

# Benefit Bulletin: Big benefit changes and news

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Produced by the Active Inclusion Service, Newcastle City Council

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## Universal Credit announcements

There have been some recent major government announcements on Universal Credit. It is important you are aware of them.

In the last Benefit Bulletin, we described the announcements made for Universal Credit including dates. Most of those will continue to take place. However, on 11 January 2019, the Secretary of State for Work and Pensions, Amber Rudd MP, [announced](#) some further changes. We describe them here and explain when they differ from those previous announcements.

Much of this information describes the situation as it has just been announced. When further guidance, clarification and any other related changes are introduced they will be added here or in a new Benefit Bulletin.

### 'Managed migration' to Universal Credit delayed

At some stage, those still on the six benefits that Universal Credit is replacing, called 'legacy benefits', will be told they have to claim Universal Credit. The commencement date for this has slipped by many years. There was a large-scale consultation on how this would take place and draft regulations were laid – which were described in our November 2018 Benefit Bulletin. But since then, those 'managed migration' [regulations](#) are being put on hold and the government propose a pilot to “support 10,000 people through the process” from July 2019 “... to learn how we can best facilitate the transition – before returning to Parliament with the legislation which we will need for future managed migration”.

### Universal Credit and people with three or more children

Generally, a two-child limit was introduced from 6 April 2017 for means-tested benefits like Child Tax Credit. This meant that – unless exceptions applied – an amount for a third or subsequent child would not be included for children born from and after that date. For an interim period from 6 April 2017 until 31 January 2019 those who made a new claim to Universal Credit with three or more children would be told to claim 'legacy benefits', like Child Tax Credit, instead. Then from 1 February 2019, new claims for Universal Credit for those with three or more children would be taken. The original plan was to place extra limits on amounts for third or subsequent children in Universal Credit. However, the government have announced that Universal Credit can include an amount for third or subsequent children who were born before 6 April 2017. It still means that – unless an exception applies – an amount will not be paid for a third or subsequent child born from and after 6 April 2017.

This change has been brought in by [amending legislation](#) and we will link to further guidance when it is provided by the government and others. In the meantime, see this analysis from the [Institute for Fiscal Studies](#) and [Child Poverty Action Group \(CPAG\)](#).

### Severely disabled people

Some working age disabled people who satisfy three tests (below) may receive an extra £64.30 a week in their existing means-tested benefit like income-related Employment and Support Allowance, Income Support and so on. It is called the 'severe disability premium' (SDP). It is higher for couples who are entitled. This amount is not replicated in Universal Credit.

There has been concern for those who get that amount and, due to a change in circumstances (see 'more information' below), have to claim Universal Credit. If their existing benefits are higher than their new Universal Credit, they will drop down onto that lower amount.

Following an earlier [promise](#) to protect people in those circumstances, the government have brought in [new rules](#) where, from 16 January 2019, they will **not have to claim Universal Credit even if they have a relevant change in circumstances**. They will remain on their existing benefits. The Department for Work and Pensions (DWP) call it a 'gateway condition' which means the gate to Universal Credit has been temporarily shut to such people. Those who have already claimed Universal Credit and lost out will get something towards their loss. We anticipate further discussion and guidance about this and the 'compensation' amount and will keep you informed in future Benefit Bulletins.

At some stage in the future, those people who are still on existing benefits that are being replaced by Universal Credit (called 'legacy benefits') will be told they have to claim Universal Credit. This is called 'managed migration' and is also described above. If their 'legacy benefits' are higher than their new Universal Credit, they will keep that extra amount as a top-up of Universal Credit. This will also include the above protected 'SDP people'. The 'gate' will open. This is called transitional protection. That amount can be lost if, for example, there is a break in their Universal Credit.

The three SDP tests for a single person are:

1. They receive a certain level of a disability benefit, e.g. the daily living component of Personal Independence Payment, the middle or higher rate of the Disability Living Allowance care component or Attendance Allowance
2. They live alone. Strictly speaking, this means there are no non-dependants aged 18 or over normally residing with them
3. No one receives Carer's Allowance for caring for them (but seek advice about this)

Extra rules apply for couples, e.g. they must both be getting that level of disability benefit.

Whilst this move to protect severely disabled adults has been welcomed, organisations, like CPAG, are pressing the government to also protect families with disabled children, where a loss is incurred.

### **Universal Credit to the main carer**

Universal Credit is usually paid to one person in a couple. Concern has been expressed about this so Amber Rudd MP said: "I am looking at what more we can do to enable the main carer to receive the Universal Credit payment, and we will begin to make those changes later this year."

### **Help with childcare cost improvement**

Help with childcare costs in Universal Credit is paid in arrears once actual costs are known, which can cause hardship.

Amber Rudd MP said on 11 February 2019 "I've instructed jobcentres that if the initial month's childcare costs prevent a claimant from starting work, the [Flexible Support Fund](#) should be used to help smooth the transition for this priority group.

Secondly, I've decided we should be flexible when parents are unable to report their childcare costs immediately, so that these costs (they have paid) will be reimbursed".

### **Direct payments for rent**

Universal Credit normally includes help towards the rent, with the onus on the claimant to pay their rent out of that amount. It is possible for claimants to ask that this amount be paid direct to the landlord via an ['Alternative Payment Arrangement'](#) but so far "one third of Universal Credit claimants in social rented housing have their rent paid directly to their landlord. But in the private sector, that number is only 5%... Therefore, I have asked the Department to build an online system for private landlords, so they can request (where necessary) for their tenant's rent to be paid directly to them".

### **Problems with monthly payments**

Universal Credit is normally paid one month in arrears. People can ask for advance payments to tide them over at the start of a claim, but it is not always appropriate for ongoing problems and it leaves them with reduced payments for a period of their claim while they repay it.

Amber Rudd MP said she is "looking at what more can be done to support those who find monthly payments hard to manage". She has "... asked Jobcentre Plus to test how we can to improve the provision of more frequent payments for new claimants; these pilots will start shortly, and once we have evidence of what works, we will roll it out further".

## **Court finds that the Department for Work and Pensions method of assessing earnings under Universal Credit is unlawful**

At the same time as the government were making the announcements about Universal Credit monthly payments, the [High Court](#) found that the way earnings are treated under Universal Credit is unlawful. Due to when they were paid, the claimants in question had their Universal Credit treat them as receiving two payments of wages in one Universal Credit month period resulting in a loss of benefit. The government response is awaited. See the report by [CPAG](#) and solicitors [Leigh Day](#) who took the case.

### **'Mixed age' couples and Universal Credit**

Universal Credit is for people of working age. Those above that age are of 'State Pension age' when Pension Credit may be claimed. [You can find out your pension age on this the gov.uk website.](#)

At the moment 'mixed age' couples, where one person is State Pension age and the other person is younger than that, can choose whether to claim Pension Credit or Universal Credit. Usually, Pension Credit is more generous.

The [government have just announced](#) that from 15 May 2019 this will change for new claimants. To be entitled to Pension Credit, both adults will have to be of State Pension age. Otherwise, Universal Credit – and its work conditionality – will apply.

“Couples with one partner under State Pension age who are already in receipt of Pension Credit or pension-age Housing Benefit at the point of change will be unaffected while they remain entitled to either benefit.”

## More information

As promised, we will provide more details and guidance as it becomes available but, in the meantime, this [blog from CPAG](#) helps to understand some of these announcements.

[More details on Universal Credit](#)

The list of the ‘changes circumstances’ for those on ‘legacy benefits’ is explained in our document ‘[...circumstances that trigger a claim to Universal Credit...](#)’, available on our [more detailed Universal Credit web page](#).

## News from the Department for Work and Pensions

See the [Touchbase: DWP news about work, working-age benefits, pensions and services](#) from gov.uk. For example:

- New guides to help homeless people claim and manage Universal Credit
- Third party deductions
- New Universal Credit campaign to support landlords
- Pension Wise helps savers avoid scams

## Further support, information and training

Find our earlier Benefit Bulletins on our [web page for professionals and volunteers](#) and for more information on benefit changes, see our web page [Changes to the benefits system](#) which includes a [timeline of the main benefit changes](#)

More details about benefits, including those mentioned above, can be found on [our welfare rights and money advice web pages](#), including benefit self-help factsheets and ‘Where to get advice in Newcastle’ on the [benefit advice services web page](#)

This Benefit Bulletin was written by the Active Inclusion Service at Newcastle City Council. It is provided bi-monthly and at times of important benefit changes and news. It is as accurate as possible at the time of writing. The bulletin is part of the Active Inclusion Newcastle support to professionals, which includes face to face and e-learning modules such as ‘Introduction to benefits’ and ‘Universal Credit’. You may also be interested in the Debt Bulletin which is produced quarterly. [For more details, see our web page for professionals and volunteers](#)

We also produce a weekly **Active Inclusion Newcastle e-bulletin** which provides a brief update on financial inclusion and homelessness prevention issues. If you want to receive this, or for more details, email [activeinclusion@newcastle.gov.uk](mailto:activeinclusion@newcastle.gov.uk)