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MONEY BOX LIVE

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LEWIS: Hello. State pensions, jobseeker's allowance, disability benefits, tax credits - all state benefits go up this week in line with prices or wages, so today Money Box Live takes your questions on state pensions and benefits. From this week, anyone claiming help with rent paid to a private landlord will go into a new system. Instead of their actual rent, an average rent for their circumstances and location will be used. Supposed to be simpler, but there will be winners and losers. How will it affect tenants and landlords? The limit for pension credit is going up by more than inflation - another £5 a week if you're single, £7.65 more for a couple - so even if you've been refused before, you may be entitled now. More than a million people over 60 miss out on around £2 billion a year. From October, the length of time the benefit's backdated will be cut, so claim now. You could get a year's back money. The government has announced major changes in the benefits paid to people who can't work due to illness or disability. From the end of October, incapacity benefit will be replaced by a new Employment and Support Allowance for new claims. For some, it could mean more money; for others, less. 60,000 people a year who would qualify under the existing rules will get nothing. Some disability benefits though can now be paid throughout Europe, as the government implements a ruling made last autumn by the European Court. Well whatever your question on any aspect of state pensions and benefits, call Money Box Live now - 08700 100 444. With me today to answer your questions are Paddy Cullen from the Disability Alliance; Sally West of Age Concern and the author of 'Your Rights'; and Eddy Graham from Child Poverty Action Group. And the first question is from Ros in London. Ros, your question?

ROS: Yes, I currently receive incapacity benefit and disability living allowance at the highest care rate. I'm 56 now and fourteen years ago I was advised not to work and I was given medical retirement. I was advised by my consultant not to work following two breakdowns caused by work stress and I had a bi-polar diagnosis. I'm very anxious and concerned about the changes and the bringing into being of the Employment Support Allowance.

LEWIS: These are the proposals that will start towards the end of October for new claims. Let's bring Paddy Cullen in there. These won't affect people like Ros immediately, Paddy?

CULLEN: It won't affect Ros immediately at all. The new benefit is brought in from the end of October this year. Existing claimants will stay on incapacity benefit and they will be paid at the rate they're paid now. The changes for existing claimants will happen around about 2010 when new medical tests of incapacity for work will be brought in.

LEWIS: And how will this affect people like Ros who has a mental disability rather than a physical one? There are concerns, aren't there, about people in that situation - how they prove they really can't work?

CULLEN: If anything, probably the test of mental health problems and learning disabilities will be slightly easier for most people. It's the physical test of disabilities that's likely to become a bit stricter. But obviously until the test is actually working - although we've seen the rules for it, it's very difficult to see how it will work in practice. One thing that Ros did say was that she's been advised by her consultant not to work in case it brings on a breakdown. Both under the current test and the new test, you can be found to fit the rules for benefit if being found capable of work could seriously affect your well-being, your welfare.

LEWIS: Right, so it sounds, Ros, as if you needn't be too concerned. Does that help you?

ROS: Well it's just I feel I've got two years of anxiety till we know what's going to happen - until this comes into being, until we've got some cases, you know, to know how it's going to work.

LEWIS: Yes, well it starts for new claimants this October, but people on benefit won't be reviewed for another... at least two years after that, and then that'll be phased-in over three years, I think. Paddy, is that right?

CULLEN: The current aim is to do it over three years.

LEWIS: So it could be that you reach pension age before this happens, Ros. But it's obviously a concern for many other people and I think it's probably fair to say that we don't quite know how it will work until it starts. We've had an email about this from Steven who has a number of physical disabilities, who's in a wheelchair, and he's very concerned about how it's going to affect him. So I think there's going to be anxiety. Sally from Age Concern, are you picking up anxiety among older people about how this might affect them?

WEST: We haven't done so far, and I think it probably is younger people who are going to be more affected. So it's not been a problem for us yet.

LEWIS: Right, so we'll have to wait and see. Anyway, thank you very much for your call, Ros, and I hope that's made you feel a little bit better anyway for the next few years. We'll now move onto Anita who's got a question about another big change in benefit, one that starts *this* week. Anita, your question?

ANITA: Oh hello. I wanted some clarification about the housing benefit, the new rules - how they've changed with regard to private tenants.

LEWIS: Right, this is the change I mentioned in my introduction about replacing housing benefit or the rent element with the local housing allowance. Eddy Graham from Child Poverty Action Group, how is this going to work?

GRAHAM: Well, Anita, it's important to remember that if you're already

receiving housing benefit and you're a private sector tenant, then you won't be immediately affected by the local housing allowance. It will only come into effect if you make a *new* claim or if your claim has to be revised following a change in circumstances. But basically the local housing allowance for private sector tenants is only a small part of housing benefit. Housing benefit is staying the same. It's just the way, as Paul said, that they calculate what is your eligible rent, so in the future you will have a things called Broad Market Rental Areas - so for example there's one for Inner and North London - and that will set a rent that will be paid, housing benefit that will be paid depending on how many bedrooms there are in your property. And the number of bedrooms that you're entitled to depends on the size of your family, so for example somebody like myself - a couple with one child - we'd be entitled to a two bedroom property and then it just depends on what the local housing allowance is for the area for a property of that size.

LEWIS: But, Anita, you are a private tenant at the moment, are you?

ANITA: No I'm not, but I was going to become one.

LEWIS: Ah right, so you will be affected by this. And we've had an email about this, Eddy. Perhaps you can answer this. We've had an email from somebody - S. Astonis - who says, 'How can I find out how much would be paid to me?' He wants to know how he can find out what the local housing allowance is. And I imagine, Anita, you're puzzled about that too?

ANITA: I'd like to know that too, yes.

GRAHAM: All the local housing allowance, the rents for each rental area, will be published. And there is actually, although it's not on the tip of my tongue, there is a website that you can go to, a government website which will tell you. You put in your circumstances and where you're looking to rent and it will actually tell you what the local housing allowance is for that area, and so your job then is to try and find a property that you can rent at that level. And it's important to remember that if your rent is lower than that figure, then you can keep the difference up to a maximum of £15 a week.

LEWIS: Yes, I mean the government says it will help people be more flexible and they say that the allowance will be fixed at the medium, so half the rents are above and half below. But how it will work out in practice, we'll have to wait and see.

GRAHAM: I think as of now tenants will actually find in practice real difficulties in finding properties on the open market for the amount of housing benefit they'll be allowed.

LEWIS: Yes and I suppose landlords will tend to push their rents up towards that limit. We've had a number of emails about that, I must say, and so thank you very much for your call on that, Anita. We'll now move onto Brian who's calling us from Bushey. Brian, your question?

BRIAN: Yeah, hi Paul. Basically I'm 63 years old. In 1997 I took early retirement from teaching on the grounds of disability. I have a pension of just over £12,000 and so I'm going to be hit by the new tax changes. In the Evening Standard recently, Alistair Darling stated that people in my position would *not* be worse off because of the increase in tax credits. Basically what are these tax credits, would I qualify for them and, if so, whom do I apply to?

LEWIS: Well I have to say, Brian, we've had a large number of emails and calls from people in your position who are going to be paying more tax and despite government assurances are not going to be able to claim the tax credits.

BRIAN: Right.

LEWIS: Just briefly, Eddy, what groups of people *can't* get tax credit, won't be able to get any help to overcome the extra tax that they'd have to pay?

GRAHAM: Well the main group are going to be obviously people who are retired, who are not working and don't have any dependent children. They won't be eligible for tax credits. Anybody who's under 25 and hasn't got dependent children

won't be able to claim working tax credits. And even some people who *are* working, if you're over 25 and you're working at least 30 hours a week and you don't have children, you can get tax credits; but obviously if you're not, you can't. So low paid people who don't have children and who aren't working full-time, they are going to be the main groups of people who are excluded from the tax credit system.

LEWIS: Sally?

WEST: Yes, I'm afraid, as Eddy says Brian, it doesn't look like you will be protected. The other group who *are* protected are people aged 65 and over, which I know you're just a little bit younger than that.

BRIAN: Two years to go, yeah.

WEST: Yeah. Because people in that group will benefit from the higher personal allowances, which are the allowances for people aged 65, subject to an income limit, but they're increasing quite substantially this time to compensate or in some cases more than compensate for the changes. So this I'm afraid won't help you. You'll be one of the groups of people who *will* be worse off because of changes. At Age Concern, we've heard from quite a number of people in your situation. But just remember the year that you become 65, make sure that you're getting the higher tax allowance.

LEWIS: Yes. Of course Brian is a man, but most of the calls we've had and the emails have been from women because of course women get their state pension at 60, retire at 60 in many cases, but don't get the higher allowance, which has always been a source of contention, and now are being stung with this extra tax on low income people.

WEST: That's right. And I think it perhaps didn't help because people heard the Chancellor saying pensioners were protected, but of course if you're a woman at 60 you can get your state pension but you don't get the higher allowance for being age 65.

LEWIS: Yes. And I'm going to say just at this point, just to stop the emails coming in, that although you do get the higher allowance at 65, once your income reaches a certain level the higher allowance starts being taken away as well, doesn't it Sally? When's that?

WEST: Yes, that starts. That's when your income's over... This year it's £21,800. But even people like that, they won't be affected by these tax changes because it will be made up for the lower rate of basic tax.

LEWIS: Yes, in fact the wealthier you are, the more you save from the changes in tax - on the figures that I've seen anyway. Thanks very much for your call, Brian. We've had lots and lots of emails and calls along those lines. And we're now going to take another call on working tax credit from Christina in Medstead. Christina, your question?

CHRISTINA: Oh hello there. Yes, I wanted to see if I would qualify for the working tax credit, so I went to your website, followed the link to the HM Revenue & Customs site where they've got a calculator. I worked through that and, no, I don't qualify because I work less than 30 hours a week. But I worked through it to find out how you could qualify, and I threw in different numbers into the annual pay thing and worked out that you would have to earn a maximum of £6,400 a year to get the full rate. It's all changed actually. It's all completely changed since Saturday. It was all in quids last Saturday but it's all now in annual amounts. But I worked it out that, yes, which works back to an hourly rate of £4.12 an hour. And if you actually do it on the minimum wage of £5.52, it comes out to £8,000 and you only get £32 a week.

LEWIS: Right. Well you raise a number of issues there, Christina. I mean I must say I've tried the HMRC website myself and don't find it very clear. There are better ones. Eddy, what's going on here?

GRAHAM: I think, Christina, unfortunately the Revenue's calculator that you've been using has not given you an accurate sort of representation of your entitlement. That may well be because the Revenue computer can only work it out for the rest of the financial year and so if you went on last week or the week before,

there's only a couple of days left. It would be quite easy to get a sort of skewed figure. I mean if you're happy to trust my calculations rather than the Revenue's computer...

LEWIS: We all are, Eddy.

GRAHAM: If you're on the national minimum wage, Christina, and working 30 hours a week, you are certainly entitled to working tax credit and I would estimate you'd be entitled to something like £1500 a year, so that's around £30 a week, so that's certainly well worth making a claim.

CHRISTINA: That would be on what wage?

GRAHAM: If you were earning the minimum wage of £5.52 an hour, I work out you'd be entitled to about £1500 a year.

LEWIS: But Christina has no children, so she has to work at least 30 hours a week to get it at all; whereas if you've got children, you can get it at, what, is it 16 hours a week?

GRAHAM: Working tax credit, if you are working 16 hours a week and you've got a dependent child you become eligible. If you don't have any children, you have to be over 25 and working 30 hours a week or more a year.

CHRISTINA: That's right, that's what I put in. The only other way I could work it out that it came out right was if I had 13 weeks unpaid holiday, which is more like my actual working pattern. But you're not allowed to do that.

GRAHAM: I mean I'm fairly confident in what you've told me you're entitled. If you're willing to take the chance and actually fill in one of the application forms, I'm sure that you'll receive entitlement more than the estimates you've had.

LEWIS: There is a very good website called Entitledto.com and there is a link on our website to that. Our website is bbc.co.uk/moneybox. And we've been dealing with some complicated issues. I'm sure there are more to come. Just to remind

you that in a couple of days after the programme, we will have transcribed the whole thing and you can read that transcript on our website too. More details of that later. Let's move on now to... Thanks for your call, Christina. Let's move on now to Lynne in County Durham. Lynne, your question?

LYNNE: Oh hi. I'd just like to ask the benefits guy. At the moment, if you're in receipt of the higher rate care allowance from DLA, that normally exempts you from being called for these various medicals and you know back to work programme things, and I wondered if this is going to be likely to change in 2010.

LEWIS: Okay, well one of the benefit guys is Paddy who's an expert in disability. Paddy, answer Lynne's question and also perhaps tell us how the new system will work for new claimants because we've not really got down to that yet, have we?

CULLEN: You won't be exempt from the whole test any more. At the moment, you're exempt from any test of whether you're incapable of work for benefit purposes if you receive the highest rate of the care component of DLA. Once in 2010, when people start to transfer to the new system some time between 2010 and 2013 as a current estimate, then there'll be no automatic exemptions for people who are in receipt of the highest rate of the care component of DLA and some of the other exemptions that are around will go as well. But that's not to say that you won't be found incapable of work under the current test, under the new test. It's just that you're likely to have to undergo a medical or at least fill out a questionnaire about what you can and can't do and how your illness affects you.

LEWIS: However likely it is that people in Lynne's position will qualify still without this automatic exemption, it's going to cause anxiety, isn't it, as we heard earlier from a caller?

CULLEN: Well yes it is and you know it's quite a difficult thing to get, the highest rate of the care component of disability living allowance. It means that you need a lot of supervision from other people or a lot of help with personal care in most cases. Or of course you're terminally ill, but that exemption for terminally ill people

will remain. So to have an additional test for incapacity benefit just seems like testing people who've been tested enough already.

LEWIS: Yes. So, Lynne, it sounds as if you will continue to qualify, but maybe not automatically - at least once they get round to checking existing claims.

LYNNE: Yes, I'm sure I will actually. It's just the anxiety and the stress of it all, you know...

LEWIS: Of course.

LYNNE: ... that you sort of you know don't want to have to endure really.

LEWIS: No of course, I do understand that. And, Paddy, while we're on disability, there's been a new ruling about taking some benefits such as the one that Lynne gets abroad if you go to live in a warmer country.

CULLEN: Yeah, up until now the government's always interpreted the law that disability living allowance, carer's allowance can't be taken abroad if you're going to live permanently in another EC state. That has changed. It's not exactly... as a result of a court case taken recently. Now what you have to show is that basically you're an insured person under UK law before you can take the benefit abroad and that normally means that you've paid recent national insurance contributions or you've been working here or will work when you go abroad. Disability living allowance is split into two parts. It's only the care part that you'll be able to take abroad. You won't be able to take the mobility part. And though there's a court case coming in October, the government have only just released guidance on who they say will qualify and that guidance is very unclear, particularly for people who've already moved abroad. So if you have already moved abroad, it might be an idea to start asking questions now.

LEWIS: Yes, we've had a few emails about France. We've had one from Jill asking exactly that question and we also had somebody who's emailed us to

say, "My wife and I are pensioners living in France." This is John. "I get the full pension, my wife gets £54 a week, but she can't get pension credits because we don't live in the UK." Sally?

WEST: Yes, that's right - pension credit is only available to people living in this country, I'm afraid. And this test case, as Paddy says, won't affect benefits like pension credits. It's attendance allowance, the care part of DLA and carer's allowance. And the information that we've got, if people want to have a look at it, on the Directgov website also gives you the address of the office to contact if you think you might be entitled.

LEWIS: Yes, I must say I looked at that this morning and couldn't quite understand all of it, but it is comprehensive if not comprehensible. (*laughs*)

WEST: They say there's more information to come, so just keep looking at that site.

LEWIS: Well because there is the question of claiming once you've gone abroad, which they're still looking into, I think, and they're not quite sure what the law is on that after the court case, so people who haven't claimed it here can't get it. It's a bit like the winter fuel payment. We've had another email from Chris in France who says that he's listening to your programme in the South of France. It's cold. He's retired at 61 on a teacher's pension and he still pays UK tax on that, which is going up because of the things we've heard about, and he can't claim anything over there and he feels very trapped, trapped in the middle. It's a strange thing about Europe, isn't it?

WEST: We hear from a lot of people in various European countries who say it's just as cold where I'm living and I've paid my tax. Shouldn't I be getting these benefits abroad?

LEWIS: Well of course you can get the winter fuel payment if you've once claimed it here and then you move to Europe, but you can't claim it for the first time in Europe. Let's move on now from those rather obscure points, move onto Ian

who's calling us from Barnsley. Ian, your question?

IAN: Hello. Well I'm a self-employed small businessman. I'm currently on a military pension of about £8,500 a year and my annual profit at the moment has been in the region of £4,000. Up to now every time I've asked I've been told the only thing I can get is my council tax reduced by 25% because I'm single and have got a mortgage on my own house. Is there anything else that I'm entitled to, obviously having spent 26 years in the air force paying lots of tax to the government, now finding out that I'm going to get stung for more tax?

LEWIS: Yes, you feel it's about time you had a bit back, I imagine. Eddy, what can you suggest for Ian?

GRAHAM: Well, Ian, it might depend on the rest of your circumstances. Do you have any dependent children at the moment?

LEWIS: None whatsoever. I'm single, so... I think I'm the sort that I'm going to get stung every time.

GRAHAM: I think the problem is, Ian, is that although your earnings aren't high, they're right at the upper level for a person who is single, who's working more than 30 hours a week and is over 25. In theory, you can claim a benefit called working tax credit, but once your income gets towards £12,000, £13,000 a year, you're either not going to be entitled or you're going to be entitled to a very low amount and that sounds like, from what you're telling me, roughly where your income is at the moment. But depending on what you've been advised, I don't know if working tax credit is one of the benefits that you've been advised to claim.

IAN: Well I basically went down the job centre about two years ago when I was actually looking for a job and was told basically forget getting anything because with a military pension you're going to be over the limit for everything.

GRAHAM: I mean I think on an income of about £12,000 a year, you might be entitled to a small amount of working tax credit, but then that might... I

mean I don't know if you're getting council tax benefit. You'll still get the 25% reduction. But it's only going to be a small amount on that because it's not a very generous benefit really.

LEWIS: No. And could I suggest, Ian, as I mentioned before, that you put all your details into the website Entitledto.com and that will work out all the means tested benefits that you can or indeed can't get based on your income and circumstances. Sally, we've also had a call about means tested benefits from Dorothy in Ashford. She says what are the savings limits? She wants to claim pension credit and wants to know how much savings she can have.

WEST: Well for pension credit, there's no absolute savings limit. Any savings you've got over £6,000, they'll be treated as though you've got £1 a week income for every £500 over £6,000. So if you've got £10,000, you'll be treated as having £8 a week income. So there's no absolute savings limit for pension credit.

LEWIS: Right, so always worth applying then in that case because you know however much your savings are, it's conceivable you'll get something?

WEST: Yes, I mean if you've got very high levels of savings...

LEWIS: If you've got £100,000 you're not going to get it...

WEST: Indeed, yes.

LEWIS: ... but even with, as you say, £10,000 or even a lot more than that, you might get something.

WEST: Yes. A lot of people don't claim benefits because they've got a modest amount of savings or small occupational pension and they think they won't be entitled, but these things don't rule you out so it's always worth checking because so many people are missing out.

LEWIS: Okay, thanks for that email Dorothy. We're now going to

move onto Norma in Livingstone. Norma, your question?

NORMA: Good afternoon. I'm 62 years old and I still work. I do claim my state pension, but it's only £90 per month because I've only ever paid a smaller contribution, a married woman's payment. Next year my husband retires. He'll be 65 and will claim his state pension. Will my pension increase then? Can I claim my pension on his contributions?

LEWIS: Sally?

WEST: Yes, a woman once her husband is 65 and drawing his state pension, she can claim something that's usually known as the married woman's pension, so that's a basic pension worth now about £54 a week. Now your £90, do you know whether that's basic or is it sort of additional pension, a SERPS pension?

NORMA: No, it's a basic one.

WEST: It's the basic. So the basic pension that you're getting will be made up to this £54.35 a week so that happens once your husband is 65 and he's drawing his state pension. So you'll be able to claim and get that additional amount.

[EDITOR'S NOTE: Sally West's answer assumes that Norma's husband is entitled to the full basic state pension of £90.70, otherwise her entitlement through his contributions could be less].

NORMA: Oh that's clear, thank you. Thanks for that.

LEWIS: Okay, so that's a straightforward answer. Let me just do a quick email here on disability. This is from Paul who says he needs to appeal against a decision to stop my incapacity benefit. Is it possible for a reasonably intelligent person like himself to do this on his own? The dispute concerns medical conditions. Paddy, you deal with this sort of thing all the time, I imagine?

CULLEN: Yeah, it is possible to do on your own. It's quite difficult, so

you'd need to do a bit of homework, but it's more than possible to represent yourself at appeal. Having said that, we always recommend that you do try to contact somebody who's done a few appeals in the past, so contacting a Citizens Advice Bureau or Welfare Right Unit could be helpful. Also Disability Alliance produce a booklet which you'll get at reduced cost if you're in receipt of a benefit, on how to represent at an appeal.

LEWIS: Okay and links to Disability Alliance are on our website. I'll give you those details in a moment. But we'll just squeeze in I think the last call, which is from Nikki who's calling from a mobile. Nikki?

NIKKI: Hello there.

LEWIS: Hello. Your question?

NIKKI: I was just ringing really just because I've had a letter to say that we were overpaid benefit. I think it was the year 2004 to 2005. This all sort of happened last April time. Unfortunately now, because of various circumstances in my personal life and during this year, it kind of got put on the backburner. I just completely forgot about it. They're now demanding the full what is actually £7,000, but I still don't believe that actually you know we've accrued that much debt, so how do you go about... I mean we've got an appointment with the Citizens Advice.

LEWIS: Well that's always a good place to start. These are tax credits, Nikki, presumably?

NIKKI: They are, yes.

LEWIS: Eddy Graham?

GRAHAM: Nikki, what you and anybody else in the same circumstances as yourself faced with an overpayment of tax credits need to do is you need to write to the Revenue to formally ask them not to recover the overpayment. You're basically challenging their discretion to recover the overpayment. So even if it's the fact that

you were overpaid, you can still ask them not to recover it. Because it's nothing to do with a formal right of appeal, there's no time limit in asking them to do that. And if they don't write off the overpayment in effect, you can complain to somebody called the Tax Adjudicator who's independent from the Revenue and they could uphold your complaint and order the Revenue not to recover the overpayment from you.

LEWIS: Yes, we've dealt with this a lot on Money Box, Nikki. I'm afraid there's a lot of work for you to do, but there is light at the end of the tunnel and the best guide to that light probably is Citizens Advice or your local welfare rights service. So good luck with that. Sally, just before we go, just remind us what the income limit for pension credit is now because it went up, didn't it, today?

WEST: Yes, the pension credit rates now, as you say they've gone up £5. It's £124.05 a week for a single person; and for a couple £189.35. [EDITOR'S NOTE: Sally West adds: "These are the basic pension credit guarantee rates but higher rates apply for some carers, severely disabled people and homeowners with certain housing costs. In addition people aged 65 or with somewhat higher incomes may still get some help through savings credit"].

LEWIS: So well worth claiming and nearly 2 million don't. So well worth claiming. Right, that's all we have time for, I'm afraid. My thanks to all of you for all your calls. Lots of emails coming in. Sorry we couldn't get to them all. That was Sally West from Age Concern. And thanks to Paddy Cullen of Disability Alliance; Eddy Graham of Child Poverty Group. More about all of this from the BBC Action Line - 0800 044 044. Our website is bbc.co.uk/moneybox where you can listen again, you can download it, you can subscribe to a podcast, lots of links, and in a couple of days read a transcript. Back at noon on Saturday with Money Box and here to take more of your calls on Money Box Live next Monday afternoon.