

# Welfare benefits - what we know so far? (updated 27 March)



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Housing

Coronavirus (Covid-19) is causing significant disruption across the country and this is likely to continue for some months. To recognise the impact of some of the measures they have introduced, the government has made several changes to the welfare benefits system to assist people to cope with a reduced or a loss of income.

CIH has prepared this briefing for members to give you the information you need to support your tenants and service users to maximise their income in these challenging times.

## Latest News: Chancellor's statement 20 March

The Chancellor announced further welfare measures to support the self-employed in his [20th March statement](#), these are in addition to those detailed in the factsheet below. At the time of writing (24 March) there are few very details other than those stated in the announcement. It seems likely that these will apply from 6 April 2020. The measures announced are:

The standard allowance in universal credit (UC) will be updated by a further £1040 per year (£86.67 per month) for the next 12 months. For those receiving tax credits the same amount will be included in their tax credit basic element.

The local housing allowance for private renters on UC and housing benefit (HB) for 2020/21 will be set at the full 30th percentile rent (rather than on the 2019/20 rates updated by CPI as previously announced in the Budget). The new 30th percentile rents that will apply from April were published earlier in the year: [England](#) (see table 2); [Wales](#) (see column 2); [Scotland](#) (second table, column 3).

The minimum income floor that applies to the earnings of self-employed claimants on UC will be suspended for 12 months. This appears to go further than previously announced

in that the rule is completely suspended for a full 12 months and not just during the first assessment period after starting back to work described below.

This factsheet will be updated when the full details emerge in the regulations.

## Coronavirus and welfare benefits

As part of the 2020 budget the Government announced a series of measures to ease and speed up access to some benefits for those affected by Coronavirus and provided additional funds to local authorities. [Temporary benefit regulations](#) have been introduced to ease the work capability conditions for employment and support allowance and universal credit during the eight-month period beginning on 13 March 2020. In Northern Ireland the Department for Communities (DfC) has passed [equivalent regulations](#).

### Guidance for:

- England
- Wales
- Scotland
- Northern Ireland

**COVID-19**  
**FACT SHEET #2**

**#CV19HOUSING**

## Statutory Sick Pay (SSP)

SSP is paid by your employer if your earnings are at least £118.00 per week (£120.00 per week from 6 April 2020). It is paid at a flat rate of £94.25 per week (£95.85 from 6 April 2020). You might also be entitled to additional sick pay according to the terms of your employment contract. If this isn't enough to meet your living expenses you can claim UC to top your income. If you already receive UC or HB you can ask for your award to be revised.

SSP has three waiting days, so payment only starts from the fourth day of absence. The Government has said that SSP will be payable from the first day for people affected by the coronavirus. The primary legislation required to do this is the Government's Coronavirus Bill.

After seven days absence your employer will normally expect you to provide a medical certificate. For SSP purposes you are treated as incapable of work if you have been excluded or prevented from working by your employer because you have an infection, disease or contamination detailed under public health legislation or you are under medical care and a doctor has stated you should not work as a precaution. This has been extended to cover people who are not ill but have been advised to self-isolate in line with government guidance (outlined above).

People advised to self-isolate will be able to obtain an alternative 'fit note' by contacting 111 rather than visiting a doctor.

## 'New style' employment and support allowance and jobseeker's allowance

'New style' employment and support allowance (ESA) and jobseeker's allowance (JSA) are the new names for contributory ESA and JSA (or just simply ESA and JSA). In each case you will only be entitled if you have paid enough national insurance contributions in the previous two or three years. Normally you aren't entitled to ESA or JSA during the first seven days of your claim, but for ESA you are entitled from your first day of absence if you are infected, in isolation or caring for a child in your household who is.

If you are self-employed you can [claim ESA](#) (instead of SSP) if you have a disability or are unable to work due to a health condition (e.g. coronavirus). During the 'assessment phase' of your claim (the first 13 weeks) you only need to show you are unable to do your normal job (rather than having limited capability for work).

If you are already receiving JSA the existing rules say you don't have to meet the work-related requirements for up to two periods of up to 14 days if the DWP accepts you are unfit for work, in some cases this can be extended for up to 13 weeks, but only if you don't claim ESA or Universal Credit (UC). (This rule hasn't been changed by the new regulations).

## Universal credit

If your ESA or JSA (and other income) is low enough you can claim UC to top it up to help pay your rent and other living expenses. Prior to the crisis, to be entitled to UC you (or both of you if you are a couple) would have to either:

- meet the full work-related requirements (work search etc)
- be accepted by the DWP as having limited capability for work; or
- be accepted as being unfit for work for up to 14 days (as for JSA).

However, under the temporary regulations you are treated as having limited capability for work if you are infected, in isolation or caring for a child in your household who is infected or in isolation.

## Backdating UC

UC can be backdated for up to one month - if you could not reasonably have been expected to claim earlier because you had an illness that prevented you from claiming and you provide medical evidence of this - if you are a joint claim couple this applies to both of you. So, the advice is to register your claim immediately. If you are already getting UC (or housing benefit) you will get your full arrears if you report your change of circumstances within one month.

## The minimum income floor (self-employed UC claimants)

If you are self-employed and have been claiming UC for a certain period (usually 12 months) your award is calculated as if you were earning the national minimum wage for the number of hours you are supposed to work – even if your actual annual income is lower than this. This is known as the ‘minimum income floor’. If you have been treated as having limited capability as described above, under the temporary regulations the minimum income floor isn’t applied in first assessment when you start back to work or, if the DWP considers it appropriate, for one or more assessment periods after that.

## Surplus earnings rule (employed earners on UC)

If you lose your entitlement to UC because your earnings are too high your UC claim is held open for the next six months. If you reclaim within the next six months (because your earnings fall) your assessment periods start on the same day as your previous claim. But in these cases, the surplus earnings rule can apply.

Your surplus earnings are the excess earnings above the minimum monthly earnings required to lift you off UC plus the ‘threshold’.

If you have surplus earnings and reclaim UC within six months (because your income has fallen) your surplus earnings are added to your actual earnings in the month that you reclaim (so your award is reduced or is nil). Even if you aren’t entitled it is important that you claim because if you don’t the surplus is carried forward to next month (and so on until the six months have passed).

The threshold is currently £2,500 and was due to fall to £300 on 1 April 2020 but this has now been postponed until 1 April 2021. The surplus earnings rule particularly affects people who are paid four weekly and receive two payments within the same assessment period.

## Face to face meeting for benefit claims

Before most UC claimants can receive their first payment (even where this is an advanced

payment) they must attend a face-to-face meeting. The purpose of this is to check identification and to discuss any relevant conditions on the claim with a work coach. The government has promised to allow people who have been advised to self-isolate to access UC and advanced payments without the requirement to attend a job centre.

ESA claimants also are required to book a ‘new claim appointment’ at their job centre to complete a claim. There have been no announcements to date.

In Northern Ireland all routine appointments at local jobs and benefits offices [have been postponed](#) and those due to sign on will be excused. Future instructions will be through the on-line journal or by phone.

## Sanctions

Many claimants, particularly those with work-related requirements, have regular meetings with a work coach. Attending these is often a condition of the claim and non-attendance can result in sanctions. The government has asked DWP to use discretion so that people affected by coronavirus will not be sanctioned.

In Great Britain, claimants advised to self-isolate will not be sanctioned if they let DWP know before the appointment that they are unable to attend. They can do this by contacting their work coach either by phone or their online journal.

## Covid-19 Council Tax Hardship Fund 2020-21

As part of its response to Coronavirus, the Government announced in the Budget that it would provide local authorities in England with £500m of new grant funding to support economically vulnerable households. The government has now published [guidance](#) on how these funds should be spent. Their expectation is that the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes.

This funding is distinct from the £5bn Coronavirus response fund to support public services.

The government's expectation is that local authorities will primarily use this grant to reduce the council tax liability of households (using discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992). The Government's 'strong expectation' is that billing authorities provide all recipients of working age local council tax support ('LCTS') with a further reduction in their annual council tax bill of £150 for the financial year 2020-21. This means that:

- where a taxpayer's liability for 2020-21 is less than £150 following the application of council tax support, then their liability is reduced to nil
- where a taxpayer's liability for 2020-21 is nil, no reduction to the council tax bill will be available.

As part of the scheme the government has also made clear that:

- there is no need for any recipient of LCTS to make a separate claim for a reduction under this scheme. Local authorities should assess who is eligible for support from the hardship fund and automatically rebill those households
- whether or not a taxpayer has been affected by Coronavirus, directly or indirectly, should not be considered in assessing eligibility for this reduction.

## Remaining grant

Should local authorities have remaining grant following the reduction of council tax bills in the way described, the government has said they should establish their own local approach to using any remaining grant to help those in need. Local authorities are free to use remaining funds outside the council tax system e.g. local welfare or other schemes.

## Other help

If your tenants or service users have to self-isolate or stop work and claim benefits, there is other help that they can get in addition to the

main benefits discussed above. Discretionary Housing Payments (DHPs) and/or a council tax reduction (sometimes called 'council tax support') can be claimed from the local council you pay your council tax to. In England and Wales if you don't qualify under your local scheme rules or if you only get partial help you can claim a discretionary council tax reduction. In England MHCLG is providing £500 million 'hardship fund' to support local council tax reduction schemes. In Scotland the Scottish Government is providing £46 million and a further £50 million to cover increased demand on Scottish benefits and the Scottish welfare fund.

Some councils in England also provide 'local welfare assistance' - grants and loans to help cope with emergencies (in some council areas the social services department administer these). In Scotland and Wales, this support is provided nationally through the [Scottish welfare fund](#) or in Wales, the [discretionary assistance fund](#).

If you are on UC with no earnings or earnings no greater than £435 per month (£935 if you have limited capability for work or get a child element) you are entitled to free prescriptions. You also qualify if you get tax credits and your total income doesn't exceed £15,276 per year.

## Other resources

[Support for those affected by Covid-19](#) (from HM Treasury)

[Understanding Universal Credit Coronavirus page](#), (from Department for Work and Pensions)

[Coronavirus: Employment rights and sick pay](#) (House of Commons Library)

[What you need to know about the Budget 2020](#) (CIH)

[Memo ADM 02/20: ESA and UC Coronavirus](#) (DWP)

**CIH will be producing further guidance for members and their organisations as the situation develops and advice from the government changes.**