



**NAVIGATING BENEFITS AND
INCOME-GENERATING ACTIVITIES.**

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WHAT WE KNOW

For some people in receipt of benefits, there is huge uncertainty around what is and isn't an option when it comes to testing ideas and income-generating activities.

This can stop people thinking about their possibilities and exploring their ideas but we want to change that.

This guide aims to help you become more aware of the possibilities, not the limitations when it comes to testing an idea which may or may not generate some income.

WHAT IS A SMALL, POWERFUL GROUP?

A small group of people (usually between 3 and 10 members) that come together to meet, sometimes save and create opportunities for themselves. The model is inspired by similar groups in India (Self-Help Groups) where women pool their resources, share skills and become financially stable.

Many of us fail to see ourselves as producers and makers; Small, Powerful Groups can help us realise our potential.

WHAT IS UNIVERSAL CREDIT?

Universal Credit (UC) replaces 6 existing benefits currently known as 'legacy' benefits. However, Child Benefit, DLA/PIP and Carers Allowance will continue. Any new claim for one of these benefits will now mean claiming UC.

Claims are based on an assessment period (AP) which lasts one calendar month. Your circumstances on the last day of the AP is used to calculate your claim. Any earned income during the AP is used to work out deductions due to income.

When you claim Universal Credit you will need to complete and accept a tailored commitment, with your work coach at your local job centre. It will set out what you have agreed to do to prepare for and look for work, or to increase your earnings if you are already working. Your commitment, which is reviewed regularly, will be tailored to your circumstances and will take your health into consideration

WHAT HAPPENS TO BENEFITS WHEN YOU JOIN A SMALL, POWERFUL GROUP?

You can join a SPG without affecting your benefit. If you are claiming JSA or UC with work search commitment you should chat to your work coach about what you do in your SPG and whether some of your time can be used towards your commitments.

WHAT DO I TELL THE JOB CENTRE?

If you have work search commitments you should tell your work coach that you have joined an SPG. Everyone's commitments will be individual but we suggest explaining that WEvolution is an organization that supports people to be self-reliant by joining together with others in small groups. That WEvolution provide training and support, leading to an increase in confidence, skills and job opportunities. Work Coaches' should accept up to 50% of any volunteering towards your work search commitment.

RECORDING OF INCOME AND EXPENDITURE

For UC purposes all earned income should be declared. You may not have decided to be self employed but may already be earning small amounts of income and it is important to recognise that these should be reported.

Make sure you keep up to date with your book keeping as recommended by Wevolution. If you are only doing work for family and friends who pay your costs this is not something that needs to be reported.

WHAT IF YOU ARE EARNING MONEY?

You are expected to register with HMRC if you are making a profit over £1000 in a year. However, if you claim UC you will be expected to register as soon as you are declaring self employment as you will be asked for your UTR number.

If you are not yet self employed but are trying out ideas you should tell the job centre that you have started to make some money so need to report it, but that you have not moved into self employment yet. You may be asked to attend a Gateway Interview but should be found Not Gainfully Self Employed. You will still have work commitments based on your own circumstances.

The Gateway Interview is a payment blocker so don't report close to your assessment period end date as your payment may be delayed.

CAN YOU SAVE IN THE SPG COMMON FUND AND HAVE A SAVINGS BANK ACCOUNT?

The easy answer is yes you can. It is important to keep accurate records so that you can show DWP if asked how much of the savings are yours. These will be part of your own savings and 'capital' and if more than £6000 subject to usual capital deduction rules

CAN MY SPG HAVE A BUSINESS BANK ACCOUNT?

If you have a group business account and are self employed your share of this will become part of your business asset. It will be important to set out at the start how the income in the account is distributed amongst members.

WHAT IS 'GAINFUL' SELF-EMPLOYMENT?

If you are self employed and claiming UC with work commitments you will need to have a 'Gateway Interview' where a decision will be made whether you are gainfully self employed. This will be determined using the following 'test':

1. the claimant is carrying on a trade, profession or vocation as their main employment and
2. their earnings from that trade, profession or vocation are S/E earnings
3. the trade, profession or vocation is organised, developed, regular and carried on in expectation of profit.

In order to be in gainful self-employment for the purposes of UC, 1., 2. and 3. have all to be satisfied. If any of those are not satisfied, then the claimant cannot be in gainful self-employment.

Remember that even if you are not considered to be gainfully self employed you will still need to report any income.

A FINAL NOTE

If you have any questions around this or maybe you don't feel comfortable speaking to your job coach, reach out to us for a chat. Whilst we can't offer any legal advice that is specific to your personal circumstances, we can help you look at the wider possibilities and offer support with accounting.

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MY SUPPORT

MY AMBITIONS

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