

TREATMENT OF CORONAVIRUS SCHEME PAYMENTS FOR JOBSEEKER'S ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE

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INTRODUCTION

1. This memo gives guidance on the impact of certain payments on entitlement to new style Jobseeker's Allowance and new style Employment and Support Allowance.

THE SCHEMES

2. The Government has announced that Her Majesty's Treasury will be providing income-replacement payments under two schemes. The Coronavirus Job Retention Scheme provides payments of up to 80% of usual monthly wages for employed earners who are on "furlough" up to a cap of £2,500. The Self-Employment Income Support Scheme provides payments for self-employed earners whose income has been adversely affected by Coronavirus.
3. From 30.6.20 there will be some changes in the schemes. No new entrants will be able to use the Coronavirus Job Retention Scheme and employers will only be able to furlough employees who have been furloughed for a full three-week period prior to 30.6.20.
4. From August, employers will be required to pay employers' National Insurance contributions and any pension contributions.

5. From September, the Coronavirus Job Retention Scheme will provide up to 70% of usual monthly wages up to a cap of £2,187.50. Employers will be required to pay 10% of usual monthly wages up to a cap of £2,500, employers' National Insurance contributions and any pension contributions.
6. From October, the Coronavirus Job Retention Scheme will provide up to 60% of usual monthly wages up to a cap of £1,875. Employers will be required to pay 20% of usual monthly wages up to a cap of £2,500, employers' National Insurance contributions and any pension contributions.
7. The Coronavirus Job Retention Scheme will end at the end of October.
8. Payments under the Self-Employment Income Support Scheme are based on average trading profits over the three tax years 2016-17, 2017-18 and 2018-19. An initial payment worth up to 80% of average monthly trading profits may be claimed for a notional period of March - May 2020. The payments are capped at £7,500 in total and are taken into account in the calculation of Income Tax and self-employed National Insurance.
9. Payments under the Self-Employment Income Support Scheme have been extended to a second payment worth up to 70% of average monthly trading profits and covering a 3-month period of June - August 2020. The payments are capped at £6,570.

THE IMPACT ON NEW STYLE JOBSEEKER'S ALLOWANCE

10. For the purposes of new style Jobseeker's Allowance, recipients of payments from the Coronavirus Job Retention Scheme are considered to be engaged in remunerative work¹ and are not entitled to new style Jobseeker's Allowance with the exception of those recipients whose weekly pre-furlough contracted hours were fewer than 16. In these cases, any part-time earnings should be assessed in the normal way, following the guidance in ADM Chapter S2.

1 JS (NI) Order 95, art 3(2)(e); JSA Regs (NI) 16, reg 41

11. For the purposes of new style Jobseeker's Allowance, recipients of the Self-Employment Income Support Scheme are considered to be engaged in remunerative work¹ both for the notional period for which the Self-Employment Income Support Scheme payment is made and for any later period, until subsequent evidence shows otherwise (e.g. a further Self-Employment Income Support Scheme payment is not claimed for or paid for the ongoing period). As such, they are not entitled to new style Jobseeker's Allowance. There is an exception where the self-employed earner indicates that, before the Coronavirus pandemic, they usually worked for fewer than 16 hours a week on average. In such cases, the Self-Employment Income Support Scheme payment will be treated as part-time earnings and will be taken into account for the period covered by the payment (along with any other earnings for the same period) to provide average weekly earnings.

1 JS (NI) Order 95, art 3(2)(e); JSA Regs (NI) 16, reg 41

THE IMPACT ON NEW STYLE EMPLOYMENT AND SUPPORT ALLOWANCE

12. Payments from the Coronavirus Job Retention Scheme do not affect entitlement to new style Employment and Support Allowance for claimants who are not working¹. Where work is being undertaken the exempt work regulations would apply to both hours worked and earning received, which would include the Coronavirus Job Retention Scheme.

1 WR Act (NI) 07, sec 3

13. Payments from the Self-Employment Income Support Scheme do not affect entitlement to new style Employment and Support Allowance¹, but decision makers should continue to follow the guidance provided in ADM Chapter V3 for self-employed claimants engaged in permitted work.

1 WR Act (NI) 07, sec 3

ANNOTATIONS

Please annotate the number of this memo (ADM Memo 8/20) against the following ADM paragraphs:

R2390 and V1126

CONTACTS

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