

Benefit Bulletin: Big benefit changes and news

Produced by the Active Inclusion Service, Newcastle City Council

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let's talk
money

Universal Credit and other benefit announcements

There have been two recent major sets of government announcements on Universal Credit. The first was in the **Budget 2018** on 29 October 2018, followed by their response to a consultation on 'managed migration' on 5 November 2018. These are covered below.

UPDATE at February 2019

Whilst most of the changes listed here are still planned to take place, the Universal managed migration plans - [detailed below](#) - which were subject to consultation and draft regulations have been replaced by a pilot involving smaller numbers. See the January 2019 and later Benefit Bulletins for more details on our [web page for professionals and volunteers](#)

Universal Credit and other benefit changes in the Budget 2018

Universal Credit work allowance improved

Within the Universal Credit calculation is how earnings are treated. The more you earn, the less Universal Credit you get. This work allowance was cut for some people in April 2016. From April 2019, the work allowance will be extended so that more people will be able to keep more of their earnings. The amount will depend on their individual circumstances.

Two-week benefit run-on for more benefits

From July 2020, when someone claims Universal Credit they will be able to keep two weeks' worth of their Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance. This follows on the same measure that was introduced for Housing Benefit claimants from April 2018.

It applies when someone who is on one of those benefits (called 'legacy benefits') wants to claim Universal Credit or has a change in circumstances that means they may have to. The list of those circumstances is explained in our document '[...circumstances that trigger a claim to Universal Credit...](#)', available on our [more detailed Universal Credit web page](#).

Self-employed earnings 'grace period' extended to more people

Universal Credit is reduced by different kinds of income in various ways. Self-employed earnings are assumed to be at least at a set amount called the 'minimum income floor' which can be difficult for those not actually earning that amount. At the moment, this does not apply to those in the first year of their business.

This twelve month 'grace period' will be extended to **all** self-employed people, not just those in the first year of their business, when they claim Universal Credit in the following way.

For those on 'legacy benefits' who will be involved in 'managed migration' to Universal Credit (see below) this will apply at some stage from July 2019, depending on when 'managed migration' applies to them.

It will apply to those on 'legacy benefits' who have to claim Universal Credit due to a change of circumstances (see the 'triggers' document referred to above) from September 2020.

Maximum recovery from Universal Credit for fines, arrears and so on reduced

Court fines, rent arrears and other debts are deducted from Universal Credit at a default maximum of 40% of the Universal Credit standard allowance, which for example, can leave some aged under 25 on the equivalent of £35 a week. From October 2019, the maximum deduction will reduce to 30%.

Advance payment recovery period extended

When someone claims Universal Credit, they can ask for an 'advance payment' (a loan) to help during the wait for the first payment. From October 2021, the period this can be recovered will be extended from 12 to 16 months.

Higher 'surplus earnings' rule

Earnings over £2,500 a month when payments stop are carried forward to the next Universal Credit monthly assessment. If these, and normal earnings, are still over the limit, people have to re-claim Universal Credit when their earnings are low enough. From April 2020, the amount will reduce from £2,500 to £300, which means many more people will be brought into this rule. [More details about surplus earnings](#) are available from gov.uk

Help with supported housing remains with Housing Benefit

People in supported housing in Universal Credit areas will continue to get Housing Benefit as announced earlier this year and described in the [Paying for supported housing](#) House of Commons Library briefing paper.

Housing costs cut to 18 to 21 year olds rescinded - date given

In April 2017, the government stopped 18 to 21 year olds getting housing costs in their Universal Credit, unless they came under an exemption. In [March 2018](#) they said this rule would be removed but it is only in the Budget 2018 and the following [legislation](#) that a date has been given when this change takes effect – 31 December 2018. Until then, the rule still applies as explained in the Department for Work and Pensions [guidance](#).

Other benefit announcements in the Budget 2018:

Two child limit – kinship carers exception – date given

The 'two child limit' was introduced from April 2017 where benefits like Child Tax Credits would not be paid for a third or more children, except in a limited set of exceptions, including the 'rape clause'. From 28 November 2018, nonparental carers and adopters will be added to the list of those who are fully exempt from the 'two child limit'.

For more details on the two child limit, including the challenge that prompted this change, see the [May 2018 Benefit Bulletin](#). Also, see the [legislation](#) that brings this change in.

Incorporating Housing Benefit into Pension Credit – delayed further

The plan to add help with rent (Housing Benefit) into Pension Credit has been put back to October 2023 (or 2024) when Universal Credit has fully replaced 'legacy benefits'.

Parental bereavement leave and pay

From April 2020, employees who suffer the death of a child aged under 18 years old, or a stillbirth after 24 weeks of pregnancy, will be entitled to two weeks' of leave and pay if they meet certain rules.

Dupuytren's contracture to be added as an Industrial Injuries Disablement Benefit

This was [recommended by the Industrial Injuries Advisory Council in May 2014](#). Known as 'miners' claw', the government say that "eligible claimants are expected to gain, on average, over £1,200 per year". Details of the [Industrial Injuries Disablement Benefit](#) scheme. Future benefit bulletins will inform you when this will be introduced.

For more details, see the [Budget 2018](#) documents and a [summary by Child Poverty Action Group \(CPAG\)](#).

Universal Credit 'managed migration'

Universal Credit is being introduced across the UK. People in those areas who are on the benefits that Universal Credit is replacing (called 'legacy benefits') will remain on them until they have a certain change in circumstances, where they **may** have to claim Universal Credit. This is called 'natural migration'. If their 'legacy benefits' are higher than Universal Credit, they will drop down to the lower amount. There is no 'transitional protection'.

Those changes in circumstances are explained in our document '[...circumstances that trigger a claim to Universal Credit...](#)', which is available on our [more detailed Universal Credit web page](#).

The government have said that, at some stage, they will tell those still on 'legacy benefits' that those benefits will stop and they will have to claim Universal Credit instead. They call this 'managed migration', when there will be temporary transitional protection against any decrease in their benefit when they move to Universal Credit.

Consultation, proposals and draft legislation

On behalf of the government, the Social Security Advisory Committee (SSAC) carried out a consultation on the draft regulations for 'managed migration' and following a large number of responses (including from Newcastle City Council), gave its conclusions and recommendations. The government agreed with many of those recommendations and produced detailed draft legislation, which will have to go through Parliament, so may be amended. **Here are some of the government's key plans:**

When and how will 'managed migration' take place?

The main [Budget 2018](#) document says 'managed migration' will begin in July 2019 and end in December 2023 – five years later than originally intended. However, the [Budget 2018 policy costings](#) say that "The process will start in January 2020 and will end in June 2024...". Yet, alongside the draft regulations, [the government statement](#) says that "managed migration will begin in July 2019 with small-scale testing involving no more than 10,000 people." During the test period the government will use a number of approaches to move claimants 'safely' to Universal Credit in order to 'maximise learning' and will work with stakeholders, including charities, local authorities and claimants to design the process.

Transferring claims

The government did not agree that people on 'legacy benefits' should be transferred onto Universal Credit, maintaining their view that people should make a new claim for Universal Credit. However, certain aspects of existing awards will be carried through, for example an existing work capability assessment.

The severely disabled and Universal Credit

As described above, there is no transitional protection for those who 'naturally migrate' onto a lower level of Universal Credit payment. One of the worst affected groups include severely disabled adults who may get a 'severe disability premium' (SDP) worth over £64 per week (£128 for a qualifying couple) included in their 'legacy benefits' which is not replicated in Universal Credit.

Following a court case in June, the government said people in these circumstances will be protected from this loss. From 16 January 2019, they will be prevented from claiming Universal Credit (and remain on 'legacy benefits') until they are told to claim it under 'managed migration' when they will get transitional protection. Those who have already claimed Universal Credit before 16 January 2019, will receive repayment of lost benefit and a transitional amount. See regulation 63 of the draft regulation.

Organisations like CPAG welcomed this but urge comparable protection for others in similar situations, such as claimants with disabled children.

Alternative methods of claiming

The SSAC reflected concerns that the only way to claim and manage Universal Credit is online and recommended, for example, that: “Those who find it very difficult to manage the digital method of claiming Universal Credit should be pro-actively offered the option of making their claim by telephone”. The government accepted this but stated “We already have a number of ways claimants can be supported through the processes, including: “New Claims by Telephone -Claimants unable to use digital services, for whatever reason, are able to make a new claim to Universal Credit by telephone.” It is difficult to know whether this is a restatement of existing support, or a new method.

Other ‘managed migration’ proposals:

- The time to claim Universal Credit will be extended from one to three months and that deadline may be extended for certain reasons which the government will consult on.
- Claimants who miss their Universal Credit claim deadline will have another month to get their claim in.
- Claimants will have a month or longer in certain circumstances to remedy ‘defects’ in a claim.
- The government agree to explore options for improving how claimant representatives can communicate with Universal Credit.
- Under the Budget 2018, a two week ‘run on’ payment of legacy benefits will be made after a Universal Credit claim from July 2020. Until this date, any Universal Credit claims under ‘managed migration’ will get a discretionary equivalent of this.
- Advance payments of Universal Credit will be available for ‘managed migration’ claims, in case of financial difficulty whilst waiting for a payment.
- Tax Credits ignore savings. When a Tax Credit claimant claims Universal Credit, any savings of £16,000 or more will be ignored for one year only.
- The government plan to stop transitional protection when claimants do a certain amount of work but have promised to test the impact of this. There will be no right of appeal against the ‘managed migration’ procedural decisions, such as not agreeing to extend a claim deadline.

For more details, see:

- The [Draft Universal Credit \(Managed Migration\) Regulations 2018: SSAC report and government statement](#)
- the [SSAC consultation](#) to which Newcastle City Council and others responded to
- Secretary of State for Work and Pensions, Esther McVey MP’s, [statement to Parliament](#)
- A press release by the [SSAC and government](#)
- A debate in the [House of Lords](#)
- A summary of the announcements in the November [DWP magazine Touchbase](#)

For more information on Universal Credit, visit our [Universal Credit web page](#)

Universal Support for Universal Credit claimants

Alongside Universal Credit is the concept of Universal Support where the government fund Local Authorities to provide, or commission, support to those who find the budgeting or online claim aspects of Universal Credit difficult. In October, [the government announced](#) that it would instead fund Citizens Advice to provide the support for one year from 1 April 2019.

Improved I.D. verification for Universal Credit claims

See the November [DWP magazine Touchbase](#) for a description of these improvements. For example, it increases the documents that can be used for verification, [in addition to the list provided to Parliament](#).

Attendance Allowance claim age changes to 'pension age'

For a long time, you claimed Attendance Allowance from your 65th birthday. However, this is changing from 6 December 2018.

From 6 December 2018, the qualifying age to claim Attendance Allowance is 'State Pension age'. Likewise, the date for claiming Personal Independence Payment (PIP) is up to the day before your State Pension age.

So, as State Pension age depends on your date of birth and is also rising, **in order to know whether you should be claiming Personal Independence Payment or Attendance Allowance**, you will need to check your State Pension age on the [online calculator](#) from gov.uk.

The law on this is in section 83 of the [Welfare Reform Act 2012](#) and section 64(1) of the [Social Security Contributions and Benefits Act 1992](#). Here is a [timetable](#) from gov.uk showing all the various changes to State Pension ages, depending on date of birth.

More details from [Parkinson's website](#).

Personal Independence Payment – change

To satisfy the test for Personal Independence Payment you have to show that you are unable to do certain tasks – safely, to an acceptable standard, repeatedly and in a reasonable time.

Following a court case, the DWP have changed their guidance to decision makers on how they should define 'safely' and measuring risk. For more details, see the guidance memo to DWP staff ADM Memo 15/17 at [Advice for decision making: staff guide](#). See also this [guide on Personal Independence Payment](#) from Disability Rights UK.

NB. See this new research by the DWP on [claimants' Personal Independence Payment experience](#)

“Bedroom tax” case – room contaminated with asbestos

The “bedroom tax” (officially called the ‘spare room subsidy’), which was introduced in 2013, means that if someone is deemed by the government to have a spare bedroom their Housing Benefit is reduced by 14% or by 25% for two spare bedrooms. The same rule applies in Universal Credit housing costs. A recent [higher court on 18 July 2018](#) has agreed with a tenant that a bedroom contaminated with asbestos cannot reasonably be treated as a bedroom, so the “bedroom tax” should not be applied.

New Help to Save scheme introduced

Certain claimants can get up to 50p for every £1 they save.

It is available to people entitled to Working Tax Credits or Universal Credit – earning £542.88 a month or more. After two and four years, you get a payment of up to 50% of what you have saved. The account lasts for four years and, if it combines with other savings to reach £6,000 or more, it can reduce your Universal Credit.

More details from [gov.uk](#) and the [Money Advice Service](#).

Time for claiming Sure Start Maternity Grant up from three to six months

For details, see the DWP guidance [ADM Memo 20/18](#) and [DMG Memo 13/18](#).

Winter fuel payments

Winter Fuel Payments are normally paid automatically between November and December to those getting State Pension or certain other benefits. However, it is always worth checking. Details are available from [Parliament](#) and [gov.uk](#).

Appealing news

People living in the North East and elsewhere can now [make a Personal Independence Payment appeal online](#). You can also download the appeal form for other benefits from the same website.

NB. Recent DWP figures show that [65% of Employment and Support Allowance appeals were successful](#) and that [71% of Personal Independence Payments appeals were decided in favour of claimants](#).

Impacts, statistics, research and reports

Shocking impact of welfare cuts revealed

A [report by the Scottish government](#) in October described some of the effects of the welfare reforms, which painted a “...stark picture of the reality of life for many people...”. For example, “... around 3,800 Scottish families have seen their incomes reduced due to the Two Child Limit – each year more children will lose out on up to £2,780 per year because they were born after the arbitrary April 2017 cut-off date”. Esther McVey MP, the Secretary of State for Work and Pensions, in advance of the Budget 2018 was urged to reverse the benefits freeze which overall has had the biggest impact.

Progress on disability rights in the United Kingdom

In its report [Progress on disability rights in the UK](#), the Equality and Human Rights Commission and others expressed disappointment that the government had not taken on their suggestions to improve disabled people's lives or to mitigate some of the adverse impacts of social security reforms. Their [report on the state of equality and human rights in Britain](#) found that "Britain's most at-risk groups of people are in danger of being forgotten and becoming trapped in disadvantage".

The Work and Pensions Committee on sanctions

Having heard evidence including first-hand accounts of benefit sanctions, the Work and Pensions Committee concludes that the human cost of continuing to apply the existing regime of benefit sanctions – the "only major welfare reform this decade to have never been evaluated" – appears simply too high. The evidence that it is achieving its aims is at best mixed, and at worst showing a policy that appears "arbitrarily punitive". See the report: '[Government must urgently reassess sanctions regime](#)'.

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:

- An **employer guide to Universal Credit** including advice for Human Resources and payroll staff
- **Workplace pension** campaign
- **Post office card accounts** are possible if you can't manage a bank, building society or credit union account
- **Help to Save scheme** reminder – with a helpful video – see above for details
- The **Warm Home Discount Scheme** provides certain households at risk of fuel poverty with a one-off £140 discount on their electricity or gas bill. Note: Pension Credit claimants may be contacted but others may need to contact their supplier

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 contacts 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