

Wordshop Benefits Update

February 2021

State benefits

- The first payments under the Scottish Child Payment, for families with children aged under six, are expected to be made after 22 February 2020. The Scottish Child Payment will be £10 per week for each child or qualifying young person and is payable to households that get Universal Credit, income-related Jobseeker's Allowance, income-related Employment and Support Allowance, Housing Benefit, Income Support or Tax Credits.
- From October 2021, there will be changes to how the Department for Work and Pensions (DWP) recovers Universal Credit advances. The maximum repayment period will go up from 12 months to 16 months. This will mean people have less money taken off their payment every month.
- More than 60,400 savers across the UK have earned their first Help to Save bonus payment, each receiving an average of £378. Help to Save is a UK government-backed saving scheme. It was launched in September 2018 to help those eligible save up to £50 a month in a secure savings account. For every £1 saved, people can earn a bonus of 50 pence, over four years. The 50% bonus is payable at the end of the second and fourth years and is based on how much the account holder has saved. The first bonus payment has been paid to savers who created an account and started saving money two years ago. People can open a Help to Save account if any of the following applies:
 - they are receiving Working Tax Credit
 - they are entitled to Working Tax Credit and receiving Child Tax Credit
 - they are claiming Universal Credit and they (with their partner if it's a joint claim) earned £604.56 or more from paid work in their last monthly assessment period.
- When telephone health assessments were introduced for Personal Independence Payment (PIP) last year, an easement was put in place so that Failure to Attend (FTA) actions did not take place as a result of someone not attending a scheduled telephone assessment. This was necessary in light of the extraordinary circumstances of the pandemic. However, the DWP considers that telephone assessments are crucial in enabling them to correctly assess a claimant's needs. Since mid-December, claimants have been notified that their benefit may be stopped if they fail to attend a telephone assessment appointment without good reason.

- The Chancellor announced in December that the furlough scheme would be extended until the end of April 2021, with the government continuing to contribute 80% towards wages.
- The regulations to remove the Severe Disability Premium (SDP) Gateway from 27 January 2021 were made in 2019. From this date, the current restrictions preventing claimants with an SDP entitlement from claiming Universal Credit (UC) have been lifted. Under the new regulations, those claimants may receive an additional amount of UC (a 'transitional SDP element') as part of their award if they meet the eligibility criteria. The new regulations also ensure that, should a couple separate prior to claiming UC, both partners are treated the same when being considered for a transitional SDP element when making a new UC claim.

General

- Figures from the Office for National Statistics (ONS) showed that contributions to workplace defined contribution (DC) schemes dropped 11% during the first national lockdown last spring. With millions of people furloughed on 80% of salary, there was a consequent reduction in automatic enrolment contributions. Some workers will also inevitably have opted out due to pressure on their incomes caused by the pandemic. However, overall, membership of workplace DC schemes remained steady at 23 million at the end of June last year, the same figure recorded three months previously.
- Regulations to support pension trustees in blocking transfers that display pension scam red flags are expected to come into force in September or October 2021.
- The long-debated Pension Schemes Bill has received parliamentary approval and is awaiting Royal Assent. The Bill, which covers a wide range of issues, including bringing in criminal and civil offences for pension funding negligence and laying the groundwork for pensions dashboards, was delayed last year as a result of Covid-19. It has spent more than a year awaiting approval.
- An industry working group, chaired by the DWP, has published recommendations on how to ensure that pension savers are not disadvantaged by having numerous small pension pots, often formed during brief stints of employment. Left deferred, these small pots may slowly be eroded due to pension scheme charges, or savers may lose track of them. Without change, it is feared that millions of pots could be lost over the coming decades. DWP modelling in 2012 estimated that there would be around 50 million dormant pension pots by 2050. The pensions industry is being encouraged to develop workable solutions that will allow savers to consolidate their pension pots, either on request or through large-scale transfers. This work will complement plans to introduce pensions dashboards, which will allow individuals to keep track of their small pension pots more easily, helping them to better plan for retirement. Anyone wanting to locate a lost pension pot should visit:
www.gov.uk/find-pension-contact-details

- Self-Assessment customers will not receive a penalty for their late online tax return if they file by 28 February 2021, HM Revenue and Customs has announced. More than 8.9 million customers have already filed their tax return for 2020/21, but anyone who could not file their return by the 31 January 2021 deadline will not receive a late filing penalty if they file online by the end of February. Taxpayers are still obliged to pay their bill by 31 January. Interest will be charged from 1 February on any outstanding liabilities.
- The Department for Education has launched 'An Hour to Skill' campaign which encourages employers and the nation to set aside just one hour a week for online learning by taking a free course from The Skills Toolkit. The Skills Toolkit features more than 70 courses designed by some of the nation's leading businesses and educational institutions, including Amazon Web Services, Cisco, FutureLearn, Lloyds Bank, LinkedIn Learning, Microsoft, The Open University and many more. The courses form part of the government's Plan for Jobs, which aims to help boost the UK economy as it recovers from the impact of Covid-19.
- The government announced on 1 December 2020 that parents or guardians of children who lack mental capacity can ask for court fees to be waived when seeking access to a Child Trust Fund. If a young person lacks mental capacity and as a result cannot handle their finances, a parent or guardian must apply to the Court of Protection to allow them to manage these funds. This can be expensive and complex, but is a way of protecting vulnerable people from fraud or abuse. Parents and guardians who apply to the court before the child's 18th birthday already do not pay fees, unless the child has other substantial assets. The Ministry of Justice and HM Treasury are working closely with trust fund providers to ensure that parents are aware of this and can take necessary steps. December's announcement means that families who need to access the money in this fund to help support the young person's future can now ask for fees to be waived. Those who have already paid can request a refund under the plans. A new working group will also consider what more can be done to streamline the process and make it more accessible for parents and guardians.