



News in Brief

This issue of News in Brief considers the announcements made in the budget.

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Universal Credit taper and work allowance

The Universal Credit taper rate will reduce from 63% to 55% by 1 December 2021. This means that a claimant's award will reduce by 55p instead of 63p for every £1 that they earn after any appropriate work allowance. The work allowances (available to those with children or limited capability for work) will increase by £500 per year.

Surplus Earnings Threshold

The Surplus Earnings Threshold is a slightly fiendish calculation which comes into play when Universal Credit claimants earn enough to take them off Universal Credit plus at least £2500 – the idea being that claimants should make the extra income last before a month. This £2,500 threshold had been due to drop to £300 in April 2022, a change which would have meant far more claimants were affected. The government has decided to push back the drop for another year until April 2023.

Terminal illness rules

Confirming what had been previously announced, the budget covered the extension of the special rules for claimants who are terminally ill. The current rule requires that death is reasonably expected within 6 months. The change extends this timescale to 12 months, although it is still not clear when the changes will be implemented.

Pension Credit housing element

We have known for a long time that the long-term goal is that Housing Benefit for claimants over State Pension age will be replaced by a housing element in Pension Credit. The budget gave us an updated timescale for this change: pushing the date back from April 2023 to April 2025 to coincide with the planned completion of managed migration to Universal Credit.

LHA Shared Accommodation Rate

Victims of modern slavery and domestic abuse were due to become exempt from the LHA shared accommodation rate rules from April 2023. The budget has brought this change forward by a year, to April 2022.

Bereavement Support Payment

Another change which we were aware of – the government has confirmed that bereaved cohabiting parents who are not married or in a civil partnership will be entitled to Bereavement Support Payment. New legislation is likely to be in place in summer 2022 with payments starting in September. It is confirmed that some claimants will be entitled to a backdate to August 2018.