Boris Johnson

Prime Minister

10 Downing Street

London   
SW1A 2AA

25 June 2020

Dear Prime Minister,

On 20 May 2020 you told the House of Commons that

‘131 care workers’ deaths had been sadly reported involving covid-19’

In response to a question from Tom Randall MP, you said

‘We are thinking how to recognise the work of healthcare staff, carers and many others and we are engaging with staff and employers at the present time’

The Welsh Government has decided that it wants to recognise the role of those employed in care homes through a one-off payment of £500.

The majority of people working in care homes are on low incomes and will be in receipt of Universal Credit.

According to an ITV report dated 3 June a Treasury spokesperson said that payments in connection with employment are chargeable to tax and NICs unless specifically exempt.

As things currently stand this means that a full time home care worker will be liable for income tax of £100 and NICS of £60. Home care workers are also likely to be in receipt of Universal Credit because their incomes are so low. They also stand to see a cut to their Universal Credit of £214.20. This means that they would actually receive just £125.80.

The position of part time care workers depends on their gross annual income and is illustrated in the table and graph below and examples are detailed in the appendix.

Table showing the effect of income tax, national insurance contributions (NICs) and reductions in Universal Credit

|  |  |  |  |
| --- | --- | --- | --- |
|  | Gross annual income  over £12,500 | Gross annual income  £9,504 to £12,000 | Gross annual income  below £9,0004 |
| Income Tax | * £100 | * £0.00 | * £0.00 |
| NICs | * £60 | * £60 | * £0.00 |
| Cut to Universal Credit | * £214.20 | * £277.20 | * £315.00 |
| Actual payment received | £125.80 | £162.80 | £185.00 |

If the £500 was exempt from tax and NICs the issue of reductions in Universal Credit would not arise. We understand that exemptions require the appropriate legislative changes and ask you to make those changes so that the Welsh Government is able to recognise the contribution of home care workers in the way it intended.

Lastly, I cannot write to you without mentioning the unexplained absence of Wales' share of the Infection Control Fund. Following a meeting with Helen Whatley Minister of State for Care, UNISON was informed of a Government expectation that no care worker should suffer a financial detriment due to their work or Covid-19 absence. The UK Government has made £600m available via local authorities and devolved administrations as of Friday 22nd May, to underpin the extra costs to support staff and infection control measures. It's vital that the Wales share of this is received as soon as possible. Our low paid care workers, who have deserved our applause in recent weeks, now deserve this concrete support.

Yours faithfully,

**Tanya Palmer**

Regional secretary

UNISON Cymru Wales

Appendix

Example A

For those earning above personal tax allowance - £12,500/annum – they would be liable for income tax (£100) and national insurance contributions (£60). The increase in their net income is £340. But the Universal credit taper (63%) is applied to net income.

So those in receipt of Universal Credit will also see a reduction in their Universal Credit of £214.80 in the month following receipt of the £500.

They will actually see £125.80 of the £500.

Example B

For those working part time with annual incomes between £9,504 and £12,000 – they will only be liable for national insurance contributions (£60). The increase in their net income is £440.

The Universal Credit taper is applied to net income.

So those in receipt of Universal Credit will also see a reduction in their Universal Credit of £277.20

They will actually see £162.80.

Example C

For those working part time with annual incomes below £9,004 – they will not be liable for either income tax or national insurance contributions. The increase in their net income is £500.

The Universal Credit taper is applied to net income.

So those in receipt of Universal Credit will also see a reduction in their Universal Credit of £315.00.

They will actually see £185.00.