



Wordshop.

Benefits Update

October 2023



7 Tilton Court, Digby Road,
Sherborne, Dorset DT9 3NL
E: hello@wordshop.co.uk
www.wordshop.co.uk

Pensions, tax & benefits

- A Private Members' Bill to help millions save more into their pension and start saving sooner has cleared Parliament and been granted Royal Assent. The Bill introduces powers to reduce the age for being automatically enrolled (it's currently 22) and enable pension saving from the first pound earned (currently, people who have been auto-enrolled only pay contributions on earnings over £6,240). This will help to improve financial resilience in retirement for young people, women and lower earners.
- Millions of households are to receive £300 from the DWP between 31 October and 19 November 2023. This is the second of three payments totalling up to £900 supporting eligible people on means-tested benefits with the cost of living. Tax credits-only customers who do not qualify for a payment from DWP will receive £300 from HMRC between 10 and 19 November 2023.
- Bereaved parents who lost their partner between 9 April 2001 and 8 February 2023 may be eligible for backdated government payments. In February, the government extended eligibility for Bereavement Support Payment and Widowed Parent's Allowance to cohabiting parents with dependent children – benefits designed to help with the financial impact of losing a partner. Previously these benefits were only available to eligible bereaved parents who were married or in a civil partnership, but the law was changed to make it fairer to children. When the DWP extended eligibility in February, it opened a 12-month window for cohabiting parents to backdate their claims. This means parents whose partner died before 9 February 2023 have until 8 February 2024 to claim. After this, it will not be possible to claim Widowed Parent's Allowance and parents will not get their full entitlement to a backdated payment of Bereavement Support Payment. The benefit a parent is eligible for will depend on the date their partner died. If their partner died before 6 April 2017, they would need to claim Widowed Parent's Allowance. If their partner died on or after 6 April 2017, they would need to claim Bereavement Support Payment, which has replaced Widowed Parent's Allowance. The earliest point payments can be backdated to is 30 August 2018, even if your partner died before this date. To qualify for these bereavement benefits, parents must be under the State Pension age, have paid a certain amount of National Insurance contributions and be either pregnant or having a dependent child on the day their partner died.
- The amount low-earning parents on Universal Credit can claim for childcare costs has increased by almost 50%. Parents can now claim up to £951 per month for one child or £1,630 for two or more children. There is also further support available to help parents who are moving into work or increasing their hours cover the costs of the first month of childcare. Eligible parents are now entitled to receive up to 85% of childcare costs back before their next month's bills are due, meaning they should have money to pay one month in advance going forward. These changes are designed to support low-earning parents to progress in their careers and boost their finances.

General

- Hundreds of thousands of young adults could have an average of £2,000 waiting for them in their unclaimed Child Trust Fund account. Child Trust Funds are long-term, tax-free savings accounts and were set up for every child born between 1 September 2002 and 2 January 2011, with the government contributing an initial deposit of at least £250. Funds can be withdrawn once the account matures when the child turns 18.
- The government has published a statement setting out the minimum expectations on banks to protect services for people and businesses wanting to withdraw or deposit cash. This includes the vast majority of people and businesses being no further than three miles away from somewhere they can withdraw cash. The Financial Conduct Authority (FCA) has been provided new powers by the government to protect the provision of cash access services. This includes protecting cash access without any fees for those who hold personal current accounts. While the number of online payments has risen from 45% to 85% in the past ten years, cash is still an integral part of many businesses and people's lives.
- The Powers of Attorney Act, which aims to bring the existing paper-based process online for the first time, has received Royal Assent. The changes, when introduced, will make the system quicker, easier to access and more secure for the thousands of people who make and rely on a lasting power of attorney every year. The new online system and the additional safeguards are now being developed by the Office of the Public Guardian. Extensive testing will need to be carried out to ensure the process is simple to use, works as intended and is secure.
- The government has launched the Great British Insulation Scheme, a £1 billion drive to help those most in need heat their home for less. More than 300,000 families will be offered vital upgrades, such as roof, loft or cavity wall insulation, which could cut their annual energy bill by an average of between £300 to £400. Those eligible for support under the Great British Insulation Scheme include families in council tax bands A-D in England, A-E in Scotland and Wales, with an Energy Performance Certificate (EPC) rating of D or below. You can check if you're eligible at: www.gov.uk/apply-great-british-insulation-scheme or call 0800 098 7950.
- The Lifelong Learning Bill, which has become law, allows colleges and universities to charge different fees for different courses for the first time and opens up opportunities for adults to study in a way that works for them. From 2025, all adults will be able to access a loan, worth up to £37,000 in today's fees, that they can use flexibly over their working lives to upskill or retrain. People who have already taken out a loan for a degree will also be able to use the rest of their entitlement to study subjects that will help them gain additional skills that employers are looking for. The new measures will allow universities and colleges to use a new method of calculating the maximum level of tuition fees they can charge for different courses. This will make the pricing of individual degree modules and short courses proportionate, so people can access education and training at a fair price.