

# Welfare benefits and Coronavirus

(4 March)



Chartered  
Institute of  
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.

## Revised benefit rates and allowances

In April the universal credit (UC) standard allowances were uprated by £20 per week (£86.67 per month) over and above the usual consumer prices index (CPI) based uprating of 1.7%. These revised rates apply for the next 12 months. For those already on UC the new rate began from the first day of the assessment period that ended on or after 6th April 2020.

For those in work receiving working tax credit and/or housing benefit the same amount is included in your working tax credit basic element and/or 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.

The November Spending Review confirmed that the additional £20 per week to UC and related entitlements (as above) will not continue after April 2021. This has knock on consequences for UC third party payments to landlords for rent arrears which will also reduce in proportion to the decrease as a result.

## Local housing allowance uprating

The local housing allowance for private renters on UC and housing benefit (HB) for 2020/21 were reset at the full 30th percentile rent (rather than on the 2019/20 rates uprated by CPI as previously announced in the Budget). The LHA maxima (caps) were also 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](#). The November 2020 Spending Review refreezes LHA rates from April, 2021 at their 2020 levels.

Guidance for:

- England
- Wales
- Scotland
- Northern Ireland

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## 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)
- carer's allowance; and
- universal credit (UC)

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

### Statutory Sick Pay (SSP)

SSP is paid by your employer if your earnings are at least £120.00 per week. It is paid at a flat rate of £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 - which apply for up to two years - were made by the Coronavirus Act 2020 so that if your incapacity for work is "related to coronavirus", SSP is 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' JSA and ESA and carer'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 ordinary rules say you don't have to meet the work-related requirements for up to two periods of up to 14 days (or longer in some cases) if the DWP accepts you are unfit for work. But as a temporary measure any time spent while you are infected, self isolating or caring for a child or person who is, is ignored when calculating the 14 day limit.

For carer's allowance as a temporary measure the normal requirement to be caring for a disabled person for at least 35 hours per week is suspended while you are infected, self isolating or caring for a child etc who is.

All of these temporary measures (for ESA, JSA and carer's allowance) have been extended until 12th May 2021.

## 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. To be entitled to UC you (or both of you if you are a couple) must 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).

During the first lock down (March to June 2020) these requirements were lifted but were fully restored from 29th June 2020.

## 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 until 30th April 2021. However, if you are claiming UC for the first time - including if you have migrated onto UC from legacy benefits - or if you have just started your business you are protected for one year.

## 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 has 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.

## HB and UC for prisoners

Under normal benefit conditions you are treated as being a prisoner and are not entitled to UC/HB if you live at home while on temporary release. However, as a temporary measure until 12th May 2021 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.

## Covid-19 Council Tax Hardship Fund

As part of its response to Coronavirus, the Government has provided local authorities in England with £500m of new grant during the financial year 2020/21. To support economically vulnerable households. During the November 2020 Spending Review it was announced that this funding would continue for another year (2021/22). The government has published [guidance](#) on how these funds should be spent. The expectation is that the majority of the fund should 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 expectation is that local authorities will use the grant to reduce the council tax liability of households by using its power to award discretionary support to everyone of working age who currently receives local council tax support ('LCTS') with a further reduction in their annual council tax bill of £150 during each of the financial years 2020/21 and 2021/22. This means that:

- where a annual liability is less than £150 following the application of council tax support, then it is reduced to nil
- where a taxpayer's liability for is nil, no further award is made.

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.

## Update March 4, 2021

In the 2021 budget speech, the government announced the following measures:

- An extension of the Coronavirus Job Support (Furlough) Scheme to September 2021 across the UK
- An extension of the UK-wide Self Employment Income Support scheme to September 2021
- Six-month extension of the £20 per week Universal Credit uplift in Great Britain, with the Northern Ireland Executive receiving additional funding to match the increase
- A one-off payment of £500 to eligible Working Tax Credit claimants across the UK.