Benefits Newscast April 2025 - Transcript

David Stickland: [00:00:04] Hello and welcome to our April Newscast. Hello, Sam. Hello, Will. Good to see you both. Hope you're well. Thank you also to Michael for standing in for me, last month that was great. I enjoyed watching, watching you back last month whilst I was away. It's been an important month of course. Lots for us to talk about. So let's get straight to it. Will, can I turn to you and let's find out what's first on your list this month?

Will Hadwen: [00:00:35] Well, I think we have to talk about the green paper. We couldn't not and we're going to split this up with Sam, and I have had a tiny, tiny pre-chat, just to split it up so we don't overlap too much. And I'm going to talk about the effects on Universal Credit.

David Stickland: [00:00:51] Okay, cool.

Will Hadwen: [00:00:51] So I'm going to start off with what, as far as we know, will definitely happen. Obviously pending other things that might happen between now and next April. So from April 2026, the plan is to increase the UC standing allowance, standard allowance and that will be for new and existing claims. So that's welcome news. The commitment to be more specific is that it will increase by more than inflation.

Will Hadwen: [00:01:19] And so they're envisaging that it would be um the consumer price index plus 5% by April 20th 2029 to 30. So the figures that they're giving, they're not necessarily the figures that it's going to be. But what they're saying is they will increase it more than inflation. So that's welcome. But the counter to that is that if you are already getting the LCWRA element, which they refer to as the health element, it will be frozen and that's also from 26 to 27. New claimants, it's even worse. If they get LCWRA, they will get a reduced health element at 50% of what it previously was. So that's the bad news in terms of getting more money, because you are not expected to be able to start looking for work or even get ready to look for work. They are talking about an additional premium for those who are never able to work. There's no detail on that at all and they're not consulting on these rate changes. They're just saying they'll be legislated for. So the other thing that people will have seen a lot about is that they're going to scrap the Work Capability Assessment eventually. That will need primary legislation, so there'll be a white paper first. And Sam's going to talk about what they're going to do instead. Okay but those I thought were the important things to discuss, just in terms of what is happening with amounts of UC and when it's happening. There is another wee issue with amounts, and that is that they want to consult on whether access to this health element, which we now know as LCWRA element, should be delayed until the claimant is 22. So that's not definitely happening. It'll be the subject of consultation.

David Stickland: [00:03:12] And for people that have been sort of keeping track of this and of course, we know lots of lots of people claimants are understandably worried, anxious, some, you know, really concerned about all of these changes but in terms of being clear about the, the timelines and what we know, of course, none of it is set in stone, is it? But remind everybody Will, when we'll see the first of these changes in terms of, you know, some of these, some of these amounts changing negatively.

Will Hadwen: [00:03:50] Of course. So the earliest we'll see, changes to amounts is going to be April 2026. Now, there might be one change that comes in before that, and that's a two-fold change. They want to legislate so that if you work, that's no longer going to lead to reassessment. And they want to put that in the legislation because at the moment it's not necessarily a trigger, but it might be. So they want to put that in the legislation. That could happen I think quite soon. And they also want to restart reassessments for people. Which I'm not sure I agree they stopped entirely. They, they have been restarted a little bit, I would say since the pandemic we've certainly seen a few, but restart them in earnest, I think is what they mean. And we don't have a date for that. But again, that might happen before next April. I say next April. I mean 2026, just to be clear.

David Stickland: [00:04:43] Yeah. Yeah, okay. And a lot could change between now and then. So obviously we'll be keeping track of that. And so just to summarize then, you said, the standard allowance is going up. The health element, which they're calling it, we might think of it as the Limited Capability for Work Related Activity Element is going to start to change or be frozen. And for some people it will be less. And again, that's as of April 2026 from that time. And we'll see a sort of process of change from there. And I guess, you know, this is welcome news, isn't it, for the standard allowance, you know. But we should also recognise that that's been frozen for best part of the last 15 years.

Will Hadwen: [00:05:28] Exactly, exactly. And for those new claimants getting, LCWRA outcome or whatever replaces it they're going to get significantly less. Even allowing for the increase in the standard allowance.

David Stickland: [00:05:41] Yeah. So it's a sort of, you know, it's an adjustment to take account of that freeze for so long rather than it being anything else. We need to be clear about that. Okay.

Will Hadwen: [00:05:52] Well from their point of view they're rebalancing. They're selling it as this will reduce the incentive to go for LCWRA but we have to take into account the context of the previous freeze as well.

David Stickland: [00:06:04] Yeah. Yeah. Okay, good. Thanks. Okay. So, Sam, I guess continuing with sort of, some of this yeah. What would you like to share?

Sam Scarlett: [00:06:18] I do want to talk about PIP, but firstly, you mentioned that this is a really tough time for claimants right now. I'd like to echo that. It's a really tough time for advisors right now. I joined, uh, advice working about 2016, and I've never seen change like this. Proposed change like this. It's phenomenal the amount of stuff they're going to turn on its head and the change that we're going to see. And I'm sure so many advisors out there share my concern about making sure that claimants get the right information. Don't jump to conclusions about claiming, not claiming, almost don't be put off because it's if we can master what these changes are, we might be able to encourage people through these claims, before then the criteria then changes quite, quite significantly.

David Stickland: [00:07:02] Yeah, thanks for saying that, Sam. It's not it's also stressful for advisors isn't it? And increases the pressure on advisors. And I guess, you know, it's important that we are as clear as we possibly can be. And you know, helping people understand what are the facts, at least in terms of what's happening. And, and when or as things develop. Yeah. Thank you.

Sam Scarlett: [00:07:26] I'd like to talk about PIP. Massively been in the news. We knew it was going to change. We weren't sure exactly how and the first change is a restriction of the entitlement. So, you would only qualify for the daily living component where you can score at least four points in one component. So, they're now wanting PIP to be for those with higher need. You know we learn, don't we? That PIP is for is for the needs you have and the help that you need. Not the need, not the help that you get rather. But now it's for the higher level of help that you need rather than the help that you get. And again, these changes aren't going to come in at least until 2026. But this element, this giving in, you know, four points in, in the daily, in one of the activities, at least in the daily living component is not being consulted on. And as an advisor, I see many, many cases across my desk where people have got twos throughout the throughout the board. Two, two, two and two. They've got the eight, they've got the standard rate of the daily living component and then entitlements, things like Carer's Allowance kicks in. So, this is a huge change. It's putting more of a focus on those higher scoring descriptors, assistants, supervision, social support when we're looking at things like activity nine, engaging with others. So basically they're going to cut off the existing entitlement of about 370,000 people. That's the government's own estimated impact of the current numbers of people that would lose entitlement 370,000 potentially. With 430,000 people potentially not getting either their entitlement that they would get or the right level, and they're wanting to replace it with some level of support. And that's the bit they are consulting on. And, and my response was probably what? Will's face was right there, to be honest. What are they? What on earth would they replace it with? They've asked that question quite clearly in the consultation. What other support would you replace the daily living component with? I couldn't even think what that would be because PIP is a is a designated benefit. It's a financial cash payment for people to promote their independence because of their disabilities or health conditions. And it sort of doesn't make great sense what that would then be replaced with.

David Stickland: [00:09:47] Yeah. Yeah. It's interesting though isn't it. Because it's a green paper. So, it's about consultation and ideas and development of policy and so on and so forth. And yet quite a lot of it isn't, open to consultation. I might come back to that in a minute in terms of what advice we might give to people if they're trying to affect change. Yeah. Okay. And I was also, as you were talking about that, Sam, I was thinking about the the knock-on effects of PIP because inevitably, you know, with this change, it's about tightening up the criteria and having fewer claimant numbers and all of that that we hear, you know, higher level of need, as you've said. But it's not just about PIP, is it? It's about the sort of related entitlements, those other things that might be associated with PIP. And that will be something for us to think about when we're maximising income more, more generally, it may be that we have fewer opportunities to do that for certain groups that we're working with people.

Sam Scarlett: [00:10:41] Certainly, Carer's Allowance for one, the Carers Trust have estimated that 150,000 people on Carer's Allowance will lose it which is a real shame. So yeah, there's so much to think about here. It's not just that knock on effect. It's not just PIP, it's the loss of PIP itself. The knock-on effect is huge.

David Stickland: [00:10:59] And again, you know, we work so hard and all of us as advisers work so hard to make sure we're not missing out on things to help people maximise their income. Because frankly, the basic levels have been reduced to such little that it's really difficult to survive on those basic amounts, isn't it, as we know. Okay, great so going to turn back to you Will, for your next thought. What's that?

Will Hadwen: [00:11:24] Okay. So this is a change in topic but still sticking with the green paper. And that is that there's also, uh, proposals in it, about what we think of as new style Jobseeker's Allowance and new style ESA. Okay. And they are proposing that those benefits effectively wouldn't exist anymore, and instead there would be an Unemployment Insurance Benefit. So there would be something in its place but it would be time limited for everybody and that's really interesting um, in itself because we are familiar with people if they get into the support group. So that's the same thing as having Limited Capability for Work Related Activity, being able to get contributory ESA indefinitely. And you might think, well those people if they need it they can get Universal Credit. But there might be lots of reasons why they can't, including partners earnings or assets. And sometimes it's not as easy to realise assets even when they're not disregarded as people might think. So I think this is going to lead to some opposition once people realise what it means, that it means that you've paid into the system, but you're only going to get ESA or its equivalent for a year, tops. So it's not maybe the primary concern because it's not affecting people on the lowest incomes as badly but I think it's still something that we should be concerned about. The second thing that I'm very worried about is that they're saying that everybody on this benefit very broadly would be expected to seek work, but that there will be some sort of easements for those with time limiting conditions. And there's absolutely no detail given on that. And it's not specifically part of the consultation either, although we are asked what support people would need to get back to work. So it's a very weighted consultation. As Sam pointed out, where it's as if we all accept, these changes are going to happen, and what can we do to get those people affected into work? Well, what about what we do to protect those who can't work?

David Stickland: [00:13:37] Yeah. And as I was reading the green paper in this particular bit about changes to new style JSA ESA, a lot of it reads as if it's the suggestions. It's strengthening the National Insurance, the contributory system by raising the basic amount of Jobseeker's Allowance to ESA levels. And there's quite a lot in the green paper about, you know, strength and making, you know, rewarding work so that if you've paid your contributions you get more, etc., etc.. But of course, it doesn't really do that when you're affected by a health condition or a disability if what was previously an ongoing payment suddenly becomes or as we move forward becomes a time limited one. And that seems a real, you know, a real undermining of that bit of the system.

Will Hadwen: [00:14:25] Yes. And that's a really good point. And something that I didn't say. But you've just explained is that it will be paid at the higher level. And that higher level is ESA for people in the support group, which is currently £138.20 a week. So that's something that they have in lots of other countries where they have a higher level of unemployment benefit but if that's at the cost of people losing it after a year, I think it would be really interesting to hear what people affected by that would think, also, of course, that begs the question, what about people who are on it now? Is it just going to be taken away? I suspect not, but again, I didn't see any detail on that measure.

David Stickland: [00:15:07] Okay. Yes. Thank you. So Sam, are we sticking with the green paper or is it. What's next?

Sam Scarlett: [00:15:15] I'm going to stick with PIP, if that's okay. Yeah. don't want this to all be about the Green Paper, but it is important. So the obviously the Work Capability Assessment is set to set to go. We sort of knew that there'd be reforms, not necessarily that it would go, but the indicative assessment for this UC health element. Presumably what LCWRA Limited Capability for Work Related Activity will become is going to be the PIP assessment itself. And as we've just heard the PIP criteria are due to tighten. You know, got to get those four points in the daily living component for an award in daily living. How this PIP assessment will look, we don't know. The government have committed to working with, stakeholders, disability charities to make sure that that the assessment is right. We don't know who the providers will be or anything like that. So it's going to now be based over that one assessment. So perhaps it will have elements of both of what was the Work Capability Assessment. Who knows. But again this you know, this PIP assessment is going to be the indicative thing to get you that UC Health Element. As Will said, for some people it will for many people at most reduced rate as well.

David Stickland: [00:16:33] And so as that change happens, we were talking about sort of knock-on effects and so on. That's pretty much the, the, the biggest one or could be for individuals couldn't it. If the extra element is solely based on the, the outcome of your PIP application, that's going to become hugely important, even more so than it is currently.

Sam Scarlett: [00:16:56] Definitely. Definitely. It might be a good way to be starting conversations with people now about claiming PIP as well. As it's going to be seen as a, as a way in really for that health element in the future.

David Stickland: [00:17:09] Okay. Thanks, Sam yeah. Important stuff very, very helpful. Will, we've got a few minutes left. What was the last thing that you brought with you today?

Will Hadwen: [00:17:22] So I wanted to mention a Northern Irish case. I think it's not the first time that we've mentioned a Northern Irish case, because the commissioners over there have been very busy with their PIP decisions. And just a reminder, those are only persuasive in Great Britain. Okay. But I think this one's really interesting. And it's worth mentioning in the context of we should be doing everything we can to encourage people to claim PIP, to encourage people to go for a Work Capability Assessment. The rules haven't changed yet. And although it's daunting, I think there's a huge task for advisors just to encourage people who we know should get a result to apply. So this is very relevant decision. It's about Limited Capability for Work Related Activity and specifically substantial risk. And that's a way of getting Limited Capability for Work Related Activity or being treated as having it and so getting that higher amount of ESA or UC as it may be because if you weren't found to have that status, either you or another person would face substantial risk to their health. And what happened was the tribunal said this doesn't apply.

Will Hadwen: [00:18:32] We've thought about the work-related activity this person might have to undertake, and we think it's not a risk. But they had also found that this person would really struggle to engage with people they didn't know most of the time, couldn't cope with unplanned change and couldn't go somewhere unfamiliar on their own. So none of these would give them LCWRA by themselves, but they clearly indicated that engaging with people getting about these things caused a lot of anxiety and possibly panic attacks with the result that work related activity or engaging with a work coach could quite possibly do the same, especially because all of those things are subject to unplanned changes, like your work coach might suddenly change this kind of stuff. And so it was found that these the two findings, the findings in the descriptors and the finding the person wasn't at substantial risk, conflicted with each other. And in fact, the person was at substantial risk if not found to have limited capability for work related activity. Really interesting decision and a concept that I think we can potentially take further in some cases.

David Stickland: [00:19:47] Thanks. And like you say, really, really important part of the Work Capability Assessment, which, despite the recent announcements for plans for change will remain with us for some time to come. Presumably is not going to be with us indefinitely, because as far as I understand it, there is no sort of similar component or.

Will Hadwen: [00:20:11] There is nothing like that in PIP. If they scrapped the Work Capability Assessment and they, they have some other sort of test for UC health element and unknown easements in the unemployment insurance benefit and that it won't be there. But that's I think that's some time off. And one of the other things is that they confirmed they wouldn't go ahead with the previous administration's planned changes to the Work Capability Assessment. So for now, substantial risk as a route is what we have got used to, and we should still use it where it applies.

David Stickland: [00:20:40] Thanks and remains really important is difficult to to know about as well. If you're not a benefits adviser it's not something that is clearly sort of described on the form or in the applications process for claimants. So it's definitely something if you've not heard of the substantial risk criteria, it's probably worth coming on our Work Capability Assessment course, because we talk about it quite a lot on that in terms of how to fill out the form and so on. So yeah, thanks, Will. That remains important. And we'll share the court decision of course we'll put that in our links. Great. Sam, I think we've got just a couple of minutes left, uh, 1 or 2 minutes. So I'm wondering curious to find out what your final, uh, item was.

Sam Scarlett: [00:21:20] It feels silly talking about benefits uprating when all these horrible changes are coming into play, but benefits are going up. The rates were set back in November, I think, before any of these sorts of changes could even be announced. So benefits will be going up. I think around 1.7% for most national minimum, and living wage is going up quite significantly as well. So those changes will come in dribs and drabs. And in terms of Universal Credit as well, depending on when your assessment period might be, but it's a it's a positive, if nothing else. Making sure those elements are in there and at the right, at the right rates when we're looking at maximizing people's income.

Will Hadwen: [00:21:58] And of course, the Carer's Allowance earnings limit is going up by an unprecedented amount. So that's really good news.

David Stickland: [00:22:04] Yeah. And yes, definitely. Well, thanks for mentioning that, Sam, because it reminds me that, on our website is the 24/25 Benefit Rates poster. We're working on the new one. We're a bit later than we'd like to be, but we're going to have that done quite soon and that will be on our website soon. As well. Great. Thanks both that's been really helpful as ever. As I say, we'll share the links, we have our advice service of course, if you've attended a training course with us in the last year, you can access that until next month. Thanks very much. Goodbye.