

Coronavirus

In March 2020 an outbreak of coronavirus meant that many businesses had to close. This had a big effect on people's incomes, and a range of changes were made.

Coronavirus Jobs Retention Scheme:

This is a scheme where the government covers 80% of employees' salaries. Individuals can only access this scheme through their employers.

On 20 March, the Government announced a new 'Coronavirus Job Retention Scheme' that aims to support businesses to help pay people's wages.

Employers will be able to contact HMRC for a grant to cover most of the wages of their workforce who remain on payroll but are temporarily not working during the Coronavirus outbreak. Employers will need to:

- Designate affected employees as 'furloughed workers,' and notify each employee of this change.
- Submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal.
- HMRC will reimburse 80% of furloughed workers' wage costs, up to a cap of £2,500 gross per month.

The employer will need to make the wage payment and then apply for a reimbursement. If the employer needs short term cash flow support, they may be eligible for a Coronavirus Business Interruption Loan. No further information is available about who will be able to be classed as a 'furloughed worker', but the dictionary definition of 'furloughed worker' is one who has been granted a leave of absence; it is 'temporary leave of employees due to the special needs of a company or employer, which may be due to economic conditions at the specific employer or in the economy as a whole'.

The information published so far about the Job Retention Scheme suggests it will only apply to those employees who are not working due to the Coronavirus, to help safeguard their job. There appears no system in place – apart from the benefit system – for those workers on reduced hours. This may change in the future.

Will it mean no-one loses their job?

Unfortunately not, The Guardian reported (21 March) that without the Job Retention Scheme unemployment would have doubled to 8%, with more than 1.5 million people losing their job. Instead the unemployment rate is now expected to climb to 6%, with about 700,000 people losing their jobs. The Coronavirus Job Retention Scheme is currently only available up to June and therefore as it stands if employers are unable to pay their employees beyond this date they would need to look at redundancies.

Zero Hour Workers

If a zero hour contract employee is on the PAYE system then they should be covered by the scheme, with the amount their employer will receive based on their regular earnings.

Gig Economy

The gig economy is where the worker commonly uses an intermediary, such as an app or a website. This acts as a go between, linking workers with customers. Common gig economy platforms include ride hailing company Uber, food delivery company Deliveroo and courier Yodel. The work is flexible, in that the worker can choose the hours they work and there is nothing forcing them to work certain times. At the moment, many people in the gig economy are classed as self-employed and will submit a Self-Assessment tax return so will not be covered by the Job Retention Scheme.

Self Employed Income Support Scheme

This is a scheme to cover 80% of self-employed people's usual profits over March, April and May 2020. Applications open in June 2020.

On 26 March the government announced its proposal for supporting the self-employed during the Coronavirus pandemic. They are introducing a Self-Employed Income Support Scheme.

The government will pay self-employed people - who are eligible for the scheme - a taxable grant worth 80% of their average monthly profits over the last three years, up to £2,500 a month.

Where someone has not been in self-employment that long, a shorter period will be used.

This scheme will be open for at least three months although could be extended if necessary. They expect people to be able to access the scheme no later than the beginning of June and those entitled will receive a taxable lump sum to cover March, April and May.

Who will get this help?

The scheme will be open to those who:

- Are already in self-employment, who have a tax return for 2019, and
- Who have average annual trading profits of less than £50,000 pa, and
- Whose self-employment makes up the majority of their income.

HMRC will contact those eligible directly, ask them to fill out a simple online form, then pay the grant straight into their bank account.

To make sure no one who needs it misses out on support, the government has decided to allow anyone who missed the filing deadline in January, four weeks from 26th March to submit their tax return.

Self-employed can still work and will not impact eligibility to claim for the Self-Employed Income Support Scheme.

Increase to Universal Credit and Working Tax Credit

Universal Credit and Working Tax Credit standard allowances were both temporarily increased by £1000 per year.

Universal Credit Standard Allowance increase

Appendix 2 – Revenues and Benefits Joint Committee 10th September 2020 – Welfare Reform Update – COVID-19 National Support

	2019	2020
Single Under 25	251.77	342.72
Single Over 25	317.82	409.89
Couple both under 25	395.20	488.59
Couple at least one over 25	498.89	594.04

Working Tax Credit increase by £20 per week, to account for this Housing Benefit earnings disregard has increased by £20 per week (£17.10 to £37.10) to ensure no detrimental impact on Housing Benefit due to the increase in Working Tax Credits.

Changes to LHA rates

Local Housing Allowance rates, which affect how much help people in private rented accommodation can get with their rent, were increased to reflect the lower 30% of the rental market in each area in the UK.

	Weekly LHA April 2019 – March 2020				
BRMA	Shared room rate	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
Lincoln	£58.90	£81.58	£100.22	£115.07	£148.01
Grantham & Newark	£60.81	£78.05	£99.06	£110.72	£156.00
Wolds and coast	£64.67	£75.00	£93.23	£110.72	£128.47

	Weekly LHA April 2020 – March 2021				
BRMA	Shared room rate	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
Lincoln	£66.25	£97.81	£117.37	£132.33	£172.62
Grantham & Newark	£85.00	£86.30	£111.62	£132.33	£182.96
Wolds and coast	£69.38	£82.85	£104.14	£121.97	£138.08

Minimum Income Floor (MIF)

Treat a claimant's Minimum Income Floor level as if it was a lower level - including zero

Delay making a decision on whether a claimant is in gainful self-employment

Treat a claimant who is in gainful self-employment as not being

Extend a claimant's start-up period for as long as they consider appropriate, or

Exempt a claimant from any work search requirement or a work availability requirement who would normally fall in the 'all work-related requirements' conditionality group

This measure will be in place until 12th November 2020.

Statutory Sick Pay (SSP)

Where someone is unable to work due to having to self-isolate or shield then they may be entitled to Statutory Sick Pay.

'Waiting Days' removed

Normally when an employee is off work sick they can self-certify for the first seven days and receive Statutory Sick Pay (SSP), if entitled, from day four of their sickness.

On 4th March the government announced that those employees who are self-isolating due to the Coronavirus will have SSP paid from day one of their sickness/absence. Note: removing the 'waiting days' is a temporary measure.

NOTE: If someone is off sick for any other reason, standard rules apply and Statutory Sick Pay will kick in from day four, not day one.

Proving Self-Isolation

Measures have also been put in place for employees to obtain medical evidence from NHS 111 rather than their own GP. "Isolation notes" will provide them with the evidence that their employer needs to be able to pay Statutory Sick Pay

ESA

'New Style' Employment and Support Allowance will be payable - to those who meet the claiming criteria - for people with the COVID-19 virus or self-isolating according to government advice, from the first day of sickness, rather than from the eighth day,

A claimant can get up to £74.35/week – the amount won't be affected by either their or their partner's savings or income, though it will be reduced by any private pension the claimant receives if worth more than £85/week.

Someone in receipt of New-Style ESA (NS-ESA) can also receive Universal Credit, but you cannot get Statutory Sick Pay, Maternity Pay, or New-Style Jobseekers Allowance if you are getting NS-ESA.

It will continue in payment for the period the claimant is having to self-isolate. If they are still unable to work, then they may be able to claim New-Style Jobseekers Allowance instead.

NOTE: If someone is off sick for any other reason, standard rules apply and New-Style ESA will kick in from day four, not day one.

Conditionality

Must not impose a work search requirement on any Universal Credit, New-Style JSA or Old-Style JSA claimant.

Must remove any existing work search requirement from 30th March 2020

The requirement for UC and New Style JSA claimants to be "able and willing immediately to take up paid work" means able and willing to take up paid work, or attend an interview, immediately once this regulation ceases to apply (i.e. after the outbreak).

This regulation applies for a period of 3 months beginning from 30th March 2020 and the Secretary of State may extend that period for all cases or any class of case where it appears expedient as a consequence of the continuation of the outbreak of Coronavirus disease.

Medical Assessments and Jobcentre Appointments

The DWP have postponed all medical assessments for UC, ESA, PIP and IIDB until at least 19th June 2020.

DWP Suspends Recovery of Certain Debts

The DWP have suspended recovery of certain debts for three months. This is a temporary measure due to the Coronavirus outbreak. The announcement was made on 3rd April 2020.

Which debts are being suspended?

Deductions from Universal Credit, DWP legacy benefits (ie IR-ESA, IB-JSA and Income Support), and agreed repayment plans of the following debts are being suspended

- Overpayments of benefits
- Social Fund loans
- Tax Credit debts

NOTE: This does not include debts recovered by a Local Authority from an on-going HB award, or by HMRC from an on-going Tax Credit award.

DWP will still collect repayments for advance payment for UC and 3rd party deductions for LA's.

Free School Meals

Families whose children are eligible for free school meals on the grounds of low income will be offered vouchers, food or meals to make sure they continue receiving this support, even if they are no longer attending school due to the Coronavirus outbreak.

Schools can now provide every eligible child with a weekly shopping voucher worth £15 to spend at supermarkets while schools are closed due to coronavirus.

Prisoners on Temporary Release

Following the government's announcement that they are allowing certain prisoners to be released early, there have been new Regulations made that allow those released not to fall under the definition of 'prisoner' and therefore be able to claim means-tested benefits (or be included in a claim for means-tested benefits)

The measure allows certain prisoners (with two months or less still to serve) to return home on a temporary licence as a way of avoiding the spread of the virus.

They will be electronically tagged and can be recalled at the first sign of concern.

April 2020

Benefit Freeze Ending

The freeze which has kept most working age benefits at the same level for the past four years, has come to an end in April 2020. Most working age benefits have been increased by 1.3 percent.

National Minimum Wage Increase

The National Living Wage (for workers aged 25 and over) has increased by 6.2% to £8.72 per hour. The National Minimum wage increases to £8.20 per hour for 21-24 year olds, £6.45 per hour for 18-20 year olds and £4.55 for under 18s. The National Minimum Wage rate for apprentices rises to £4.15 per hour

June 2020

The free TV licence will no longer be available to all people 75 or over. From 1 August 2020 you will have to be aged 75 or over and getting Pension Credit in order to qualify for the free licence. You can find out more information from the TV Licensing website.

July 2020

Claimants will receive an additional fortnight's worth of Income-based Jobseekers' Allowance, Income-related Employment and Support Allowance or Income Support if they are on one of these benefits when they move over to Universal Credit

August 2020

Freeze on Eviction Action

28 August 2020 freeze on eviction action ends, this means that from this date the "pause" is ended.

Self-Employed Income Support Scheme

From 17 August 2020 Self-employed can apply for a second grant, this time at a reduced rate of 70% of earnings over the last 3 years/or up to £6750.00.