

---

**Report to Emergency Decision Making Forum**

---

**Date of Meeting: 20 April 2020**

---

**Subject: Welfare & Hardship Support**

---

**Report by: Strategic Director, Partnership & Performance**

---

**1.0 Issue**

- 1.1. The Scottish Government has put in place a number of support measures since the beginning of the Coronavirus crisis to support businesses and alleviate hardship. Whilst there is no hard data as yet, there is a sense that the Job Retention Scheme has played a significant role in mitigating initial economic impacts of the social distancing and lockdown measures that have been vital for the protection of life and preventing the NHS being overwhelmed.
- 1.2. We have not seen the anticipated increase levels of crisis presentations. Whilst there has been an increase in the number of Scottish Welfare Fund (SWF) applications on the same period last year (up approximately 30%), this is consistent with the weekly average trend that had already emerged previous to social distancing or lockdown measures.

We are receiving increased enquires concerning rent and council tax payments. Whilst it is still too early to say definitively whether additional financial and welfare support measures are necessary, there is a strong argument to develop a series of tools that can be deployed as need emerges to mitigate against levels of vulnerability in the community increasing to levels that would potentially further damage the local economy and place an unsustainable burden on statutory services.

**What has been done to date?**

- 1.3. The following outlines some of the key
- 1.3.1. **Scottish Welfare Fund** – SWF is one of our most important support measures to ensure rapid support to those in financial hardship or crisis. Resources have been bolstered using redeployees to minimise processing delays. 457 applications have been processed in the last 5 weeks. Presently all claims are being made within required timescales, with no delays in the system. Where applicable, we will continue to utilise the Scottish Welfare Fund

to assist with crisis. There are well established criteria and processes, and the Scottish Government has already provided additional funds for this purpose.

- 1.3.2. Although few in number, a number of cases have come to light where there is genuine hardship, but where the case does not meet existing criteria. In such cases there is need to consider further measures (see para 1.4 below).
- 1.3.3. **Information & Advice** – we have put considerable effort to ensuring there is good information on our website, and signposting to advice services that are available. We continue to scan what other Council's are doing and this will be updated on an ongoing basis.
- 1.3.4. **Council Tax (CT) 2020/21** – this is being operated on the basis if you are able to pay, you should. All normal methods of payment remain active and Direct Debits will be taken as planned. There have been requests to bring forward the 'perceived' CT 'payment holiday' from the end of the year to the start; however this is problematic not least because around 50% of CT payers are already on 12 month payments plans. We are currently prioritising resources on Council Tax Reduction (CTR) applications, which have increased significantly. All Self Employed CT cases have been proactively marked as zero income, which automatically suspends these cases if recovery has or would have otherwise taken place. Anyone who has made contact with the CT team in relation to challenges with their financial situation has had a covid-19 code placed on the system while they apply for the necessary support such as CTR. Recovery has been suspended from all of these cases. There are no plans to initiate any recovery action on any cases until after the June payment date (15<sup>th</sup> of the month) at the earliest. This in the first instance would be a check on current financial status rather than an automatic reminder.
- 1.3.5. Council Tax (CT) 2019/20 – In addition, to the above we are not sending any prior year's council tax debt to the sheriff officers at present. Existing and established payment arrangements with the Sherriff officers will continue to stand. Our Sherriff officers are not actively pursuing the debt that currently doesn't have an arrangement or where it has failed. They are operating with a limited staff and only generally taking payments by phone if a resident makes contact.
- 1.3.6. **Welfare Support & Managing Concerns Hub** – a more holistic process is being developed to ensure that there are referral signposts so that necessary family supports can be put in place. This more wrap-around approach seeks to bring various strands of work together, with the intention that there is a triage system in place and ultimately a central concerns hub that can deal with any cases that may fall out with established support mechanisms. Appendix 1 illustrates. Further work is being done linked to shielding to enable proactive engagements on meeting need.
- 1.3.7. **Shielding/Self Isolation** – linked with the above, there are mechanisms of support in place to support individuals and families with essentials. The shielding categories are widening over time to provide more formal, targeted mechanisms; however, shielding and the wider community aid support are in place to ensure that any vulnerable person or family receives needed essentials.

1.3.8. **Council Tenant Rent payments** - this is being operated on the basis if you are able to pay, you should pay. For those who can't then they should be actively seeking the housing cost assistance available via universal credit (UC) and/or Housing Benefit (HB). All normal methods of payment remain active and Direct Debits will be taken as planned. This money is crucial for the delivery of vital housing services. It should be noted that the Housing Revenue Account (HRA) is legally ring-fenced and if the account is in deficit at the year end, due to say a lack of income, then that deficit must be borne by the Council's general fund (GF) services budget. A highly unlikely scenario but one worth remembering due to challenges in rent collection and when making strategic budgetary decisions.

1.3.9. By way of context it is worth noting that as presented to Council in February 2020, currently around 3,368 (68%) of 4,960 Council households were claiming Housing cost assistance, either via Housing Benefit (1,957) or via Universal Credit (1,411), with assistance either covering the full rent charge of partial award for those on low and moderate incomes. Therefore, the group of tenant's at most financial risk with regards paying their rent or having to apply for benefits is those 1,591 tenants who we assume to not have housing cost assistance at the start of this pandemic (NB Figures correct as @ February 2020). Therefore, for example to apply additional 'rent free weeks', across the board, would save the UK Treasury benefit budget, whilst only fully positively impacting on a small proportion of our tenants but put a great risk our ability to offer housing services and investment going forward.

1.3.10. In Scotland, Housing groups and government bodies have set up the 'Social Housing Resilience Group' in response to the coronavirus outbreak. Convened by the Scottish Federation of Housing Associations (SFHA), the resilience group aims to deal with the "evolving and significant challenges" facing the social housing sector as a result of the COVID-19 outbreak. The group was set up following conversations between the Scottish Government, Scottish Housing Regulator and SFHA. The Council is represented via its membership of the Association of Local Authority Chief Housing Officers (ALACHO), with the Councils Senior Housing Manager an active member of the executive of ALACHO. The housing resilience group is considering such matters as the impact of the pandemic on rent arrears and other such vital operational matters. This could include for example, pursuit of some SG relief of rent arrears during this period.

1.3.11. Notwithstanding the evolving national response, given local attention (mostly generated by the PR of mortgage holiday/delay announcement) it is felt necessary to clarify for members and the public of our current approach.

1.3.12. At present our approach is largely as follows;

- We have stopped taking any formal recovery action against households who fail to pay their rent as a result of sudden financial hardship in relation to current Covid-19 crisis. Similar to the CT team we have set up codes on the system to record those who we have established, are experiencing rent payment difficulties due to the crisis. This equates to around 350 tenants so far. For those, we would expect to pay the full rent charge, we are making contact with a very soft letter and calls to ensure where possible, avenues of support are pursued by the tenants such as UC applications.

- No formal reminder letters will be issued if tenants are unable to pay their rent for the foreseeable future (we will work to align with CT team to ensure a corporate approach) and all recovery methods will remain suspended meantime.
- We have suspended any eviction actions for rent arrears for at least the next 6 months in line with the Coronavirus (Scotland) Act 2020.

### **Further proposed policy measures?**

1.4. Having looked at need/potential need and researched what other councils are doing the following is proposed:

1.4.1. That where there is a genuine hardship but the case does not meet existing SWF or other statutory support criteria, e.g. social work S22; or, where that payment is not believed to be sufficient to meet crisis need, that the multi-disciplinary Managing Concerns Cub (see Appendix 1) are given authority to make a hardship payment of no more than £200 per occasion (or up to £500 if approved by a member for the Senior Leadership Team). This could include assistance such as a one off discretionary Council Tax payment for those not meeting the scope of CTR eligibility. Decision would be based on professional assessment/judgement and formally recorded for scrutiny purposes. It is proposed that an initial total sum of £30,000 is earmarked for this which will be paid from either the hardship or the food fund depending on the reasons for the award.

1.4.2. New – CT Long Term Empty Properties. All long term empty properties attract a 200% surcharge with the incentive on the owner to actively market those properties. This charge is discretionary and in contrast Councils can also wave the charge and apply a 10% discount in exceptional circumstances. As marketing is restricted in the current economic climate, it is proposed that we identify all new (from 1st April) Council Tax long term empty liabilities and rather than apply the 200% charge, we apply a discretionary 10% discount for 6 months, issue a letter to advise that they should be paying 200% but due to current circumstances we will be awarding a discretionary 10% discount. It is estimated that this may affect approximately 30 properties resulting in a potential loss of income of £4,000.

1.4.3. Council Tenant Rent payments - the HRA has a reserve balance of circa £775k, it is proposed to utilise these funds to assist vulnerable tenants and those facing immediate hardship and financial struggles.

1.4.4. Based on discussions with other local authorities most notably Fife Council, it is proposed that the Council releases an immediate half of the reserve balance (£387,500) to be deployed by housing officers in the following ways by the established of a Covid-19 fund;

- Tenant made redundant - they would apply for Universal Credit to pay housing costs. These households would be supported through our Covid-19 fund, with housing officers able to credit the account with 2 weeks rent and, if the tenant signs up for rent direct, an additional 2 weeks rent can be credited.

- Tenant Self-Employed - tenants in the majority of cases will receive Government grant if applied for, which will be paid in June, for 80% of their business profits, up to a maximum of £2,500 per month. This could result in tenants receiving large payments. Proof will be required of amount paid/refusal by the Government, before any payment is made by the Council. As a result of Government grants not being paid until June, monies will not be credited by the Council until Government pay outs have been made and awards verified. Arrears won't be chased prior to the Government grant decision, and no cases will escalate up the arrears process. We will expect such tenants to apply for Universal Credit for housing costs. Only once the Government grant decision is made, proof of award/rejection letter will be required to be provided to the Council, for consideration of any payment and follow the Covid-19 fund principles above.
  - If not receiving Universal Credit housing costs, 20% of the rent charge will be credited to their rent account in June, for a 3 month backdated period (assuming the tenant will receive 80% Government grant from which they should pay the rest of their rent charge). In general this should equate to around a two week rent credit.
  - Tenants still employed by their existing employer but on the Governments Work Retention Scheme (furloughed). This in affect means those tenants are temporarily made redundant and the Government will pay 80% of employees wages during this time (up to £2,500 p/m). Most employees should continue to be paid by their employers who will reclaim this money from the Government. Some employees may not receive this benefit, and would need to be reviewed on a cases by case basis
  - Furloughed Tenants Procedure - the tenant will be expected to continue to pay at least 80% of their rent charge and 20% will be credited to their rent account in June, for a 3 month backdated period.
  - No tenant will benefit by more than their arrears balance as at 1st March 2020.
- 1.5. Given the requirements of the Housing Scotland Act 2001 to consult on housing matters, in the midst of the pandemic response, the above proposals have only been shared and discussed with the chair of the Tenants and Residents Federation (CTRF), who was supportive of this proposition.
- 1.6. Although Fife Council advertised the above scheme, the feedback from their experience is to allow the staff to proactively find those tenants in need of support. Fife Council has found great benefit in utilising the additional analytical tools of the Rent Sense product, which we are currently working with the supplier to get up and running and available for housing officers in Clackmannanshire, as soon as practicably possible. That software tool will also be crucial as we enter the recovery phase of this crisis response.

## **2.0 Options and Impacts**

### **2.1. Option 1**

Agree the options as set out at paragraphs 1.4 for an initial period of two months at which time a progress report is brought back to EDMF or the Council if it has reconvened at that point.

#### Impacts

It is believed that these additional measures could minimise hardship by providing supports until such times as more sustainable measures, such as benefits can be put in place, whilst mitigating to some extent impacts on general fund and housing revenue account revenues, which make a significant contribution to balancing Council budgets.

It should be recognised that, as with the disbursement of all current emergency funding, there is a higher risk of fraud given that it will not always be possible to secure established levels of documentary evidence in advance.

### 2.2. Option 2

Do nothing.

#### Impacts

There would be less chance of fraudulent claims and an initially lower risk of overspending approved budgets. However, there are arguably greater risks that unmet needs may not become apparent for some months, by which point levels of vulnerability in the community may increase to levels that would place unsustainable strain on statutory services. There is also a risk that the local economy will be significantly impacted without some form of intervention to support local families.

### 2.3. Option 3

That the EDMF select a hybrid of Options 1 and 2.

#### Impact

The impacts of this option would fall somewhere between those set out at Options 1 and 2.

## 3.0 Recommendations

3.1. It is recommended that the EDMF agree Option 1.

## 4.0 Implementation

<b>Task</b>	<b>Officer</b>	<b>Date</b>
General Fund supports and administrative processes put in	<b>SD, P&amp;P</b>	<b>w/c 27 April 2020</b>

place		
Scheme publicity and deployment	<b>SD, P&amp;P</b>	<b>w/c 4 May 2020</b>
HRA supports and administrative processes put in place	<b>SD, Place</b>	<b>w/c 27 April 2020</b>
Scheme publicity and deployment	<b>SD, Place</b>	<b>w/c 4 May 2020</b>

## 5.0 Resource Implications

### 5.1. Financial Details

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes x
- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes x

## 6.0 Exempt Reports

- 6.1. Is this report exempt? Yes  (please detail the reasons for exemption below) No x

## 6.0 Legality

- 6.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes X

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Stuart Crickmar	Strategic Director P&P	2127
Murray Sharp	Senior Manager (Housing)	5113
Wilson Lees	Team Leader (Housing)	2357
Lindsay Sim	Chief Finance Officer	2022