Coronavirus: Helping people at a time of financial crisis

RESOURCE

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Financial shock

This section covers...

- What you may be entitled to if your income has suddenly been cut
- The benefits system explained
- How to apply for Universal Credit

My income has suddenly been cut – what are my options?

If you are employed...

(i.e. you pay tax through PAYE)

- You can be **'furloughed'**. The government will pay 80% of your salary, up to a maximum of £2,500 a month (your employer can top this up to 100% if they want to). Basically, you are going on 'standby': your job goes into hibernation while you still get paid. You cannot work during this time.
- It is at your company's discretion as to whether they furlough you
- If you have already lost your job due to Coronavirus, you can ask your employer to rehire you and 'furlough' you.
- If you cannot work because you have children at home and need to look after them, you can ask your employer to furlough you.
- Quick video guide by Martin Lewis: https://www.youtube.com/watch?v=tk_s2cIHGbw
- Further details here: https://www.moneysavingexpert.com/news/2020/03/coronavirus-self-employed-and-employment-help/
- You can apply for Universal Credit ***(see below)*** if you have less than £16,000 in savings and your salary is too low to live on.

If you are self-employed...

(i.e. you pay tax through self-assessment)

- The government have just announced the **self-employment income support scheme**. You can apply for a grant to cover 80% of your mean average earnings from up to three tax years (from 2016-2019 or whatever portion of that you traded). This is a grant, not a loan, but is taxable.
- You can carry on working while receiving the grant payments.
- Grants will start to be paid at end of June, backdated to March/April/May.

- If you earned over £50,000 on average over the last three years, you are ***not*** eligible for this scheme (but you might be for Universal Credit).

- You can apply for Universal Credit ***(see below)*** if you cannot earn enough money to live on and you have less than have less than £16,000 in savings.

- If you operate as a limited company and yourself by Dividend, you are ***not*** eligible for the self-employment income support scheme (but you might be eligible for Universal Credit, or to 'furlough' yourself for any PAYE income you have)

If you are a mix of both…

- If you earned the majority of your income from self-employment, you are eligible for the self-employment income support scheme.
- Check with your employer who you pay with PAYE if they are willing to 'furlough' you.
- If not, you can apply for Universal Credit ***(see below)*** if you have less than £16,000 in savings

If you are unemployed…

- You can apply for Universal Credit ***(see below)*** if you have less than £16,000 in savings.
- If you've recently been made redundant, check if your employer could re-employ you and 'furlough' you.

If you can't work because you are self-isolating with COVID-19 symptoms:

- You are eligible for sick leave and sick pay
- if you need to, you can apply for statutory sick pay from day 1, rather than day 4 in "normal times".

What benefits am I entitled to?

Most people who are either out of work, or working but a low income, are entitled to apply for **Universal Credit**.

There are other more specific benefits too if you have caring responsibility, disability, or other situations.

You can enter your details into a benefit calculator online to find out what you might be able to apply for.

Two handy 'benefit calculators'

https://benefits-calculator.turn2us.org.uk/

https://betteroffcalculator.co.uk/free

Am I eligible for UC?

To find out specifically whether you're eligible to apply for Universal Credit:

https://www.citizensadvice.org.uk/benefits/universal-credit/before-you-apply/Check-if-you-can-get-Universal-Credit/

Universal Credit

What is it?

Universal Credit (UC) is the new 'all-in-one' benefit for those who are out of work and/or on low income. It combines six previous benefits, including tax credits, housing benefit, jobseekers' allowance and employment support allowance.

It is the benefit that many people who are suffering income shock will be applying for over the next few weeks. It is means tested, i.e. they will give you what you are entitled to based on your household income and savings.

How do I apply for UC?

You must apply online. It's quite a lengthy application that includes having to verify your identity.

You then receive your first payment five weeks after you submit your application (assuming no problems).

You can apply for an 'advance' (a loan) of up to 100% of your first payment. This loan is interest free and you can receive it almost immediately. However, you will need to pay this back out of your subsequent monthly payments – over six, none, or 12 months.

- Universal Credit in Action: a good YouTube channel which walks you through the application process: https://www.youtube.com/channel/UC7Km4IXfVJB1n8SQUmkJD0Q

- A flowchart explaining the stages and timings of applying for UC (please note: some of these steps may be changed due to Coronavirus, because all interviews are now happening over the phone): https://www.capitalmass.org.uk/perch/resources/files/5-stages.pdf

What are the recent changes to UC?

There have been several changes announced to Universal Credit due to Coronavirus, which make it more generous and accessible to more people.

This means that even though you may NOT have been eligible before, you now may be.

The main changes are:

- **Extra £1000** added to the allowance a year = £20 more a week on average
- The "**Mininum Income Floor**" has removed which means many more self-employed people are eligible
- The amount in the **"housing element" of UC** has been increased significantly- meaning you may get a more generous award, particularly in areas of high housing costs

Two useful guides about the changes:

https://www.understandinguniversalcredit.gov.uk/coronavirus/

https://www.justfinancefoundation.org.uk/coronavirus-what-does-this-mean-for-universal-credit

Where can I get more advice?

- Citizens Advice have loads of great advice: https://www.citizensadvice.org.uk/benefits/universal-credit/

Help to Claim

Citizens Advice are the government partner for offering help and support around Universal Credit- as service that is called "**Help to Claim"**

It's important to note that there have also been an enormous flood of new applications; the system is struggling to cope; wait times are very long and if you cannot verify your ID online (with a passport or driving licence) there will be even more delay.

Citizens Advice "Help to Claim" service can support anyone with questions, worries or just need talking through how to claim online.

Free help is available over the phone or through the online chat:

https://www.citizensadvice.org.uk/about-us/contact-us/contact-us/help-to-claim/

They have a phone and online service: FREE phone advice: **0800 144 8 444** Textphone: **18001 0800 144 8 444**

Advisers are available 8am to 6pm, Monday to Friday. If you need a British Sign Language interpreter, call the textphone number. An adviser can arrange for an interpreter to translate for you over a video call.

Downloadable leaflet: **'UC: am I ready?'**
https://www.capitalmass.org.uk/perch/resources/files/uc-leaflet-v4.pdf

Being an advocate - how to help other people to claim UC

https://www.understandinguniversalcredit.gov.uk/helping-someone-claim/how-to-use-this-section/

Information specifically about Coronavirus, benefits and finances

- **Money Advice Service** www.moneyadviceservice.org.uk/en/categories/coronavirus
- **Turn To Us** www.turn2us.org.uk/get-support/Benefits-and-Coronavirus-new
- **Money Saving Expert** www.moneysavingexpert.com/latesttip/#hiya
- **Just Finance Foundation** www.justfinancefoundation.org.uk/coronavirus-help-hub
- **Crosslight** www.crosslightadvice.org/cv19

Financial future

This section covers...

- Planning and budgeting
- How to start if you've never budgeted
- How to build in uncertainty to your budget

How to start budgeting

If you're worried about cash flow have a look at what you're spending and what income you have coming in. It is worth doing an "**emergency budget**" –whether that's a full on spreadsheet or jotted on the back of an envelope. Anything is better than nothing!
You may need to cut back on as much as possible to get you through the next few weeks. It's not going to be fun, but you'll be pleased you did once it's all over.

Budgeting at this stage **DOESN'T** mean trying to shave money off bills or shopping around, as that's not possible at this time of crisis.

It **DOES** means having a handle on what you have coming in (income) and what your absolute non-negotiables are that you have going out (expenditure, particularly what is called your "priority bills"- eg rent, utility).

The **Money Advice Service** have some good advice on their website as well as an online budgeting tool.

Their advice on what to do if you receive a financial shock:

- Step 1 Do an emergency budget
- Step 2 Check your insurance policies
- Step 3 Use your savings
- Step 4 Talk to your creditors if you think you're going to miss payments

You can also use this time to think about longer-term savings using their Budget Planner or look at ways to cut the cost of your household bills such as switching providers for your gas, electricity or mobile phone contracts.

Budgeting tools

Money and Pension Service (previously Money Advice Service) have a comprehensive online budget planner: https://www.moneyadviceservice.org.uk/en/tools/budget-planner

Downloadable excel spreadsheet/printable PDFs for budgets if you don't like online:
https://www.moneysavingexpert.com/banking/Budget-planning/

There are lots of other possible budgeting apps and tools listed here:

https://www.justfinancefoundation.org.uk/coronavirus-how-do-i-budget-for-this-period

Financial help

This section covers...

- If you're struggling with bills
- Where to go if you are in problem debt
- The debt process
- If you need to borrow

The general rule is: **if you think you can't cover your costs each month, ask for help AS SOON as you can.**

Don't leave it until you're in problem debt. There's no shame in it, particularly at the moment, when most people are in the same boat!

Struggling with Bills

What do to if you can't pay your any of your incoming costs or bills (including rent!):

https://www.citizensadvice.org.uk/debt-and-money/if-you-cant-pay-your-bills-because-of-coronavirus/

RENT: If you're struggling with your rent- Talk to your landlord. Your landlord may be able to apply for a mortgage holiday (which will not affect their credit rating). **All evictions have been suspended for 3 months.**

MORTGAGES- most are offering mortgage holiday- but you need to APPLY – don't just cancel your direct debit!

BANKS: most banks are loosening up their overdraft rules so mostly 0% or at least are lower. Check with your local bank. Some you need to apply for. Many offering overdrafts free of charge for 3 months but you may need to apply.

BILLS: There are many bills, e.g. TV sports subscriptions, gym membership, etc. that you may be able to PAUSE. Call and ask if they don't advertise their policy. Go through and work out what you don't need and can cancel or suspend.

CREDIT CARDS- most cards offering payment holidays etc. Contact your card provider. You may be charged interest during that time.

SEASON TICKETS- can get refunds on all train tickets

If your **MOT** is due – if it falls after 30th March, you will get a 6 months extension period

WATER BILLS – Most water companies have special tariffs if you are on low income and/or struggle to pay your bills. Contact them if you are struggling and ask if you can be considered for one. Water bills are NOT a "priority debt; water companies cannot disconnect your supply if you do not pay your bill on time.

Where to get help with Debt

IF you are in debt and worried about paying it back- **SEEK HELP.**

NEVER pay for debt advice. You can always get free, impartial help.

The sooner you seek help the less time it will take to sort it out.

Martin Lewis advice on debt: https://www.moneysavingexpert.com/loans/debt-help-plan/

Locally:

Money Advice Service have a look up tool to find local services (bear in mind there won't be any face to face going on and so some services may be disrupted currently due to demand)
https://www.moneyadviceservice.org.uk/en/tools/debt-advice-locator

Citizens Advice- check locally for what services are available:
https://www.citizensadvice.org.uk/debt-and-money/help-with-debt/

Community Money Advice – have a network of church and community based debt advice centres: check out if there is one local to you. They're all run independently and offer FREE debt advice; some may be able to do phone advice.
https://www.communitymoneyadvice.com/freedom-from-debt/get-help

Nationally (online/phone):

Stepchange 0800 138 1111 https://www.stepchange.org/- online debt advice tool

National Debt Line 0808 808 4000. Or https://tools.nationaldebtline.org/dat-reg -

Christians Against Poverty – have suspended new claims currently but if you're still being seen by them this will carry on

What is the debt advice process?

You'll see a qualified debt advisor who will go through your money situation and make changes. It will be entirely confidential and should always be FREE.

A debt advisor will:

- never judge you or make you feel bad about your situation
- always be happy to talk to you, however big or small your problem might be
- find ways to manage your debts even if you think you have no spare money
- suggest ways to deal with debts that you might not know about

If you need to borrow money

There are various places you may be able to borrow money from. your existing bank may well be able to offer loans; most banks are currently offering lower rates overdrafts too.

If you are not able to access such credit, there are other options. However the one option you should NOT consider is a **loan shark**- ie an illegal lender.

A money lender has to be authorised by the Financial Conduct Authority (FCA) to lend money legally. Money lenders who aren't authorised by the FCA are breaking the law. They are known as loan sharks.

Loan sharks often work from home, charge very high rates of interest and don't give you much paperwork to confirm the arrangements they've made with you. A loan shark usually has lots of customers and lends money like a business, but their lending is illegal.

Loan sharks often take other illegal action to collect the money they've lent you, such as threatening violence or taking away your credit cards or valuables.

If you think you or someone you know has fallen victim to a loan shark, report it to the Illegal Money Lending Team (Stop Loan Sharks)

"We are continuing to provide specialist support, help and advice for victims of loan sharks during this difficult time. Call us on 0300 555 2222 to safely report a loan shark."

www.facebook.com/stoploansharksproject
www.stoploansharks.co.uk

A recent story
Plymouth teaching assistant in the grips of loan shark during coronavirus crisis: The member of staff at a Plymouth school for kids with additional needs is urging people not to fall into loan sharks' jaws https://www.plymouthherald.co.uk/news/plymouth-news/plymouth-teaching-assistant-grips-loan-3974628

Credit unions:
https://www.findyourcreditunion.co.uk/

A credit union is a financial co-operative which provides savings, loans and a range of services to its members. It is owned and controlled by the members.

Each member has one vote and volunteer directors are elected from the membership, by the membership.

Credit unions are owned by the people who use their services, and not by external shareholders or investors. So the emphasis is always on providing the best service to members – not maximising profits.

Financial worry

This section covers...

- Dealing with stress
- Seeking help
- How to start conversations about money
- What to say and what not to say

Dealing with Stress

Even if we have access to all the information in the world about our financial situation & options, we also need to recognise that we are whole humans, and money worries can cause huge stress at a time when many people are rightly, and perfectly rationally already struggling and anxious.

This is completely human and a normal response: you are not wrong to be worrying about this, or feeling stressed. It is a stressful situation, particularly if we are responsible for others, and providing for children.

Talking about our worries is important; and at this time of crisis, there has never been a greater need to be neighbourly, local and relational. "Loving our neighbour" at this time may be helping them deal with the feelings and stress they have around money, and sitting with them in that. It is a ministry in itself, before you offer any "help".

If you are struggling with anxiety or being socially isolated:

The Mind and Soul Foundation have some good articles on their website for dealing with current anxiety. E.g:

- https://www.mindandsoulfoundation.org/Articles/569023/Mind_and_Soul/Articles/Managing_Isolation.aspx
- https://www.mindandsoulfoundation.org/Articles/568479/Mind_and_Soul/Articles/Panxiety.aspx

Together Sussex have put together a useful sheet: Caring for you and your family's wellbeing during Covid-19: https://togethernetwork.org.uk/uploads/shared/covid19-mental-health.pdf

Money and Mental Health Foundation- this brilliant organisation was set up precisely because there is a huge link between money worries and mental health, and it seeks to address this.

There are lots of good resources on here but specific Coronavirus-related help: https://www.moneyandmentalhealth.org/covid-19-mental-financial-wellbeing/

Seeking help

Money and Mental Health Foundation- guide for referring on for help:
https://www.moneyandmentalhealth.org/get-help/

Just Finance Foundation have put together the some suggestions about mental health during Coronavirus on their Help Hub:

https://www.justfinancefoundation.org.uk/the-financial-uncertainty-of-the-coronavirus-is-harming-my-mental-health

Mind- offer a list of listening services if people need to talk to someone:

https://www.mind.org.uk/information-support/guides-to-support-and-services/crisis-services/helplines-listening-services/

It may be that **you could be the person** someone talks to though! So….

How do we start conversations about money?

Take a deep breath and ASK!

If you know people you think may be struggling, make time to call or text them to check in on them. Use open ended questions; and remember if someone doesn't want to share then that is their choice.

If it feels awkward, practice a few phrases that you might say, before you start.

Try:
"I was just wanting to see how you were feeling, and if your income is secure over the next few months"

"How are you doing about your money since the Coronavirus shutdown?"

****We should not, and are not allowed, to offer specific money advice to people. We can simply offer a listening ear, and signpost to organisations who can provide more support. ****

If you are talking to **someone who you share money with**:

- Recognise that you both may respond differently to pressures and have different ideas about money.
- Chose a time when you have time listen to each other, without distraction or interruption.
- If you can, set aside a time specifically
- Try and get all the facts you can to hand- e.g. bank statements, payment slips
- Maybe even give yourself a treat when you sit down and talk about it!

Tips on Talking about money

- **Money Advice Service** : https://www.moneyadviceservice.org.uk/en/articles/talking-about-money

- A good PDF document- **"Difficult conversations about money"** is here to download: https://www.capitalmass.org.uk/perch/resources/files/difficultconversations-talkingaboutmoney.pdf

- **Transforming Communities Together** have produced the **"Jesus Money" cards.** These are aimed at helping start conversations about money. Each card has a different question about money on them to discuss. A PDF is available of these resources, or you can buy a pack. More information here: https://tctogether.org.uk/initiatives/jesus-money

What to say and not to say

DO remember: there is always a way out of debt, the worry about it is always worse than the processes to deal with it.

DO encourage people to seek help early before things spiral. It's much easier to get out of a bit of debt than wait until it becomes a mountain

DO remind them there is no shame in this situation and no-one is judging them

DO listen to people and let them talk about their worries and concerns. Often talking about money is the very last thing people will feel they can open up about, so you may be the first person they've told.

DO reassure them that they're not alone in this, and they don't have to share details but there is always help

DON'T despair- there are always solutions

DON'T tell them to ignore it or that it'll all even itself out in the end (false hope)

DON'T judge them for what they're spending their money on- it will mean they don't open up to you again and may hide it from others

DON'T interrupt or make suggestions before they're finished talking about how they feel

DON'T Offer specific money advice – you can't and shouldn't (you have to be qualified to do so and it's a regulated service!)

This guide has been put together by **Alison Tsang** & **Alison Beck** for

Capital Mass, with contributions by **Cassius Francis** for

Transforming Communities Together.

This information is changing regularly and rapidly.

While we will do our best to update it, we cannot be responsible for any information this guide that is out of date; please do check with the trusted organisations mentionedin this guide who all will have the most up to date information.

We plan to update it regularly so please do check

our websites for the latest version:

www.capitalmass.org.uk

www.tctogether.org.uk and

www.justfinancefoundation.org.uk/black-country

Spotted an error, a broken link, or something we've missed?

Let us know!

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