

Update: 17/04/2020

COVID – 19 Government Assistance Measures: Work, Housing, Welfare and Childcare

Introduction

The following document sets out key Government assistance measures that have been put in place in response to the Coronavirus pandemic to support workers and citizens in relation to employment, housing, welfare and childcare. The document also briefly considers areas where there are gaps in these provisions and where improvements are needed. The document is being updated on a regular basis for the benefit of CWU members and representatives. **New information added since the previous update is highlighted in red.**

Coronavirus Job Retention Scheme

The Coronavirus Job Retention Scheme¹ is a temporary scheme open to all UK employers for at least three months, starting from 1st March 2020. The scheme allows employers to claim 80% of furloughed employees usual monthly wage costs, up to a limit of £2,500 a month (plus associated Employer National Insurance contributions and pension contributions).

The scheme does not cover the self-employed or employees who started at their job after 19th March 2020². There must have been a PAYE payroll scheme in place on the 19th March for the employer to be able to claim for a specific employee. It does, however, cover:

- Full-time staff
- Part-time staff
- Employees on agency contracts
- Employees on flexible or zero-hour contracts

If an employee has been made redundant since 28th February 2020, they will be covered by the scheme if they are re-hired by the employer. If the employee is continuing to work on reduced hours or reduced pay, they are not eligible to be covered by the scheme. Likewise, employees on unpaid leave are not covered by the scheme, unless they were placed on leave after the 28th February 2020. Employees who are on sick leave or self-isolating should get Statutory Sick Pay but can be placed on furlough after this.

The normal rules apply for employees who may embark on Maternity Leave in the coming months. If the employer offers enhanced contractual pay to women on Maternity Leave, this is money that can be reclaimed through the government scheme. These principles also apply to paternity pay, contractual adoption pay and shared parental pay.

¹ <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

² This date was changed on the 15th April 2020. The original cut-off date for eligibility was February 28th 2020. See this update from the Government - <https://www.gov.uk/government/news/furlough-scheme-cut-off-date-extended-to-19-march>

To be eligible for the scheme, employers must write to their employee confirming that they have been placed on furlough and keep a record of this communication.

Employees with Varied Earnings

If an employee has been employed for a full twelve months prior to the claim being made, you can pay whichever is higher out of: the same month's earning from the previous year or average monthly earnings from the 2019-20 tax year. If an employee has been employed for less than a year, you can claim for an average of monthly earnings since they started work. If the employee started in February 2020, use a pro-rata for their earnings so far to claim.

Updates as of April 4th 2020

- Employees who have been placed on furlough are permitted to take up employment elsewhere as long as there is no prior stipulation against this in an employee's contract.
- Employees who cannot work due to caring responsibilities or are self-isolating can also be furloughed. This remains true if the employee is self-isolating because somebody in their family has fallen ill.
- Employees can be furloughed multiple times (for the minimum period of 3 weeks). This will allow employers to run job rotation schemes.

Updates as of April 10th 2020

- Employees who are currently on sick leave can be furloughed for business reasons. In such a scenario, the employee would no longer receive sick pay and would instead be classified as a furloughed employee. This also applies to those on long-term sick leave.
- Employees who become sick whilst furloughed must receive at least Statutory Sick Pay (SSP). If a furloughed employee who becomes sick is moved onto SSP, the employer can no longer claim for the furloughed salary. Employers are required to pay SSP themselves but may qualify for a rebate if the sickness is COVID-19 related.
- TUPE: The transferee employer is eligible to claim under the scheme in respect of employees of a previous business transferred after February 28 (normal TUPE or PAY succession rules apply)³.
- Employees who return from statutory leave (maternity, paternity leave etc...) are entitled to their full pay whilst on furlough and not the pay they received on that period of leave.

Claims to the Coronavirus Job Retention Scheme can be backdated to 1st March 2020.

The CWU strongly recommends and highlights the following:

- *Companies should continue to pay 20% of their employees' wages on top of the 80% provided by the government in order to guarantee full pay for the employee. The CWU notes that with the Job Retention Scheme in place, there is no need for redundancies.*
- *The scheme outlines that all employment rights continue while employees are furloughed.*
- *Care should be taken to ensure that employees' contracts are not permanently changed throughout this process i.e. employers trying to instate a right to lay-off where none previously existed.*

Self-Employment Income Scheme

The government has announced support for the self-employed⁴ in a similar manner to that of the Coronavirus Job Retention Scheme. The self-employed can apply for a taxable grant of 80% of their trading profits up to a maximum of £2,500 for the next 3 months. The amount due will be calculated by taking 80% of average profits from the last three tax years. You are eligible for the scheme if you:

- Have submitted your Income Tax Self-Assessment tax return for the tax year 2018-19 (the deadline to do this is the 23rd April 2020)
- Traded in the tax year 2019-20
- Are trading when you apply, or would be except 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 for the scheme, your trading profits must also be less than £50,000 and more than half of your income must come from self-employment. This scheme, however, will not go live until June 2020.

Statutory Sick Pay and Universal Credit

Those who are required to self-isolate or diagnosed with COVID-19 are eligible for statutory sick pay (SSP) which is now payable from the 1st day of sickness, as opposed to the 4th day. The legislation for this is still pending and is expected to be backdated to 13th March 2020. If you do not meet the earnings threshold for SSP which stands at £118 per week or are self-employed, you are expected to apply for Universal Credit or Contributory Employment and Support Allowance (ESA). **It is now possible to get a sick note online⁵ or by using the NHS app.**

Statutory sick pay is currently £94.25 a week and will be slightly increased to £95.85 from April 2020. Rates for ESA varying depending on your age and work-status, there is more information available on this⁶ and Universal Credit⁷ on the government website. The Citizens Advice Bureau⁸ website is another helpful resource for checking eligibility and navigating the benefits system.

Housing

The government has reached an agreement with the major banks that they will offer forbearance (assistance and help) for customers who are struggling to keep up with mortgage repayments due to COVID-19. It is worth noting, however, that this is a voluntary agreement and the banks are not mandated to offer assistance. **The so-called mortgage holidays can last up to three months, throughout which mortgage payments do not have to be made but interest still accrues on the total amount outstanding.** Every lender is dealing with this differently, so it is

⁴ <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

⁵ <https://111.nhs.uk/isolation-note/>

⁶ <https://www.gov.uk/employment-support-allowance/what-youll-get>

⁷ <https://www.gov.uk/universal-credit/what-youll-get>

⁸ <https://www.citizensadvice.org.uk/benefits/coronavirus-check-what-benefits-you-can-get/>

recommended that you contact your provider to speak about potential mortgage holidays. Money Saving Expert has compiled a list of major lenders current approaches.⁹

For renters¹⁰, the government has announced that landlords must now give 3 months' notice if they intend to seek possession of the property (i.e. evict the tenant). This extended buffer period will last from March 26th to September 30th and will be extended if necessary. **Renters, however, are expected to pay rent as usual.** If they are struggling to do so, they are encouraged to reach an agreement with their landlord while the government has also announced a £500 million hardship fund for those experiencing financial difficulty.

Some local councils are offering council tax holidays¹¹ for those who are struggling to keep up with repayments. It is worth contacting your local authority to see if this is a possibility.

Loans and credit cards

With regards to loan and credit card debts, **lenders are now duty bound by the Financial Conduct Authority (FCA) to offer three-month payment holidays to customers whose finances are affected by the COVID-19.** Customers have until the 14th July to request a payment holiday although your outstanding debts will still accrue interest throughout any agreed holiday.¹² On a similar note, overdrafts are now interest-free for customers' first £500 for three months. Most banks are offering this interest-free overdraft service to all customers automatically, although some banks will wait for customers to request help. Money Saving Expert has compiled a good guide to the current help being offered by most banks.¹³

Utilities

Likewise, many utility companies may be offering payment holidays. All water companies are halting debt collection visits throughout the crisis. Regulator Ofgem has written to suppliers and asked them to take proactive action to support pre-payment meter customers who may be vulnerable throughout the crisis. Disconnections of standard credit meters have also been completely suspended. **All energy suppliers have agreed to support anyone in financial distress, which can include debt repayments and bill payments being reassessed, reduced or paused.** Again, it is worth contacting your electricity, gas or water supplier to see exactly what help they are to offer you. Money Saving Expert has compiled a helpful list of actions undertaken by the major energy suppliers.¹⁴

Finally, the UK's major internet service and mobile providers have agreed with the government to, amongst other things, work with customers who find it difficult to keep up with bill payments and to remove all data allowance caps on fixed broadband services.¹⁵

⁹ <https://www.moneysavingexpert.com/news/2020/03/uk-coronavirus-help-and-your-rights/#mortgagesection>

¹⁰ <https://www.gov.uk/guidance/government-support-available-for-landlords-and-renters-reflecting-the-current-coronavirus-covid-19-outbreak>

¹¹ <https://www.moneysavingexpert.com/news/2020/03/uk-coronavirus-help-and-your-rights/#counciltax>

¹² <https://www.moneysavingexpert.com/news/2020/03/uk-coronavirus-help-and-your-rights/#loanhelp>

¹³ <https://www.moneysavingexpert.com/news/2020/03/uk-coronavirus-help-and-your-rights/#overdrafts>

¹⁴ <https://www.moneysavingexpert.com/news/2020/03/uk-coronavirus-help-and-your-rights/#energy>

¹⁵ <https://www.gov.uk/government/news/government-agrees-measures-with-telecoms-companies-to-support-vulnerable-consumers-through-covid-19>

Childcare

Schools, colleges, nurseries, childminders and other registered childcare settings are to remain open for children of critical workers and vulnerable children where they can.¹⁶ The government has published a list of critical workers¹⁷ whose children can still attend school or similar facilities. **Critical workers whose child's normal school has closed are to contact their local authority so that alternative provision can be arranged.**¹⁸

Children on free school meals are still entitled to this provision. Schools can provide food on site, arrange deliveries or order a voucher to be given to the family. The Professional Association for Childcare and Early Years has an expansive list of FAQs that cover childcare, nannies and several other issues.¹⁹

Gaps in Government Provision

The Coronavirus Job Retention Scheme and Self-Employment Income Scheme offer decent levels of support for those in work, although there is nothing in the measures announced that steadfastly prohibits employers from laying off workers. There is also very little oversight of health and safety in sectors that are currently deemed critical. The TUC has called for a new enforcement body to regulate and sanction employers failing to adhere to health and safety laws.²⁰

For those out of work and the recently self-employed, who will both have to rely on the benefits system, there is very little in the existing announcements. Child Poverty Action Group have called for increases in child benefit to match the £20 per week increase made to other parts of the benefits system.²¹ The Joseph Rowntree have also called for the temporary suspension of repayments of advances for those receiving Universal Credit payments upfront.²²

The provisions made for renters have been criticised by a number of organisations including the London Renters Union and Generation Rent who are forewarning of an eviction crisis due to tenants, who are unable to pay currently, racking up unsustainable debts to their landlords. These organisations are calling for a suspension of rent payments for those who are struggling.²³

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¹⁶ <https://www.gov.uk/government/publications/closure-of-educational-settings-information-for-parents-and-carers/closure-of-educational-settings-information-for-parents-and-carers>

¹⁷ <https://www.gov.uk/government/publications/coronavirus-covid-19-maintaining-educational-provision/guidance-for-schools-colleges-and-local-authorities-on-maintaining-educational-provision>

¹⁸ <https://www.gov.uk/find-local-council>

¹⁹ <https://www.pacey.org.uk/working-in-childcare/spotlight-on/coronavirus/faqs-coronavirus/>

²⁰ <https://www.tuc.org.uk/blogs/coronavirus-bosses-who-fail-protect-their-workers-must-pay-penalty>

²¹ <https://cpag.org.uk/news-blogs/news-listings/poor-children-need-coronavirus-bonus>

²² <https://www.irf.org.uk/blog/coronavirus-strong-social-security-system-essential-public-service-now>

²³ <https://londonrentersunion.org/wp-content/uploads/2020/03/LRU-Coronavirus-renters-rights-resources-v1.pdf>