



MIND THE GAPS

REPORTING ON FAMILIES' INCOMES DURING THE PANDEMIC

1 May 2020

This is the third in a series of weekly briefings, *Mind the Gaps*, which highlight some of the gaps in support that exist for children and families affected by the Covid-19 pandemic. Evidence of these gaps is drawn from our Early Warning System (EWS) which collects case studies from frontline practitioners working directly with families on the problems they are seeing with the social security system.

The issues outlined in this briefing are a selection of some of the 'top issues' emerging through the EWS. It is important to note that these briefings are not designed to capture everything we are seeing; instead the *Mind the Gaps* briefing series will feature different issues each week and return to issues that need urgent attention where necessary.

Problems with the job retention scheme and the self-employed income support scheme

In the face of unprecedented financial disaster for millions of people, the government announced two generous income support schemes for workers: the job retention scheme and the self-employed income support scheme. While the government should be commended for establishing these schemes so quickly, evidence from our EWS shows that these schemes are not working as well as intended. As the Resolution Foundation publishes analysis this week that shows that lower-paid workers are bearing the brunt of this crisis - both the health cost, and the economic cost - it is vital that further action is taken to protect the livelihoods of our lowest-paid workers.¹ These workers are more likely to be young, more likely to be women (and therefore more likely to be supporting children), and as our EWS case studies show, often have very little job security or income security, and many of them are likely to be living in poverty.

Some workers are being refused furlough

Evidence from the EWS suggests that not all employers are making use of the job retention scheme (JRS) with some refusing to furlough workers who may fit the criteria.

¹ Lower paid workers are twice as likely to be key workers, risking their health by continuing to work outside of the home during the crisis, and 2.4 times more likely to be working in shutdown sectors, where the economic impact of the crisis is being felt more harshly.
<https://www.resolutionfoundation.org/app/uploads/2019/10/Risky-business.pdf>

A single parent of four children who worked in schools under an agency contract is no longer receiving work. She has no symptoms and is not shielding. It is not clear whether her employer is willing to furlough an employee on a zero-hours contract. She is worried about existing benefits stopping and the disruption of making a universal credit (UC) claim now (with the five-week wait for first payment, uncertainty as to the amount she'd get and conditionality).

A client with two children is working for a meal delivery service and has had a sharp drop in hours due to Coronavirus. His employer has refused to furlough him.

An employer for a factory where work is carried out in close quarters refused to use the furlough scheme until they were 100 per cent certain that the 80 per cent cost would be recouped from the government scheme.

There appears to be confusion regarding the self-employed income support scheme and how it interacts with the benefit system

The self-employed income support scheme (SEISS) was established by the government in recognition of the millions of workers who are self-employed and therefore unable to access the job retention scheme via an employer. Self-employed people must wait to be invited to apply by HMRC and successful applicants will not receive payment until June. As a result, advisers are dealing with queries regarding people's benefit entitlement during this interim period.² Self-employed people who are waiting for a grant under the SEISS can make a claim for UC, however the grant will affect their UC payment when it is received as it will be treated as earned income. The SEISS grant will not be affected by claiming UC. However, widespread confusion continues to exist regarding the intersection between the SEISS and the social security system.

A self-employed client and his partner and child are relying solely on child benefit. He has been advised to claim UC and council tax reduction but he has heard that if he claims benefits he will not be entitled to the SEISS.

A black cab driver is unsure whether he can claim UC before the SEISS becomes available in June. He needs the money for petrol so he can continue working in the meantime. He is not sure how the grant will affect the UC claim.

There is also confusion regarding eligibility:

A single mum has been self-employed for four years and has been claiming working and child tax credits, and housing benefit. She doesn't know if she qualifies for the SEISS or whether she should claim UC.

Self-employed people in seasonal tourism businesses receive all their income in spring/summer and sometimes struggle to prove on paper what their income is for the year, so may not be able to access the SEISS.

Some workers who are not eligible for income replacement schemes are also not eligible for UC

For those that are not eligible for either the JRS or the SEISS, claiming UC is the only option. However, some workers are not eligible for this either:

A client will not be eligible for the SEISS as she only set herself up as self-employed in October last year. She doesn't think she will be entitled to UC either as she owns a house with around £100K equity in it, although it is rented out until September. She currently lives in a caravan on her father's land.

² See [AskCPAG](#) for up to date information about financial support for self-employed people and others affected by Covid-19.

A self-employed performer is ineligible for the SEISS and has over £16,000 in a lifetime ISA which will charge a 6.75 per cent penalty if she withdraws from it. The capital won't be disregarded so she can't make a claim for UC.

A lone parent with no recourse to public funds had been working at the university where she was studying, but currently has no income. She is not eligible to claim UC. There are some options open to her but none of them are guaranteed, e.g. she can ask: if she can be furloughed, or if she has made sufficient NI contributions to claim contributory JSA or for discretionary funds from the university.

A student who usually supports himself by working over the holidays cannot work due to Covid 19 and is not eligible to claim UC. He can request help from his college or university's discretionary funds, or request a Scottish Welfare Fund crisis grant, but if he is living with his parents, the Scottish Welfare Fund will take their income into account and expect them to support him.

About CPAG

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need. We also carry out high profile legal work to establish and protect families' rights.

About the Early Warning System

Our Early Warning System helps us get a better understanding of how changes to the social security system are affecting the lives of children and families. We gather information from advisers about the experience of children and families. This intelligence informs much of our policy, research and campaigning work, and also feeds into the advice we give frontline advisers.

The [Early Warning System in Scotland](#) is supported by the Children, Young People and Families Early Intervention Fund, managed on behalf of the Scottish Government by CORRA foundation. The [Early Warning System in England, Wales and Northern Ireland](#) is made possible by the support of Oak Foundation, Barrow Cadbury Trust and The Mitchell Charitable Trust. The *Mind the Gaps* briefing series is also being supported by the Nuffield Foundation, increasing the capacity of the Early Warning System to effectively monitor the impact of Covid-19 on children and families, and identify issues with the social security response as they emerge.