

## Community Theme - Impact Assessment

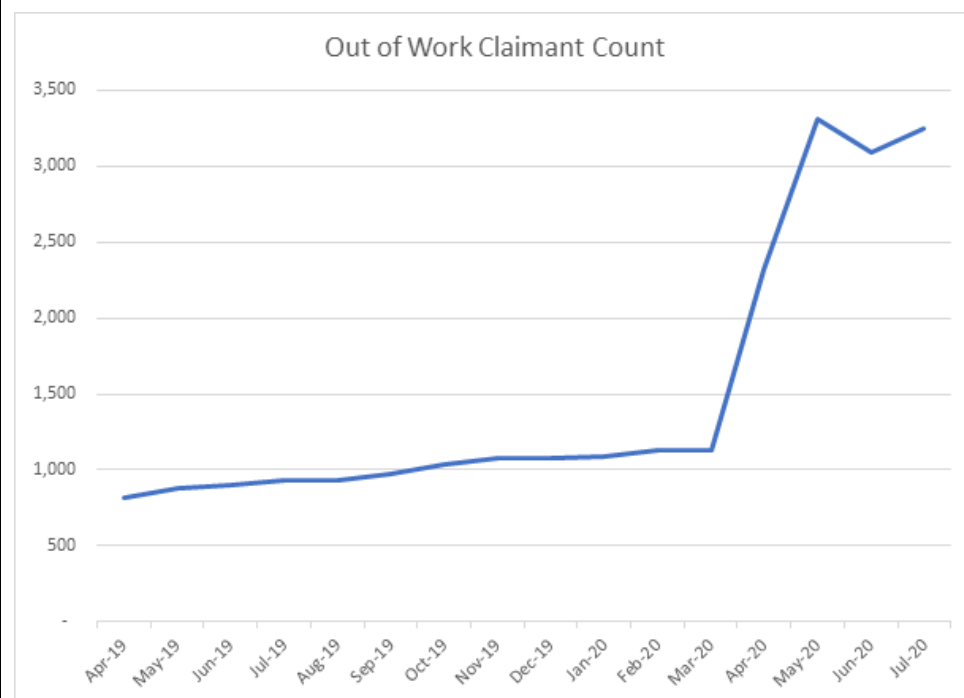
### Financial Inclusion

#### Data:

#### Employment (out of work benefits)

The number of claimants significantly increased in May and has continued to stay high for June and July. The data shows that the impact is being felt most by younger age groups, the 18-24- and 25-29-year-old age groups, which have increased by 215 percent and 270 percent respectively. The over 65 age group has increased by 500 percent, but this was from a very low start base.

There continues to be a higher number of male claimants than female claimants for Tunbridge Wells, however the expectation nationally is that the economic impact will be felt more significantly by females, who are over-represented in the industries most affected.



Many young people are employed in the hospitality industry, which was largely shut down from 23 March. The retail sector, another source of jobs for younger people, has also been hard hit by the lockdown. Nationally, a fifth of all of those claiming out-of-work benefits, 514,770, are aged between 18 and 24. The number of young new claimants who have signed on between March and June is 276,000 - more than doubling over three months.

Nationally, between March and June 2020, the number of employees on payrolls has decreased by 649,000.

Source: Office for National Statistics (ONS)

The job vacancies in Tunbridge Wells borough at 31 May 2020 have decreased by 72% since 15 March 2020.

Source: Institute for Employment Studies

### **Self employed**

The Self-Employed Income Support Scheme (SEISS) provides support for self-employed individuals whose business has been adversely affected by Covid-19. From 13 May eligible self-employed individuals could claim a grant worth 80% of their average monthly trading profits, paid out in a single instalment covering three months' worth of profits, capped at £7,500 in total. The second stage of the Self Employment Income Support Scheme (SEISS) opened for applications 17 August 2020. Those eligible will now be able to receive a second and final grant worth 70% of their average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, and capped at £6,570 in total.

The following shows the potential numbers eligible for the (SEISS) at 31 July against the number of claims made for Tunbridge Wells.

	Total potentially eligible	Total no. of claims made to 30/6/2020	Total value of claims made to 30/6/202 (£)	Take-Up Rate
Tunbridge Wells	6,900	5,100	15,700,000	74%

Source: HMRC

### **Council Tax Support**

March-June the number of Council Tax Support applications increased and this is expected to peak again when companies come out of furlough.

<b>Council Tax Support applications received</b>	
March - June 2020	955
March - June 2019	404

The number of self-employed claimants in receipt of Council Tax support in Tunbridge Wells is 45.

### **Universal Credit (UC)**

#### **DWP stats:**

Period	01/03/2020 - 14/05/2020	
Authority	% Increase in mean contracts	% Increase in mean claimants
Tunbridge Wells	546%	599%

Since 16 March 2020, when social distancing measures were first advised just before the lockdown, DWP has seen 3 million individual applications nationwide for Universal Credit.

Between March 2020 and June 2020, Tonbridge Job Centre (covering Tunbridge Wells, Sevenoaks and Tonbridge) received 5,000 new claims for UC.

Of these, 2,000 were self-employed and 300 had been furloughed.

The number of Tunbridge Wells UC claimants in and out of work are:

In work – 2,375

Out of work – 4,121

UC helps to encourage full-time work through incentives to increase hours, a general expectation that lone parents and partners should work (unless caring for young children or a disabled person). The Government implemented a £20 per week increase to the standard allowance of Universal Credit and basic element of Working Tax Credit. For Tunbridge Wells this affected 1,400 claimants.

Universal Credit includes a 'Minimum Income Floor' (MIF) if someone is self-employed, and their business has been running for more than 12 months. The MIF is an assumed level of earnings. This is based on what we would expect an employed person to receive in similar circumstances. For COVID19, the minimum income floor used to calculate UC entitlement for the self-employed has been suspended.

### **Government action**

The Coronavirus Job Retention Scheme (CJRS) has protected approximately 8.9 million jobs nationally and made a substantial impact in preventing families from being swept into poverty.

12,400 households have been furloughed in Tunbridge Wells through the Govt support scheme with a potential reduction in income. Reduced incomes and financial insecurity will result in increasing debt issues.

*Source: Social Mobility Commission June 2020*

### **Discretionary Housing Payments (DHP)**

The government committed an extra £40 million in Discretionary Housing Payments for 2020-21 to help those facing affordability challenges in the private rented sector.

Tunbridge Wells has had a low take up so far this year 2020-21 compared to last year.

<b>DWP applications</b>	<b>Applications received</b>	<b>Applications approved</b>	<b>Applications refused</b>
April - June 2020	78	46	32
April - June 2019	71	44	27

*Source: TWBC Revenues and Benefits*

### **Benefit changes**

#### **Local Housing Allowance (LHA)**

LHA rates are used to calculate housing benefit for tenants renting from private landlords. From 1 April 2020, the amounts increased. This means more households benefitted from having a higher rent for their Housing Benefit to be calculated on, making housing more affordable.

Number of households affected in Tunbridge Wells 995

The two-child limit will continue to have an impact. Poorer families with children are especially sensitive to these benefit changes because benefits make up a larger share of their household income. The two-child limit will also cause significant losses in household income for homes with three or more

children. In 2018/19, 44% of children living in poverty were in households with three or more children; indicating that the two-child limit will negatively affect almost half of children currently living in poverty.

*Source: Social Mobility Commission June 2020*

The number of households affected in Tunbridge Wells 1,593

The Benefit cap maximises the amount in state benefits that an individual household can claim per year. Nationally, 93% of households who are limited by the benefit cap are families with children, losing on average £52 per week; 72% of capped households are single parents, including many with very young children, despite the benefit rules not requiring them to look for work.

For Tunbridge Wells, the number of households affected by the benefit cap are 40

### **Low income families**

Parents with children who were in poverty pre-crisis are around 50% more likely to have lost their jobs than those with children but not in poverty. Families where at least one parent has become unemployed have lost around £50 per week – equivalent to an average single-parent family's entire weekly food spend.

*Source: Social Mobility Commission June 2020*

### **Absolute low income**

Absolute low-income is defined as a family whose household income is below 60 per cent of the 2010/11 median income adjusted for inflation. Gross income measure is Before Housing Costs (BHC) and includes contributions from earnings, state support and pensions.

Tunbridge Wells is showing as the lowest affected in Kent. 2019-20 figures not due until Spring 2021.

Year	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Tunbridge Wells</b>	2,569	2,485	2,590	2,677	2,708

### **Childcare**

The government has spent around £3.5 billion in entitlement offers, such as the 15-hour and 30-hour childcare offers for certain ages and groups. It has provided further detail on tax-free childcare provisions and reimbursement of 85% of childcare costs for those on Universal Credit

Single parents earning £7,000 (£14,000 for couples) are eligible for the 30-hour entitlement. 26% of mothers worked more due to the entitlement. This increased to 56% of mothers on low incomes. (Pre-COVID as of February 2020 there were record numbers in work, employment was up in every region of the UK, and the jobless rate remained the lowest in over 40 years).

*Source: Monitoring social mobility June 2020*

### **Debt**

Many families have fallen into debt with an estimated 60% taking out some sort of loan including credit cards and pay day loans and around 51% being behind on Council Tax, rent or other bills.

The Tunbridge Wells CAB has during the lockdown period seen a reduction in residents contacting them for Debt advice. This could be because most lenders have allowed for a payment holiday/break on repayments. However, they are starting to see a rise in these contacts as holidays/breaks end. Also, as the CAB were unable to arrange face-to-face visits with clients during lockdown, this could have impacted generally on their overall contacts.

Around 65% of families with children claiming Universal Credit and Child Tax Credit have had their mental health impacted by concerns about money since the start of the crisis.

*Source: Monitoring social mobility June 2020*

### **Reduction in Council Tax collection**

Month	2019-20	2020-21	Reduction
APRIL	10.74%	10.14%	0.60%
MAY	20.12%	19.09%	1.03%
JUNE	29.30%	27.88%	1.42%
JULY	38.52%	37.40%	1.12%

A reduction in 1.12% equates to £1 million. Tunbridge Wells Borough Council will only pick up around 10% of that amount.

### **Budgeting**

It is estimated around 7 in 10 families with children claiming Universal Credit or Child Tax Credit are having to cut back on essentials including food, utilities, nappies and activities for children such as books and toys, with around 50% cutting back on food.

*Source: Monitoring social mobility June 2020*

### **Free school meals**

Nationally 1.5 million children should be getting free school meals.

*Source: gov.uk*

### **Poverty**

Nationally, the risk of poverty is amplified for single parents – of whom 43% were living in poverty in 2017/18. It is estimated 8.4 million working age adults live in relative poverty; an increase of 500,000 since 2011/12.

*Source: Monitoring social mobility June 2020*

Estimates indicate UC will reduce the number of people in poverty in working families by 300,000 but will put 200,000 out of work families into poverty. The DWP monitors poverty, including child poverty, annually through the Households Below Average Income (HBAI) publication (most recent March 2020). 72% of children living in poverty live in households where at least one adult is in work. The Institute for Fiscal Studies predicted an increase in absolute child poverty of around 4% between 2015/16 and 2021/22, linked to planned welfare changes. These changes included a continuation of the

benefit freeze, removing the family allowance, and the two-child limit of UC and tax credits.

*Source: Monitoring social mobility June 2020*

### **Housing**

Property options are limited for low-income households, with roughly 70% of private rental properties still inaccessible for Local Housing Allowance (LHA) recipients, even after recent uplifts.

*Source: Monitoring social mobility June 2020*

## **What does the data identify in terms of impact? Are there any gaps in the data?**

An increasing number of households requiring financial support through the welfare system as a consequence of economic impact of Covid-19 with increasing number of Universal Credit, Statutory Sick Pay, DHP, Housing Benefit or CTRS applications.

The DWP monitors poverty, which reflects growing employment, but it also demonstrates that employment does not provide a guaranteed route out of poverty.

UC helps to encourage full-time work through incentives to increase hours, a general expectation that lone parents and partners should work (unless caring for young children or a disabled person).

Some families might normally be able to escape the benefit cap by moving to a cheaper property or raising their income through work – two options that are particularly difficult during this health and economic crisis. The high costs associated with moving property and added complications of social distancing hamper the abilities of families to move home during the pandemic.

Furloughing, job losses and reduced hours have been much more common experiences for lower-earning employees, creating hardship for many families and children. Around one-third of lower-paid employees have lost jobs or been furloughed, compared to less than one tenth of top earners.

Families on low incomes have to manage extremely tight budgets with careful planning and resourcefulness, but COVID19 has meant many parents are struggling to put food on the table, let alone find the resources to support play and learning at home.

With families stuck at home, they have incurred extra costs for heating, electricity and water. Access to adequate heating, electricity and water is imperative for families with children, particularly those living with an illness or disability. For those living with respiratory conditions, warmth provides an important safeguard in terms of managing symptoms – essential during the COVID-19 crisis.

The use of a pre-pay utility meter costs users up to £300 more than the cheapest monthly tariff. This is a feature of life for many low-income households who are unable to access monthly contracts. There is no room for manoeuvre with a pre-pay meter: when the money runs out, families cannot switch on the lights, heat the room, boil the kettle or keep food fresh in the fridge.

Polls suggest that those who say they are coping with additional costs are doing so by cutting back on essential items such as food, utilities, internet or items for children.

*Source: Monitoring social mobility June 2020*

Early in the pandemic, the Government implemented the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme

(SEISS). Whilst the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) were positive, some families have still fallen through the cracks.

Persons clinically vulnerable received letters from the NHS to isolate.

The £20 increase to each household for UC/Child Tax Credit was the same for everyone and did not allow for the additional costs faced by families who have children – those who are most vulnerable to economic shocks. For instance, a couple with two children receive the same amount as a single person despite having more mouths to feed and higher household costs - they would need around 2.4 times the increase in income than a single adult to experience the same uplift in their living standards.

7 out of 10 families with children claiming Universal Credit or Child Tax Credit has shown that the crisis has caused these families to cut back on essentials, 6 in 10 to borrow money and over 5 in 10 to be behind on rent or other essential bills.

In the months ahead, many job losses are likely, and it will take time for prospects to pick up.

Uplift in the child element of Universal Credit and Child Tax Credit will provide families with much needed support so that parents can purchase the essentials their children cannot go without. However, parents with three or more children who need support from the social security system due to the crisis may find they are unable to claim it for their youngest child or children as a result of the two-child limit.

Council Tax arrears - uncertainty with future earnings

Council Tax Support cases - not being currently chased for Council Tax payment but will receive an amended Council Tax bill with less months to profile instalments over.

UC helps to encourage full-time work through incentives to increase hours, a general expectation that lone parents and partners should work (unless caring for young children or a disabled person).

### **What local knowledge do we have on the impact which is not reflected in the data?**

Before COVID19 parents were more likely to be in poverty than working-age adults without children. It is likely that 10 children out of an average classroom of 30 were already experiencing poverty before the pandemic.

The CAB has been collecting information on those contacting them with the most enquiries at present around people worried about losing their jobs. Currently debt is not one of the main queries.

Interrogation of our Benefit system may provide local knowledge on those with protected characteristics/vulnerable.

Local information is available from DWP on the following link <https://stat-xplore.dwp.gov.uk/webapi/jsf/dataCatalogueExplorer.xhtml>

### **Overall, what do you think are the biggest risks/consequences of the impact?**

Any DWP rate increases are not felt by the families that are often struggling the most. Nationally, as of February 2020, 79,000 families were subject to the benefit cap, with Child Poverty Action Group predicting a 50% increase as a result of COVID-19. We need to be able to identify those families in Tunbridge Wells.

Nationally, over 12,500 families are predicted to be capped as a result of the standard allowance increase alone, with others affected by increases to Local Housing Allowance. The nine-month grace period that exempts people from the benefit cap if they have recently lost their job does not always protect families: it relies on people having a consistent work history over the past year, which not all families have – for example, due to single parents taking time out to care for their children. People must also have earned at least £604 in each of the previous 12 months, meaning many with insecure or fluctuating work hours may not be covered. We need to be able to identify those families in Tunbridge Wells.

Many families on Universal Credit or Child Tax Credit are not eligible for Free School Meals, but for those who do normally receive this support, feeding children these additional meals have been an extra financial hurdle whilst in lockdown. Many families have been unable to access or spend their vouchers, due to technical difficulties and limitations in where the vouchers can be spent. The Revenues and Benefits team will be promoting Free School Meals and contacting those families we believe are eligible.

Debt – reduced incomes and lifting of temporary support such as mortgage holidays increasing the risk that more families will increase debt or be unable to manage existing debt.

Increasing reliance on the welfare system – many for the first time, issues around awareness and access to available support. Many of these will be families who encountered the social security system and Universal Credit for the first time as a result of the crisis. One in 5 parents on Universal Credit had not previously claimed an income-related benefit. These families are likely to have higher outgoings (for example, higher rents and other fixed costs) than the current social security entitlements can meet.

Child poverty and safeguarding issues

Impact on health

Lack of finances, uncertainty of future.

Rising unemployment.

Reduced hours – many residents on zero hours contracts will see a reduction in hours, prompting a need for change and increased support in UC, Tax Credits, Housing Benefit and CTRS..

Council Tax - other priorities rather than paying Council Tax bill - not seen as the most important debt to customers. This could see residents enter a cycle of arrears where the cost of court action and enforcement fees prevents council tax being paid in the year its due and then immediately building arrears and repeating the recovery cycle in subsequent years.

Spiralling rents and benefit caps pushing some of the poorest groups into the hands of rogue landlords or even into homelessness.

## **Overall, what do think are the biggest opportunities?**

DHP - Work to be done with Housing team and Housing Associations, as well as CAB and Debt Advice agencies to be able to support

Interrogate our system for any vulnerable or those behind on rent – campaign to maximise income through benefit take up



Accessibility to CTRS through changes to the claim process

Ensure all those that should be claiming Council Tax Support are claiming

Review and adapt the Council's own approach to debt recovery

Sign up to the CAB Council Tax Protocol

Getting the message out in the communities of where assistance is available

Maximising the income of low-income households through a targeted benefit take up campaign. Eg Free School Meals and Pension Credit

### **Are there any quick wins?**

DHP - work closer with Housing, housing associations and Debt Advice agencies.

Interrogate our system for any vulnerable or those behind on rent – campaign to maximise income through benefit take up

Accessibility to CTRS through changes to the claim process

Review and adapt the Council's own approach to debt recovery

Contacting those we believe are entitled to Free School Meals.

Contacting those who we believe should be on Pension Credit to receive a free TV licence.

### **Is there anything we should stop doing now to aid recovery?**

### **Are there any media/communications issues or requirements that need to be flagged as a result?**

Raising awareness of the help available and benefits of early contact.

Signposting to UC, DHP, Council Tax Support, Debt Advice Agencies/CAB

### **Does the impact have a disproportionate impact on those with protected characteristics?**

Financial inequalities will be amplified as a result of the pandemic. People that had poor finances before the virus are those that will be worst affected.

Deprivation indices on ONS website will break this down across the borough.

