April 2023 Newscast Transcript

David: [00:00:04] Hello, It's our April benefits newscast, and with me as usual, is Will Hadwen, from CPAG Scotland. I'm also joined by one of our team, Sarah Batty, who works for a local authority welfare rights service. And Sarah, I wonder if I can guess what it might be, one of the things might be on your list, but let's find out what's top of your list this month?

Sarah: [00:00:34] Well, actually, top of my list isn't, isn't today's announcement. I wanted to mention the change in rules for support for mortgage interest loans because that comes into effect on the 3rd of April. So that's coming up. And with the current economic situation, I think it could be incredibly useful for people to be aware of this being available because it could make the difference between someone losing their home. And although we regret that this is now a loan rather than a payment that's not repayable, nevertheless it exists, and it could be useful. And the change that's being, that takes effect from the 3rd of April, is that the qualifying period, that is the length of time you have to spend on a qualifying benefit, reduces from nine months to three months and a rule is being removed, which used to say that if you're on Universal Credit, you can't have this if you've got any earnings, i.e. if you're doing any work at all. And quite very, very helpfully, that rule is being removed so that you can have earnings and also get the loan for mortgage interest. And also helpful is that if you come off Universal Credit and return to it within six months, you don't have to serve the three month waiting period again - it classes as already served.

Sarah: [00:02:07] So the mortgage interest rate isn't set at the rate of your mortgage interest, it's set at a standard rate set by the government, which at the moment is 2.09%. And you do repay the loan when you finally sell your property. It is repaid. So the government secures a charge on your property and you also pay interest on that loan even though it is a loan to pay for interest. So obviously, as benefits advisers, we don't advise people whether they should take this out because that would be straying into financial advice. But it's good to be aware of it because if someone, it's to do with whether someone can get the qualifying benefit to get onto it. So if someone might already qualify for a little bit of Universal Credit, sort of a few pounds a month and they might be considering whether or not to bother with it, this could be a factor that would be useful to mention.

David: [00:03:01] Great. Yeah, and we've been talking about those things so much, the importance of qualifying benefits and you know, what else might be available. And like you say, this is another one of those, isn't it, where we might be able to identify an under claim, a missing entitlement to a benefit like Universal Credit, which, like you say, then leads to other possible entitlements like this one. And I'm glad you mentioned it, because to be honest with you, I've kind of overlooked it, I think. And it's a good reminder. So let me just summarise then. So you mentioned it's loans ... for people that might have been working in the system for a while, we'll know it used to be a payment. So that's a sort of fundamental change, isn't it, that happened a number of years ago (can't even remember when it was now). But like you say, the waiting period having been reduced from nine months to three months is a significant change, isn't it? And the earnings rule, whereas before basically you had to have stop work or not be working in order to qualify. So that's a really, really important change, isn't it? Great. And you mentioned the standard rate is 2.09. I didn't know that either. I don't think I haven't been following that. It seems really low, doesn't it?

Sarah: [00:04:10] Yeah. Whether that will change with interest rates going up, I don't know.

David: [00:04:16] Okay, great. Thank you. Will, over to you. Oh, Will, you're on mute. There we go. Little technical....

Will: [00:04:27] Oh, Sarah, nicked one of mine, which is absolutely fine. I'm going to let her off! So I was going to talk about one of my obsessions, which, as you all know, is conditionality work related requirements. One of the budget announcements was increased sanctions and increased conditionality because there's just an increasing emphasis on getting people into work and worrying about economic inactivity. So amongst the things I'm worried about are that the administrative earnings threshold is going to rise and the administrative earnings threshold is the level where if you earn that much in earnings, although you could still be required to talk to your work coach, you don't have to look for more hours or more pay. So any suggestions would be up to you whether to follow them would be voluntary. That is going to rise currently based on 15 times the minimum wage. So it comes out, I think with the new minimum wage from April, would come out at £677. But with the change it would be based on 18 hours. And there are several things that I'm worried about here. One is that usually when people are part-time, there are reasons for that and they've got good reasons why they haven't looked for more work or tried to find higher paying jobs. There's not a lot of evidence that this in-work conditionality actually helps people. And my other concern about it is it could be imposed inappropriately. And I've already had one case where a work coach said, oh, you've got to look for more work now when it hasn't even come in yet, we don't have a date for it. Other things that they've said they're going to abolish - the couple administrative earnings threshold. So what that broadly means whenever it happens (again hasn't happened yet) is you wouldn't be able to rely on your partner's earnings to avoid conditionality as earnings couldn't help you in the way that they could do.

David: [00:06:36] Got it. Yeah. And I mean, there are so many of these changes going on, aren't there, like you say, with the sort of current climate of making changes.

Sarah: [00:06:48] Could I just add something to what Will's just said? Something else that came up where I work. One of my colleagues spotted that the same threshold applies no matter what age you are. So the National Living, it's set at the National Living Wage, which is the rate for people 22 (correction - 23 and over) and over. So at the moment it's £617 a month. But from the 1st April, with the increased National Living wage about £677, whereas a young person might not be achieving that level of wage because there's a national minimum wage for different age groups - Age 18 to 20, 21 to 22. So it doesn't differ according to age in the regulations. So a young person would have to work more hours than the 15 hours that it's currently set at to achieve that. And one of my colleagues has identified that that could be really difficult for vulnerable groups such as care leavers.

David: [00:07:52] It's a good point, Sarah. Yeah, it doesn't reflect real life, does it, in terms of, like you say, in terms of the number of hours it will disproportionately impact those younger people.

Sarah: [00:08:04] The government would say, of course we want people to work as many hours as as possible. But as Will said, it's not always possible - there are often reasons.

David: [00:08:13] Okay, let's just be clear on the amounts. Currently £677. Is that is that the figure you gave Will?

Will: [00:08:18] About to be £677. That's based on £10.42 at 15 hours.

David: [00:08:25] And so that's that's 15 hours equivalent at that rate and rising.

Will: [00:08:31] And like Sarah said, that that's based on the national minimum wage for somebody of 22 (correction - 23 and over) and over, and I was very used to that. But when Sarah introduced that query about younger people, yeah, it does apply to them too, I haven't had that many cases about that, but it clearly is going to impact them more than other people. And then when it goes up, which I am expecting to happen in the next tax year and that's based on a bit of detective work in the budget because that's when the costings are set for.

David: [00:09:00] That was going to be my other question. When does it rise to 18?

Will: [00:09:03] So that's just my guess. We don't have a date for it. It would be £812 and I'm just going to very quickly share my screen with you, if I may? And that is to show you what I mean by detective work. So if this is the table of costings.

David: [00:09:27] Okay it's very small.

Will: [00:09:29] I can hopefully make that bigger here.

David: [00:09:33] Oh yeah. Great.

Will: [00:09:34] So if I use my little spotlight thing (annotation thing) here you can see that the couples administrative earnings threshold - getting rid of that - that's not costed in until the next tax year. So this is 22/23, this is 23/24, this is 24/25. The increase in the AET from 15 to 18 hours, that's costed in for 23/24. So that's what makes me think it's going to happen in the next tax year just in case people were thinking how did we think that?

David: [00:10:10] Okay. So in terms of in terms of how we can advise people for the time being, at least from April, it's £677. And that's the key figure that we want to sort of have in mind. That will rise, but it's likely to be at some point, perhaps in the coming year, you think?

Will: [00:10:30] But it does require, it requires a statutory instrument. So it does require legislation. So not to assume that it's happened just because it was announced. And to seek advice.

David: [00:10:42] Yeah, and I mean, there are other announcements, aren't there, recently, which kind of, as I was alluding to, you know, suggest that more and more we're going to be seeing this sort of thing, isn't it? The thing that I thought either of you or perhaps both of you might have raised is the Health and Disability white paper, which I know is going to be on people's minds. And I wanted to raise really just to sort of, try and simplify it really, or to help people understand. People will have heard in the news what's going on, but it might be useful for us to briefly sort of describe what we know. Obviously, there's a lot that we don't know is being suggested here and none of it is happening anytime soon, particularly. And I think that's one of the key messages that we ought to give, is that, yes, the Work Capability Assessment is included in that white paper. And the proposal, the suggestion is to basically remove it. So to remove Limited Capability for Work, Limited Capability for Work related activity. And I wanted to have a discussion around some of that and get your thoughts in terms of positives/negatives that we might think of. One of the main suggestions for proposing this as a change is to reduce the amount of assessment that goes on so people don't have to go through two assessments.

David: [00:12:07] And it seems to me that that's going to chime for a lot of people. That a lot of people will see that as a welcome change. But then there are real concerns, I think, around more conditionality, not least, you know, picking up on your point, Will. And I think one of the things which is really alarming perhaps, is the suggestion that there will be "voluntary and mandatory" work related requirements, where appropriate. So that raises alarms perhaps for us, doesn't it, in terms of losing some of that, eroding that security that people might have as of now or moving forward in terms of not having sanctions applied? And there's a whole lot of other stuff going on but I was I thought I'd throw it out there and get your thoughts. There's some useful information which has been shared by CPAG which we'll include in our in our links about concerns that they have. What are your thoughts generally? I know it's a big question. And what was your response when you saw it?

Will: [00:13:19] I'm looking at Sarah first.

Sarah: [00:13:24] I think, while some claimants will welcome the reduction in the number of different assessments they have to go through, there's also a risk of putting all your eggs in one basket. So some people haven't had good experience of PIP assessments and the thought that all of your disability or health related support rests on one assessment might be a concern for some people. Then yeah, the other concern is sort of a removal of protections around work related activity from the law and placing it in the hands of the work coach who, at their discretion, who may be very well-meaning but may be very busy and may not have had as much training as you would need to effectively carry out those very very important decisions regarding the level of someone's health or disability and their abilities.

David: [00:14:31] It's a fair point. And I think, you know, it reminds me that as of now, where there's discretion locally with the work coach, that raises concerns, doesn't it? Because it's the uncertainty, you know, is it going to be an experience where you feel like you've been listened to and heard or not? And without that security, without that protection, there's always going to be concerns there, isn't there? And I agree, the whole sort of one assessment thing, which will be welcomed in lots of ways in terms of not having to go through so many assessments, there will be situations where people perhaps are going to fail to qualify shorter term conditions. The fact there would be no substantial risk category is an important one, isn't it? That would be lost.

Sarah: [00:15:33] Yeah, there's a there's a difference, isn't there, between a health condition which limits your ability to work at the moment and a longer term disability which would meet the PIP criteria. So it does make you wonder whether a review of the PIP eligibility criteria might be on the cards as well.

David: [00:15:53] So there's a lot going on here, obviously, and I think we ought to stress that there's no plans for this to happen any time soon. I think in the budget it was at the earliest, not before 26/27, right? So we ought to be absolutely clear.

Will: [00:16:06] The other point there is that it's going to be the next parliament. So it would only happen, one assumes, if the same administration were to be successful at the next election. So there are lots of ifs and buts that this may never happen. If it does, it's some years down the line.

David: [00:16:22] Great thanks. Okay, Will, let's turn to number two on your list, if we can?

Will: [00:16:29] Yes. So I had something which is not especially topical, but just something that's been coming across my desk, and that is the Minimum Income Floor. So what's been happening to some of the clients that I've encountered is that the Minimum Income Floor was effectively suspended during the pandemic, and the power to do that continued for a while. And then at some point, a decision was made that they were in gainful self-employment, and then there was a start-up period. And what some clients are finding is that the start-up period is ending and they are having the Minimum Income Floor applied and often quite unexpectedly. And what DWP seem to be doing (this is a local job centre level) is deciding that if you're still registered as self-employed, then you're still in gainful self-employment, and that is not what the guidance says and it's definitely not what the law says. So you shouldn't have to give up your self-employment as such to not be in gainful self-employment. If you're not making any money - and a lot of these clients, you know, really aren't making any profit from their self-employment, then the Minimum Income floor shouldn't be applied. There may be a hope of profit, but there isn't an expectation of profit. And I'm really hoping that maybe at some point we'll have some useful case law on that, because it just seems to me that job centres are being a little bit mean by telling people that they have to give up something which isn't necessary in order to not be in gainful self-employment anymore. And it's a huge (from the point of view of having anything to live on), it's a huge impact because if you're treated as having 35 times the minimum wage (going back to that minimum wage issue) monthly equivalent, then it could well wipe out your Universal Credit.

David: [00:18:30] So let me check how you approach this then, if someone's been told by the job centre that they've got to give up their self-employment? Your advice would be, well, you can continue in your self-employment, but you must also do...

Will: [00:18:48] Well, I think from a practical point of view, because I'm not going to force a client to go and take action against the DWP, challenge the decision, the lengthy appeal process, when what they need is to get money. What I would say from a practical point of view, if you say I'll give up my self-employment, I'll ring HMRC, I'll do whatever it is, that it doesn't mean you can't re-register later. It doesn't mean you're not still self-employed if you want to continue to try and make this work. Ultimately, we want to get money for you, but that also doesn't stop you from challenging the decision at the same time, on the basis that when that gainful self-employment decision was made, and it might be some time ago (so that's another thing the time limit issue), it was wrong. It wasn't really looking at the facts or alternatively, things have changed since then. You're not in gainful self-employment and it's unreasonable to not make a further decision.

David: [00:19:50] Ok got it. Alright, thanks. Sarah, I think we've just got time to explore briefly. One of the others on your list.

Sarah: [00:20:00] Well, just was reading, just before we started our discussion, that the government has announced the date of the next Cost of Living payment, and it's going to be paid on the 25th of April. This is the Cost of Living payment paid to people on a means tested benefit. And the assessment, the qualifying date they're going to use is the 25th of February. So if you're on Universal Credit, it's an assessment period ending between the 26th of January and the 25th of February. It's just as a reminder, it's £900 to be paid over the course of the year with the first instalment, I think it's around £300, the first instalment to be paid. So that's good. So people might want to try and secure entitlements to one of those benefits in time for the next one. Obviously, the date has passed of the 25th of February, but there is sometimes backdating in some cases.

Will: [00:21:06] Yeah. And just to say, I don't think all the payments will be made just on that one day. That's when they're starting and running through till about the middle of May. And Tax Credit claimants, as always, having to wait the longest.

David: [00:21:19] Okay, great. So possibility of a backdated award, obviously, for people that have made those claims, really important to continue with those claims to make sure they get processed correctly. So it might be that things need to get resolved retrospectively or decisions corrected, which could lead to a Cost of Living payment. We should remember that. And just checking those dates then, Sarah. So for Universal Credit, let's focus on that, it's for assessment periods which end between 26th of January and 25th of February. And is that used for the full £900 or just for the first payment?

Sarah: [00:21:56] Just the first payment and it's £301, the first payment.

David: [00:22:00] Right, great. So we should look out for those, there'll be other ones, other dates that we need to check later. Great. Fabulous. Thanks both. I think that brings it to an end. I think there's probably some other things we might have explored and we might put some of those links on our website. Reminder, everybody, that our advice email is available to you. So if you need help with any issues - benefits related and you've attended training with us in the last 12 months, you can contact us and one of us will get back to you with a with a full response. If you haven't attended training with us recently, then of course we have dates on our website and we look forward to seeing you again. Thanks, Will. Thanks, Sarah. Thanks, everybody. See you. Goodbye.

Sarah: [00:22:40] See you. Bye