

Advice Bulletin: Summer 2020

Impact of covid-19

The impact of Covid-19 on many people's income has led to an increase in benefit claimants, some of whom have never claimed benefits before. It is even more important that accurate information and advice is available to ensure that those who are now reliant in some way on the benefit system are getting the support they need.

In addition, those who were already claiming a benefit may have found their claim disrupted in some way.

Universal Credit update

There are now hundreds of thousands more UC claimants across the UK and the rate of payment has been increased to provide extra support for all UC claimants. The UC personal allowance for a single person aged over 25 is now just over £94 per week. See DWP website for [details of amounts](#).

There is concern that people in receipt of Tax Credits who make a UC claim that is unsuccessful are losing their Tax Credits award. HMRC are closing down Tax Credit claims when a UC claim is made – regardless of the outcome of the UC claim. If in receipt of Tax Credits or any other benefit, it is best to get advice before claiming UC.

Furlough arrangements

The '[Coronavirus Job Retention Scheme](#)' or furlough arrangements are detailed on the gov.uk website. These are extended to 31 October though changes came into place from 1 August which see government support reduce monthly. This has led to an increase in redundancies and new UC claimants.

If someone is already in receipt of benefits they must inform the DWP or Council of their new income so that benefit income can be reassessed. If not already in receipt of benefits, it may be possible for some employees to claim Universal Credit.



There have been some positives in how the DWP and others have responded to the challenges but loss of income is affecting many

We have sought to summarise key issues and highlight how people in need can get assistance through the benefit system and make use of the assistance that is in place.

UC can help cover the cost of some service charges associated with housing. If you would like to find out if your service charges are eligible or not please contact the Advice Shop.

Being in receipt of UC can make you eligible for other financial assistance such as Council Tax Reduction or NHS health costs (this depends on the level of your award).

NOTE remaining on legacy benefits such as Housing Benefit, ESA or tax credits may be the best option for some people. Always get advice before switching to UC.

Council Tax Reduction Scheme

If claiming UC then a separate claim needs to be made for the Council Tax Reduction Scheme (CTRS). Many more people are now eligible for a reduction in how much Council Tax they pay due to a loss of earnings. You can find [more information](#) on the Council website.

Severe Disability Premium

Claimants of 'legacy benefits' such as ESA, JSA, Housing Benefit, Income Support who have a disability premium cannot claim UC – this 'gateway' ends in January 2021. In addition, anyone who acquires a SDP in one legacy benefit can submit a new claim for any another legacy benefit (as long as UC has not been claimed). For example, a client who claims Housing Benefit and PIP gets a SDP in their applicable amount. This means the client can submit a new claim for legacy benefits. As the gateway is to close, advisers should be mindful about taking action now before it is too late.

Managing debt during the Coronavirus pandemic

Creditors such as banks, mortgage companies and landlords have been instructed to hold off from pursuing action for debts. If a person can still afford to repay a debt or pay their housing costs they should do so.

Asking a creditor for a payment holiday to take some pressure off immediate financial worries, should be met with a positive response.



It is always best not to delay dealing with debts – we urge people to seek advice to be fully aware of options right now. Prioritising debts is crucial to ensure that long-term financial stability can be achieved.

Not paying rent or mortgage costs will put a person's home at risk so we recommend that people struggling to pay speak with their landlord or mortgage provider to agree a payment arrangement and get advice about what help is available through the benefit system.

Bankruptcy

Customers whose only income is benefits can now access bankruptcy via MAP or Full Administration without having to pay an application fee. Where income is higher, the fee is reduced to £50 from £90. The application fee for full administration bankruptcies is now £150 (reduced from £200).

The maximum debt level for MAP applications has been increased to £25K – importantly, student debt no longer has to be considered when calculating how much debt is owed by a client.

Creditors now can't take sequestration action until the debt reaches £10,000 (up from £3,000) which will offer debtors significant protection. These changes are expected to be in place until September 2020 (but may be reviewed prior to this date).

The Financial Conduct Authority has produced helpful information on the [range of financial issues](#) to consider during Covid-19 and beyond. It is important that anyone considering bankruptcy seeks free independent advice.

Settled Status update

This is the scheme through which EU nationals are able to secure residence in the UK post-Brexit. [Information](#) is available on the gov.uk website. People have until 30 June 2021 to apply to the Scheme, provided they are resident in the UK by December 2020. Settled Status provides a degree of comfort for EU citizens who wish to continue residing in the UK and can have a positive impact on benefit claims.

Money in a crisis

There can be many causes of crisis for an individual or household – from loss of a job, bereavement, relationship breakdown, sudden ill health etc. Two options through which people can receive urgent financial support are the Council's [Crisis Grants](#) (call 0131 529 5299) or Edinburgh Trust provides [grants to individuals in need](#).

Funeral costs

It can be very expensive to arrange a cremation or funeral with costs between £3000-£4000. If a household is struggling to pay for the cost of a funeral then help is available through [Funeral Support Payment](#). It is often advisable to plan ahead and pay upfront for a funeral plan to remove the stress of you or your family having to think about costs when also dealing with bereavement.

Rent arrears

With so many people seeing a drop in income, paying the rent has become a real challenge. DWP and the City of Edinburgh Council can provide assistance through Universal Credit (UC) and Housing Benefit (HB) – if there is any doubt about eligibility for benefits then a full check can be carried out by advice services.

If a person has an existing HB claim then this can be updated as a change of circumstances – there should be no need to claim UC if just seeking additional help with housing costs.

If a person is not in receipt of HB then claiming costs through UC may be the best option though we would urge getting advice first as circumstances may impact on entitlement.

No legal action for rent arrears is taking place at present so tenants and homeowners cannot legally be evicted for not paying the rent or mortgage. The Sheriff Court is unlikely to restart hearings for evictions until early 2021.

It is best to seek a solution to rent or mortgage arrears, even if this means negotiating a repayment plan with landlord or mortgage provider.



Universal Credit, EEA claimants and the habitual residence test

Some EEA claimants are being refused Universal Credit due to habitual residence issues (or right to reside). These decisions can be challenged so we recommend seeking advice for every such case. When an EEA claimant is refused on these grounds their journal is closed down. This creates an extra barrier for challenging decisions but mandatory reconsiderations can still be submitted by telephone and post.

Some typical grounds to contest a decision are if the claimant:

- is a worker
- is the family member of a worker
- is a worker who is temporarily unable to work due to illness
- has settled status.

Health-related benefits

Since the lockdown started, fewer PIP claims have been made suggesting that people in need are holding back from seeking financial assistance. The fact is, claims for PIP, DLA and Attendance Allowance should be made as usual and people with a disability or serious health issue should not lose out due to concerns around visiting health services.

Those people who have made recent claims for PIP, DLA or AA may be finding that progress on their application is very slow. The DWP is focusing on Universal Credit due to the surge in demand and while positive amendments have been made to how current PIP recipients are treated, those waiting on a decision may be facing financial difficulty as they wait to receive income. Where the delay is causing financial strain claimants can press for swifter resolution of their claim.

PIP health assessments are now being conducted by telephone and experience to date has shown this can be effective for some. However, there is concern that some claimants – those with learning disability, mental health problems, some physical health problems - will struggle to articulate their situation through a lengthy phone call. It has never been as important for claimants to prepare for and make notes during their assessment

If you would like to speak to someone about eligibility, then the Advice Shop can help you. We can also help with the claim process.

There is useful information on health-related benefits on the Citizens Advice website:

- [Personal Independence Payment](#)
- [Disability Living Allowance](#)
- [Attendance Allowance](#)

Paying for electricity and gas

More people have been struggling to pay for the extra heating and lighting they need while stuck at home. There is significant help available through well-established agencies such as

- [Changeworks](#) 0131 555 4010
ask@changeworks.org.uk
- [Home Energy Scotland](#) 0808 808 2282.



Students

With so much disruption caused by education establishments closing in March and the exam results situation, many students – and potential students – may be very confused about their ability to afford to study. There are situations in which students can claim benefits to support them through their studies, but it depends on the type of course and whether it is full- or part-time.

It is always best to get advice before making a decision to take up – or give up – studies. Most universities and colleges have some sort of hardship fund that can provide support.

Benefit tribunals

Covid-19 restrictions have led to tribunals to hear benefit appeals now being held by telephone. There will soon be the option of holding an appeal by video call if clients are comfortable with this.

There is now a significant backlog of pending appeals so it is very difficult to say how long an appeal will now take. The key thing is that the process has not changed – if a person is not happy with the decision made on their benefit claim then a Mandatory Reconsideration should be submitted and if the person is still unhappy then an appeal should be lodged.

Sometimes, when an appeal is lodged, DWP will look again at the decision and make a favourable decision without the need for an appeal to progress. Claimants really should get advice about any offer made by the DWP as some examples exist of improved offers being made which are still less than the person may realistically achieve through an appeal. Our advice is to accept the DWP offer then discuss it with an advisor to see if better option possible.

Contact us

The Advice Shop 0131 200 2360

Email: advice.shop@edinburgh.gov.uk