



MIND THE GAPS

REPORTING ON FAMILIES' INCOMES DURING THE PANDEMIC

23 April 2020

This is the second in a series of weekly briefings, *Mind the Gaps*, which highlight some of the gaps in support that exist for children and families affected by the Covid-19 pandemic. Evidence of these gaps is drawn from our Early Warning System (EWS) which collects case studies from frontline practitioners working directly with families on the problems they are seeing with the social security system.

The issues outlined in this briefing are a selection of some of the 'top issues' emerging through the EWS. It is important to note that these briefings are not designed to capture everything we are seeing; instead the *Mind the Gaps* briefing series will feature different issues each week and return to issues that need urgent attention where necessary.

Families are not receiving the recent uplifts in benefits due to the benefit cap

The recent increase to the standard allowance in universal credit (UC), and the increase to local housing allowance (LHA) rates are welcome, however the benefit cap, which limits the total amount of UC (and child benefit) payable in a claim, will reduce entitlement for many families. The Resolution Foundation has predicted that a couple with two children in a typical three bedroom house will be affected by the cap in 107 of 152 local areas (England and Wales), meaning that many families will not feel the effect of the recent benefit increases.¹ Advisers are reporting that they are already seeing clients who are subject to the benefit cap now that the increases in the UC standard allowance and LHA have come into force, and the EWS is starting to receive cases about people who are affected.

A single mum with three children, who is a term-time worker and has been placed on furlough, will become subject to the benefit cap when the UC standard allowance increases, meaning she doesn't benefit by the amount the government deem is necessary throughout this crisis.

A single person is still not able to make ends meet with increased standard allowance and local housing allowance because his entitlement is reduced by the benefit cap.

¹ Bell, T (2020) [Exiting the economic shock](#), Resolution Foundation

Confusion regarding entitlement to benefits

Advisers are reporting that there is confusion regarding entitlement for benefits among those who have been affected financially by Covid-19. There is also confusion about how the benefit system interacts with the new support measures announced by the government, for example the Job Retention Scheme. In some cases, this is leading to individuals making claims for benefits that they may not be eligible for, which can lead to further delays in receiving much needed financial support.²

With regard to UC, if someone currently claiming legacy benefits makes a claim for UC in error they cannot then return to legacy benefits, despite having potentially become worse off and losing their access to transitional protection.³ This situation is aggravated by the current lockdown restrictions, which make it difficult for advice agencies to provide benefits advice to new and existing claimants regarding their entitlement.

A couple with three children were receiving child tax credits, but after their self-employed work dried up due to Covid-19 they claimed UC. They were told at the Jobcentre that they would receive another payment of tax credits, but they didn't and they have not received any UC payments either. They withdrew their claim for UC, only to find that they cannot now return to tax credits. They had to request a crisis grant from the Scottish Welfare Fund.

A client closed his income-based jobseeker's allowance (JSA) claim at the beginning of March having started a new job. This ended a fortnight later and he reclaimed JSA online. His claim was accepted and he was told it would be processed, but with some delay due to the backlog resulting from Covid-19. On the facts presented it appears that the new claim should have been refused with advice to make a new claim for UC instead.

A furloughed worker doesn't know if he can claim UC while he is waiting for a payment under the employee retention scheme. The five-week wait in UC is probably longer than the wait for furlough pay, but no income in the meantime means he needs the advance.

A client was working 30 hours for Deliveroo but he has no hours due to Covid-19 and there is a refusal to furlough. He is currently claiming working tax credit but he doesn't know if he would be better off claiming UC.

There also continues to be a lack of clarity regarding measures that have been put in place in response to the crisis and how long these measures will last, for example the temporary changes to tax credits which mean that claimants who have temporarily lost work (for up to 8 weeks) or have had their hours reduced as a result of the crisis do not have to report these changes (and therefore do not lose their current entitlement) but people who permanently lose their jobs do. While these temporary changes are welcome, clarity is urgently needed from the government regarding how long these measures will last, so that claimants can plan for the coming weeks and months ahead.

A self-employed cleaner with a 12-year-old is unable to work because sites she cleans are closed. She is now shielding according to official advice. She is one of many self-employed cancer patients whose work hours steadily reduce/fluctuate in line with treatment and recovery. She doesn't know what to claim to replace her lost income and is concerned about her tax credits and housing benefit stopping. Her private landlord is not sympathetic and her current benefits leave a £400pm shortfall.

² See [AskCPAG](#) for up to date information about financial support for workers affected by Covid-19

³ Transitional protection is an extra transitional amount that is added to an existing claimants benefit entitlement in situations where they would be worse off financially by moving to UC. It only applies when a person has been moved to UC via '[managed migration](#)' so will not cover individuals making a new claim for UC as a result of Covid-19.

A lone parent with four children is an undergraduate with student finance income and is also working part time. Her work has stopped. She doesn't know if her working tax credit will stop and what she should claim.

A client has had to stop working to shield her disabled daughter. HMRC will continue to treat her as working for at least eight weeks - but there is no guidance about what will happen after that.

Gaps in financial protection for some claimants who are bereaved

The pandemic has already claimed thousands of lives and many of those affected will have been in receipt of legacy benefits. People who claim UC for the first time because their existing benefits stopped after the death of their partner or family member are not receiving the same protection as other claimants. They are suddenly losing their benefit entitlement after the death of a loved one – hitting people with financial worries at the worst possible time.

Bereavement protection doesn't apply in legacy benefits when the deceased partner was the lead claimant - ending their claim on death. The large gap between the end of the housing benefit claim and the first UC payment and the lack of backdating provision is exacerbating the client's grief.

A claimant's UC housing costs have been capped at the rate for a 1-bed LHA in a 2-bed property immediately following the death of her partner, incarceration of her adult son and the placement in social services care of her two younger children. There is no bereavement protection in place.

A bereaved partner was the lead claimant in a legacy benefit claim so had bereavement protection in employment and support allowance and housing benefit, plus carer's allowance run-on. However, the joint child tax credit claim stopped and she will have to claim UC. She won't benefit from any bereavement protection in UC.

A client's mum died and the client remains in the property. The local authority is applying the bedroom tax (initially at 25%, now at 14%) even though bereavement protection applies for 52 weeks. The local authority is advising him to apply for a discretionary housing payment.

About CPAG

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need. We also carry out high profile legal work to establish and protect families' rights.

About the Early Warning System

Our Early Warning System helps us get a better understanding of how changes to the social security system are affecting the lives of children and families. We gather information from advisers about the experience of children and families. This intelligence informs much of our policy, research and campaigning work, and also feeds into the advice we give frontline advisers.

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the capacity of the Early Warning System to effectively monitor the impact of Covid-19 on children and families, and identify issues with the social security response as they emerge.