

Wordshop Benefits Update

October 2020

State benefits

- A Bill has been introduced which would avoid a freeze on State pension increases next year, as the government signals its intention to protect pensioners from the worst of the pandemic's economic fallout. Under the current 'triple lock' system, State pensions are guaranteed to increase every year by the highest of wage growth, inflation or 2.5%. However, there is a little-known technical detail that says where earnings growth is negative, State pensions will not increase, irrespective of price inflation. The new Bill aims to override this rule. The State pension for 2021/22 is therefore expected to increase by 2.5% if the triple lock remains in place, as wage growth is predicted to be negative and inflation is forecast to be between zero and 1%.
- The Court of Appeal has ruled against the so-called WASPI women (born in the 1950s), who were hoping for compensation for lost State pension income as a result of the increase in women's State pension age from 60 to 65. Campaigners said the change discriminated against 3.8 million people, leaving them £47,000 out of pocket. The Court of Appeal ruled the women had not been discriminated against and backed the High Court's claim that the government was right to correct 'historic direct discrimination against men'.
- The Chancellor Rishi Sunak has scrapped plans for an Autumn Budget this year because of the coronavirus pandemic. Instead, he unveiled his 'winter economy plan', which set out new job protection measures, among them a new Job Support Scheme and extension of the Self Employment Income Support Scheme, as well as an extension to the 15% VAT cut for the hospitality and tourism sectors until the end of March next year.

The new Job Support Scheme, which will be introduced from 1 November, aims to protect 'viable jobs' in businesses who are facing lower demand over the winter months due to coronavirus. Under the scheme, the government will contribute towards the wages of employees who are working fewer than normal hours due to decreased demand. Employers will continue to pay the wages of staff for the hours they work – but for the hours not worked, the government and the employer will each pay one-third of their equivalent salary.

This means employees who can only go back to work on shorter time will still be paid two-thirds of the hours for those hours they can't work. In order to support only viable jobs, employees must be working at least one-third of their usual hours. The level of grant will be calculated based on employee's usual salary, capped at £697.92 per month.

The Job Support Scheme is designed to sit alongside the Jobs Retention Bonus and could be worth over 60% of average wages of workers who have been furloughed – and are kept on until the start of February 2021. Businesses can benefit from both schemes in order to help protect jobs.

- Around 11 million self-assessment taxpayers will be able to benefit from a separate additional 12-month extension from HMRC on the 'Time to Pay' self-service facility, meaning payments deferred from July 2020, and those due in January 2021, will now not need to be paid until January 2022.
- To ensure that people on lower incomes are able to self-isolate without worry about their finances, people in work and in receipt of benefits will be eligible for a new Test and Trace Support payment of £500. To be eligible for the Test and Trace Support Payment, an individual must:
 - have been asked to self-isolate by NHS Test and Trace either because they've tested positive for coronavirus or have recently been in close contact with someone who has tested positive;
 - be employed or self-employed;
 - be unable to work from home and will lose income as a result; and
 - be currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit.

Local Authorities have been tasked with setting up these self-isolation support schemes, and the aim is for them to be in place by mid-October. Those who start to self-isolate from 28 September will receive backdated payments once the scheme is set up in their Local Authority.

General

- Plans to increase the minimum retirement age from 55 to 57 in 2028 were first mooted in 2014 but were not legislated for at the time. In September, the government indicated that the plans would be legislated for 'in due course'. This means pension savers aged 46 and below may now have to rethink their retirement plans – especially those who are due to reach their 55th birthday sometime in 2028.
- The BBC has bowed to pressure from more than 400 organisations representing elderly and disabled people, and scrapped plans to close its red button text service as part of a cost-cutting drive. The service – accessible by pressing the red button on the TV remote – replaced Ceefax in 1999 and allows audiences to access news and sports stories and other information through their television sets. It's particularly popular with older people who may not be confident using the internet to keep up to date with current affairs. However, although the service will now continue, some features are being axed or pared down, among them publication of the National Lottery results.
- To mark Black History Month in October, four postboxes have been painted black to honour black Britons, including Sir Lenny Henry and nursing pioneer Mary Seacole. A QR code on each of the Royal Mail postboxes – in London, Glasgow, Cardiff and Belfast – can be scanned to bring up a list of the black Britons who have appeared on special postage stamps.
- More than a million people downloaded the government's contact-tracing app for England and Wales within its first day of release. In addition to contact-tracing, the app - called NHS Covid-19 - also offers a way for users to scan codes when they enter a building to log they were there, as well as a means to check if they have symptoms of the coronavirus and to order a test.