



Department
for Work &
Pensions

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Dear Colleagues,

Further to my letter of 16 March, please find an update on further measures the Department will be implementing to support claimants affected by the Covid-19 pandemic. We are committed to doing whatever it takes to support families through this crisis. To support those on low incomes through the outbreak, the chancellor announced a package of temporary measures;

- An increase to the Universal Credit standard allowance and Working Tax Credit basic element by £20 per week for one year from 6 April 2020;
- An increase in the Local Housing Allowance rates for private renters claiming Universal Credit housing element or Housing benefit so they are set at the 30th percentile of market rents; and
- Further relaxation of the Minimum Income Floor for all self-employed claimants affected by the economic impact of COVID-19, ensuring their UC award will increase to reflect their lower earnings.

These measures are in addition to those previously announced at the Budget and together will provide over £6.5 billion of additional support through the welfare system for people affected by Covid-19. The previous measures are set out below for convenience:

- Extension of Statutory Sick Pay to self-isolaters and those in the same household caring for self-isolaters - payable from day 1 not day 4.
- Contributory Employment and Support Allowance will now be available from Day 1 not Day 8 for eligible people unable to work because they are directly affected by COVID-19 or self-isolating.
- Advances for all new UC claimants in need are now available online / via phone, with no requirement to attend a job centre.
- Earnings rules for self-employed UC claimants have already been temporarily relaxed for those who are sick or self-isolating.

Increase to the Universal Credit Standard Allowance

From 6 April 2020, we will increase the Universal Credit standard allowance and Working Tax credit basic element by £86.67 per month for one year. This measure will apply to all new and existing Universal Credit claimants and is in addition to the planned annual uprating in benefits in line with CPI of 1.7%. We estimate 2.5m households on UC will benefit straight away, as well as new claimants who become unemployed or whose earnings or work hours decrease because of the outbreak.

Increase to Local Housing Allowance Rates (LHA)

For year 2020/2021, LHA rates for private renters claiming Universal Credit housing element or Housing Benefit will be increased. From April, rates will be set at the 30th percentile of market rents, giving additional financial support to private renters during this difficult period. This measure is in addition to any support provided by local authorities through Discretionary Housing Payments.

Universal Credit for the Self-Employed

From 6 April 2020, we will be temporarily relaxing the Minimum Income Floor for all self-employed claimants affected by the economic impact of Covid-19. This will go further than the previous Budget announcement to temporarily relax the MIF for claimants who are sick or self-isolating in line with government Covid-19 advice. This measure will ensure that self-employed claimants continue to be supported by the benefit system by basing their Universal Credit award on their actual earnings.

We are working flat out to ensure that everyone who makes a new claim has their claim processed and paid on time, alongside ensuring that the system remains stable for those already using it. We are seeing huge demand for our services at this time, and have diverted resource and effort to ensuring that payments take priority. It was good to see this DWP effort so explicitly and publicly recognised by the Chancellor in his speech on Friday.

In increasing the standard allowance for everyone by £86.67 a month, Universal Credit is now even more generous than the system it replaces, and is now the main system of welfare for those who need it most. The benefits of a system that can adapt to change in this way can be seen clearly here: old/legacy systems are not safe to adapt in the same way.

For most, this increase in Universal Credit more than absorbs the impact of repaying an advance payment, which can be up to 100% of an expected award. Claimants repaying advances repay, on average, £50 a month from their award. This increase of £86.67 therefore negates any financial impact associated with the Initial Assessment Period in Universal Credit.

This is a fairer and more generous increase than the application of a non-repayable advance, as an advance is an advance payment of overall entitlement. A

non-repayable advance would therefore be an overall increase in entitlement for some claimants only, and create disparity between new and existing claims. This increase is for everyone on Universal Credit.

The entire support package announced is colossal, and the increase in UC very large, and very welcome. But it does mean, more than ever, that our capacity for changing small things, and tinkering with a system that now has to be on very solid foundations, isn't there. We need to focus on our current claimants and on the very many people who are suffering impacts from the stress that the Covid-19 situation is placing on people, jobs and businesses. So we would ask to for your support in helping us to focus on what matters most now: getting claims made effectively and getting people paid their entitlement quickly. This is a long-haul prioritisation: we are relaxing many requirements and we may well have to revisit some in the future so that we can have essential information such as the correct identity documentation in order. That will take a while, and we need the space to get this right.

So we hope you can join forces with us to ensure that we can support our existing and new claimants, and that there is a widespread understanding of the benefits of the announced increase, both for new and existing claims.

Please contact me if you have any further queries in light of these changes.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Neil Couling', with a stylized flourish at the end.

Neil Couling
Universal Credit SRO