

Benefits Bulletin Update

Financial Support and Coronavirus (COVID-19)...

27th March 2020

Issue 1.1 [2020]

1. Introduction

This Benefits Bulletin brings news on the latest announcements and developments as a result of the coronavirus (COVID-19) outbreak. The key information is:

- the financial support that is going to be made available to the self-employed through the 'Coronavirus (COVID-19) Self-employment Income Support Scheme'
- the financial support that is going to be made available to workers through the 'Coronavirus Job Retention Scheme'
- that from 6th April 2020 the basic amount of Universal Credit will be increased by £20.00 per week for 12 months
- that people are being advised to apply for Universal Credit online where possible due to demand.



There has also been an announcement of funding to enable local authorities to provide relief on council tax bills. When we have the details of how this is going to operate in Wolverhampton, we will share the details.

COVID-19 Benefits Helpline

A NEW benefits helpline for people living in Wolverhampton who have been affected by the COVID-19 Outbreak. Open Monday to Friday between 10.00 am to 12.00 noon and 2.00 pm to 4.00 pm.

Email: wrs.covid19@wolverhampton.gov.uk

Telephone: 07966292321

A helpline provided by the City of Wolverhampton Council's Welfare Rights Service providing information and advice on Social Security benefit rights and entitlements.



2. Help for Self-employed...

The '**Coronavirus (COVID-19) Self-employment Income Support Scheme**' will be administered by Her Majesty's Revenue and Customs (HMRC). It allows self-employed people to apply for a 'taxable grant' (not loan) worth 80% of their 'trading profits' up to a maximum of £2,500 per month. The scheme will apply for the next 3 months and could be extended beyond this point if need be.

A person can apply if they are a self-employed individual (or a member of a partnership) and they:

- have submitted an Income Tax Self-Assessment tax return for the tax year 2018-19
- traded in the tax year 2019-20
- are trading when they apply, or would be but for COVID-19
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19.

To be eligible, a person's self-employed trading profits must also be less than £50,000 a year and more than half of their income should result from self-employment.



If a person has not submitted an Income Tax Self-Assessment tax return for the tax year 2018-19, then they must do so by 23rd April 2020, otherwise they may not qualify.

The actual amount of taxable grant awarded will be 80% of the average profits from the tax years:

- 2016 to 2017
- 2017 to 2018
- 2018 to 2019.

To work out the average, HMRC will add together the total trading profit from the last 3 tax years (where applicable) then divide the total amount by 3 (or less where applicable) and use this to calculate a monthly amount.

If a person only started trading since 2016 then HMRC will only use those years for which the person filed a Self-Assessment tax return.

HMRC will contact those eligible under the scheme and invite them to apply online. People do not need to contact HMRC at this time.

It is understood that any eligible taxable grant will be paid directly into the person's bank account in one lump sum in June 2020. This will even be the case where someone has a payment due for the whole three-month period - March, April and May.

Universal Credit: Anyone who is self-employed who has no (or little) income may like to consider applying for Universal Credit - a benefit designed to provide people with a minimum amount of money for day-to-day living and rent payments. However, those who are self-employed and getting Housing Benefit (to help them with their rent) may like to seek expert advice beforehand. This is because when they claim Universal Credit, their entitlement to Housing Benefit will end. Whilst they should then get help with their rent under Universal Credit, the problem comes when the Minimum Income Floor (MIF) is resumed. When this happens, a person could be treated as having a notional income which is much greater than their actual income, resulting in any Universal Credit entitlement stopping. The MIF has temporarily been suspended but when it resumes, it treats many people as having a notional income equal to £1,250 (i.e. 35 hours x NMW per week) per month.



Telephone: 07966292321

It is understood that any payment will count as taxable income and count as income for Universal Credit and Working Tax Credit/Child Tax Credit entitlements.

It is understood, at least as things stand, that if someone has recently started in self-employment then they will not qualify. This is because, by our understanding, to be eligible a person must have completed a Self-Assessment tax return for at least trading year 2018-2019.

3. Support for Workers...

As part of a package of measures to help support workers and 'protect jobs and incomes' it was announced that a new '**Coronavirus Job Retention Scheme**' would be established to help pay people's wages.

Under the scheme, employers would be able to contact Her Majesty's Revenue and Customs (HMRC) for a grant to cover most of the wages of their employees who remain on payroll but have no work (so called '*furloughed workers*' - see page 3) due to the COVID-19 outbreak.

The scheme will be available to all companies and businesses, no matter how small or large, or whether they are a charitable or not-for-profit organisation.



The scheme will be available in respect of employees (not self-employed people) who were on a company's payroll on 28.2.2020.

Under the scheme, HMRC will:

- pay up to 80% of the worker's wages (up to a total of £2,500 per month) by way of a grant (not loan); and
- make payments backdated to 1st March 2020

with the scheme beginning from 1st March 2020 and lasting for 3 months, although this could be extended.

"HMRC are working night and day to get the unprecedented Coronavirus Job Retention Scheme up and running and we expect the first grants to be paid within weeks."

Rishi Sunak: Chancellor of the Exchequer 20.3.2020

It is our understanding that employers will be able to apply for the grant for their workers by way of an online portal. Any grant will be paid direct to them and they will, in turn, be expected to pay the salary of the employee through the normal payroll channel.

Furloughed Workers: The term '*furloughed worker*' is not necessarily a recognised term in our employment law, although it is understood that it is a term commonly used in the USA. Government guidance says someone is a furloughed worker if they remain employed but are not undertaking work (in the UK the legal term would be '*laid off*'). Importantly, this suggests that the scheme does not cover employees who have agreed to work reduced hours.

Furloughed Workers

Go to the above link for more information about furloughed workers and how being a furloughed worker could affect a person's employment rights and entitlements.

An employer would not be obliged to pay 100% of an employee's salary but they could do. They could make up the other 20%.

4. Amount of Universal Credit and Working Tax Credit to Increase

The DWP has announced that, as part of the response to COVID-19, from **6th April 2020** the Standard Allowance of Universal Credit will be increased as follows:

- **Single People/Lone Parents Aged Under 25:** From £251.77 per month to £342.72 per month for single people
- **Single People/Lone Parents Aged 25 or Over:** From £317.82 per month to £409.89 per month for single people
- **Couples Both Aged Under 25:** From £395.20 per month to £488.59 per month
- **Couples One or Both Aged 25 or Over:** From £498.89 per month to £594.04 per month.

The increase represents a rise of just over £20.00 per week. It will be awarded to both existing and new claimants and the increased amounts will remain in place until at least this time next year.

A similar increase is going to be applied to Working Tax Credit by increasing the 'Basic Element' from £1,960 per year to £3,040 per year.

People do not need to claim the extra amount. The extra awards will be made automatically.

5. Universal Credit Online...

Over 500,000 new claims for Universal Credit have been made in the last few days and, in consequence, the system is facing capacity challenges.

Therefore, despite the fact that the DWP has redeployed 10,000 existing staff to help process new claims and a further 1500 are being recruited to lend further assistance, people are being asked where possible to make their claim online.

... keep phone lines free for those who really need them...

Thérèse Coffey:
Secretary of State for the Department for Work and Pensions
23.3.2020

As part of a person's application for Universal Credit they are expected to verify their identity (and the identity of their partner) and home address (if they have one). In normal circumstances this has been done by way of a face-to-face meeting with a member of Job Centre staff.



In place of the face-to-face interview, the Job Centre will now ring people and conduct a verification interview with them over the phone.

As part of the regular online claim process an individual claim 'journal' will be created.

People may use this to message the Job Centre (and vice versa) about particular aspects of their claim.

People applying for Universal Credit can use the journal to alert the Job Centre of any need for urgency in relation to their claim and ask for contact from the Job Centre.

The DWP has confirmed that in line with ongoing health advice, it will not be carrying out any home visits or face-to-face contacts with people for the purpose of making or verifying any Universal Credit claims.

Welfare Rights Service
Specialist Support Team
City of Wolverhampton Council
WRS@wolverhampton.gov.uk