money matters

WELFARE RIGHTS ADVICE IN NORTH AYRSHIRE

NORTH AYRSHIRE

Health & Social Care Partnership

Money Matters Update No 4
04/03/21

Universal Credit £20 uplift is to be extended for six months and eligible working tax credit claimants are to receive a one-off payment of £500

The government has announced that the Universal Credit uplift - that was introduced at the start of the Covid-19 pandemic and was due to expire at the end of March 2021 - is to be extended for six months, and that the working tax credit uplift will be replaced by a one-off payment.

In Budget 2021, presented in parliament yesterday, the government confirms (at paragraph 2.19) that it is extending the temporary £20 per week increase to the universal credit standard allowance for a further six months in Great Britain, on top of the planned uprating and that the measure will apply to all new and existing universal credit claimants.

In relation to the working tax credit uplift, the government confirms (at paragraph 2.20) that it is making a one-off payment of £500 to eligible claimants across the UK, to provide continued extra support over the next six months.

In addition, also in relation to universal credit and working tax credit, the government has announced that -

- the higher universal credit surplus earnings threshold of £2,500 for universal credit claimants will be maintained for a further year until April 2022, when it will revert to £300 (paragraph 2.21);
- the suspension of the universal credit minimum income floor for self-employed claimants will continue until the end of July 2021

and, while it will be gradually reintroduced from August 2021, DWP work coaches will be given discretion to not apply it on an individual basis where they assess that a claimant's earnings continue to be affected by Covid-19 restrictions (paragraph 2.22);

- from April 2021, the period over which universal credit advances will be recovered will increase to 24 months, while the maximum rate at which deductions can be made from a universal credit award will reduce from 30 per cent to 25 per cent of the standard allowance, bringing forward measures that were previously due to be implemented from October 2021 (paragraph 2.23);
- working tax credit claimants across the UK who have been furloughed, or experienced a temporary reduction in their working hours as a result of Covid-19, will continue to be treated as working their normal hours for the duration of the Coronavirus Job Retention Scheme (paragraph 2.24).

NB - elsewhere in the Budget, the government confirms that -

- claimants receiving support for mortgage interest in Great Britain who move home will be allowed to add the legal costs associated with transferring their claim to a new property to the value of their loan from 15 March 2021,
- from June 2021, care leavers in Great Britain up to the age of 25 and those under the age of 25 who have spent at least three months in a homeless hostel will be exempt from the shared accommodation rate in universal credit and housing benefit,

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bringing forward measures that were previously due to be implemented from October 2023,

- small and medium-sized employers across the UK will continue to be able to reclaim up to two weeks of eligible statutory sick pay costs per employee, with the government to set out steps for closing the scheme (which is a temporary Covid-19 measure) 'in due course'; (paragraph 2.44);
- the government will provide further investment to improve the DWP's capacity and capability to tackle welfare fraud and error (paragraph 2.62); and
- in 2021/2022, national insurance contributions (NIC) thresholds will rise with the consumer price index, bringing the NIC primary threshold/lower profits limit to £9,568 and the upper earnings limit (UEL)/upper profits limit (UPL) to £50,270 in line with the income tax higher rate threshold (HRT). The UEL/UPL will then remain aligned with the HRT at £50,270 until April 2026 (paragraph 2.75).

For more information see Budget 2021: Protecting the jobs and livelihoods of the British people.

Extension of coronavirus job retention and self-employment support schemes until end of September 2021

The government has announced that the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) will be extended until the end of September 2021.
In relation to support for individuals and businesses provided through the CJRS, the government says it will extend provision beyond

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its current end date of 30 April 2021, confirming at paragraph 2.14 of the Budget 2021 document that -

- the scheme will be extended until the end of September 2021 and will continue to provide 80 per cent of furloughed employees' wages for hours not worked up to the £2,500 monthly limit; and
- employers will be required to start contributing towards the 80 per cent government contribution with a 10 per cent payment towards furloughed staff wages from 1 July 2021, rising to 20 per cent in August and September 2021.

In relation to the SEISS, the government confirms details of the previously announced fourth tranche of grants, which will notionally cover the three-month period from 1 February 2021 to 30 April 2021, and a new fifth grant covering May to September 2021. In addition, the Budget documents provide details of the eligibility and payment rules for the two new SEISS grants that include that -

- people who have filed a tax return for the 2019/2020 year will qualify for the fourth grant - potentially opening up eligibility for more than 600,000 self-employed people who have been excluded from the three earlier SEISS grants (paragraph 2.15 of Budget 2021 document);
- the amount of the fourth grant will remain at 80 per cent of three months' average monthly trading profits, capped at £7,500 (paragraph 2.15);
- the fifth grant will require a 'Financial Impact Declaration' that determines whether applicants are eligible for either a higher or lower grant amount based on how much their turnover has

reduced in the year April 2020 to April 2021 (page 6 of Policy Costings document);

- the higher fifth grant amount will be calculated at 80 per cent of average trading profits if turnover has reduced by more than 30 per cent, while the lower rate will be paid at 30 per cent if turnover has reduced by less than 30 per cent (paragraph 2.16 of Budget 2021 document).

For more information, see Budget 2021: documents from gov.uk

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