CHILD POVERTY ACTION GROUP IN SCOTLAND

Panel member payments and social security benefits

January 2025

1. Introduction

The Corra Foundation works with panels of people with lived and learned experience. Corra compensates people for their time in different ways and, in doing so, wants to treat people as fairly and equitably as possible. The aim of this report is to provide Corra with an understanding of the social security impacts of these payments and different options so that Corra can make informed decisions on suitable offers for panel members. This report starts by looking at which benefits are affected, the rules and definitions that affect payments to panel members and then sets out different payment options. There is a focus on universal credit, as that is now the main means-tested benefit for people of working age, but other benefits are also covered.

Summary: key points

- Payment of money for time, participation or work done should be treated as earned income for universal credit and other means-tested benefits.
- Payment of expenses is disregarded.
- It is not possible to make payments of money in return for participation that will impact everyone equally, as rules for different benefits and circumstances vary.
- Social security rules differ from tax rules and there is no ‘trivial’ or minimum amount of earned income that is automatically disregarded for all benefits.
- Providing payment for participation in the form of a voucher or payment card reduces the risk of impact on benefits in most cases.
- Offering panel members a choice of cash or voucher may still impact on benefits.
- Panel members should be signposted for further individual advice.

2. Benefits not affected by any kind of payment

This section explains which benefits are not affected by any kind of payment to panel members. If the panel member is only receiving these benefits, the sections on the impact of payments are not relevant. The following benefits are not affected by receiving payment for participation as a panel member:

- Child benefit
- Guardian's allowance
- Child disability payment
- Adult disability payment
- Pension age disability payment
- Disability living allowance
- Personal independence payment
- Attendance allowance
- Bereavement support payment
- Industrial injuries disablement benefit
- State retirement pension
- Statutory sick pay

These benefits are not means-tested and not affected by earnings. The only potential concern is if a disability benefit is in payment due to certain difficulties, and the activities carried out as a panel member indicates a change in their condition. For example, adult disability payment can be in payment due to difficulties engaging with other people face to face or planning and following journeys. Benefit claimants have a duty to report changes of circumstances affecting their condition.

3. Benefits that may be affected

This section lists the main benefits that may be affected by payments to panel members. It is only if the panel member is receiving one or more of these benefits that the following sections are relevant. The main benefits that may be affected by receiving payments for participation as panel members are:

- Universal credit
- Pension credit
- Housing benefit
- Council tax reduction
- Employment and support allowance (ESA)
- Jobseeker's allowance (JSA)
- Carer's allowance/carer support payment
- Maternity allowance
- Statutory maternity pay, statutory paternity pay, statutory shared parental pay, statutory parental bereavement pay (unlikely to be affected in practice)

The general rule for all these benefits is that the panel member should report that they are involved in consultation and declare any payments received for participation. There is more detail on each benefit in section 4. Some claimants may be receiving universal credit as well as other benefits such as ESA, so it is important to check the rules for each benefit.

4. How are benefits affected by payments to panel members?

This section explains how benefits may be affected by payments to panel members, depending on how the payments are classed and what they are for, and whether the panel member is a volunteer, self-employed consultant, employee or other paid worker, or a service user involved in consultation in specific fields.

How are the payments classed for benefits?

Any potential impact on benefits depends on how the payments are classed in benefit rules.

- If they are classed as unearned income, some benefits may be reduced by the full amount of the payment, so the panel member is no better off. For other benefits and circumstances, some types of unearned income may be ignored completely, so the panel member is better off by the full value.
- If they are classed as earned income, means-tested benefits are only reduced after ignoring set amounts, so that the panel member is better off by some or all of the payment and there is an incentive to work.

CPAG's interpretation of the rules is that participation as a panel member is paid work if it is done for payment or in expectation of payment. So payment to reward or compensate panel members for their time, participation and work done in their involvement on panels is *earned income* for social security purposes.[1] However, the law and guidance are not clear on this point and DWP decision-makers may interpret it differently, and decisions may be inconsistent or wrong. Panel members should be referred for welfare rights advice if they are unhappy with a decision on their benefits.

Payments are treated differently depending on what they are for, how they are paid and how the panel member's involvement is classed.

Are panel members volunteers?

Panel members are volunteers if the work done is not for payment or in expectation of payment, and the only payment is for expenses. If they are volunteers, all expenses are disregarded, and benefits should not be affected. However, if a payment for work done is offered and declined by the panel member, they may be affected by the rules on 'notional income' (see below).

Are panel members self-employed contractors?

Panel members may be self-employed for benefit purposes if they are carrying on such activity as a trade, profession or vocation, i.e. as an expert consultant. Under Corra's *Involving People with Lived Experience Guidance,* when payment is likely to reach £1,000 in a financial year, they are offered a choice of a self-employed contract or being enrolled as sessional staff.

Panel members who are self-employed contractors and are getting universal credit or other means-tested benefits, should be advised to declare all payments received to the DWP, including payment in kind or vouchers as part of the actual receipts of the business, and expenses may be deducted.[2]

Panel members getting universal credit who choose to become self-employed may be expected to take steps to increase their earnings or, in some cases, have an assumed higher level of earnings counted against them so can be worse off than someone choosing a sessional staff contract.

Are panel members employees?

Panel members may become employees if they have a contract of service as sessional staff. If they are not employees, but are paid for short-term one-off or piecemeal work, they may be classed as 'workers'.[3] For benefit purposes, if the payment is for work done, this may be treated as employed income even without a formal contract.

Corra's *Involving People with Lived Experience Guidance* states that when payment is likely to reach £1,000 in a financial year, they are offered a choice of either a self-employed contract or being enrolled as sessional staff. If panel members are enrolled as employees, Corra must notify wages to HMRC. This 'real-time information' is accessed by the DWP automatically to calculate awards for panel members on universal credit. Panel members who are not enrolled as sessional staff, or are on other means-tested benefits, should be advised to report all payments of money for participation as earned income from work.

What if the panel member declines payment (notional income)?

Giving panel members on benefits a choice of cash, vouchers or no payment could cause them problems.

If a benefit claimant has declined a payment for work, or accepted less than the going rate, the amount they have given up can still be counted against them as income, which is known as 'notional earned income'. The notional earned income rule can apply if the panel member has deprived themselves of earnings for the purpose of getting a higher amount of universal credit or other means-tested benefits.

This could cause a problem if panel members are given a choice of cash or vouchers and choose vouchers with the intention of avoiding an impact on their benefits. The notional earned income rule could also apply if Corra becomes the employer of the panel member and pays in vouchers to avoid impacting on benefits.

If the person is a volunteer or is engaged by a charitable or voluntary organisation (such as Corra Foundation) and provides their services free of charge or at less than the going rate, it is not counted as notional income if the DWP is satisfied that it is reasonable to do so. DWP guidance considers that claimants are expected to avoid dependency on benefits and should seek paid work where possible but suggests it may be reasonable if it is only for a short period, or if the panel member is getting something in return, such as training.[4]

Declining a payment is unlikely to be in the interests of a panel member who is on a low income and receiving benefits, as they will usually be financially better off to some extent by accepting payment. A panel member who wants to decline a payment should be signposted for advice to be sure they are making an informed choice.

If a panel member declines payment because they are being consulted as part of their paid role for another organisation, this should not be counted as notional income because they are already being paid for the work by their employer.

Do panel members meet the definition of 'service users'?

There are some special rules concerning payments to service users involved in consultation in specific fields:[5] For this definition to apply, Corra Foundation must be conducting research or monitoring for the purpose of planning or improving services in the field of health, social care, social housing, social security or child support. Panel members are service users if they are being consulted in their capacity as a user, potential user, carer of a user or person otherwise affected by the provision of those services.

There is a disregard of all expenses (see below) relating to service user activity, but other payments are earnings.[6] For service users' payments, panel members cannot be treated as having notional income (see above) if they decline a payment or choose a voucher.[7] So for this kind of consultation, it is possible to offer payment options. However, panel members may need a letter from Corra about why their involvement should be classed as 'service user' as evidence for the DWP.

Are the payments for expenses?

Expenses are costs incurred or that would be incurred by the panel member due to involvement in panels. When calculating the amount of earnings for means-tested benefits, earned income does not include payments for expenses. Expenses must be wholly, exclusively and necessarily incurred in the performance of their duties, to be deducted from earnings.

The rules are more generous for volunteers or 'service users', as all expenses are disregarded, such as home-to-work travel expenses, which are not usually allowed for paid workers.

There is no limit to the amount of expenses, but it is implicit that expenses must be reasonable. Paying people for expenses does not affect their benefit but should still be reported, either by the panel member telling the DWP or, in the case of sessional staff, by Corra through payroll reports to HMRC.

There is no requirement to provide evidence of expenses, but this may be requested of the claimant. There is no specific definition of what expenses can cover; expenses can include anything to enable participation, including (but not limited to):

- Food and drink
- Travel
- Accommodation
- Childcare
- Replacement care
- Telephone or IT bills or equipment
- Postage and stationery

Are the payments donations to charity or individuals in need?

Panel members who ask for a donation to be made to a charity of their choice instead of receiving a payment for participation may be affected by the rule on notional earned income (see above).

If Corra identified a panel member in need and arranged a payment to support them, not in return for their participation, this would not count as income for social security purposes. Charitable or voluntary donations to people in need are generally disregarded as income for social security purposes. If it is a lump sum which takes the person's total capital above £6,000 (£10,000 if pension age) it can reduce the amount of some benefits received.

Do panel members need to declare the payments received from Corra?

Yes. Benefit claimants are under a general duty to disclose any changes they could reasonably be expected to know may affect their benefit.[8] For some benefits, they may also have been notified of a specific duty to report earned income. Failure to do so may result in a recoverable overpayment of benefit, penalty or fraud investigations.

Which benefits does the panel member get?

This section of the report focuses on the groups that Corra has identified as being involved as panel members, and the benefits they may be receiving.

Children and dependent young people

Payments to children and dependent young people do not affect their or their families' benefits.

A dependent young person is aged 16 to 19 (up to 31st August after their 19th birthday) and in full-time non-advanced education or approved training who is living with an adult who is responsible for them.

Children under 16 and dependent young people do not get universal credit or most other benefits in their own right. They may get disability benefits. Payments made to them do not affect their parent or carer's benefits, such as child benefit or universal credit.

If payment is made into the bank account of a parent or carer on behalf a child, evidence is likely to be required to show that it is the child's money.

Non-dependent young people and students

Payments to non-dependent young people and some students might affect their benefits.

Young people aged 16 or 17 are generally excluded from universal credit but may be entitled if they are 'without parental support' (i.e. estranged from parents), or responsible for a child, or have a disability or caring responsibilities.

Full-time students are generally excluded from universal credit but 16-to 19-year-olds (up to the 31st August after their 19th birthday) in non-advanced education may qualify if they are without parental support. Students in advanced or non-advanced education who are responsible for a child or have a disability may also qualify for universal credit.

Full-time students may be entitled to disability benefits or carer's benefits.

Asylum seekers

Payments to asylum seekers might affect their asylum support from the Home Office.

Asylum seekers are waiting for a decision on their application for refugee status in the UK. They are generally excluded from benefits and receive asylum support from the Home Office instead if they are assessed as destitute.

Generally, they must request permission to work and report any changes in income. Home Office guidance states that payments to asylum seekers from charities or other organisations to fund travel to attend classes or to buy course materials, or a one-off modest donation from a charity would be disregarded.[9] More detailed advice is an immigration matter and is out of scope of CPAG's expertise and this report (see *section 6: Signposting panel members for further advice*).

An asylum seeker whose partner is entitled to universal credit should be advised to report any earned income, which can affect their partner's benefit.

Refugees

Payments to refugees might affect their benefits.

Refugees have received a decision on their asylum claim and have been granted permission to stay in the UK and must be granted the same treatment in respect of labour legislation and social security as is accorded to nationals.[10]

They have permission to work, pay tax and are eligible for benefits under the normal rules. The same applies to someone who has completed the asylum process and does not qualify as a refugee but has been granted 'humanitarian protection'.

Refugees and people with humanitarian protection may therefore fall into any of the other categories in this section and do not receive any special benefits as refugees.

People with 'no recourse to public funds'

Payments to people with no recourse to public funds might affect their benefits, but in most cases, they will not be receiving any benefits.

People with no recourse to public funds have permission to be in the UK, for example as a worker, student, spouse or relative, on the condition that they do not apply for most social security benefits. Undertaking work as a panel member may affect their application to stay in the UK, but this is an immigration issue, which is out of scope of CPAG's expertise and this report, and they should be referred for specialist advice.

People with no recourse to public funds cannot qualify for universal credit, pension credit or most other means-tested and non-contributory benefits. However, they may qualify for jobseeker's allowance, employment and support allowance, maternity allowance, bereavement support payment or state pension, generally if they have worked and paid sufficient national insurance contributions in the UK. They may also qualify for statutory payments from their employer such as statutory maternity pay or statutory sick pay. [11]

Carers

Payments to carers might affect their benefits. For most benefits, a carer is someone who spends at least 35 hours a week looking after a severely disabled person, who must be getting a specified rate of disability benefit. Currently, carers in Scotland may be receiving either carer's allowance from the Department for Work and Pensions or carer support payment from Social Security Scotland. Carer's allowance and carer support payment are not payable if weekly earned income exceeds the earnings limit (see the Appendix). Carers may also be receiving universal credit with an additional amount as a carer, which can still be included even if they earn above the earnings limit for carer's allowance/carer support payment.

People with health conditions and disabilities

Payments to people with health conditions or disabilities may affect some of their benefits.

There are several disability benefits that people in Scotland with health conditions or disabilities may be getting. These benefits are in the process of being devolved from the UK to the Scottish government. They are different for different age groups. Child disability payment, adult disability payment and pension age disability payment are replacing the UK benefits, disability living allowance, personal independence payment and attendance allowance. These benefits are all intended to contribute towards the extra costs of living with a long-term disability, based on care or mobility needs. They are not means-tested or directly affected by earned income.

People with health conditions and disabilities may also be entitled to employment and support allowance (ESA) or universal credit, which are affected by capability for work and earned income.

Some may be entitled to industrial injuries benefits or statutory sick pay from their employer, which are not directly affected.

Older people

Payments to older people might affect some of their benefits.

State pension age is currently the 66th birthday and is the same for men and women. People aged 66 and over may be entitled to state pension and means-tested benefits – pension credit, housing benefit and council tax reduction.

Couples where one is working age and the other is pension age are generally treated as part of the working age system for means-tested benefits, so must usually continue to claim universal credit until the younger partner reaches pension age.

Means-tested benefits for people over pension age are affected by earned income, with little financial incentive to work. There are no special rules or additional amounts in benefits for people in their fifties or early sixties.

Jobseekers and people in work on low incomes

Payments to jobseekers and people in work on low incomes might affect their benefits.

People who are unemployed and looking for work may be entitled to jobseeker's allowance based on their national insurance record, or universal credit.

People in work on low incomes, whether they are employed or self-employed, may be entitled to universal credit. People in part-time work of less than 35 hours a week may be required to look for more work in return for getting universal credit, or they may be sanctioned.

There is no cut-off point or set level of working hours or income that disqualifies everyone from universal credit. It depends on their individual circumstances including rent, children and additional needs.

People in work may be receiving payments from their employer for periods of leave, such as statutory sick pay or statutory maternity pay, which are not usually affected by payments to panel members. Note that working tax credit has been replaced by universal credit and any remaining claimants will cease to be entitled from 6 April 2025.

People who get benefits

Payments to other people who get benefits might affect their benefits. This is a very broad category, covering all the above and others who do not fall into these categories. For legacy benefits and pension credit, this also includes the partner of the main claimant, so panel members who are not receiving a benefit in their own name may still need to know that their earned income affects their partner's benefit, generally pension credit, housing benefit and income-related ESA.

The general principle of universal credit is that it is available to all working age adults, with exclusions for students (but there are exceptions) and exclusions related to residence and immigration status. Couples must usually make a joint claim for universal credit, unless one of a couple does not meet the residence condition.

People who get benefits includes people whose income may be too high for universal credit or pension credit, but may qualify for a council tax reduction from their local authority, which is applied to their council tax bill.

People on higher incomes can still qualify for child benefit, disability benefits, contributory benefits and state pension, and may have concerns about any impact of earned income or participation as a panel member.

How does the way the payment is classed affect benefits?

This section of the report explains in more detail how each benefit is affected by payments.

Universal credit

Most working age claimants on low incomes will get universal credit. The transfer from other working age, means-tested benefits to universal credit is due to be completed for most by April 2025 and ESA claimants by April 2026. Universal credit is intended to provide an incentive to work, so claimants are encouraged to earn income and should always be better off in work. However, if total income takes claimants off universal credit, they may be worse off due to losing other passported benefits, such as the Scottish child payment.

Claimants who are responsible for children, or claimants who have been assessed as having limited capability for work due to a health condition or disability, are allowed to earn up to a certain level (known as the work allowance) without affecting the amount of universal credit they receive. A couple only qualify for one work allowance. The work allowance applies to earned income received in each monthly assessment period. For claimants who are liable for rent the work allowance is £404 a month (£411 from April 2025) and for claimants who are not liable for rent, the work allowance is £673 a month (£684 from April 2025). If claimants earn above their work allowance, universal credit is reduced by 55% of the amount that exceeds the work allowance.

Universal credit claimants may also be required to undertake work-related activity. Failing to meet work-related requirements without good reason may lead to a sanction. Some claimants may be required to spend up to 35 hours a week on work search activity and must be available to attend an interview or start work. Undertaking activity as a panel member is unlikely to be seen as a good reason for not looking for work or being able to attend an interview or start work, unless it has been agreed with the work coach in advance. Claimants are allowed to undertake voluntary work, which may reduce the number of hours they are expected to spend looking for work and are allowed more notice to attend an interview or start work.

In summary, payments to panel members are treated as follows:[12]

- Payment of money for work done is earned income.
- Expenses are ignored.
- Vouchers and payments in kind are ignored (unless self-employed).
- The notional earned income rule (see above) could apply if there is a choice of money or vouchers, or if Corra is the employer and pays in vouchers to avoid impact on benefits.
- Earned income up to the work allowance for some claimants is ignored.

- A 55% taper applies to earned income (45% is ignored).

Employment and support allowance (ESA)

ESA is a benefit for claimants with a significant health condition or disability that affects their capability for work. ESA claimants are allowed to do some work, but there is a limit on how many hours they can work and how much they can earn in any week (a period of seven days).

ESA claimants are allowed to do 'permitted work' for less than 16 hours a week, earning no more than £183.50 a week (£195.50 from April 2025), without affecting ESA. A claimant who earns above this permitted work limit is not entitled to ESA.

Undertaking work could lead to a reassessment of the claimant's capability for work, if the activities carried out as a panel member indicates a change in their condition. Panel members getting ESA have a duty to report changes of circumstances affecting their condition.

Jobseeker's allowance (JSA)

JSA is for claimants who are looking for work. Most claimants will now be receiving contributory or "new-style" JSA, as the income-based (means-tested) version is being replaced by universal credit. However, there are still rules on how much people can earn while receiving contributory or "new-style" JSA, and it is reduced by earned income.

Carer's allowance/carer support payment

These benefits are for carers spending at least 35 hours a week looking after a severely disabled person. There is an earnings limit of £151 a week (£196 a week from April 2025). If total earnings exceed the earnings limit, carer's allowance/carer support payment stops completely – there is no taper. Carers often do not realise they have exceeded the limit until the DWP finds out later, so overpayments are common.

Maternity allowance

Maternity allowance is for women who are pregnant or have recently given birth and are not entitled to statutory maternity pay, but have worked (or have helped in their spouse or civil partner's self -employment) for at least 26 weeks in the 66 weeks before their expected week of childbirth. Maternity allowance is not affected by the amount of earned income received, but a claimant can be disqualified if she works for more than 10 days.

Statutory maternity pay, statutory adoption pay, statutory shared parental pay, statutory paternity pay, statutory parental bereavement pay

These statutory payments are made by an employer. They are not usually affected by receiving payments as a panel member, unless this is viewed as starting work for a new employer, which usually brings these statutory payments to an end early.[13]

Pension credit

For claimants aged 66 or older getting pension credit, payments may reduce their benefit. The amount disregarded could be £5, £10 or £20 a week, and is different according to the claimant's circumstances. For any earnings above these amounts, pension credit is reduced pound for pound. This means that there is no financial incentive to earn higher amounts while getting pension credit, as the claimant will still only be better off by the amount disregarded.

Housing benefit

Housing benefit is help with rent, administered by the local authority. People in temporary homeless accommodation, homeless hostels, refuges and supported accommodation, and people of pension age may be receiving housing benefit.

Housing benefit is not reduced by earned income if the claimant also receives universal credit or pension credit. If a person on ESA (or national insurance credits for limited capability for work) is working within the permitted work limits, housing benefit is not affected.

If a claimant is entitled to housing benefit and not getting universal credit or pension credit, any earned income should be reported, and benefit may be affected. The amount disregarded could be £5, £10, £20, £25 a week, depending on the claimant's circumstances, with additional disregards for people in full-time work or who have childcare costs. Housing benefit is reduced by 65% of earnings above these limits.

Council tax reduction

Council tax reduction is administered by the local authority. Tenants and homeowners are usually liable for council tax and may qualify for a means-tested council tax reduction to be applied to their bill (as well as any discounts or exemptions that may apply). Council tax reduction is not affected if the claimant also receives pension credit. The amount disregarded could be £5, £10, £20, £25 a week or more for people in full-time work or who have childcare costs.

5. Options to reduce the impact on benefits

The impact on benefits also depends on the method of payment. This section of the report explains the options open to Corra to make payments in different ways that may reduce the impact on benefits and lead to a fairer and more equitable outcome for all panel members.

Cash/BACS payments

Payment of money in cash or by BACS transfer in return for participation is counted as earned income. The impact on benefits will vary depending on circumstances and the benefits received. An alternative option is to reward panel members for their participation by offering vouchers or payments in kind instead of a cash/BACS payment. However, there are a range of possible payment options with different impacts.

What if payments are made into someone else's account?

It does not make any difference to how the payments affect benefits. If a panel member requests that a payment is made into the account of a person they have nominated, it is still the earned income of the panel member and should be declared as such. However, if the person whose account it is paid into is receiving benefits, they may need to provide evidence that they are dealing with it on someone else's behalf. Helpful evidence would be a letter from Corra saying who the payment belongs to, how much it is, who it was paid to and when it was paid.

Cash vouchers

A voucher that can be exchanged for a sum of cash is ignored for universal credit, unless the panel member is a self-employed consultant. There is no set limit on how much can be received in this way.[14] However, a cash voucher may be counted as earned income for pension credit and other means-tested benefits.

Non-cash vouchers

A non-cash voucher is usually in the form of a payment card that can be exchanged for goods, e.g. gift tokens or supermarket vouchers, where there is no option to receive or exchange for cash. For universal credit, non-cash vouchers are ignored, unless the panel member is a self-employed consultant.[15]

For pension credit and other means-tested benefits, non-cash vouchers that have not been taken into account for employer's national insurance contributions are classed as payment in kind and ignored, unless the panel member is a self-employed consultant. [16]

For social security purposes, there is no set limit on how much an individual can receive in this way. Making payments by non-cash vouchers would be the simplest way to treat everyone the same and ensure most benefit claimants are not disadvantaged.

Benefits in kind

Benefits in kind are where goods or services are provided instead of, or as well as, payments, e.g. food, gifts, provision of computer equipment to enable participation. Provision of benefits in kind are ignored for benefits, unless the panel member is a self-employed consultant.[17] For social security purposes, there is no set limit on how much an individual can receive in this way. If the panel member is a self-employed professional consultant, payments in kind and vouchers do count as business receipts.

Choice of payments and offering a mix of payment options

Giving claimants a choice of whether to receive a voucher or payment in kind instead of cash/BACS payment, may cause problems as the amount given up could be counted against panel members as 'notional earned income'. If Corra becomes the employer of the panel member, paying in vouchers instead of money to avoid an impact on benefit could also be counted as notional earned income.

A policy which sets the method of payment according to benefits received may help to ensure that benefit claimants are not disadvantaged but would give the impression of treating different people differently. For example, panel members on universal credit, pension credit, housing benefit or council tax reduction could be given vouchers, and panel members not in receipt of means-tested benefits could be given cash.

Making the same cash payment to everyone does not produce the same results.

Example

Panel members receive a one-off payment of £100 in cash. Some panel members on universal credit (those with children or limited capability for work) are better off by £100, but other universal credit claimants would only be better off by £45, and some other benefit claimants may only be better off by £5. If Corra wanted everyone on universal credit to be better off by £100, it could give parents and people with limited capability for work £100 (if their total earnings in a monthly assessment period do not exceed their work allowance), and give other universal credit claimants £222.22 (so that after universal credit is reduced by the 55% taper they are left with £100). Panel members receiving pension credit or other benefits which do not have a taper would still only be better off by £5 in some cases.

Varying a level of cash payment is presumably something Corra would want to avoid due to the inherent complexity and apparent unfairness. This would require an individual assessment so is not a suitable option.

Spreading payments

Panel members receiving benefits which only allow them to earn up to a certain amount in a specified period may be better off if payments can be spread over a longer period. For universal credit, it is the amount received in the monthly assessment period that is counted, regardless of when the work was done. The monthly assessment period is a period of one month, starting on the date of claim and then starting on the same day each calendar month, so the start dates will vary for different panel members. A claimant could request that payments are spread over separate monthly assessment periods to keep within their work allowance.

Example

Panel members are involved in four all-day consultation meetings over four weeks, and receive £200 each time. If a panel member receives £800 in one assessment period, this is more than the work allowance for parents or people with limited capability for work, so universal credit would be reduced. The panel member could ask to receive £400 in one assessment period and £400 in the next assessment period. This is less than the work allowance for parents or people with limited capability for work, so universal credit would not be reduced.

Offering panel members on universal credit a choice about when to receive payments, and whether it is in instalments, or a lump sum, may be in their interests but should be accompanied by signposting to get advice before making a choice. For other benefits, it is a weekly amount, and there is some discretion about the period over which earnings may be averaged, and earned income may be counted for the period it is intended to cover, rather than when it is received.

Payments which accumulate when people are on more than one panel over time

Panel members need to be aware of their total earned income, as amounts paid by Corra are added to any other earned income they may have. They may also need to be aware of capital limits for universal credit, income-related ESA, housing benefit, pension credit and council tax reduction, as unspent income becomes capital after the period in which it was counted as income.

For working age claimants, these benefits will be affected if total capital exceeds £6,000, and they will need to report any additional increase of £250. Working age claimants will not be entitled to these benefits if total capital exceeds £16,000, which would also mean losing other benefits such as Scottish child payment.

For pension age claimants, if total capital exceeds £10,000, pension credit, housing benefit and council tax reduction may be affected, and they need to report any additional increase of £500. There is no upper capital limit for pension credit, or for housing benefit and council tax reduction if the claimant is still entitled to pension credit (guarantee credit). For pension age claimants who are not entitled to pension credit, they will not be entitled to housing benefit or council tax reduction if total capital exceeds £16,000 and could also miss out on other support such as winter heating payments.

Table: Payment options and impact on benefits for panel members not enrolled as sessional staff

Payment options	**Impact on universal credit**	**Impact on pension credit, housing benefit, council tax reduction**
Expenses	Ignored (wholly and exclusively incurred for work done)	Ignored (wholly and exclusively incurred for work done)
Cash/BACS (not expenses)	Earned income if it is in return for participation	Earned income if it is in return for participation
Voucher that can be exchanged for cash	Ignored (unless self-employed consultant)	Counted as earned income
Voucher that can only be exchanged for goods or services	Ignored (unless self-employed consultant)	Ignored (as long as not counted for NI contributions)
Benefits in kind	Ignored (unless self-employed consultant)	Ignored (unless self-employed consultant)
Choice of cash or voucher	Notional earned income rule may apply (unless service user consultation)	Notional earned income rule may apply (unless service user consultation)
Staggering payments	Counted in monthly assessment period	Average weekly earnings calculated over variable period

6. Signposting panel members for further advice and information

This section of the report is intended for Corra to use to inform its policy and practice on signposting panel members for further advice and information.

CPAG in Scotland cannot provide individual advice for panel members. Signposting panel members for individual advice and information should be offered consistently to all and at particular points in their journey, e.g. when offered a payment, or a contract as sessional staff or self-employed contractor. Signposting for advice is required when panel members ask questions about how payments affect their benefits or report any unexpected impact on benefits.

Panel members in need of individual advice about their payments, or who wish to challenge a decision by a benefit authority should be signposted to their local Citizens Advice or other local advice agency or welfare rights service. Some local authorities, housing associations and disability charities have dedicated welfare rights services.

Advice agencies should always be free, confidential and impartial.

Sources of advice and online information:

- Citizens Advice Scotland 0800 028 1456
- Advice Scot https://advice.scot/ 0808 800 9060
- Find an adviser: https://advicelocal.uk/
- Migrant Help - general advice for asylum seekers and refugees 0808 801 0503
- Turn2Us https://www.turn2us.org.uk/
- https://www.gov.uk/browse/benefits
- https://www.mygov.scot/browse/benefits
- For older people: https://www.ageuk.org.uk/information-advice/money-legal/benefits-entitlements
- For families with children: https://workingfamilies.org.uk/article-categories/benefits-universal-credit-and-tax-credits/
- For people with disabilities: https://www.disabilityrightsuk.org/resources/resources-index

7. Conclusion and recommendations

This section of the report draws conclusions and makes recommendations for Corra's policy on paying panel members.

There is no one simple rule that covers the treatment of all types of payments to panel members for all benefits. It is not good practice to pay panel members in cash under the impression that it does not affect any benefits. Failing to report earned income could put panel members at risk of overpayment or a penalty. Providing some general information about how certain benefits may be affected may help some panel members. To avoid getting into potentially complex advice around how payments are treated, Corra should consider:

- Including in its agreement with panel members a statement that it is the panel member's responsibility to notify relevant benefit departments of earned income and seek specialist advice if they are unhappy with a decision.
- Making clear distinctions between paying expenses and paying people for participation. Avoid using "reimbursing people" as a comprehensive term. Reimbursement implies paying someone back for costs they have incurred or may incur as a result of involvement, i.e. expenses. The concept of "reimbursement for time" means paying people for their time, so it is a payment they have earned for work done.
- Making all payments by non-cash vouchers would be the simplest way to treat everyone the same and reduce the risk of disadvantages.
- Setting the payment method according to whether receiving benefits or not could ensure fairer outcomes and reduce the risk to people on benefits.
- Giving panel members on universal credit a choice as to when they would like to receive payments may help them to budget according to their assessment period dates.
- Providing service users with statements for payments of expenses or payment for participation.
- Developing a policy for signposting service users to advice agencies for individual advice.

Glossary of terms

Asylum seeker	Person who has applied for refugee status in the UK and is awaiting a decision
Carer	For social security purposes, person who spends at least 35 hours a week (unpaid) looking after a severely disabled person
Disregard	Amount that is ignored for means-tested benefits
DWP	Department for Work and Pensions (administers UK-wide benefits
Employee	Person who has a contract of service with their employer
Expenses	Amount incurred and reimbursed to enable person to participate in paid or voluntary work
Limited capability for work	Health condition or disability as assessed for purposes of universal credit or employment and support allowance
Means-tested	This is a description of a type of benefit where the amount depends on earnings, other income and savings
Non-dependant	Person aged 18+ who is not a qualifying young person
No recourse to public funds	A condition on stay in the UK that the person does not claim most social security benefits
Paid work	Work done for payment or in expectation of payment
Pension age	66 for men and women
Person subject to immigration control	A person who has no recourse to public funds or is otherwise excluded from benefits due to immigration status
Qualifying young person	Person aged 16 to 19 (up to 31st August after 19th birthday for universal credit purposes) in full-time non-advanced education, for whom another person is responsible
Refugee	A person who has been granted asylum in the UK
Self-employed ('gainful')	Carrying on a trade, profession or vocation as the main employment, that is organised, developed, regular and carried on in expectation of profit
Service user	A person who is being consulted by or on behalf of a body which has a statutory duty to provide services in the field of health, social care, social housing, social security or child support; or a body which conducts research or undertakes monitoring for the purpose of planning or improving such services, in their capacity as a user, potential user, carer of a user or person otherwise affected by the provision of those services
Taper	Percentage of income by which benefits are reduced
Volunteer	A person engaged by a charitable or voluntary organisation, or as a volunteer, in circumstances in which the payment received by or due to be paid to the person is in respect of expenses
Work allowance	An amount some universal credit claimants are allowed to earn before their universal credit is reduced

Summary checklist

1. **Is Corra conducting research or undertaking monitoring for the purpose of planning or improving services in the fields of health, social care, social housing, social security or child support?**
   YES: go to 2
   NO: go to 3

2. **Is the panel member being consulted in their capacity as a user, potential user, carer of a user or person otherwise affected by such services?**
   YES: Panel member is a service user, payments are service users' payments – see Box A.
   NO: go to 3

3. **Is the panel member providing services as their trade, profession or vocation, i.e. as a paid consultant?**
   YES: Panel member is self-employed contractor; payments are self-employed earnings – see Box B.
   NO: go to 4

4. **Is panel member employed as sessional staff under a contract of service with Corra?**
   YES: Panel member is an employee; payments are employed earnings – see Box C.
   NO: Go to 5

5. **Is panel member being paid for their time, participation in short-term, piecemeal or one-off involvement?**
   YES: Panel member is a worker receiving earnings from other paid work- see Box D.
   NO: Go to 6

6. **Is the only payment the panel member receives for expenses?**
   YES: Panel member is a volunteer, all payments for expenses are ignored.
   NO: Go to 7

7. **Is the Corra Foundation making a payment because the panel member is in need?**
   YES: Charitable or voluntary payment, not in return for work done, is ignored.
   NO: Go to 8

8. **Has the panel member declined payment, or requested a donation is made to a charity instead of payment?**
   YES: Notional income rule may apply if the panel member is not a service user.
   NO: The panel member does not appear to be receiving any payments.

A. Service users' payments

- All expenses are disregarded.
- Other payment of money received counts as earnings.
- Vouchers or payment in kind are ignored.
- Notional earned income rule does not apply if panel member declines a payment.

B. Self-employed earnings

- All actual receipts count, subject to work allowance, tapers and disregards for specific benefits.
- Vouchers or payment in kind counts as part of the receipts.
- Expenses wholly and exclusively incurred for the purposes of the trade, profession or vocation can be deducted from the receipts.

- Notional earned income rule may apply if the panel member declines payment.

C. Employed earnings

- Payment of money in return for work done counts, subject to work allowance, tapers and disregards for specific benefits.
- Vouchers and benefits in kind are usually ignored.
- Notional earned income rule may apply if the panel member declines payment, or if Corra pays in vouchers to avoid impacting on benefits.
- Expenses incurred wholly, exclusively and necessarily in the performance of the duties of the employment are disregarded.

D. Earnings from other paid work

- Payment of money in return for work done counts, subject to work allowance, tapers and disregards for specific benefits.
- Vouchers and benefits in kind are usually ignored.
- Expenses incurred wholly, exclusively and necessarily in the performance of the activity are disregarded.
- Notional earned income rule may apply if the panel member declines payment or chooses voucher instead of money.

Appendix: Earnings and means-tested benefits

Table showing benefits that may be affected by earned income, amounts claimants in different circumstances can earn without affecting benefits and the taper applied to earnings by which benefit is reduced.

Benefit and circumstances	**Amount can earn without affecting benefit**	**Taper applied to income which exceeds work allowance or disregard**
Universal credit: no children and no disability or health condition	£0	55%
Universal credit: responsible for a child and liable for rent	£404 a MONTH (£411 from April 2025)	55%
Universal credit: responsible for a child and not liable for rent	£673 a MONTH (£684 from April 2025)	55%
Universal credit: limited capability for work and liable for rent	£404 a MONTH (£411 from APRIL 2025)	55%
Universal credit: limited capability for work and not liable for rent	£673 a MONTH (£684 from April 2025)	55%
Employment and support allowance	£183.50 a WEEK (£195.50 from April 2025)	No taper: benefit stops
Carer's allowance and carer support payment	£151 a WEEK (£196 from April 2025)	No taper: benefit stops
PC single person, no special circumstances	£5 a WEEK	100%
PC couple, no special circumstances	£5 a WEEK	100%
PC lone parent, carer or disabled person	£20 a WEEK	100%
HB single person, no special circumstances	£5 a WEEK	65%
HB couple, no special circumstances	£10 a WEEK	65%
HB carer or disabled person	£20 a WEEK	65%
HB lone parent	£25 a WEEK	65%
CTR single person, no special circumstances	£5 a WEEK	20%
CTR couple, no special circumstances	£10 a WEEK	20%
CTR carer or disabled person	£20 a WEEK	20%
CTR lone parent	£25 a WEEK	20%
HB/CTR Additional disregard if working 30 hours a week or 16 hours a week for parents/disabled persons	+ £17.10 a WEEK	HB 65% CTR 20%

See CPAG Welfare Benefits Handbook for full details of who qualifies for a work allowance and disregards. The online version is available for subscribers at cpag.org.uk/welfare-rights/online-handbooks

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[1] The Universal Credit Regulations 2013 Reg 2
[2] ADM Chapter H4: Earned income - self-employed earnings para H4160
DMG Volume 14 Chapter 86: Earnings para 86324
[3] See www.gov.uk/employment-status/worker
[4] ADM Chapter H3: Earned income - employed earnings para H3240
See also NMWM04100 - Status: issues to consider when investigating volunteers - HMRC internal manual - GOV.UK
[5] The Universal Credit Regulations 2013 Reg 53
The State Pension Credit Regulations 2002 Reg 1
The Employment and Support Allowance Regulations 2008 Reg 2
The Employment and Support Allowance Regulations 2013 Reg 80
The Jobseeker's Allowance Regulations 2013 Reg 3
The Housing Benefit Regulations 2006 Reg 2
The Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 Reg 2
The Council Tax Reduction (Scotland) Regulations 2021 Reg 46 (although this does not specifically refer to social security or child support)
References to the Secretary of State's functions in the field of social security or child support or the Employment and Training Act 1973 extend to those devolved to the Scottish Ministers.
[6] The Social Security (Miscellaneous Amendments) Regulations 2015 Explanatory Memorandum
[7] The Universal Credit Regulations 2013 Reg 60(4)
[8] The Social Security (Claims and Payments) Regulations 1987 Reg 32 (1B), The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013 Reg 38(4)
[9] Assessing destitution: caseworker guidance - GOV.UK page 14
[10] Convention relating to the Status of Refugees | OHCHR Article 24
[11] For more information, see No recourse to public funds, person subject to immigration control and benefit entitlement | CPAG
[12] See ADM Chapter H3: Earned income - employed earnings Paras H3160-4 and Examples
[13] See Maternity benefits: detailed guide - GOV.UK
[14] ADM Chapter H3: Earned income - employed earnings para H3083
[15] ADM Chapter H3: Earned income - employed earnings Paras H3084 & H3115
[16] DMG Volume 14 Chapter 86: Earnings Para 86088
and DMG Chapter 49: Earnings of employed earners Para 49130
[17] ADM Chapter H3: Earned income - employed earnings Paras H3081 & H3255 & DMG Volume 14 Chapter 86: Earnings Para 86088

ADM: Advice for Decision Makers (DWP guidance on universal credit and other benefits, available at www.gov.uk/government/publications/advice-for-decision-making-staff-guide)

DMG: Decision Maker's Guide,(DWP guidance on legacy benefits and pension credit available at www.gov.uk/government/collections/decision-makers-guide-staff-guide)