

Wordshop Benefits Update

April 2021

State benefits

- In his March Budget, the Chancellor announced an extension of the Coronavirus Job Retention Scheme until the end of September, as well as a temporary six-month extension to the £20 uplift and a one-off payment worth £500 for Working Tax Credit claimants. The Chancellor said income tax thresholds will be frozen until 2026 after this year's increase, while inheritance tax thresholds and the pensions Lifetime Allowance will also be frozen for five years. Mr Sunak also announced a three-month extension to the stamp duty holiday for properties under £500,000, and the holiday for properties worth less than £250,000 will apply until the end of September. The Chancellor also unveiled a mortgage guarantee scheme, to incentivise lenders to offer more of riskier 95% mortgages to people with small deposits.
- New Universal Credit (UC) claimants are now able to spread their repayments of UC advances over a 24-month period and the maximum rate of deductions will be reduced for all to 25%. Reducing the maximum deduction rate to 25% of a claimant's standard allowance will allow more than 350,000 families with significant debts to retain more of their monthly award for their day-to-day needs.
- The government introduced a rebate scheme for Statutory Sick Pay (SSP) that would reimburse small and medium-sized employers for up to two weeks' SSP costs in respect of any of their eligible employees who were unable to work due to being sick or having to self-isolate or, where they were not furloughed, to shield due to COVID-19. The scheme will continue to operate beyond April, in line with other support schemes.
- Tens of thousands of women are likely to have been underpaid the State Pension and could be due a refund. Until April 1977, married women had the option to pay a lower rate of National Insurance (NI) contributions (known as the 'small stamp') and give up the right to claim a full State Pension in their own right. Before the new State Pension was introduced on 6 April 2016, women could claim a partial State Pension based on the NI record of their husband. But the new State Pension system is based on an individual's own record of NI contributions, not those of their spouse.

As this could have disadvantaged women who were expecting to claim their State Pension based on their husband's record but suddenly could not do so, the government introduced a concession which means any woman reaching State Pension Age under the new rules and who paid the 'small stamp' at any point in the 35 years before reaching State Pension Age can make a claim based on her husband's NI record. However, a computer error meant this didn't happen automatically. The Department for Work & Pensions (DWP) says it first became aware of the issue last year. Where underpayments are identified, the Department will contact the individual to inform them of the changes to their State Pension amount and of any arrears payment they will receive in accordance with the law.

- The DWP has launched a new benefits checking tool to help people who think they might be eligible for Universal Credit. It takes a few minutes, and doesn't require any detailed information, nor does it process or store personal data. It is an easy first step for anyone who is unsure whether they want to start a claim.

Go to: <https://dwp-benefits-checker.shorthandstories.com/step-1/index.html>

- The DWP is writing to all customers who currently receive their State Pension or benefit payments into a Post Office card account (POCa), to let them know the POca service is closing and to ask them to provide alternative account details. Please call their customer service centre (0800 085 7133) to provide new account details. For anyone who is unable to open a different type of account or provide new account details, a payment exception service will be available.
- The DWP has published a guide setting out new rules for UK benefits that started on 1 January 2021, as part of a guest post at <https://conversation.which.co.uk/members/dwp>. The guide sets out changes to some UK benefits paid in the EU, and for EU citizens living in the UK.
- The DWP has extended the Video Relay Service (VRS) for British Sign Language (BSL) users to connect with all service lines. The service allows customers to make an inbound call to DWP via a BSL interpreter using a video connection. There is no need for anyone to be in the same location and customers do not have to book the service in advance.

General

- In April, the National Living Wage will increase to £8.91 per hour, a rise of 19p per hour. In addition, the age at which the NLW becomes payable has been reduced from 25 to 23. The National Minimum Wage (payable to those aged 21-22) has also increased, to £8.36 per hour (from £8.20).
- The Personal Allowance – the amount you earn before you start paying income tax – is rising to £12,570 this April.
- The PAYE tax rates and thresholds for the 2021/22 tax year are:

England, Wales and Northern Ireland	
Personal allowance	<ul style="list-style-type: none"> • £242 per week • £1,048 per month • £12,570 per year
Basic tax rate	<ul style="list-style-type: none"> • 20% on annual earnings between £12,570 and £50,270
Higher tax rate	<ul style="list-style-type: none"> • 40% on annual earnings between £50,270 and £150,000
Additional tax rate	<ul style="list-style-type: none"> • 45% on annual earnings above £150,000

Scotland	
Personal allowance	<ul style="list-style-type: none"> • £242 per week • £1,048 per month • £12,570 per year
Starter tax rate	<ul style="list-style-type: none"> • 19% on annual earnings between £12,570 and £14,667
Basic tax rate	<ul style="list-style-type: none"> • 20% on annual earnings between £14,668 and £25,296
Intermediate tax rate	<ul style="list-style-type: none"> • 21% on annual earnings between £25,297 and £43,662
Higher tax rate	<ul style="list-style-type: none"> • 41% on annual earnings between £43,663 and £150,000
Top tax rate	<ul style="list-style-type: none"> • 46% on annual earnings above £150,000

- EU, EEA or Swiss citizens or their family members resident in the UK by 31 December 2020 have until 30 June 2021 to apply to the EU Settlement Scheme to ensure they can continue to live, work, study and access free healthcare and benefits in this country. The website where you can apply can be found at: **[gov.uk/settled-status-eu-citizens-families](https://www.gov.uk/settled-status-eu-citizens-families)**
- The Money and Pensions Service (Maps) will consolidate its existing financial and pensions advice brands into a single consumer destination, MoneyHelper, which is set launch in the summer and brings together the Money Advice Service, the Pensions Advisory Service and Pension Wise. MoneyHelper will provide consumers with money and pensions guidance over the phone, online and face-to-face. Pension Wise, which provides guidance for people aged 50 and over about their pension options, will continue as a named service under the MoneyHelper umbrella. The majority of information, tools and content on the legacy services websites will move to the MoneyHelper website, making it easier for people to find the information they need.
- Thousands of families across the UK are missing out on the chance to save money on childcare. They could join almost 248,000 families across the UK who saved money using Tax-Free Childcare and received a share of more than £25 million in government top-up payments. Tax-Free Childcare allows parents or carers who have children aged up to 11, or 17 if their child is disabled, to pay their childcare provider through the scheme, and receive a 20% government top-up on any money deposited. For every £8 per child a parent or carer deposits, they will receive £2 in top-up, up to the value of £500 every three months, or £1,000 if their child is disabled. That equals £2,000, or £4,000 for the care of a disabled child, for a whole year. The top-up is paid directly into the child's account and is ready to use almost instantly.

- More than one million hard-to-reach homes and businesses will have next-generation gigabit broadband built to them in the first phase of a £5 billion government infrastructure project. Up to 510,000 homes and businesses in Cambridgeshire, Cornwall, Cumbria, Dorset, Durham, Essex, Northumberland, South Tyneside and Tees Valley will be the first to benefit as part of 'Project Gigabit'. Contracts for these first areas will go to tender in the spring with spades in the ground in the first half of 2022. In June, the government expects to announce the next procurements to connect up to 640,000 premises in Norfolk, Shropshire, Suffolk, Worcestershire, Hampshire and the Isle of Wight. For rural homes and businesses across the UK currently struggling with slow broadband speeds, the government is investing up to £210 million to build on the success of its Gigabit Broadband Voucher Scheme. Launched in March 2018, the scheme provided eligible areas across the UK with vouchers to cover the installation costs of bringing gigabit connectivity to people's homes and businesses. So far more than 66,000 vouchers worth up to £127 million have been issued to premises across the UK. The new vouchers worth up to £1,500 for residents and up to £3,500 for businesses will go live on 8 April 2021 and mean that rural areas will not have to wait for supplier contracts under Project Gigabit to reach them. There will be a new online postcode checker available so people can check if their home or business is eligible for a voucher.
- From 22 April 2021, players must be 18 or over to play National Lottery games. This is in line with the government's decision to raise the legal minimum age of play, and applies to playing online and in a store.