

# Welfare benefits - what we know so far? (updated 4 May)



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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.

## Revised benefit rates and allowances

The universal credit (UC) standard allowances have been uprated by a further £20 per week (£86.67 per month) over and above the original April uprating of 1.7% based on the consumer prices index. These revised rates apply for the next 12 months. For those already on UC the new rate begins from the first day of the assessment period that ends on or after 6th April 2020.

For those in work receiving working tax credit and/or housing benefit the same amount will be included in their working tax credit basic element and/or in their HB additional earned income disregard. But no equivalent increase has been made to the allowances of other out-of-work legacy benefits. So if you have finished work you can only benefit from the £20 per week increase by 'migrating' to UC.

## Local housing allowance uprating

The local housing allowance for private renters on UC and housing benefit (HB) for 2020/21 has been reset at the full 30th percentile rent (rather than on the 2019/20 rates uprated by CPI as previously announced in the Budget).

Guidance for:

- England
- Wales
- Scotland
- Northern Ireland

The LHA maxima (caps) have also been raised substantially so that they now only affect a small number of areas in inner London. The new rates that will apply from April been published: [England](#); [Wales](#); [Scotland](#); and [Northern Ireland](#).

## Work-related benefits during coronavirus

A number of changes have been made to the main work-related benefits to ease their conditions and to waive the 'waiting days' during coronavirus outbreak. Tenants who are unemployed or unable to work due to sickness may be entitled to one of these:

- statutory sick pay
- employment and support allowance (ESA)
- jobseeker's allowance (JSA); and
- universal credit (UC)

Universal credit can be paid in addition to one the others depending the overall household income.

**COVID-19**  
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## 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 normally has three waiting days, so payment only starts from the fourth day of absence. Temporary changes to the law have now been made by the Coronavirus Act 2020 and by regulations so that if your incapacity for work is "related to coronavirus", SSP is now payable from your first day of absence. This includes if you have mild symptoms and you are self isolating.

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.

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 13 weeks, but only if you don't claim ESA or UC. (This rule hasn't been changed by the new regulations). For JSA all work search and work availability requirements have been temporarily suspended until after 29th June 2020 (or longer) in the same way as for UC.

## Universal credit

If your ESA or JSA (and other income) is low enough you can claim UC 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 work for up to 14 days (as for JSA).

However, all work search and work availability requirements have been lifted (and therefore any work-related sanctions also) between 30th March 2020 and 29th June 2020 for UC/ JSA. This applies to UC/JSA cases, whenever you made your claim and whether you have coronavirus or not. The DWP can extend this rule if necessary up to and including 12th November 2020. DWP guidance is in [ADM memo 04/20](#).

Once the normal work-related requirements resume it seems likely that you will be treated as meeting those conditions for UC/JSA for up to 14 days, or longer if the DWP agrees, (as for JSA above) if you are "affected by" coronavirus.

## 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. You can also get UC backdated if the online system for making claims isn't working. If this happens you are advised to take a screen shot (and paste it into an email to yourself) and attach it as evidence to your request for backdating. You are advised to make at least one attempt each day until your claim is lodged. 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'. The DWP has suspended the minimum income floor rule due to coronavirus. The suspension lasts from 13th March to 12 November 2020 (both dates included).

## 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 work coach. This requirement has also been lifted alongside the work-related requirements. Once these resume you are likely to be able to access UC and advanced payments without the requirement to attend a job centre, if you or a member of your household are affected by coronavirus.

## Sanctions

Sanctions won't be applied during the three month period in which the work-related requirements for UC/JSA are suspended (see universal credit above).

Once the normal work-related requirements resume you are unlikely to be sanctioned if you are affected by coronavirus if you let DWP know before the appointment that you are unable to attend. You can do this by contacting your work coach either by phone or your online journal.

## HB and UC housing costs for prisoners

Under normal benefit conditions you are treated as still being in prison if you live at home while on temporary release. However, during the period 8th April to 12th November 2020 you don't count as a prisoner while on temporary release. Although this rule was introduced for coronavirus, it applies to anyone on temporary release.

## Deductions from benefits

The DWP announced that deductions from benefits to recover overpayments (including deductions from DWP benefits to recover overpaid HB) would be suspended until July 2020.

The DWP also announced that it had paused third party payments for rent and utility bills arrears etc for one month ending on 10 May 2020. This was so it could clear the backlog of new claims.

## 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.

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.

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.

## 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 even if you don't qualify for LCTS or council tax relief under the hardship fund as described above you can still ask for council tax relief outside of those rules.

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](#).

New UC claimants with children may be entitled to [free school meals](#) even while schools remain closed. The way in which each local authority provides these will vary - some provide vouchers for food and others will deliver the meals directly to your door.

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)

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