



ADUR & WORTHING  
COUNCILS

Joint Strategic Committee  
9 February 2021  
Agenda Item 7

Key Decision [~~Yes~~/No]

Ward(s) Affected: All

## **Covid Benefit Measures impact on Vulnerable Residents**

### **Report by the Director for Communities**

#### **Executive Summary**

##### **1 Purpose**

While we cannot completely avoid the financial impact of the Covid pandemic on more financially vulnerable residents we can through proactive use of data mitigate and help manage that impact. The work reflects the ambitions of 'And then.....' in terms of understanding what has been uncovered and illuminated by the Covid-19 pandemic. The purpose of this work is therefore:

- To provide an overview of the research carried out on behalf of Adur & Worthing Councils by Policy in Practice to look at the impact of benefit and Covid support measure changes on our residents
- To outline the implications and impact of what we have learnt from this research.
- To outline planned interventions and next steps.

##### **2 Recommendations**

2.1 The Joint Strategic Committee is recommended to:

- Receive and acknowledge the report presented.
- Request that the Director for Communities reports back in 6 months as to the efficacy of the interventions planned to respond to this insight

### 3. Context

3.1 COVID-19 is an ongoing global public health emergency that has created unprecedented financial and social challenges for many of our communities. Its impact in relation to income levels is being felt hardest by those that are most vulnerable in our communities: on low incomes, people living with long-term health conditions, those insecurely housed or in insecure work. It has created great pressures on those with caring responsibilities with additional spending pressures combined with restrictions on household mixing and non-essential trips which have constrained family and community support, with vital free services such as libraries being closed over the period.

3.2 Around 6 million people have fallen behind on at least one household bill and with rising living costs (costs have risen annually by £160 for energy, £460 for households and £112 for telecoms) and falling incomes, an increasing proportion of people simply cannot make ends meet ([Life on less than zero](#)).

3.3 Families on the lowest income quintile have generally borrowed more to cover everyday costs since the pandemic started (Pandemic Pressures-Link). One third of low income families have spent more during the pandemic in relation to additional pressures caused by increased expenditure on heating, food and home schooling and access to equipment for their children. By September 2020 39% of families in the lowest income brackets have seen their finances 'squeezed' ([Pandemic Pressures](#))

3.4 Nationally, Citizens Advice have highlighted an increase in the proportion of people with a negative budget (people with a negative budget have around a national average of £1,010 per month), which creates a vicious cycle of people not being able to repay their debts or meet basic costs such as rent or bills. For the self employed, the financial shock has been even more profound. ([Life on less than zero](#)).

3.5 Citizens Advice have stressed that on average people have around £20 left to repay debt after household costs and that for many the length of time it will take to pay off council tax debts and rent arrears can be around 6 and 7 years respectively ([Life on less than zero](#)).

3.6 These impacts continue to be profound. However there has been a huge range of mitigating measures by Government, Local Government, the voluntary sector and local community groups. This includes the temporary uplifts to Universal Credit of £100 per household and Working Tax Credits which have lifted so many families out of a negative budget, and a range of measures to help businesses and communities around finance, household bills and food.

3.7 The work of the community response has also been a lifeline to many, providing real help for local communities around some of the most basic needs. The growth of food banks and providers has also been significant across the country, set up to meet short-term food needs of many. The kindness and reciprocity of many of our local citizens and businesses has been profound, providing many with free school meals, free food and help with transport and so many other things.

3.8 Adur and Worthing Councils have been working hard to protect life, minimise and mitigate negative impacts on its communities, and support the long term vision for Adur and Worthing to be places that are fairer, healthier and safer for everyone. Whilst managing the response to the pandemic remains the immediate priority, there is a need to balance this with laying the foundations for recovery and the Councils are actively preparing to be able to develop a more preventative and early intervention approach for our communities, including how to identify, target and support those that are experiencing financial hardship, to avoid the further spiral into debt and to enable people to cope and live better lives.

3.9 Research was therefore commissioned in order to better understand that impact and enable the councils to target pre-emptive, proactive interventions with households that may be in need of additional help to maximise their income. In the report, these are discussed as households which are moving from 'coping' financially to 'not coping' and this is based on a financial resilience framework which helps to understand the overall household finances rather than strictly looking at one income measure.

3.10 The secondary purpose for commissioning the research was to help the Councils understand better how it can increase its use of data science, in order to make more targeted interventions and improve decision making. This work is outlined in the February JSC paper "Building a data capability".

3.11 To that end, the team worked with Policy in Practice, who are well known experts in this field, and have a long track record of working alongside councils in order to use Council Tax and other data to carry out predictive analysis and modelling with respect to impact of policy and economic changes.

3.12 Since the commissioning of the research, the furlough measures have been rolling forward however, the economic uncertainty which is already presenting in terms of increased joblessness, means that the rolling measures around furlough, while not having the cliff edge that was anticipated in Autumn 2020 still needs to be closely monitored as it has significant impact on household ability to cope financially.

3.13 The research has yielded initial analysis and a household data set which will enable us to continue to track and manage this work, as well as stimulating a number of specific proactive measures which we can do. This report firstly outlines the highlights of the research and then goes on to look at what interventions we will be testing over the coming months.

3.14 Finally, the report reflects on what we have learnt with respect to the Councils' own data capacity and what the appetite will be for doing this kind of work in the future.

#### 4. Main themes from the initial Policy in Practice analysis

4.1 The research is showing that while people have been coping there is a steady rise in the numbers of people in difficulty which can be expected to accelerate once any one of a number of factors change, including employment opportunities, the end of furlough and changes to benefit payment levels.

- **Unemployment**

Between March and September 2020, unemployment has risen dramatically in both Adur and Worthing with the number of households in receipt of job seeking benefits more than doubling. These increases are higher than the UK average of approximately 70%. In Adur the numbers of people claiming Universal Credit (UC) or Jobseekers Allowance (JSA) has increased by 179.5% and in Worthing it has increased by 141.3%. In terms of households seeking Housing Benefit and Council Tax Support, Adur saw an increase of 270 new households and 582 in Worthing.

- **Housing Benefit (HB) and Council Tax Support**

These increases have not however translated into significant alterations in the number of households claiming Housing Benefit (HB) and Council Tax Support (CTS) from the councils. The number of residents applying to the council for HB / CTS has increased only slightly (0.3% in Adur and 1.5% in Worthing) between March and September because many of our residents have transitioned from Housing Benefit, delivered by the councils and onto Universal Credit, delivered by the Department for Work and Pensions.

- **Impact of Increases to Benefit Payments**

The data indicates that the increases in benefit payments introduced by the government in response to COVID 19, and the continuation of the furlough scheme, have gone far in protecting the incomes of low-income residents. For example, the household finances of those on low-incomes in Adur and Worthing have improved with the average monthly take-home income increasing by 2.7% in Adur and 2.5% in Worthing.

4.2 Policy in Practice has developed a measure of financial resilience that includes both household income and costs:

Coping	1. Coping – household income (includes income from earnings, benefits, and other income sources such as pensions) is greater than expected costs (taking into account household size) by more than £100 per month.
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Not Coping	2. Struggling – household income is greater than costs by between £0 and £100 per month.
	3. At risk – household income is less than expected costs.
	4. In crisis – household income is considerably less than costs, insufficient for housing.

In both Adur and Worthing between March and September, the number of households who are now coping has increased by 5.4% in Worthing and 2.1% in Adur.

Whilst the overall picture is positive variations in the uplift are being experienced differently by Adur and Worthing residents. As a result of the £20/week uplift, households in receipt of Universal Credit saw their monthly Universal Credit award increase on average by £80.78 in Adur (13.5%) and £90.35 in Worthing (16.1%). Households who are in receipt of Jobseekers Allowance, Employment and Support Allowance and Income Support have not benefited from the £20/week uplift. As a result, working-age households in receipt of these benefits saw a smaller increase to their take-home income (+4.1% in both Adur and Worthing) than working-age households in receipt of Universal Credit (+4.5% in Adur and +8.1% in Worthing).

Likewise, it is only households who are renting privately who have benefited from the increase to Local Housing Allowance rates. In Adur, households renting privately saw their take-home income increase by 5.9%, whereas households not renting privately saw an increase of 2.5%. In Worthing, households renting privately saw their take-home income increase by 5.3%, whereas households not renting privately saw an increase of 2.2%.

### 4.3 Council Tax Arrears

4.3.1 Despite this additional assistance there are emerging areas of concern. Across the UK, COVID-19 has pushed many millions of households into debt. A recent Citizens Advice report found that 2.8 million households are now behind on their council tax and 1.2 million are behind on their rent. In combining data from a range of sources we have been able to investigate changes to arrears levels for low-income households in Adur and Worthing between March and September.

4.3.2 We have found that average council tax arrears levels are up in both Adur and Worthing, and rent arrears levels for Adur Homes residents have increased.

4.3.3 Average council tax arrears balances have increased more steeply in Worthing (+16.7%) than in Adur (+5.5%). Policy and Practice suggest the differences in council tax arrears between Adur and Worthing can in part be attributed to differences in the Council Tax Support schemes. In Worthing, all working-age CTS

claimants must pay at least £5 per week towards their council tax; there is no similar rule within the Adur Council Tax Support scheme.

4.3.4 In both Adur and Worthing, there is the greatest propensity for arrears in households who are out of work due to disability or illness. 36.9% of working-age households in arrears in Adur are out of work due to disability or illness. In Worthing, this proportion is 46.6%. The greater propensity for arrears amongst this group is likely to be a reflection of the length of time these households have been in receipt of means-tested benefits.

4.3.5 In general, households who have been in receipt of means-tested benefits for a longtime are more likely to be in arrears as they have used up other options in times of hardship (such as relying on friends and family or taking out loans).

#### **4.4 Risk of Homelessness**

4.4.1 In the UK as a whole, COVID-19 has left 1 in 8 private renters unable to meet their housing costs in full. Understanding the impact of COVID-19 on the risk of homelessness is challenging but using information on income, savings and housing costs, the report has identified households who may be at risk of homelessness and could benefit from additional support.

4.4.2 Given the increase to Local Housing Allowance rates from April 2020, the number of households at risk of homelessness has fallen between March and September:

- Adur has seen a bigger decrease in households at risk of homelessness than Worthing.
- The number at risk fell by 52.4% between March and September in Adur (a drop of 167) and by 43.5% in Worthing (a drop of 337).
- This difference can in part be explained by a large part of Adur and Worthing falling into different Broad Rental Market Areas (BRMAs) which determine the level of housing support available through means-tested benefits.

#### **4.5 Adur Homes Residents**

Adur Homes residents are more likely to have moved out of work and are significantly less likely to be in receipt of Universal Credit than those of working-age in Adur (1.2% compared to 31.4% in September). The proportion of households who are in Council Tax arrears is lower for Adur Homes households (7.8%) than for those on low incomes living in other accommodation in Adur (8.4%). Between March and September, the average arrears balance for Adur Homes residents had fallen by 3.7%. In comparison, those on low incomes living in other accommodation in Adur saw their average arrears balance increase by 6.4%.

#### **4.6 Ending the Coronavirus Job Retention (Furlough) Scheme and Benefits Enhancement**

Looking ahead, the end of the furlough scheme and the temporary increases to benefit levels were also examined in the report. It is worth noting that due to the ongoing and unprecedented nature of the pandemic on both livelihoods and policy decisions, it is not possible to forecast additional impacts on Council Tax Support caseload into future timeframes with a high level of confidence. However, with these caveat in mind, through this project we have sought to translate current projections regarding the future impact of COVID-19 on unemployment, in combination with data on live job vacancies within the local economy, to derive best-case and worst-case estimates of how COVID-19 may further impact on the future Council Tax Support caseload and unemployment within Adur and Worthing. In summary these projections indicate a likely increase in the number of households experiencing vulnerability, relying on means-tested benefits and struggling to meet basic household expenses such as food and utility bills.

#### **4.7 Unemployment**

The furlough Scheme is expected to end in April 2021. At this time it is projected that between 10% – 20% of furloughed workers will become unemployed. These projections represent the best and worst case scenarios used for the analysis. In Worthing, under the best case projection for unemployment, there will be 1282 additional unemployed households in the borough. Under the worst case projection, there will be 2564 additional households. Of these, an additional 974 to 1949 households will be represented in the Worthing Housing Benefit and Council Tax Support caseload. In Adur, this translates to between 766 to 1532 additional unemployed households. Of these, an additional 582 to 1164 households would be represented in the Adur Housing Benefit and Council Tax Support caseloads.

#### **4.8 Impact on Council Tax Support**

4.8.1 Both Adur and Worthing councils might expect to witness significant increases to their Council Tax Support caseload due to newly unemployed households entering the scheme. Under the Office for Budget Responsibility's (OBR's) worst case scenario, whereby 20% of furloughed workers enter unemployment, it is estimated the CTS caseload might rise by 29% and 32%, costing an additional £174k and £249k per month, in Adur and Worthing respectively. Under the OBR's best case scenario, in which only 10% of furloughed workers are expected to enter unemployment, caseload is impacted less dramatically, but still expected to rise by 15% in Adur, costing an additional £66k monthly, and by 16% in Worthing, costing an additional £97k monthly.

4.8.2 Even after adjusting future unemployment-related rises in Council Tax Support for 'best case' estimates of new job vacancy creation, monthly spend in Adur is still projected to increase by up to £142k on September figures under the OBR's worst case scenario and up to £34k under the OBR's best case scenario. In Worthing, spend could be up to £199k under the worst case scenario and £47k in the best case scenario.

#### **4.9 Households Experiencing Vulnerability and Homelessness**

With a return to pre-Covid benefit payments the report estimates that between September 2020 and April 2021, the number of households in Adur who are not coping could increase by 34.4%. The impact is higher in Worthing, where the number of households not coping is estimated to increase by 50.5% during the same time period. The return to pre-Covid benefit levels will also have an impact on homelessness as it will increase the gap between costs of renting and the amount of Local Housing Allowance received. As a result, it is estimated that more households will be at risk of homelessness in 2021 if the COVID-19 benefits measures are dropped. In Adur, 355 households will be at risk of homelessness if the measures are dropped (compared to 152 if they are retained). In Worthing, 838 will be at risk of homelessness if they are dropped (versus 437 if they are retained).

### **5 Planned Interventions and actions with households**

5.1 Our overall approach is aimed at reducing the flows of people into 'vulnerable' situations, assisting those in crisis and then strengthening routes out of vulnerability.

5.2 There are a number of actions that can be taken to support households before they get into financial difficulty. These include encouraging the take-up of Council Tax Support, supporting young people who are at risk of long-term unemployment and identifying self-employed households who will become worse off if they move onto Universal Credit.

5.3 Further to this, the Councils can support households through the innovative Opening Doors scheme and work with them and their private landlords in order to keep them in secure accommodation.

5.4 All of these measures will be necessary given the scale of potential need in our communities but given limited resources it's important that efforts are targeted effectively.

5.5 Looking forward there is much that can be done with partners, both in the community and in the wider public sector, but this initial work is focused on what can be delivered by the Councils.

## 5.2 Targeting the right households

5.2.1 The initial targeting of this work is directed towards the impact of financial fragility on households' housing situation. The aim in this is to keep as many people as possible in the homes they are in now, in order to avoid unnecessary and unmanageable pressure on our housing system. The next step in terms of targeting will be to look to contact people who look to be at risk of getting into debt with ourselves and others and to work with them to make sure that we are managing this proactively.

5.2.2 Therefore, we will work with households which are in receipt of benefits but are not necessarily in social housing as one cohort and then targeting households within the Adur Homes tenant group as a second cohort.

5.2.3 As can be seen from the previous section, we are able to access far more granular data with respect to Adur Homes tenants as a landlord and will be prototyping different types of interventions with this cohort. If these are successful then we will work with other social landlords in order to explore how we might widen the work to include data from other providers.

## 5.3 Designing our interventions

5.3.1 Interventions will be designed as specialised customer journeys which are triggered either by letter, text or proactive calls from the Contact centre, or in relation to further enhancing collaboration between teams (e.g. revenues and benefits working even more closely with the housing team, including housing needs, to increase the number of Discretionary Housing Payments that are awarded to vulnerable residents). The team will measure the impact and take feedback on these customer journeys as we deploy them in order to iterate and improve the way in which they operate.

5.3.2 The team designing these interventions is made up of staff from across the organisation including the housing team, revenue and benefits, wellbeing, economy and the contact centre. The intention with such a multidisciplinary team is to make sure that we are designing person centred interventions which can reflect all aspects of the help and support that are available to our residents.

5.3.3 The interventions will be designed with a simple initial pathway:

<b>Identify -&gt;</b>	<b>engage -&gt;</b>	<b>support -&gt;</b>	<b>direct -&gt;</b>	<b>review -&gt;</b>
Extract the group from the data set	Outbound comms to get into conversation with the	Conversation discussing options and support	Potential to direct to further support either within the Councils or	Interactions will be tracked and feedback gathered both to continue to

	residents		externally	support the resident but also to measure the effectiveness of the intervention
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5.3.4 There is potential for considerable variation in each of these steps and the team will be basing the pathways in the needs of the cohorts identified for contact.

5.3.5 The first groups of interventions will be proactive calls from the Contact Centre, which is where we are gathering lists of households with common criteria, who are in the private rental or owned homes category in order to make sure that they are aware of other benefit measures which are available to them. This work of income maximisation will be carried out between the contact centre and benefit advisors.

5.3.6 With private rentals, the intervention will also be designed to test whether or not there is support for landlords and the potential to passport people early to the Opening Doors Scheme before they are in crisis.

5.3.7 The second group are people who may be in social housing and, for them, these will be proactive calls to ensure that they too are aware of other benefits and also grants for home improvements or winter fuel.

5.3.8 Finally, there is a group of interventions which we will be making, where we are identifying people who are accessing services outside of the Contact Centre, for example, presenting via the community response or via the fuel poverty grants and what we will be looking to do is to make sure that we take them on a pathway in order to have a conversation with one of the advisors around benefit maximisation.

5.3.9 As part of the preparation for these interventions the team has consolidated the internal experience of these kinds of proactive coaching conversations, based on experience of social prescribing and money mentoring as well as the experience in the contact centre around outbound calling and proactive communication.

## 5.4 Measuring our impact

5.4.1 In measuring the effectiveness of this initial work there are three areas to be evaluated:

1. Can better use of data help us find the people more effectively and therefore increase the impact of our interventions?
2. Can the team design interventions that deliver some kind of immediate effect that can be quantified by simple measures such as short term

reductions in debt or short term increases in income for households plus repayment plans over longer periods of time.

3. What can be identified in terms of points of friction or points of ease with internal systems that will support future service redesign and efficiency

5.4.2 The team will therefore be tracking the impact of all of these interventions in two different ways:-

1. Using the Good Services Framework to ensure we have designed a good customer experience and one which is as low friction as possible for the customer and for ourselves.
2. Resampling the data to see whether or not there has been an impact on the financial wellbeing of the households, subsequent to the interventions that we have made.

5.4.3 There will be some experimentation and iteration with these interventions and so the team will establish an action learning group, who will be responsible for designing, then testing and iterating the interventions that we make. A key focus will be on equality groups that have been identified through this work (e.g. those with disabilities) and national research (e.g. BAME Communities) as being particularly vulnerable. This will require additional data collection work with the ambition therefore over time, being that more distinct cohorts with distinct characteristics are identified. With this the team can continue to add to the group of interventions that have been designed and can therefore continue to measure going forward.

5.4.4 This has been an exercise that has really helped better understand how the Councils can use data in order to make targeted and effective interventions with particular groups of people. The intention is therefore, to continue to work with Policy in Practice in order to ensure that the dataset that they delivered continues to be enriched and developed.

## **6 Working with partners**

6.1 The pathways that are being identified will be enriched by effective partnership working both in terms of exploring additional data that partners such as Worthing Homes could provide and also additional support that partners such as we Citizens Advice can offer.

6.2 A key part of this work will be to collaborate and engage with our communities so we are better able to understand the issues and therefore the possible solutions. Our work to date for example with mutual aid and BAME communities will be an essential component to this approach.

6.3 There is also a question of how this additional insight, which really can only be gained at District and Borough Council level, will enable us to draw more targeted

funding towards us or will help shape interventions that other partners make with our residents.

6.4 Overall this should be something which helps everybody learn more and be better informed about the residents of Adur & Worthing and we'll be keen to make sure that is used more widely and not just by the Councils.

## **7. Issues for consideration**

7.1 The paper is proposing setting us on a path both of more data driven decision making and proactive interventions in order to maximize income for our most vulnerable residents. This is reflective and aligned to our evolving community response to the Covid pandemic as outlined in the And Then document.

7.2 'do nothing' response was considered and quickly discarded as the research reflected here reflects the anecdotal evidence we are getting from food banks and other community response groups indicates a rising tide of need that requires a response.

7.3 The alternative considered was to use the data for a less integrated response from the different teams involved but this does not reflect our good services strategy or represent a good use of resources as it would mean duplication in some of the design work.

7.4 This work is preemptive of the digital work being done on the Customer Relationship management system as part of the Effortless programme and which will be needed to scale this work.

7.5 Developing this work is dependent of the data strategy approach outlined in February JSC paper "Building our Data Capability"

7.6 This report reflects a first phase of work and it is proposed that the team should report back to JSC in 6 months to show impact / momentum.

7.7 This work clearly adds to the overall workload of staff who are also focused on managing our Covid response. However on balance the need to start to understand and address the longer term impacts as well as allowing for the creation of a more balanced workload as we focus on proactive rather than reactive activity.

## **8. Engagement and Communication**

8.1 While the team have engaged extensively internally but not externally, the next phase will involve working with residents to design interventions as

per good services plus working with external partners to see how best to deepen and develop this work

## 9. Financial Implications

- 9.1 The cost of the study was £9,000 and funded from within the Councils' existing budgets.
- 9.2 The report highlights the impact on Council Tax Support Claimants. Since the start of the pandemic the Councils have seen the number of working age claimants rise.

Working age claimants:

	April	January	Increase	Estimated cost £	Council share of the cost £
Adur	2,120	2,210	90	136,080	21,380
Worthing	3,287	3,457	170	248,740	32,070

- 9.3 The council tax bases set recently by the Executives reflect this upwards pressure on demand for Council Tax Support payments and allows for further 4% growth in the number of discounts awarded.
- 9.4 In recognition of the impact of increasing Council Tax Support payments the government has provided the Councils with additional grant towards this pressure (Adur £111,060 and Worthing £132,980). This has been set aside for support to vulnerable residents. The Councils are working with the County Council to identify measures to support the financial resilience of our Council Tax Support claimants at this difficult time.
- 9.5 In addition, both Councils have set aside contingency sums to address issues arising from the Covid 19 pandemic (Adur £447,000 and Worthing £647,000)

Finance Officer: Sarah Gobey

Date: 27th January 2021

## 10. Legal Implications

- 10.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 10.2 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation
- 10.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 10.4 Under the Council Tax (Administration and Enforcement) Regulations 1992 the Councils have the power to make arrangements or agreements with a Council tax payer for payment of outstanding Council tax as are necessary and within the scope of the Regulations.

### **Background Papers**

- Building our data capability (JSC February 2021)

### **Officer Contact Details:-**

Catherine Howe

Director for Communities

## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered and no issues identified.

### **2. Social**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

The commissioned research has given us unprecedented insight into the needs of our communities. Key groups have been identified as being particularly vulnerable, for example the disabled. In developing our response, in partnership with communities and the Third Sector, this information will enable us to respond more effectively to the impact of Covid 19 on our most vulnerable communities.

In developing our data capabilities going forward we will also seek, where possible, to gather greater and greater information about the diverse communities that live in Adur and Worthing. Areas of investment identified in the report, as well as other decisions relating to implementation, will be subject to an ongoing process of equality impact assessment.

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

Matter considered and no issues identified.

### **3. Environmental**

3.1 There are no direct environmental implications arising from the adoption of these proposals.

### **4. Governance**

4.1 There are no direct governance implications arising from the adoption of these proposals.