

Financial Inclusion Team Newsletter

Spring Budget Edition

Spring 2024

IN THIS NEWSLETTER:

Spring Budget
Announcements - p.2

APRIL INCREASES

New minimum wage - p.2

Benefit updates - p.3

MANAGED MIGRATION UPDATE

Timetable—p.4

Timings—p.4

Pensioners –p.5

MORE UC NEWS

Increased TSDP—p.5

Work-requirement changes –p.6

OTHER BENEFIT NEWS

Pages 7 & 8

Spring Budget Announcements

On 6 March 2024 the Chancellor, Jeremy Hunt, announced his Spring Budget which included the following points of interest:

The Household Support Fund

The Household Support Fund has been delivered through local authorities since October 2021 when it was set up to provide a lifeline for households struggling with the cost of living. The Chancellor has confirmed that funding for this will now be extended for a further six months from April 2024.

This is discretionary help and administration of the fund will vary depending on the local authority area in which a person lives. Information about eligibility and how to access the fund can be found through individual local authority websites.



The Child Benefit earnings threshold

High earners will now qualify for Child Benefit payments until one earner in the household is earning £60,000 (previously £50,000). Earnings between £60,000 and £80,000 allow claimants half the amount of Child Benefit and no entitlement above £80,000.

Universal Credit new claims Advance Payment

From December 2024, new Universal Credit (UC) Budgeting Advances can be paid back over a 24 month period. Currently, people making a new claim to UC have advances recovered from their ongoing award over 12 months.

April increases

National Living Wage & National Minimum Wage (hourly rates)

16-17 years / apprentices	£6.40
18-20 years	£8.60
21 years and over	£11.44 (National Living Wage rate)

April increases - Benefits

Working Age Benefits

Working age benefits will be uprated by 6.7% in April 2024 (this is the CPI inflation figure for September 2023).

Pension Age Benefits

The State Pension and Pension Credit will increase by 8.5% (this is the annual earnings growth in May-July).

Local Housing Allowance (LHA)

LHA rates will increase from April 2024. They will be set at the 30th percentile of an area's market rents. LHA rates will be refrozen from April 2025.

When will increases be paid?

Universal Credit claimants will receive increased payments from Assessment Periods starting on or after 8th April 2024. This means that some claimants will not see an increase until their June payment depending on when their Assessment Period (AP) starts and ends. For example:

- An AP that begins on 21st March and ends on 20th April will not receive the increase until their May payment.
- An AP that begins on 6th April and ends on 5th May will not receive the increase until their June payment.

This is because the increase has to have applied for the whole of the claimant's AP before it can be paid.

NB: the payment date for UC occurs 7 days after the end of each AP.

Legacy DWP benefits (income-related ESA, income-based JSA, Income Support) claimants will receive the increase in payments from the first benefit week starting on or after 8th April.

Tax Credit claimants will receive the increase in payments following the 6th April.

Housing Benefit claimants will receive the increase in payments following 1st April.



universal Credit Managed Migration update

In our last newsletter we explained that the Managed Migration process for moving existing benefit claimants onto the Universal Credit system is now underway. Our useful factsheet [Moving to Universal Credit—Managed Migration](#) can be found on the Southdown Website - click on 'How we Help' and then the 'Cost of Living' tab.

Migration Notices giving a three month window for claimants to make new Universal Credit claims are expected to be issued as follows:

From Feb 2024

Tax Credit only claimants

April 2024 to
March 2025

- Income Support (& HB) claimants from April to June
- Income-Related ESA and Child Tax Credit (& HB) claimants from July to September
- Income-Based JSA (& HB) claimants in September
- Tax Credit and Housing Benefit claimants from April

2028 to 2029

Income-Related ESA only and IR-ESA + HB claimants

When to claim - a note on timings!

Legacy benefit claimants receiving a migration notice should seek advice and think carefully about the timing of their UC claim as the exact date on which claims are made can have a big impact on the amount of UC going forward.

Where a claimant's legacy benefit award is higher than the expected amount of UC, a top-up payment is included in the UC award through a 'Transitional Element' (TE). This means that no-one moving onto UC through managed migration should see a drop in their income at the point of change. However, the TE can be 'eroded' by certain other increases to entitlement (such as having a baby or annual benefit uprating). In this way, the TE will eventually reduce to nothing as it does not increase annually.

With this in mind, it may be better for some claimants to delay their UC claim until after the benefit increase in April (provided this remains within their three month deadline date). This decision will also depend on individual circumstances so it is always best to seek advice first.

State Pension Age Tax Credit Claimants—Managed Migration



The DWP have said that they will start sending Migration Notices to Tax Credit claimants who are above State Pension age from August 2024. If they are a single claimant or a couple who are both over State Pension age, they will be able to claim Pension Credit. If they are a Mixed Age Couple, they should seek expert advice.

More universal Credit News

Increased amounts for some disabled claimants

The Transitional SDP Element was introduced in January 2021 to compensate those Universal Credit (UC) claimants who were in receipt of the Severe Disability Premium (SDP) as part of their 'legacy benefit' award but lost this on moving to UC.

New Legislation came into force on 14th February 2024 which introduces an additional monthly amount for claimants who are entitled to the Transitional SDP Element (TSDPE) AND are receiving a Disability Premium, Enhanced Disability Premium or Disabled Child Premium in their legacy benefits in the month before their claim for UC.

This measure is in response to a High Court decision made in January 2022 which found that the DWP were not adequately compensating claimants who moved onto UC and had been receiving the SDP in their legacy benefits.



How will it work for new UC claimants?

This transitional protection is only available to claimants:

- Who are not entitled to a Managed Migration Transitional Element, and
- Who meet the criteria for the Transitional SDP Element

What about those who moved onto UC before February 2024?

Those who had already moved onto UC before 14th February 2024 and are entitled to the Transitional SDP Element could also benefit from this increase, however, the DWP have said that there is no timescale in place for when this will happen..

Changes to work requirements for parents

In our last newsletter we explained that parents of 3-12-year-olds who are in the All Work-Related Requirements group of UC are now expected to spend up to 30 hours a week working or looking for work. Before this, the main carer of a 3-year-old was only expected to spend 16 hours a week looking for work and 25 hours when the child was 5.

This change came in line with the increased offer of childcare provision announced in the last Spring Budget. We are aware that Work Coaches have the discretion to reduce these requirements where it would be unreasonable for a claimant to meet them.



From January 2024, the DWP extended this increase to work requirement conditions to apply to self-employed workers with young children. This means that when self-employed workers have their Claimant Commitment reviewed after this date, their expected work hours could increase to 30 per week. This would consequently increase their 'Minimum Income Floor' level.

What is the Minimum Income Floor?

Certain self-employed UC claimants are subject to the Minimum Income Floor (MIF) when their UC award is assessed. This means that they will be treated as earning a certain amount from their self-employment in line with their 'expected' hours of work at the equivalent of the National Minimum Wage rate. If their *actual* self-employed earnings are lower than their MIF in any Monthly Assessment Period, then their MIF will be taken into account as their earnings when their UC is assessed. The Minimum Income Floor applies where the UC claimant:

- Is in 'gainful self-employment', and
- Has personal circumstances which mean that they would normally fall into the 'all work-related requirements' group, and
- Is not in a 12-month 'start up period'.



Other Benefit News!

Citizen's Advice Help to Claim Service Extended



The Help to Claim service provides support to help people make a new universal credit claim, including those invited to move from legacy benefits to universal credit, and manage their claim up to receiving their first correct payment.

The DWP have confirmed that they have extended funding for the service for at least a further two years to April 2026. However, support will continue to be provided through telephony and digital channels only. Those unable to access support via these channels are advised to go to their local jobcentre.

You can get advice online: <https://www.citizensadvice.org.uk/about-us/contact-us/contact-us/help-to-claim/> or by calling: 0800 144 8 444

Vulnerable Claimants will not have Claim Closed

In the Autumn Statement the DWP announced that they would be closing the UC accounts of claimants who have Work-Related requirements and who have disengaged from the Jobcentre for 6 months. The DWP have said that they are developing a process to ensure that claimants who have developed a vulnerability over these 6 months will NOT have their claim closed.

Changes to Statutory Paternity Pay and Leave

On 8 March 2024 The Paternity Leave (Amendment) Regulations came into force creating more flexibility for paternity leave rules and SPP for an expected date of birth after 6 April 2024.

These changes will mean:

- the notice period is reduced from 15 weeks to 28 days before the expected week of childbirth
- leave can be taken in 2 non-consecutive blocks of 1 week
- leave can be taken at any point in the first year after birth or adoption



Claimants Underpaid New-Style Jobseekers Allowance



Some people who claimed New-Style (contribution based) JSA between 19 March 2020 and 19 November 2022 could have been underpaid due to an error in how the DWP have treated certain pension payments.

Where a pension had been inherited from someone who had died, the DWP should have disregarded the pension in full. However, it appears that the DWP treated them in same way as other pensions which can reduce New-Style JSA pound for pound for any pension amount over £50 per week.

The DWP are trying to contact anyone who they think could have been affected and claimants can contact the DWP if they think it applies to them!

Surplus Earnings Threshold extended for a further 12 months

The Surplus Earnings Threshold is the mechanism by which the DWP deal with excessively high earnings which reduce a Universal Credit claimant's award to nil for that month. This is a complicated calculation which takes account of some of the excess earnings over future periods.

Whilst the DWP aims to reduce this excess figure to £300 in the future, they have announced that the surplus earnings threshold will remain at £2,500 until 31st March 2025. This is good news for many workers on UC.

Flexible Working law changes

From 6 April 2024, all employees will have the legal right to request flexible working. They will be able to make a statutory request to make a permanent change to their contract from their first day of employment.



Thank you all for taking the time to read our newsletter and we hope that you find this helpful!

This information is correct as of 1 April 2024