

Covid-19 response: potential welfare package

In considering the measures below you should note:

- Most measures can be reversed, in some cases only after a year; to do so you would have to make clear upfront the intention to reverse.
- The costs assume some caseload growth due to Covid-19. However these costs are highly uncertain and are likely to underestimate the full impacts.
- DWP and HMRC are facing significant operational delivery pressures and are likely to make a large DEL bid to cover additional overtime and recruitment:
 - Four-fold increase in new UC claims as of yesterday;
 - 11,000 DWP staff absences yesterday (out of 61,000 service delivery staff).

All measures are **GB-wide** with exception of Discretionary Housing Payments, noted below.

1. Package, subject to affordability

Measure	Explanation	Delivery	20/21 cost	Legislation	Pros and cons	Announcement
Increase Standard Allowance in UC	Increases generosity of benefits to all new and existing UC claimants	Deliverable from 6 April if decision made now. Cannot be done in-year. Could be reversed after 12 months (as part of annual uprating cycle).	1. TUC option to reverse benefits freeze = £1.7bn 2. £20pw increase = £3.5bn 3. Increase to £100p/w Res Foundation option = £7bn All options scaleable	Secondary legislation	<ul style="list-style-type: none"> • Benefits c.3m households (will rise) • Simplest and most straightforward to operationalise 	I am temporarily increasing the amount of benefits that all UC claimants receive from April 2020 by [£x] per week – strengthening the safety net for people who lose their job or see their income fall

Measure	Explanation	Delivery	20/21 cost	Legislation	Pros and cons	Potential announcement
Reduce the income disregard in WTC	Ensures drops in income are reflected in people's Tax Credit award (currently drops up to £2.5k pa are disregarded)	Deliverable from 6 April	£0.5bn – £1bn	Secondary affirmative Requires primary legislation later to legalise payments already made	Would benefit claimants by up to £19 per week.	I am ensuring that everyone on WTC who sees a drop in their income has this reflected in their benefit award.
Stop applying UC Minimum Income Floor for all new and existing self-employed claimants	MIF currently only suspended for those self-isolating. Measure would extend to cover broader economic impacts on self-employed people	Involves manual workaround therefore operational risk	£0.5bn (static)	Secondary legislation	<ul style="list-style-type: none"> • Would benefit all self-employed claimants on UC whose earnings are / drop below the MIF • Helps self employed people stay in work even working low hours 	I am suspending the MIF for all self-employed people on UC – so that their benefits rise to reflect drops in their income

3. Other measures

There are several other measures which are potentially viable but carry significantly more risk given the increasing demands on DWP and reducing workforce supply. The following measures therefore risk overloading the system, particularly if done together.