

Policy briefing: Covid-19 and the welfare system

Overview

Leonard Cheshire welcomes the changes introduced by the government in response to the labour market disruption and job insecurity caused by the Coronavirus. 14% of UK population already has lost their jobs or had their hours reduced.¹ Changes to the welfare system to address this include:

1. Increasing the standard payment for UC and tax credits by £20 a week.
2. Increasing the Local Housing Allowance, relinking to the market cost of rent in people's local area (at the 30th percentile — so that people would be able to afford the cheapest 30% of rents in an area).
3. Dropping the Minimum Income Floor in UC for all self-employed people, which can reduce many self-employed people's level of support.
4. Suspension of benefit reviews and reassessments: reviews and reassessments are to be suspended for the next three months. Although Leonard Cheshire welcomes this change, clarity is needed on future implications for disabled people. Will people need to be re-assessed again? If people are now receiving higher awards, will it have to be paid back if they are assessed again?

Key issues

The current level of demand on the welfare system due to the unprecedented number of new benefits claims is causing extremely long waiting times and problems with the digital claims process. **The Government should give high priority to resolving urgently the technical and capacity issues involved.**

Clear guidance must be made available (to the public and to staff) regarding the correct process to make both a digital claim for Universal Credit (UC) and a non-digital claim, including how the verification call is to be made – that is, if outbound from the DWP rather than inbound from the claimant.

Those whose incomes are not supported by the jobs retention scheme will potentially be eligible for financial support through the benefits system. UC and Tax Credits have been subject to welcome increases.² A number of legacy benefits have not been included, however, such as Income Support. All legacy benefits should be uprated by the same amount to avoid additional pressure on Jobcentres due to claimants seeking additional financial support.

- **ESA and PIP should be increased as with Universal Credit, alongside the restoration of the Work-Related Activity Group (and UC equivalent Limited Capability for Work) addition.**

¹ [Yougov poll](#) of 24.03.20 shows that 5% of people report having lost their job, with a further 9% saying they have had their hours or pay reduced.

² For further detail see the [Chancellor's announcement](#) of 20th March.

- Although there has been no formal indication that work-related conditionality has been suspended, it is difficult to see how it could be meaningfully applied in present circumstances. **The Government should explicitly suspend work-related conditionality and associated sanctions.**
- **The 5-week waiting period before new claimants receive the first UC payment should be removed so that financial support is available from day one.**
- The DWP offers an “advance payment”, in effect a loan deducted from future payments, which can leave people struggling to make ends meet. **The Government should make all UC advances for disabled people non-repayable grants.**
- Currently, 1.3 million claimants have deductions made from their UC payments to pay debts – over half of them losing 20% or more of their basic allowance. **The Government should suspend all debt repayment deductions from UC, to ease financial hardship for the duration of the current crisis.**
- It is very important that, during this epidemic, people living with a terminal illness have swift access to benefits via the Special Rules for Terminal Illness. We understand that, under UC, people with a terminal illness will temporarily be able to apply via the Special Rules without the DWP needing sight of a DS1500 form (a form signed by a medical professional to say that the person has a reasonable expectation of death within six months). If this is the case, then this is a very welcome step. **The Government should extend this provision to other benefits which can be applied for under the Special Rules: ESA, Personal Independence Payment and Attendance Allowance.**
- **The lower rate of the disabled child element of UC should be restored to its level in the legacy system.**

Any Working Tax Credit (WTC) claimant who loses their job over the coming few months will not be able to continue claiming WTC and will have to claim UC instead. This means they will lose Transitional Protection (TP). This is a temporary top-up payment that would have been added to their UC to offset any losses when the DWP eventually transferred them from WTC – but it is not payable when you move to UC because of a change of circumstances, such as job loss. Disabled people in work and parents of disabled children stand to lose far more than most people if they lose TP – sometimes amounting to thousands of pounds a year. This will make it even more difficult for them to recover from the economic shock of the next few months. **Restoring the Limited Capability for Work Addition to UC will help if these claimants can retain it in their UC calculation up to and after they return to work.**

Implications for the Personal Independence Payment (PIP) and Employment Support Allowance (ESA) and the appeals process

75% of PIP and ESA appeals are now found in favour of the claimant.³ Clarity is needed from the government on whether the appeals process will continue during the Coronavirus outbreak. When someone appeals a decision that deems them fit for work via mandatory reconsideration process, there is the option to apply for UC. This would leave disabled people without access to much-needed financial support during the 5 week wait before the first payment under UC. There is a real risk that people will be stuck in the 'mandatory reconsideration' stage for ESA without benefits while the Department for Work and Pensions (DWP) re-prioritises other activities in response to the Coronavirus outbreak. If appeals are suspended, there is a real possibility that people will be left with an award which is not suitable for them and subject to conditionality. **Conditionality should be suspended with sanctions frozen. Those who have appealed their benefits decision and the undertaken mandatory reconsideration process should still receive benefits.**

Face-to Face-assessments

During the pandemic, face-to-face assessments have been suspended for a period of three months. Further clarity is needed about how the assessments will be carried out online or by phone, particularly for disabled people with accessibility needs.⁴

Contact

Sharlene McGee, Policy Manager

E: Sharlene.mcgee@leonardcheshire.org

³ [Tribunal Statistics Quarterly: April to June 2019](#)

⁴ There has not, to our knowledge, been any national guidance on this issue of a change in assessment protocol, however, RNIB have reported an increase in their advice telephone service of over 2000 calls and the majority relate to this issue. RNIB report that DWP are agreeing for such services to complete forms on behalf of their 'clients'.