

Benefits and Poverty Briefing Note

December 2023

Welfare Rights Service

Derbyshire County Council

Updates from a range of sources about changes to benefits, and the current economic climate as it impacts on those with the lowest incomes. The content of this edition was drawn together on 23/11/23 and any updates after that date will be shared in the next edition.

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Benefit Updates

Autumn Statement 2023 – benefit measures

Working age benefits increase in line with inflation, measured by September CPI of 6.7%.

The basic State Pension, new State Pension and Pension Credit standard minimum guarantee increase in line with average earnings growth of 8.5%.

The Local Housing Allowance, frozen since 2020, is increased to the thirtieth percentile of local market rents. However, the OBR points out: *'The measure also freezes LHA rates from 2025/2026 onwards, thereby eroding its generosity over time as rental prices rise.'*

National Insurance Contribution changes

- Class 1 NICs cut from 12% to 10% w.e.f. Jan 6th
- Class 2 NICs to be abolished
- Class 4 NIC cut to 8% from April

From 6 April 2024, self-employed people with profits above £12,570 will no longer be required to pay Class 2 NICs, but will continue to receive access to contributory benefits, including the State Pension.

Those with profits between £6,725 and £12,570 will continue to get access to contributory benefits including the State Pension through a National Insurance credit without paying NICs as they do currently

Those with profits under £6,725 and others who pay Class 2 NICs voluntarily to get access to contributory benefits including the State Pension, will continue to be able to do so.

For those paying voluntarily, the government has decided to maintain the current rate of £3.45 per week for 2024-25.

The Chancellor repeated the already-announced intentions to reform fit notes and the Work Capability Assessment (see below)

Increasing work coach support and work search requirements, including increasing the Administrative Earnings Threshold (AET), strengthening the way the sanctions regime is applied, extending the Youth Offer and expanding the Additional Job Centre Support Pilot.

Claimants who have been on an open-ended sanction for over 6 months and who are on the UC standard allowance only will have their claims closed - this will also end their access to additional benefits such as free prescriptions and legal aid.

The 'Targeted Case Review' process will review the UC claims of disengaged claimants who have been on open-ended sanctions for over 8 weeks, 'ensuring they receive the right entitlement'.

The government will track claimants' attendance at job fairs and interviews organised by Jobcentres so that work coaches have the information they need to determine whether claimants are meeting their commitments.

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A three-phase Back to Work Plan will be rolled out from 2024, providing enhanced support with work search, with interventions intensifying the longer a claimant remains unemployed.

Universal Credit: extend the £2,500 surplus earnings threshold to April 2025. This means that people who have additional earnings of over £2500 in one assessment period can have the amount over £2500 counted as income in the next assessment period reducing or removing payment in subsequent months. This is now due to reduce to £300 after April 2025 meaning small additional earnings can reduce subsequent UC payments.

Personal Independence Payment: will continue to concentrate on new claims until end of November 2024

'Increase the rates of the Severe Disability Premium Transitional Element to provide further support for legacy benefit claimants in Great Britain that naturally migrate to Universal Credit.'

Increase the level of the Minimum Income Floor (MIF) for lead carers of children aged 3-12 who are self-employed. The MIF is the minimum amount you are expected to earn and you can be treated as if you have earned this even if your actual earnings from self-employment are lower. This will align it with the new work-related activity requirements for employed lead carers, which were announced at Spring Budget 2023

National Living Wage increases from 1 April 2024

The government has accepted the Low Pay Commission's recommendation to increase the national living wage (NLW) to £11.44 from 1 April 2024 and is lowering the age threshold for the NLW to 21 (from 23) -

	NMW rate from 1 April 2024	Increase	Percentage increase
NLW (21 and over)	£11.44	£1.02	9.8%
18-20 year old rate	£8.60	£1.11	14.8%
16-17 year old rate	£6.40	£1.12	21.2%
Apprentice rate	£6.40	£1.12	21.2%
Accommodation offset	£9.99	£0.89	9.8%

However, while acknowledging that the increase is welcome news for low paid workers, Director of the Living Wage Foundation points out that -

'... it still falls short of the voluntary real living wage which is £12 per hour in the UK and £13.15 per hour for workers in London...'

Record wage boost for nearly 3 million workers next year - GOV.UK (www.gov.uk)

Low levels of Universal Credit migration take up

Almost one in seven people sent a Universal Credit Migration Notice did not make a claim and have had their legacy benefit award terminated.

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In new statistics, DWP confirms that, between July 2022 and August 2023, a total of 117,690 individuals in 117,190 households have been sent migration notices and -

- a total of 61,130 of these individuals have made a claim to universal credit, of which 57,860 made a claim before the deadline;
- of those who have claimed universal credit, 39,920 households have been awarded transitional protection;
- a total of 40,540 of individuals who were sent migration notices are still going through the 'Move to UC' process; and
- a total of 16,020 of individuals who were sent migration notices have had their legacy benefit claims closed

[Move to Universal Credit statistics, July 2022 to August 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/move-to-universal-credit-statistics-july-2022-to-august-2023)

Average loss of £300 per month for tax credit claimants who do not claim UC

CPAG highlights that in the first half of 2023, 27 per cent of claimants who had been sent a migration notice did not make the transition to UC and had their legacy benefits terminated. The information comes from DWP stats (see above) and a FoI request made by Z2K.

CPAG indicates DWP does not know what proportion of individuals are making a truly informed decision not to claim, CPAG questions whether the DWP has reached the edge of its 'test and learn' approach whereby ongoing testing identifies problems quickly before larger numbers are affected.

'Despite providing no explanation for why so many people with a strong financial incentive to move to universal credit are not doing so, the DWP continues to rapidly increase the number of migration notices it is sending to claimants each month. It has also refused to publish the 'readiness criteria' it uses to determine if it's 'safe and secure' to scale managed migration further.'

'Next year the DWP plans to scale managed migration to people who also claim DWP legacy benefits for whom benefits will be their primary or even only source of income (this includes disabled claimants of employment and support allowance who also receive tax credits). It's likely that the proportion of these claimants who move to universal credit will be higher out of financial necessity on the part of the claimant. But what will the DWP do to support those who do not claim before the deadline? Will it test and learn to ensure that all those who are eligible for universal credit have the support and information they need to make the move? What we have seen of managed migration so far does not fill us with hope.'

[The limits of test and learn | CPAG](#)

Government response to consultation on reform to the Work Capability Assessment

Following consultation the government will take forward the following changes to the WCA for new claims for UC and ESA from 2025 onwards -

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Amendments to the LCWRA 'substantial risk' provisions

These provisions (under which a claimant can be treated as having LCWRA if there would be a substantial risk to their mental or physical health, or to the physical or mental health of someone else, if they were found not to have LCWRA) will only apply in 'exceptional circumstances' and the circumstances, and physical provisions and mental health conditions, for which they should apply will be specified. Government will work with clinicians to define the criteria and what medical evidence is required from claimants and people involved in their care, to ensure the process is 'safe, fair, and clear'.

Removal of the LCWRA 'mobilising' activity

The government says that it will remove this, because new flexibilities in the labour market mean that many people with mobilising limitations 'can undertake some form of tailored and personalised work-related activity with the right support'. However, it adds that -

- to ensure those with the most significant mobilising needs are protected, it will retain the current LCWRA substantial risk regulations for physical health; and
- it will not change the limited capability for work (LCW) mobilising activity or descriptors.

Reduction in the points awarded for the LCW 'getting about' descriptors

The government claims flexibilities in the labour market mean that there is less need to get to a place of work, and so 'limitations in getting about are less of a barrier to being able to work for some people'.

It will retain the highest scoring descriptor to protect those claimants who have the most significant limitations under the 'getting about' LCW activity.

'Continence' and 'social engagement' activities and descriptors

In relation to the other proposals that were the subject to the consultation, no changes will be made to -

- the LCWRA or LCW 'continence' activities or descriptors - this is in recognition of the consultation responses and feedback which emphasised how incontinence seriously affects people's dignity and mental wellbeing, and that flexibilities in the workplace are insufficient to manage the unexpected nature of continence issues.
- the LCWRA or LCW 'social engagement' activities or descriptors - this is in recognition of the consultation responses and feedback which suggested that almost all work requires engaging with people and, as such, the significant limitations in capability for work that people scoring on this activity experience are less likely to be overcome by changes in the modern workplace or the greater flexibility of work.

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A new 'Chance to Work Guarantee'

Chance to Work Guarantee for existing claimants assessed with LCWRA which will ensure that WCA reassessments will only take place -

- when a claimant reports a change of circumstances in their health condition;
- if a claimant has been awarded LCWRA for pregnancy risk, or cancer treatment where the prognosis for recovery is expected to be short-term;
- if a claimant has been declared as having LCWRA under the new risk provisions; and
- in cases of suspected fraud.

'For the overwhelming majority of existing universal credit claimants, this is a guarantee that they will not be reassessed if they try work, and it does not work out. ESA claimants undertaking permitted work will also not be reassessed. Therefore, for both groups, we will remove the barrier that trying work may mean they lose their LCWRA entitlement.'

New names for the LCW and LCWRA

'We will change how we describe our health benefit groups in future. We will no longer refer to people's limitations and will instead focus on what they can do. From 2025, we will begin to use terms 'Work Preparation' instead of 'Limited Capability for Work', and 'Health Group' will replace 'Limited Capability for Work and Work-Related Activity'.'

Work Capability Assessment: activities and descriptors - GOV.UK (www.gov.uk)

Wider Economic and Poverty Issues

UN poverty envoy – poverty levels in the UK are 'simply not acceptable'

'It's simply not acceptable that we have more than a fifth of the population in a rich country such as the UK at risk of poverty today.'

The policies in place are not working or not protecting people in poverty, and much more needs to be done for these people to be protected.'

'If you look at the price of housing, electricity, the very high levels of inflation for food items over the past couple of years, I believe that the £85 a week for adults is too low to protect people from poverty, and that is in violation of article nine of the international covenant on economic, social [and cultural] rights. That is what human rights law says.'

[UK 'in violation of international law' over poverty levels, says UN envoy | Poverty | The Guardian](#)

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Housing

'Select Committee urges government to commit to a timetable for abolishing 'no fault' evictions

The Chair of the Levelling Up, Housing and Communities Committee has argued in a letter that the government's plans to ban section 21 evictions will be undermined unless delays in the court system are fixed. Responding to government claims that they are acting on the Committee's recommendations, the letter says:

'... at no point did we recommend an indefinite delay to the abolition of section 21 as the way to solve this challenge.

Instead, our report made two recommendations. The first was to introduce a specialist housing court, which the Government did not accept following consultation with the judiciary. The second was to agree, in consultation with landlords, how quickly the courts need to be processing possession claims before landlords can have confidence in the system, and then commit to meeting this target before abolishing section 21: the Government ignored this recommendation in its response and during [the] debate.'

'The Government has had four years to ensure the legal system is fit to handle the consequences of the abolition of section 21. It is therefore difficult for us to understand the Government's lack of urgency and transparency around court reforms. I re-iterate the request I made during the debate for the Government to provide a timetable for the abolition of section 21.'

[Ban on 'no fault evictions' - Levelling-Up Committee Chair urges Government not to 'kick the can down the road' on private rental reform - Committees - UK Parliament](#)