

# Benefits advice for employed workers during COVID-19 emergency

## What is the Job Retention Scheme?

If you are employed but your employer is unable to pay your wage or salary due to the current emergency, they can apply for assistance from the Government. This scheme starts from 1<sup>st</sup> March and will initially run for 3 months but this could be extended.

If your employer intends to access the Job Retention Scheme, they will discuss with you becoming classified as a “furloughed worker”. This would mean that you are kept on your employer’s payroll, rather than being laid off. You will continue to be an employee and retain your statutory and contractual employment rights. You should not undertake work for them while you are furloughed. This will allow your employer to claim a grant of up to 80% of your wage for all employment costs, up to a cap of £2,500 per month. Your employer could choose to fund the differences between this payment and your salary, but does not have to.

There is information for employees on the government website:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-guidance-for-employees#furloughed-workers>

As you will be paid by your employer under the Job Retention Scheme, any income received in this way remains earned income.

If your salary has significantly reduced as a consequence of being furloughed you may want to consider claiming additional means tested benefits. Which benefits are available to you will depend on your household circumstances.

## What if my employer has already let me go?

To benefit from furloughing you must have been on your employer’s PAYE payroll on or before 19 March 2020. When first announced the Government said the relevant date was 28 February, but this was later extended to 19 March. You can be on any type of contract, including a zero-hour contract or a temporary contract. Your employer can rehire you if you were previously employed and they have already let you go. You can then be furloughed. If your employer won’t or can’t furlough you then see the information below on new-style Jobseekers Allowance.

## Should I claim New-Style Jobseeker's Allowance?

New-style Jobseekers Allowance (NS-JSA) is a contribution-based benefit paid to jobseekers for up to 6 months to people who are unemployed, and who are available for and actively seeking work. NS-JSA can be paid for up to 26 weeks. You must meet the National Insurance Contribution conditions. If you have been employed for the last two years this is likely to be the case.

You can't claim NS-JSA if you are in full-time work. This usually means working 16 hours or more per week. If your hours have been cut and you are looking for more work, it might be possible for you to claim NS-JSA if your weekly earnings are less than what you would receive from NS-JSA plus £5, ie: £74.35 K+ £5 from April 2020/21. Any payment of NS-JSA would be reduced by earnings. The government has introduced legislation that means that a work-search requirement or a requirement to take up work immediately cannot be imposed on NS-JSA claimants at this time. This relaxation is in place for 3 months from the 30th of March 2020 but can be extended if it is considered to be necessary.

There may be circumstances in which both NS-JSA and a means tested 'top-up' of Universal Credit (UC) can be paid together, for instance when the claimant is living with a partner and/or child or where there are housing costs which can be included in the claim. NS-JSA will count as unearned income in a Universal Credit calculation. This means it will reduce the award of UC pound for pound. You will not be financially better off overall from claiming NS-JSA but, it will give you a different stream of income that is paid 2-weekly rather than monthly. It might also help to protect your National Insurance record for the future. If you are not claiming UC, or cannot claim because your savings are above £16,000 it will give you additional income. See below for more information on Universal Credit.

## Am I entitled to Statutory Sick Pay?

If your normal weekly earnings are £120 per week or more, employees can claim Statutory Sick Pay (SSP) from their employers if they cannot work because they are off sick. The waiting period before SSP is payable has been removed for employees who are:

- a) Infected or contaminated by COVID-19
- b) Isolating to prevent infection or contamination with Coronavirus disease;
- c) Caring for a child or qualifying young person who is a member of a household where someone is infected or isolating as in a) or b)
- d) A further category of employee was added from 16 April 2020. SSP has now been extended to include employees who are defined in public health guidance as extremely vulnerable and at very high risk of severe illness from coronavirus because of an underlying health condition; and have been formerly advised to follow rigorously shielding measures for a specified period.

The normal requirements to have a sick note from your GP after the first 7 days of illness have been changed. SSP will be paid from day one of your sickness/self-isolation. For the first seven days off work,

you can self-certify so you don't need any evidence for your employer. Continue to follow your employer's requirements about how to let them know that you are off sick and/or self-isolating.

After 7 days, your employer may ask for evidence of sickness absence. Where this is related to having symptoms of coronavirus or living with someone who has symptoms, the isolation note can be used to provide evidence of the advice to self-isolate. You can access the note on [NHS website](#) and [NHS 111 online](#). After answering a few questions, an isolation note will be emailed to you. If you don't have an email address the note can be sent to a trusted family member or friend, or directly to your employer. The service can also be used to generate an isolation note on behalf of someone else.

Once the circumstances that allow you to claim SSP have ended, e.g. if you are no longer in self-isolation you can return to work. If there is no work for you to do this is the point at which you could be furloughed. You cannot be furloughed and off sick.

## **Should I claim New-Style ESA if I can't receive SSP or my Statutory Sick Pay has ended?**

Once Statutory Sick Pay has ended, a New-Style Employment and Support Allowance (NS-ESA) claim may be possible if you are still sick or continue to be self-isolating provided you meet the NI contribution conditions. Initially the rate of NS-ESA is lower than SSP and remains lower if you are assessed to have only Limited Capability for Work (LCW) and not Limited Capability for Work Related Activity (LCWRA). It will be higher than SSP if you are assessed to have LCWRA.

There are normally 7 waiting days for NS-ESA unless you were getting SSP prior to your claim.. New regulations issued during the current COVID-19 emergency have removed the waiting days for NS-ESA if you are unable to work for any of the same reasons as allow you to receive SSP:

- a) Infected or contaminated by COVID-19;
- b) Isolating to prevent infection or contamination with Coronavirus disease;
- c) Caring for a child or qualifying young person who is a member of a household where someone is infected or isolating as in a) or b)
- d) As of 16 April 2020, the government has confirmed that you may be able to claim NS ESA if you are a person who has been told to stay at home for at least 12 weeks by the NHS because you are at high risk of serious illness from Covid-19 (shielded group).

For anyone affected by the coronavirus, who is self-isolating or caring for a child or teenager in full time education, the government has relaxed the rules on providing medical evidence. From 13th March 2020 the government has said that people in these circumstances who claim ESA or Universal Credit (UC) are to be treated as having limited capability for work without the requirement to provide any medical evidence, such as a GP certificate, nor will they have to undergo a work capability assessment.

NS-ESA will count as unearned income in a Universal Credit calculation. This means it will reduce the award of UC pound for pound. You will not be better off claiming NS-ESA but, it will give you a different stream of income that is paid 2-weekly rather than monthly. NS-ESA can be backdated for up to 3 months if you have met the entitlement conditions throughout that period. It also helps to protect your National Insurance record for the future. If you are not claiming UC, or cannot claim because your savings are above £16,000 it will give you additional income.

## **I was doing Permitted Work and that has stopped. How does this affect me?**

If you are receiving ESA and doing permitted work you are likely to be worse off if your permitted work ends. You may need to inform the DWP of the change in your circumstances but as all income from permitted work is ignored for calculating both ESA and Housing Benefit it will not change the ESA or Housing Benefit award you are receiving. You may benefit from the job retention scheme if you are furloughed. Payments under the furlough scheme are paid by your employer and should continue to be disregarded. A claim for Universal Credit is unlikely to provide you with more income and, if made, will end your ESA award, your Housing Benefit award if you have one, and any Child Tax Credit award that is in place. You can check that you are not better off receiving UC using one of the available online calculators. You should also consider seeking specific advice from an advice organisation such as Citizens Advice.

## **Is there anything else I can claim if I need more money?**

If you are already claiming means tested benefits, such as Housing Benefit and/or Tax Credits you may be better off staying on these benefits. The rates should change when you inform the Local authority or HMRC of the change in your circumstances.

You may be entitled to Universal Credit (UC) if you have no income, or as a top-up to your existing income that might include SSP, NS-ESA or reduced earnings. Your savings will have to be under £16,000.

A Universal Credit claim will end claims for Tax Credits and Housing Benefit. You will not be able to make a new Tax Credit or Housing Benefit claim in the future. Your Tax Credit claim will end the day before your UC claim. Your Housing Benefit claim will end two weeks after the UC claim.

The government has announced that from 6<sup>th</sup> April 2020 for 1 year, the way Universal Credit is calculated will include an additional £20 per week.

## **How do I claim UC when I am unable to attend a Jobcentre Plus office?**

Most Universal Credit claims are made online at <https://www.gov.uk/universal-credit/how-to-claim>. If you are a couple then you both need to claim (unless your partner is not entitled to make a claim usually

because of their immigration status). Most Jobcentre Plus offices are currently carrying out remote identity verification for new UC claimants. Online calculators are available to enable you to work out if you are better off staying on legacy benefits or claiming Universal Credit.

The amount of Universal Credit you receive will depend upon your circumstances; for example, do you have children, do you have savings over £6,000, do you rent? Once your claim has been verified you can ask for an advance of your UC payment if you need to, otherwise it will be 5 weeks before it is paid. If you are currently affected by coronavirus or are self-isolating you should not be required to attend the Jobcentre Plus office in person. If you need to make an appointment, call the number you are given when you submit your claim. You should be supported if you are required to stay at home. You should be able to get an advance payment without having to attend the Jobcentre.

For anyone affected by the coronavirus, who is self-isolating or caring for a child or teenager in full time education, the government has relaxed the rules on providing medical evidence. From 13th March 2020 the government has said that people in these circumstances who claim NS-ESA or UC are to be treated as having limited capability for work without the requirement to provide any medical evidence, such as a GP certificate, nor will they have to undergo a work capability assessment.

## **Will the Jobcentre Plus office ask me to look for work if I claim UC?**

Normally a person without earnings who is not sick or disabled, or a Carer for a disabled person or a very young child, would be expected to look for work in return for being paid Universal Credit. The government has introduced legislation that means that a work-search requirement or a requirement to take up work immediately cannot be imposed on UC claimants in the all work-related requirements claimant commitment group at this time. This relaxation is in place for 3 months from the 30th of March 2020 but can be extended if it is considered to be necessary. You will still need to sign a claimant commitment that may on the face of it appear to include a work-search requirement. If you are a couple then you both need to claim and you will each have your own individual claimant commitment. This is unless your partner is not entitled to make a claim which is usually because of their immigration status.

The Jobcentre Plus office will tell you what they expect you to do in return for your benefit during this time. The usual fortnightly “signing-on” in person for jobseekers is now being done remotely and any interviews are being conducted by phone. If you are earning slightly more than the Universal Credit standard allowance then instead of claiming UC as a jobseeker you are likely to be claiming as an employed person on a low income. This should also mean you are not asked to look for work in return for your award of UC. If you are ill with the coronavirus, self-isolating or looking after children in your household who are self-isolating or ill, no jobseeking requirements should be imposed.

If you are being required to look for work seek further advice.

## **I am claiming Housing Benefit and/or Tax Credits and my earnings have dropped**

If you are currently receiving either Housing Benefit or Working Tax Credit, you will continue to receive them. Make sure that you let your local authority (for Housing Benefit) or HMRC (for tax credits) know about any changes in your income so that the amount that you are paid is correct. If you are currently receiving Working Tax Credit but your hours have dropped below those required for eligibility then at the moment it is the existing rules that apply. Your normal working hours are not strictly defined and there is some flexibility to look at hours worked over a cycle. In these unprecedented times it will be difficult to assess normal working hours. It is understood that the government will continue WTC entitlement for workers who are still employed i.e. still have an employment contract. This has not yet been confirmed. If work stops altogether there is a four-week run-on, although we understand that the HMRC Tax Credits line has a message stating that reduction in hours does not have to be reported until week 8. The normal advice to keep HMRC informed of all changes that may affect entitlement including to childcare costs and reduction in working hours apply for the moment. Changes must be notified within one month of the change happening.

For the current tax year Working Tax Credit will include an additional £20 per week. There has been a corresponding increase in the earnings disregard for Housing Benefit.

## **How can I meet my rent or mortgage payments?**

UC may help with your housing costs if you are renting your home. In most circumstances you can no longer make a new claim for Housing Benefit. The Government's intention is that no renter who has lost income due to coronavirus will be forced out of their home. The Government intends to introduce emergency legislation to ensure this. Social and private landlords will not be able to start proceedings to evict tenants for at least three months. At the end of this three-month period landlords and tenants will be expected to work together to reach agreement on an affordable repayment plan.

If you have a mortgage, it would be wise to contact your mortgage provider and explain your circumstances. The government is encouraging mortgage companies to offer mortgage holidays (a temporary suspension of mortgage payments) to people whose income is affected by coronavirus.

## **How can I pay my fuel bills?**

Fuel companies are currently looking at ways to help people whose income is affected by the coronavirus outbreak. The best advice at the moment is, if you are struggling to pay your fuel bills, get in touch with your provider and explain your situation. It is better to do this sooner than later. If possible contact them by email or on-line chat. If you have a prepaid key meter, most companies are looking at ways to help by, for example, adding credit remotely or posting pre-loaded cards/keys to your home. Any help given now will have to be repaid at an affordable rate later on.

## Is there any financial help for paying Council Tax?

If you are struggling to pay your Council Tax, you can make a claim for Council Tax Support from your Local Authority. This can usually be done online. Many Local Authority websites have online calculators to help you work out whether you will be entitled to the benefit. Also check whether you are due any discounts on your Council Tax liability, for example if you are the only person living in your property you should have a 25% discount on your bill. Local authorities have the power to give discretionary reductions on the basis of individual financial hardship.

The government has issued guidance on how to support vulnerable people using additional funding they announced on 11 March 2020. The expectation is that billing authorities will use their powers for additional discretionary reductions to provide all working age Council Tax Support (CTS) recipients with a further reduction of £150 in their 2020/21 council tax bill. For any claimant whose liability is currently £150 or less this should mean their liability is reduced to nil. There should be no need for a person receiving CTS to make a separate claim for a reduction under this scheme. Eligibility for this further discount should be provided regardless of whether or not the recipients are directly or indirectly affected by the COVID-19 virus.

Your local council may be working on a specific scheme as a result of the current situation. However, if you do not meet the criteria for an existing council tax reduction scheme but are in hardship as a result of current circumstances, your local council can look at your request for a discount based on your individual circumstances in addition to looking at entitlement under an existing scheme.

## Where to get further advice

<https://www.citizensadvice.org.uk/> For online advice and details of local phone and webchat services

<https://www.understandinguniversalcredit.gov.uk/coronavirus/> Government information pages

<https://www.entitledto.co.uk/> Online benefit calculator

<https://benefits-calculator.turn2us.org.uk/> Online benefit calculator

**This information is correct on 29 April 2020. When there are further announcements we will update this page.**