

Benefits and Poverty Briefing Note

April 2024

Welfare Rights Service

Derbyshire County Council

Updates from a range of sources about changes to benefits, and the current economic climate as it impacts on those with the lowest incomes. The content of this edition was drawn together on 28/3/2024 and any updates after that date will be shared in the next edition.

Contents

BENEFIT UPDATES	2
UNIVERSAL CREDIT MANAGED MIGRATION	2
2 MILLION PEOPLE CLAIMING UNIVERSAL CREDIT ARE ON THE ‘HEALTH JOURNEY’	2
PERSONAL INDEPENDENCE PAYMENT CASES INCREASE	3
... WHILE 70% OF PIP APPEALS THAT GO TO A HEARING ARE AWARDED TO THE CLAIMANT	3
UNIVERSAL CREDIT ‘SURPLUS EARNINGS’ HELD AT £2500 FOR ANOTHER YEAR	3
WIDER ECONOMIC AND POVERTY ISSUES	3
CPAG REPORT THAT CHILD POVERTY HAS REACHED RECORD LEVELS	3
NEW HOUSEHOLD BELOW AVERAGE INCOME FIGURES RELEASE SHOWS REAL FALL IN INCOMES	4
FCA, OFCOM, OFWAT AND OFGEM JOINT LETTER ON HOW FIRMS SHOULD SUPPORT CUSTOMERS IN FINANCIAL DIFFICULTY	4
CALLS TO SCRAP PLANS FOR DWP SURVEILLANCE OF BANK ACCOUNTS RENEWED	5
UNPAID CARERS FORCED TO REDUCE WORKING HOURS AS EARNINGS LIMIT INCREASE LESS THAN THE LIVING WAGE	5
HOUSING	5
‘COMMITTEE CALLS ON GOVERNMENT TO FIX ‘DRASTICALLY FAILING’ SHARED OWNERSHIP	5
DEBT ADVISERS CALL FOR STRONGER PROTECTION FOR TENANTS IN RENT ARREARS	6

Derbyshire Welfare Rights Service

Benefit Updates

Universal Credit managed migration.

The DWP plan to send migration notices to all claimants of Income Support, income-based Jobseeker's Allowance and Housing Benefit claimants by September 2024. This is around 440,000 people and is a rapid increase in numbers compared with the migration from tax credits.

[Managed migration: Completing Universal Credit rollout - House of Commons Library \(parliament.uk\)](#)

CPAG have issued a report outlining the risks of this strategy and the difficulties faced by vulnerable claimants. They highlight the fact that 25% of tax credit claimants invited to move did not make a claim for Universal Credit and point to the difficulties large numbers of people will have in getting the advice and support they need.

[CPAG managed migration briefing 4.pdf](#)

Shelter have also called for a pause to the migration of Housing Benefit only claimants after DWP 'discovery' work identified that HB claimants particularly struggled to engage with the process putting them at risk of rent arrears and eviction.

[Briefing note: Managed migration to universal credit - Shelter England](#)

The National Audit Office has noted the concerns of stakeholders that claimants are at risk of financial hardship because of the migration process and calls on the DWP to check that those not transferring to UC are receiving the benefits they are entitled to. They observe that while the DWP is 'confident that in practice the overall benefits of universal credit are exceeding the costs', it does not have evidence to demonstrate that it is achieving the scale of benefits projected in the business case.

[Progress in implementing Universal Credit - NAO report](#)

2 million people claiming Universal Credit are on the 'health journey'.

65% of people who have had a health assessment as part of their claim were found to have Limited Capability for Work and Work-related activity. (LCWRA) This means that they are not required to look for or prepare for work because of their health. Only 16% were found fit for work with 19% able to prepare for work but not required to work. The proportion of decisions finding people have LCWRA on ESA is slightly lower at 61%.

[Universal Credit Work Capability Assessment statistics, April 2019 to December 2023 - GOV.UK \(www.gov.uk\)](#)

[ESA: outcomes of Work Capability Assessments including mandatory reconsiderations and appeals: March 2024 - GOV.UK \(www.gov.uk\)](#)

Derbyshire Welfare Rights Service

Personal Independence Payment cases increase.

The number of PIP claimants has increased by around 100,000 in the three months to 31 January 2024 to 3.3 million, continuing an upward trend and representing a similar increase to that seen in the previous quarter.

36 per cent of all claims with entitlement to PIP as at 31 January 2024 received the highest level of award, with both daily living and mobility components received at the enhanced rate.

[Personal Independence Payment statistics to January 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/personal-independence-payment-statistics-to-january-2024)

... while 70% of PIP appeals that go to a hearing are awarded to the claimant.

The Ministry of Justice reports that there were 30,000 disposals in the third quarter of 2023/2024 and 56 per cent (17,000) were cleared at a hearing. Of the cases cleared at a hearing -

- 62 per cent were overturned in favour of the claimant;
- the overturn rate varied by benefit type, with PIP at 70 per cent, disability living allowance (DLA) 58 per cent, employment and support allowance (ESA) 49 per cent, and universal credit 54 per cent; and
- the PIP, DLA, ESA and UC overturn rates remained relatively stable compared with October to December 2022 (PIP up 1 percentage point, DLA down 3, ESA no change and universal credit up 1)

[Tribunal Statistics Quarterly: October to December 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/tribunal-statistics-quarterly-october-to-december-2023)

Universal credit 'surplus earnings' held at £2500 for another year.

High one-off earnings of up to £2500, that reduce the UC payment for that month to nil will not be carried over to the next month award calculation. The regulations set the threshold at £300 but this has been increased to £2500 every year since 2018 to safeguard the efficient administration of the system.

[Deposited paper DEP2024-0207 - Deposited papers - UK Parliament](https://www.parliament.uk/deposited-papers/DEP2024-0207)

Wider Economic and Poverty Issues

CPAG report that child poverty has reached record levels.

- 100,000 more children were pulled into relative poverty (after housing costs). That means 4.3 million children (30% of all UK children) were in poverty - up from 3.6 million in 2010-11.
- 69% of poor children live in working families
- 46% of children in families with 3 or more children are in poverty, up from 36% in 2011/12.
- Poor families have fallen deeper into poverty: 2.9 million children were in deep poverty (i.e. with a household income below 50% of after-housing-costs equivalised median income) 600,000 more than in 2010/11
- 36% of all children in poverty were in families with a youngest child aged under five
- 47% of children in Asian and British Asian families are in poverty, 51% of children in Black/ African/ Caribbean and Black British families, and 24% of children in white families
- 44% of children in lone parent families were in poverty

Derbyshire Welfare Rights Service

- 34% of children living in families where someone has a disability were in poverty

[Child poverty reaches record high – failure to tackle it will be ‘a betrayal of Britain’s children’ | CPAG](#)

New Household below average income figures release shows real fall in incomes.

DWP statistics show a decrease in real terms median household income between the 2021/2022 and 2022/2023 financial years of 0.5 per cent before housing costs (BHC) and 1.5 per cent after housing costs (AHC), reversing the broadly equivalent increases reported last year. The figures also show that most of the income distribution experienced a fall in real household incomes BHC, with slightly larger reductions (averaging around 2 per cent) seen in the bottom half of the income distribution.

[Households below average income: for financial years ending 1995 to 2023 - GOV.UK \(www.gov.uk\)](#)

The Institute for Fiscal Studies (IFS) responded to the latest figures with a report stating that ‘this parliament is on course to be the worst for living standards on record’. They highlight that the changes in statistics published masks how some groups have been disproportionately affected such as homeowners and pensioners.

They note that material deprivation rose from 15% to 19% between 2019–20 and 2022–23, corresponding to an extra 2.8 million people, returning child and pensioner deprivation rates to the same level they were in 2014–15 (or 2010–11). The rate of food insecurity increased from 8% to 11% (2.1 million additional people) and the proportion unable to adequately heat their home increased from 4% to 11% (4.3 million additional people)..

[Living standards since the last election | Institute for Fiscal Studies \(ifs.org.uk\)](#)

FCA, Ofcom, Ofwat and Ofgem joint letter on how firms should support customers in financial difficulty.

Firms should:

- be aware that customers in vulnerable circumstances may find it difficult to engage with creditors, and that their vulnerabilities may be exacerbated if creditors take an inappropriate approach to collections.
- ensure an appropriate frequency of collections communications and reduce the frequency where it is not delivering positive customer engagement or is causing harm to consumers, and should engage with customers in a timely manner where they have reason to believe they are in, or at risk of, financial difficulty and to offer support.
- tailor their communications and use language that is supportive in tone, and avoid language that is intimidating or threatening.
- give information about free debt advice and how to access it .
- make it as easy as possible for advisers from free debt advice organisations to contact creditors and ensure customer service agents are empowered to resolve problems.
- consider how they can clearly signpost the contact channels available to debt advisers, and whether these channels are sufficiently resourced.

[Cost of Living Working Group - Joint Letter on Debt Collections | UKRN: the UK Regulators Network](#)

Derbyshire Welfare Rights Service

Calls to scrap plans for DWP surveillance of bank accounts renewed.

Organisations led by Big Brother Watch and including Disability Rights UK and the Public Law Project warn that the governments plans for surveillance of bank account to spot potential fraud are a 'hammer blow' to privacy in the UK

[DPDIB Report-Stage Amendments Final.pdf \(bigbrotherwatch.org.uk\)](#)

Unpaid carers forced to reduce working hours as earnings limit increase less than the living wage.

The Carer Poverty Coalition calls for carer's allowance earnings limit to be increased to the level of 21 hours per week at the national minimum wage.

The earnings threshold for claiming carer's allowance will increase by 8.6 per cent to £151 per week in April 2024, while the national living wage will rise by 9.8 per cent to £11.44 per hour.

'Over the last five years, the number of hours carers have been able to work earning the national living wage, while also receiving carer's allowance, has shrunk from just under 15 hours a week in 2019 to just over 13 hours and 12 minutes from April. This represents a loss of nearly two hours a week, totalling 13 days over a year - a substantial loss for those, whose caring responsibilities already make them vulnerable to poverty.'

'Unpaid carers provide £162 billion a year of care - the cost of a second NHS. Supporting unpaid carers to remain in work benefits families, the economy and society.'

[Unpaid carers in employment forced to reduce their working hours for the fifth consecutive year as Carer Poverty Coalition publishes its demands of government. | Carers UK](#)

Housing

'Committee calls on government to fix 'drastically failing' shared ownership.

The Levelling Up, Housing and Communities Committee (LUHC) chair notes that "Rising rents, hefty service charges, complex leases, disproportionate repairs and maintenance costs are experienced by too many people who take the shared ownership route. The Government needs to take clear and urgent action to tackle these issues and ensure shared ownership genuinely delivers affordable homeownership".

[Shared ownership is failing to deliver an affordable route to homeownership, say MPs - Committees - UK Parliament](#)

Derbyshire Welfare Rights Service

Debt advisers call for stronger protection for tenants in rent arrears.

A group of advice organisations are calling for more security for private sector tenants who are in financial difficulty opposing the new proposed mandatory possession ground of repeated rent arrears. The organisations propose an alternative of a Tenancy Support Programme that would *'require include signposting to money and debt advice, providing time to apply for benefits, including discretionary housing payments, and seeking to agree an affordable repayment plan ... and it would aim to ensure that evictions on the grounds of arrears only ever happen as a last resort'*

[LetterToSoSMichaelGoveFromVB -13March2024.pdf \(stepchange.org\)](#)