion about that they or their partner are entitled to receive. Whether a Shared Lives carer is providing live in, short breaks or day support Shared Lives can also impact on a Shared Lives carer or their partner's eligibility for claiming benefits:

- **Live in Shared Lives arrangements:** All Shared Lives carers who provide live in Shared Lives arrangements are treated as in 'paid remunerative work', in relation to the Shared Lives care they provide. The payments they receive for 'live-in' Shared Lives arrangements will have an impact upon all income related benefits them or their partner receive.
- **Short breaks and day support:** If a Shared Lives carer provides live in Shared Lives arrangements in addition to short breaks or Shared Lives day support the previous bullet point would apply to them. If a Shared Lives carer is only providing Shared Lives short breaks arrangements or day support any payment received for providing these should not affect their entitlement to benefits. This is because the person they are supporting who is using Shared Lives is not a member of the household, but is 'Temporarily' placed in the Shared Lives carers home, by a local or health authority. However, it is important to note, that there are different interpretations of the term 'Temporary' in relation to short term Shared Lives carers and as quoted above, there is no DWP guidance for Shared Lives. Although Shared Lives carers providing short breaks should be able to be paid for providing short breaks without any impact upon their benefits, they must ensure that the benefit agency are aware of the arrangement. They must also emphasise that they are providing **respite** care. If there are any difficulties, seek advice.

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2. The main Benefits that Shared Lives carers can apply for

Shared Lives carers come from a wide range of backgrounds and have a range of financial and personal circumstances, which means the benefits they are entitled to will vary according to their individual circumstances. There are however some core benefits that Shared Lives carers are likely to apply for and these are discussed below. These benefits include:

- **Tax credits: Working Tax Credit and Child Tax Credit**
- **Carers allowance**
- **Housing Benefit and local housing allowance**
- **Council Tax disregards, discounts and exemptions**

This guidance aims to provide clarity on these benefits.

2a) Tax Credits

2ai) Working Tax Credit

Shared Lives carers are eligible to claim working tax credit (subject to the usual income limits) as long as they meet the conditions of eligibility (this can be determined by visiting <https://www.gov.uk/working-tax-credit/eligibility>). New claims for Working Tax Credit can only be made if the applicant does not live in a Universal Credit area or they or their partner qualify for Pension Credit. HMRC treat a standard proportion of Shared Lives income as expenses for tax and tax credit purposes. Therefore, even if their taxable income is 'nil', after qualifying tax relief is applied, under the special rules they may still be entitled to a Working Tax Credit award. Shared Lives carers are treated as in 'paid remunerative work' with regards to the Shared Lives care they provide and are in principle eligible to claim working tax credit (subject to the usual income limits). This is so even if your taxable income is 'nil', under the special rules, as long as you meet the eligibility criteria.

To be eligible for working tax credits, you normally need to be working 30 hours a week (or 16 hours, if you have a disability or are responsible for a child and meet the conditions). It is important to note that when calculating working tax credits, that the earnings for the household are taken into consideration. Therefore, if the Shared Lives carer has a partner who works, their income will be taken into consideration, including, private and occupational pensions, state retirement pensions and carers allowance.

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When a Shared Lives arrangement has ended and the Shared Lives carer is awaiting a new Shared Lives arrangement and the payment for providing Shared Lives care stops, there is a change in circumstances for benefit purposes and the working tax credits will stop after 4 weeks.

2a) Child Tax Credits

Child Tax Credit is a payment to support families with children. It can be claimed by an individual if they, or their partner are responsible for at least one child or qualifying person who lives with them. The eligibility criteria and for accessing Child Tax Credits and details of the level of award an applicant may get, is available at <https://www.gov.uk/child-tax-credit/new-claim> and any ability to claim will also depend on whether the applicant lives in a Universal Credit area, has three or more children, or they or their partner qualifies for Pension Credit.

Each Shared Lives carer's individual circumstances and financial situation is different and therefore there is no set answer as to what welfare benefits they may be entitled to. It is always recommended to seek a full benefits check, to see if you are missing out on any entitlements. Income details can also be entered onto HMRC site for a Working Tax credit and Child Tax Credit on-line benefit calculation.

2b) Carers Allowance

Some Shared Lives carers who provide live-in Shared Lives arrangements have thought that they are eligible to receive Carers Allowance on the basis that they are providing care and support to a disabled person for at least 35 hours per week. However a Shared Lives carer should not put in a claim for Carers Allowance for the person they provide support to in a Shared Lives arrangement as:

- They are already being paid to provide care and support to the person
- A person using Shared Lives, who is eligible, will lose their entitlement to the Severe disability premium if a Shared Lives carer claims Carers Allowance. For details of the current rate of carers allowance please visit <https://www.gov.uk/carers-allowance/overview>

Shared Lives Carers should claim for Carers Allowance if they look after a family member and the family member is in receipt of a [qualifying benefit and other qualifying criteria are met](#). It is important to note that the outcome of an application for Carers Allowance is based on both the carer and person being cared for meeting the required eligibility. If a Shared Lives carer also has additional responsibilities for caring for a care for a family member in receipt of a qualifying benefit and their application for Carers Allowance is declined, they should consider challenging the decision by the DWP.

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Challenging a declined claim for Carers Allowance

If a Shared Lives carer who provides care and support to a family member and are eligible to receive Carers Allowance, but they find their claim declined they can ask for the application to be reconsidered under a mandatory reconsideration. There have been successful challenges by Shared Lives carers to the DWP's decision to refuse their claims for Carers Allowance. The successes have occurred when supportive evidence has been presented e.g. authentic financial accounts that have been completed by an accountant that shows income and expenditure relating to the role of a Shared Lives carer, which in turn has been accepted by the HMRC plus supporting information on how HMRC view Shared Lives with reference to [qualifying care relief](#) and taxable income

DWP decision makers do not have any specific guidance or regulations to follow about how a Shared Lives income from providing Shared Lives should be viewed, regarding their application to receive Carers Allowance. This can result in lack of clarity for decision makers when determining whether an eligible Shared Lives carer should receive Carers Allowance or not.

2c) Housing benefit

Shared Lives carers are self-employed and may be eligible to receive housing benefit, but this will depend on their level of income and certain conditions being met. The amount of housing benefit a person is eligible to receive will depend on the Shared Lives carer's income and any other income or benefits that they receive. Housing benefit eligibility is based on whether someone has responsibility for legally paying rent or council tax and if the person concerned is on a low income. Shared Lives carers may be asked for different information depending on the processes of the local authority and also whether they are a new or existing Shared Lives carer:

- For existing Shared Lives carers the housing benefit officer will usually look at the amount of income the Shared Lives carer received over the last year, or a shorter period of time where more appropriate (from Shared Lives arrangements and other sources of income)
- For new Shared Lives carers the housing benefit officer will usually ask the Shared Lives carer to forecast their income from Shared Lives and other income sources for the next three months. The Shared Lives carer will then be asked to provide a record of the actual figures after this period of time.

Housing benefit for people who use Shared Lives

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It is important that any tenants of a Local Authority or Registered Social Landlord who are thinking of becoming a Shared Lives carer request permission and approval from their landlord, otherwise they could be in breach of their tenancy agreement and potentially be evicted from their home. For Shared Lives carers who own their own home they should request permission from their mortgage lender, otherwise they could be in breach of the terms of their mortgage agreement, resulting in potential eviction or the terms of the mortgage being reviewed by the lender.

For Shared Lives carers who rent their accommodation, they will need the landlord to obtain written permission from the landlord to sublet part of their home. Without this authorisation, they could be breaking their tenancy agreement, plus the person who they will be supporting in their home, may not be able to receive housing benefit for the rent of the room.

People using Shared Lives will need to complete an application for housing benefit, in order for them to rent a room in the home of the Shared Lives carer. The licence agreement is an essential part of the Housing Benefit application being able to be processed. A benefits advisor, the Shared Lives scheme or someone from Care Management will usually support the person to complete and submit their application for Housing Benefit.

Furthermore, if a Shared Lives carer has been receiving housing benefit for the room they rent to a person using Shared Lives, this will be treated as income and therefore impact the Shared Lives carer's entitlement for income based welfare benefits.

How is the level of Housing Benefit decided?

There is no set rate for Housing Benefit and the amount awarded will be determined by the person's specific circumstances. These circumstances include:

- How much rent they pay
- A person's income: including wages or salaries, benefits and tax credits
- Savings: Usually the person and their partner will need to have less than £16,000 in savings to be eligible to receive Housing Benefit. The amount of Housing Benefit which can be received by a person will also be reduced if they are of working age and have over £6000 in savings, or £10,000 and of pension age or in a care home.
- Whether there are other people who are aged 18 and over who live with the person. These are known as non-dependents
- The Person's age
- When your housing benefit claim was made:
 - For private tenants who applied for Housing Benefit before 7 April 2008 and haven't moved home, or made a new claim since then, there are

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separate rules for determining the level of Housing Benefit. A local rent officer will calculate a person's housing benefit entitlement

- For any claims after 7 April 2008 the local authority will usually calculate the level of rent that can be covered by Housing Benefit using Local Housing Allowance. This is covered in more detail below.

Local Housing Allowance

Local Housing Allowance is the maximum Housing Benefit that an individual is entitled to, according to their circumstances. Local Housing Allowance rates vary according to the area a person lives in (the 'broad rental market area'), the number of bedrooms they need (this does not apply in Shared Lives) the number of people that a person lives with them and the number of bedrooms they are deemed to be entitled to. There are five different rates per area:

- Shared Accommodation rate
- One bedroom rate This will apply to individuals under the Shared Lives agreement if they meet the criteria and are in receipt of the qualifying benefits
- Two bedroom rate
- Three bedroom rate
- Four bedroom rate

If a person lives in Shared accommodation, is under 35, is not living with a partner, or has no children, they are only entitled to the shared accommodation rate of Local Housing Allowance, even if they live in a self-contained property. There are exemptions to this rule which include people who receive the severe disability premium or people who receive DLA middle or higher rate care component or the daily living component of Personal Independence Payment. Care leavers are also entitled to the one bedroom rate, rather than the shared room rate. Other exemptions are detailed at <http://www.entitledto.co.uk/help/Shared-Room>

In order to see how much Local Housing Allowance the applicant is eligible for they, or whoever is supporting them to apply should check their local authority website. Alternatively individuals can input their details into the following website and it will provide details of the levels of local housing allowance:

<https://lha-direct.voa.gov.uk/search.aspx>

2d) Council Tax disregards, discounts and exemptions

Local authorities use Council Tax as a way of funding the services which they provide to local residents. However there are certain groups of individuals or properties which are exempt from council tax. Where people using Shared Lives are classed as having a Severe and Mental Impairment which is defined under the Local Government Finance Act 1992 as:

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“if he/ she has a severe impairment of intelligence and social functioning (however caused) which appears to be permanent”

Usually the benefits that a person receives will indicate that they meet the definition of being an individual with a Severe and Mental Impairment. Individuals should check with their local authority, but benefits will usually include:

- Disability Living Allowance – Middle or Higher Rate of the care component
- Incapacity Benefit or Employment and Support Allowance (ESA)
- Attendance Allowance
- Severe disablement allowance
- Daily Living component of a Personal Independence Payment (PIP)

If a Shared Lives carer has people using Shared Lives living with them who all have a Severe or Mental Impairment (SMI) and they have a certificate/s from a registered medical practitioner confirming this, the Shared Lives carer may be able to make a claim for a Council tax disregard. This could result in a reduction in the amount of council tax which needs to be paid on the property. The Shared Lives carer should contact their local authority for more details to see whether they could receive a

discount and how much it will be.

2di) Carers disregard

Some Shared Lives carers have previously applied for a Carer disregard on the basis that they provide care and support to people using Shared Lives. The criteria for this disregard usually comprises of:

- Providing care for someone at least 35 hours a week and living in the same property as them
- Not being the spouse or partner of the person using Shared Lives
- People using Shared Lives receiving DLA middle or higher rate care component, Attendance Allowance or the daily living component of the Personal Independence Payment.

Shared Lives carers should not apply for a Carer disregard', on the grounds that they provide care and support on a commercial basis. However, we have been informed that there have been occasions where a local authority interpreted the regulation differently and made an award.

2e) Disabled Facilities Grant

A Disabled Facilities Grant is provided by a local authority to help meet the cost of adapting a property to meet the needs of a disabled person. Grants can be used to improve access and movement into and within the property, or to adapt rooms to make them more useable for a disabled person e.g. converting a bathroom with a bath into

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an accessible wet room. For some long term Shared Lives arrangements where the support needs of the person using Shared Lives have changed over time, a DFG will be used to make the necessary adaptations to the property to ensure the Shared Lives arrangement can continue. This can be particularly important where adaptations will need to be made where the support needs of a person using Shared Lives have changed over time, and the only way for the Shared Lives arrangement to continue is for adaptations to be made to the property. A Shared Lives carer can apply for a disabled facilities grant to adapt their property for the people who live with them in a Shared Lives arrangement, so long as:

- The person living in the Shared Lives arrangement meets the eligibility as a disabled person. This means:
 - Their sight, hearing or speech is substantially impaired
 - They have a mental disorder or impairment of any kind
 - They are substantially physically disabled by illness, injury, impairment present since birth, or otherwise; *or*
 - They are registered (or could be registered) disabled with the social care department.
- The person using Shared Lives intends to live in the property for the duration of the grant period (this is usually around 5 years)
- Their level of savings. If these are over £6000 the person will be required to contribute to the cost of the works.

Getting a Disabled Facilities Grant signed off for an adaptation can be difficult in a Shared Lives arrangement for a number of reasons:

- Part of the application process will require the applicant to sign a form or provide a certificate which states that they will continue to live in the property for the duration of the grant. As people living in Shared Lives arrangements usually have a license agreement and do sometimes move on from their current Shared Lives arrangement, or the Shared Lives arrangement ends, the department responsible for administering the DFG may ask for some assurances about what would happen if the Shared Lives arrangement were to end.
- There is no specific guidance for how DFG's work in Shared Lives and about whether the department will look at the savings of the person using Shared Lives, or the Shared Lives carer, when determining whether a contribution would be required to the works. Whilst it could be perceived that the Shared Lives carer is benefitting from having adaptations to their property paid for by the DFG, the adaptations are ultimately being provided to make the property more accessible and liveable for the person using Shared Lives. We believe that the fairest approach to determining whose savings are looked at is the person using Shared Lives. In situations where there is a contribution to be made towards any DFG works the local authority will need to work closely with

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the Shared Lives scheme, the Shared Lives carer and the person using Shared Lives, to determine who will be providing this contribution.

- There is often a large waiting list for DFG's, so it may take some time for the work to actually take place. It is usually good practice for the Shared Lives scheme to speak to the team responsible for administering the DFG to find out the local picture of DFG works in the area. The scheme can also answer any questions about Shared Lives and provide any additional information that may be required by the DFG team.

2f) Winter fuel payments

Winter Fuel Payments were introduced in order to help ensure that people could afford to keep warm over the winter and range from £100 to £300 depending on your circumstances. Despite being called a Winter Fuel Payment there is no requirement to spend it on fuel or heating. A person will qualify if:

- They were born on or before 5 January 1953 (for winter 2015 to 2016 - this date changes every year)
- They will be living in the UK during the qualifying week, which changes every year. Information about this date is available from <https://www.gov.uk/winterfuel-payment/overview>

Winter Fuel Payments are calculated on a household basis and are dependent on the circumstances of the people living there. Payments are made automatically and in situations where both the Shared Lives carer and the person living in Shared Lives are both eligible, they will usually receive the rate set for living with someone else who also qualifies. This amount varies according to the ages of the people living in the property. Prior to the payment being made, eligible individuals will receive a letter telling them how much they will receive and also an estimated payment date.

Appealing a decision about a Winter Fuel Payment

It may be possible for a Shared Lives carer or the person living in a Shared Lives arrangement to challenge the decision to split the Winter Fuel Payment between them. Reg 2(1)(ii)(aa), Reg 2 (2) and Reg 2 (3) of the Social Fund Winter Fuel Payment Regulations) exclude people from getting the full Winter Fuel payment only if they "share accommodation as their mutual home." Whilst the ethos of Shared Lives is to share family life within the same household, Shared Lives carers and those for whom they care are not regarded as sharing accommodation for the purposes of Housing Benefit. This suggests that a similar interpretation could be applied to Winter Fuel payments.

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If a Shared Lives carer or person using Shared Lives decides they would like to appeal a decision about Winter Fuel Payments they could quote the above regulations. If making an appeal it may be useful to seek some advice and support from an organisation such as the Citizens Advice. The letter notifying people that they are about to receive their payment usually has a process for appeal attached to challenge the decision. Alternatively information on how to apply or appeal a decision regarding a Winter Fuel Payment is available from <https://www.gov.uk/winter-fuel-payment/how-to-claim>

We would always advise against Shared Lives carers making private financial arrangements with the people they support about the use of a winter fuel payment, as this could leave them open to an accusation of financial abuse. We also recommend that Shared Lives arrangement agreements do not have any clauses in which people who are using Shared Lives are asked to pass on Winter Fuel Payments. This is because there is no requirement for the person to spend the Winter Fuel Payment on fuel and they can spend it how they wish. In addition the decision about who in a household will receive the payment and the amount they receive is decided by the Department for Work and Pensions, not the people in the household or a Shared Lives scheme.

3. Housing Benefit size restrictions in social housing (Bedroom Tax)

If someone is of working age the amount of eligible rent they can receive is reduced if they are deemed to have one or more spare bedrooms. Under these rules if the applicant is found to be under occupying their property their housing benefit will be reduced by 14% if they have one spare bedroom and 25% if they have two or more bedrooms. Disability Rights UK has produced a [useful factsheet](#) which provides a detailed overview of the Bedroom Tax.

Shared Lives carers who are a social or council tenant are not exempt from paying the bedroom tax unless they meet the following criteria/exemptions:

- The Shared Lives carer requires an overnight carer for themselves or a partner. However, the stipulation is that they have to be in receipt of either the Middle or High rate care components of Disability Living Allowance or either the Standard or Enhanced rates of the daily living component of Personal Independence Payment
- They have disabled children who cannot share a bedroom
- They have a son or daughter or other non-adult dependent on “operations” in the armed forces
- Son Daughter, or nondependent in prison (under 13 weeks or on remand)

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- Death of a member of the house hold
- Formerly working and able to pay rent
- Foster carer
- Pension credit age

4. The Impact of being a Shared Lives carer on a state pension

There are two main categories of State Pension, they are contributory and are known as Category A and Category B. Category A pensions are normally based on an individual's national Insurance record, Category B pensions are based on an individual's spouse or civil partners contributions. There is also a Category D pension, which is non-contributory and payable only to people aged 80 or over.

Becoming a Shared Lives carer, should have no impact on a person's entitlement to a State Pension. However, if you have not reached retirement age, you should ensure that you keep up your national insurance contributions, to ensure that you have a complete contribution record and receive a full retirement pension.

The earnings that a Shared Lives carer who has reached state retirement age receives will not affect the amount of state pension they receive. Furthermore, there are no national insurance contributions to be paid on any earnings received as a Shared Lives carer, once a person is in receipt of a state pension.

It is beyond the scope of this guidance to look at the different pension savings options for Shared Lives carers. The Pensions Advisory Service are able to provide useful advice and guidance for all self-employed regarding any questions or issues people may have about pensions.

5. Notifying HMRC and the DWP when Shared Lives arrangements end

It is important that once a Shared Lives arrangement has ended that the relevant benefit agencies and HMRC be informed if:

- someone is no longer a Shared Lives carer;
- or if a live in Shared Lives arrangement has ended leaving the Shared Lives carer with no current Shared Lives arrangement and there is a gap of seven days or more before they will provide support to another live in Shared Lives arrangement.

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If a live-in Shared Lives arrangement ends, the Shared Lives carer must report the change within one month, or they could be paid too much money (an overpayment) which they may have to pay back and could also be charged a penalty of up to £300.

If a live-in Shared Lives arrangement ends and

- the Shared Lives carer has no or limited other income
- and they meet the relevant eligibility criteria

They may be able to claim for other income related benefits including Job Seekers Allowance , Employment and Support Allowance, Universal Credits , Housing Benefit and Council Tax Support. Shared Lives carers should contact 0151 541 0240 for further advice and guidance relating to their specific circumstances

6) The Benefit cap

The benefit cap is the total amount that an individual can receive from the main out of work benefits and children's benefits. If the claimant's total income received from benefits is greater than the cap level, their housing benefit will be reduced so that their total benefit does not exceed the cap. The cap varies according to whether the individual is in a couple, have children and whether they live in our outside Greater London. Details of the Benefits cap amounts are available from <https://www.gov.uk/benefit-cap/benefit-cap-amounts>

There are exemptions to the benefit cap. If a Shared Lives carer or their partner or their child/children meet the following conditions:

- In receipt of Disability Living Allowance/Personal Independence Payment
- Attendance Allowance
- ESA Support Group
- Receive an Armed forces Independent Payment
- Receive Industrial injuries benefit
- Receive a war pension War Pension
- Receive War Widows Pension, Widowers Pension
- Receive Working Tax credits The Government has said that this will apply if a claimant works enough hours to qualify for WTC, but are not paid it because their income is too high
- The cap will not be applied if a Shared Lives carer has reached pension credit age Unless their partner continued to claim income related benefits such as JSA or Employment and Support Allowance

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Please note that each individual's circumstances are different, which means so is their eligibility for benefits and the amount they will receive. The outcome of any application for benefit will be dependent on their individual circumstances.

To date there has been no changes to the regulations regarding Shared Lives carers and claiming Working Tax Credits and receiving Qualifying Care Tax Relief. The Government, through welfare reforms, will eventually transfer all self-employed claimants in receipt of Working Tax Credits onto Universal Credits. However, to date HMRC have not introduced any guide lines as to when Shared Lives carers will be transferred over onto Universal Credits.