

**Cabinet**

**15 December 2021**

**Poverty Issues**

**Ordinary Decision**



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**Report of Corporate Management Team**

**Paul Darby, Corporate Director of Resources**

**Councillor Alan Shield, Portfolio Holder for Equality and Inclusion**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 To provide Cabinet with an update on:
  - (a) the most recent welfare, economic and poverty indicators for the county;
  - (b) expenditure which specifically supports poverty related activities; funded by both central government and from council budgets, enabling support to be delivered to vulnerable households by the council and key partners, and;
  - (c) the progress of the council and partners in addressing and alleviating poverty, including our response to the negative financial impacts arising from the COVID-19 pandemic.

**Executive summary**

- 2 The factors influencing poverty are multi-faceted. Its impacts are felt at an individual, household and community level. Given this complexity it is difficult to determine a single definition and measure of poverty. This report aims to describe the work of the council and partners to address and help alleviate the pressures which contribute to vulnerability arising from an individual's inability to meet their personal needs.
- 3 The council continues to have a strong approach to supporting financial inclusion and has maintained its commitment to effective "core" support mechanisms for low-income households through delivery of the Local Council Tax Reduction Scheme (LCTRS), Discretionary Housing Payments (DHP) scheme, and Welfare Assistance Scheme (WAS) for those in crisis, plus through the council's commitment to supporting advice

provision. Over the last two years, these schemes have been augmented with a range of other interventions.

- 4 The council continues to support financial inclusion through the work of the Poverty Action Steering Group (PASG). The council has committed significant investment to support residents needing financial help, supplementing the additional funding provided by the government to support households impacted by the restrictions to control the COVID-19 pandemic.
- 5 The work of PASG is directed by the Poverty Action Plan which is currently being reviewed in line with current data and intelligence, and engagement with support providers. This review will aim to bring an updated plan for Cabinet consideration in March 2022. The plan confirms the council's strategic approach in terms of all the key strands which address the issues surrounding poverty; including access to well-paid employment, training, welfare support, housing and food. It also describes the key interventions put in place to facilitate individuals and communities to move out of poverty and access the support they need.
- 6 Although a major focus of the last 21 months has been effectively supporting vulnerable households impacted by COVID-19 restrictions, the council and its partners have continued to address the underlying issues experienced by low-income households.
- 7 It is also important to note that the issues and challenges highlighted in this report cut across the key objectives in the Council Plan and link to the work on the council's Economic Strategy and Digital Durham programme, ensuring access to better jobs, training, skills development and addressing digital inclusion. In particular, the provision of county-wide, fast and reliable broadband connectivity and support of the digital inclusion agenda underpin the council's ambitions for economic growth and increasing employment opportunities.
- 8 Moving forward, the focus will be on a strong strategic approach to supporting residents through co-ordinated advice and guidance, with partners playing a key role in delivery. It will involve helping residents move away from accessing food through crisis intervention support such as food banks, working with key providers such as the credit unions to improve access to low-cost loans and supporting work to address fuel poverty and digital exclusion.

### **Recommendation(s)**

- 9 Cabinet is recommended to note:
  - (a) the progress being made by the council and its partners in addressing the impacts of poverty and the wider issues including the recent and ongoing impacts of the COVID-19 pandemic;

- (b) the review of the Poverty Action Plan with a revised plan to be brought to Cabinet for approval in March 2022.

## Background

- 10 This is the latest annual update report setting out the progress being made by the council and its partners in addressing poverty issues across the county. It builds on the previous update report, presented to Cabinet 18 November 2020.
- 11 Pre-pandemic, financial pressures on lower-income households were already increasing. County Durham is ranked the 26<sup>th</sup> most deprived area in England for employment and the 42<sup>nd</sup> most deprived for income (of 151 upper tier local authorities, 2019).
- 12 An estimated 21.5 percent of households across the county were living in relative poverty<sup>1</sup> before housing costs. A quarter of these households had at least one working adult. This compares with an England average of 17.1 percent of households – the relative poverty gap between County Durham and England has widened in recent years.
- 13 In addition, our comparatively low level of gross household disposable income had increased at a slower rate than the rest of the country, again widening the gap both regionally and with the rest of England.

	Gross household disposable income		
	2019	County Durham Gap	Increase on previous year
County Durham	£16,617		1.9%
North East	£17,096	£479, (3%)	2.2%
England	£21,978	£5,361, (32%)	2.5%

- 14 The arrival of COVID-19 impacted the economy swiftly and severely. Although the government reacted by investing quickly and heavily to mitigate the worst of the economic shock and keep families afloat, lower income households faced increasing financial pressure as furlough (loss in income), increasing basic living costs and additional expenditure incurred due to school closures/staying at home (meals, heating, equipping children for online learning) hit those with the least disposable income hard – especially as they could no longer access their normal coping strategies, e.g. eating at friends and families, accessing the internet in their local library, buying essentials from charity shops.
- 15 At the start of the pandemic (March 2020), 10 percent of our 16-64 population were claiming Universal Credit. This peaked at 15.9 percent in March 2021 and is currently 15.5 percent (September 2021 - 51,270 individuals across 44,495 households). Research has shown that many of

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<sup>1</sup> Living in households with less than 60% of median household income

the low-paid workers who lost their jobs had few, if any, savings to fall back on.

- 16 Eligibility for free school meals increased accordingly, the additional 3,200 children and young people (aged 0 to 19) pushed the total to 20,410, more than one in four, although 24 percent are not being claimed.
- 17 For those working, the gap in earnings with the rest of England continued to grow as average wages, which increased across the North East and England, decreased across County Durham.

	Average Wages		
	2019	2020	Change
County Durham	£24,000	£23,877	-£123
North East	£22,613	£23,559	£946
England	£25,150	£26,055	£905
Gap with England	-£1,150	-£2,178	Widening

- 18 Research<sup>2</sup> into the experiences of families with children claiming Universal Credit or Child Tax Credit during the pandemic shows that 70 percent cut back on essentials (including food), 60 percent borrowed money (mainly through credit cards and payday loans) and more than 50 percent fell behind on rent or other essential bills.
- 19 This is in stark contrast to those higher up the income scale, where 57 percent of adults in the top 20 percent of working-age family incomes, spent less and saved more as lockdown restricted non-essential spending.
- 20 The council continues to co-ordinate its efforts to tackle poverty through the Poverty Action Steering Group (PASG). This is a cross-council senior officer group, chaired by the Corporate Director of Resources and attended by the Portfolio Holder for Equality and Inclusion.
- 21 The council works closely with its key partners to share intelligence on emerging issues and direct pooled resources toward those most in need.
- 22 In helping to alleviate the financial hardship many of our residents are experiencing, the council has increased available support through significant financial investment, administering government hardship funds<sup>3</sup>, and through specific council-funded projects and initiatives.
- 23 At the start of the pandemic, we established the County Durham Together Community Hub to provide advice and guidance and to fast-track

<sup>2</sup> Joseph Rowntree Foundation and Save the Children

<sup>3</sup> the main sources of financial support specific to the pandemic were - Test and Trace Support Payments, COVID Local Support Grant (formerly the COVID Winter Grant Scheme), Additional Restrictions Grants, and Business Rate Relief.

applications for food and essential supplies, provide emergency food and support foodbanks; help more residents quickly access welfare and daily living expenses payments, including our council tax reduction and hardships scheme and grants for return to school costs.

- 24 The long-term effect of the pandemic on poverty is still unclear, and it is likely to be several years before the full impact is fully known and understood – particularly the impact on education outcomes and opportunities for young people.

### **National Policy update: Welfare and COVID-19**

- 25 The following section sets out updates to national policy (welfare and COVID-19 related) that have been made since the last report was presented to Cabinet.

#### *Temporary “uplift” to Universal Credit and Working Tax Credit*

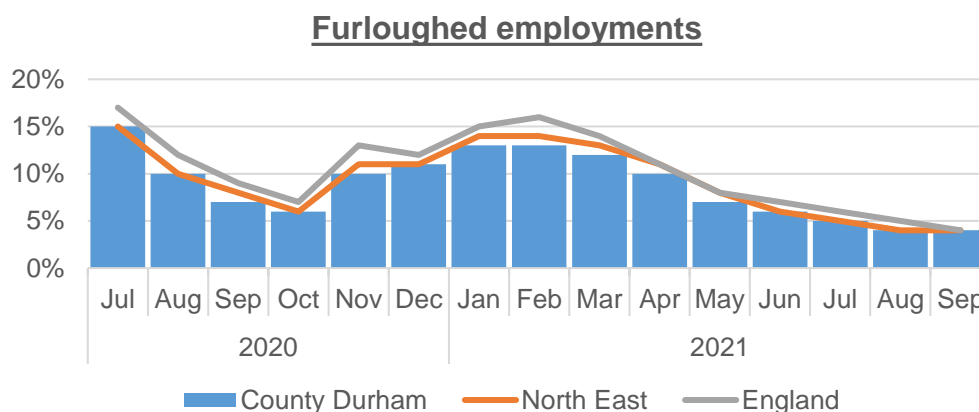
- 26 A temporary £20 per week increase to the standard allowance of Universal Credit (UC) and Working Tax Credit, was introduced in March 2020 at the beginning of the coronavirus pandemic. It was intended to support people newly unemployed or experiencing reduced incomes resulting from restrictions implemented to control the virus. The uplift was intended to initially last 12 months and expected to expire in April 2021. In the March 2021 Budget, however, the government announced that the UC Uplift would be extended for a further six months from April 2021, ending on 6 October 2021 and that Working Tax Credit claimants would instead receive a one-off £500 payment. An estimated 8,600 people across the county benefitted from this payment to Working Tax Credit claimants – which totalled £4.3 million in the six months to 30 September 2021. This one-off payment ended on 30 September 2021.
- 27 The table below presents the increases in UC claimants in County Durham between March 2020 and September 2021 since the start of the pandemic.

<b>UC claimants</b>	<b>Mar-20</b>	<b>Sep-21 (provisional)</b>	<b>Change</b>	
Individuals	32,870	51,270	18,400	+56%
Households	28,498	44,495	15,997	+56%
Households with dependent children	11,656	17,941	6,285	+54%

- 28 In relation to the Universal Credit uplift, it is estimated that around 11,000 households, almost 9,000 of which have dependent children, benefitted from the temporary uplift and therefore will be impacted by its removal, equating to approximately £11 million a year removed from the local economy.

#### *Job Retention Scheme (JRS or ‘Furlough’)*

- 29 Initially launched on 20 April 2020, the JRS gave government grants to employers to pay ‘furloughed’ staff the equivalent of 80 percent of their wages (up to £2,500). The scheme also met some of the employer’s contributions for pensions and National Insurance until the end of July 2020.
- 30 Over time the scheme evolved, and from July 2020 employees could be furloughed for some hours and work the remainder (flexible furlough). The government’s contribution started to taper down from July 2021 but employees who remained on furlough continued to receive 80 percent of their wages, until the scheme finally ended on 30 September 2021. At this point, employers were left to decide whether to bring employees back to work or make them redundant.
- 31 It is estimated that around 82,900 unique jobs across the county were furloughed at some time during the 18 months the JRS was in place, around 40.5 percent of eligible employments. At its peak, in July 2020, the scheme was supporting 32,400 employments.
- 32 At the end of September 2021, around 7,600 employments in County Durham (4 percent of all eligible employments) were furloughed. Almost half of these employments were either in the manufacturing sector (30 percent) or Accommodation and Food Services (12 percent).



### *Self-Employment Income Support Scheme (SEISS)*

- 33 Introduced to support self-employed individuals (including members of partnerships) with profits of less than £50,000, and whose income was negatively impacted by COVID-19. The SEISS gave taxable grants of up to £2,500 a month (up to 80 percent of monthly profits, averaged over the last three years).
- 34 Similar to the JRS, the SEISS was in place for 18 months and closed on 30 September 2021. It is estimated that around 51,900 claims were made by 16,500 self-employed people in County Durham, with the total value of support being around £131 million.

### *Test and Trace Support Payments*

- 35 From 28 September 2020, it became a legal requirement for everybody testing positive for coronavirus, or who was contacted by NHS Test and Trace, to self-isolate.
- 36 Following concerns that some people were hesitant to self-isolate due to financial constraints, a £500 lump sum support payment was introduced for those on low incomes who were unable to work from home and had lost income due to self-isolating.
- 37 The scheme subsequently evolved, with various changes being made to the eligibility criteria to increase access to the payments; this included enabling those who had to stay at home to care for children who were self-isolating to make a claim if they met the main eligibility criteria.
- 38 Across County Durham, 2,542 payments totalling almost £1.3 million have been awarded to date.

### *Kickstart Scheme*

- 39 The Kickstart scheme provides funding for job placements for young people (aged 16 to 24) claiming Universal Credit and at risk of long-term unemployment.
- 40 Funding covers the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of six months, associated employer National Insurance contributions, employer minimum automatic enrolment contributions, and a grant of £1,500 per job to cover setup costs and employability support.
- 41 Eighty one job placements are available across the council, all of which are benefiting from additional council funding which ensures all participants receive the Durham Living Wage. Ten people have now been recruited and we are in the process of recruiting to the remaining 71 posts.

### *Free School Meal Vouchers*

- 42 During the initial lockdown periods of the pandemic, government-funded vouchers (worth £15 a week) were offered to children eligible for Free School Meals (FSM). However, the national scheme was withdrawn prior to the October 2020 half term. In response, the council set up a local scheme to enable those Free School Meals eligible households previously eligible, to access a payment to access support, prior to further government support being provided through the Covid Winter Support Grant.
- 43 Since the Spring of 2020, an additional 3,200 pupils have become eligible for FSM, raising the overall number to 20,410 children (28 percent of all children living in and attending County Durham schools). Twenty four percent of eligible children are still not claiming this assistance.

### *COVID Winter Support Grant/Covid Local Support Grant*



- 44 In December 2020, the COVID Winter Support Grant Scheme was set up. This was then extended and morphed into the Covid Local Support Grant; funding provided to the Council through these schemes has amounted to £4,726,442. These grants enabled local authorities to support people struggling with the cost of food, energy and water bills, and other associated costs arising from the pandemic. The funding for these schemes ended on 30 September 2021.
- 45 Between December 2020 and September 2021, using this funding, the council distributed 295 hampers to our most vulnerable families, 273 food vouchers worth £80 to care leavers, 600 food vouchers worth £80 to kinship carers, and more than 101,100 vouchers, worth £20 per child per week and covering the school holiday periods, providing support to over 21,000 0- to 19-year-olds across the county.
- 46 We also awarded £270,000 through 330 grants to support vulnerable households with children enabling them to be safe, secure and have access to cooking facilities over the winter and allocated £100,000 to the East Durham Trust and the Durham Foodbanks to administer fuel vouchers.

#### *Household Support Fund (HSF)*

- 47 The Household Support Fund (HSF) is the latest iteration of the government support to vulnerable households. The council has been allocated £4,676,100 to administer the HSF, covering support from 6 October 2021 to 31 March 2022.
- 48 Although local authorities have some discretion as to how HSF funding is used, at least 50% must be spent on families with children. It is primarily to support people with food, energy, and water bills, but can be used to support households with other essential costs. In cases of genuine emergency, it can also be used to support housing costs if existing housing support schemes do not meet this need.
- 49 Our HSF scheme replicates some of the targeted support initiatives delivered as part of the COVID Winter and Local Support Grants, as well as introducing some new initiatives which will widen our eligibility criteria. Working with our partners to target 'hard to reach' households, our scheme includes a wide range of initiatives.
- 50 Bulk food/fuel vouchers will be available for vulnerable households. In addition, vouchers, worth £60 per child, will be issued to households with children eligible for free school meals in the lead up to Christmas and Easter, and will also be provided for kinship carers and care leavers. We will once again be issuing food hampers to vulnerable households, including care leavers.
- 51 Grants will also be made available to schools to help vulnerable households purchase essential items and buy winter clothing (including shoes and school uniforms) for children identified as most in need. For

those experiencing fuel poverty, help is being offered through the Warm Homes GP referral scheme, to provide help with the cost of fuel, boiler servicing and repairs.

- 52 Other vulnerable households who need additional support and have not accessed this through the main scheme strands as described above, will be provided with food/fuel vouchers through a discretionary grant scheme administered through the council's Welfare Assistance Scheme.

### *Holiday Activities and Food Programme*

- 53 The council was allocated £2,383,860 by the Department for Education (DfE) to co-ordinate and deliver free holiday activities and healthy food for children eligible for free school meals during the Easter, Summer and Christmas holiday periods in 2021. Each event also had effective signposting for families to access further advice and support.
- 54 With partners, we delivered a wide range of sessions including performing arts, sports camps; cookery sessions; arts and craft sessions; and themed outdoor family activities etc.
- 55 During the Easter holiday period 2021, 6,860 children, of which 757 were children with special educational needs and disability, engaged in activities and received a free healthy meal.
- 56 During the six weeks summer holiday period 2021, more than 18,000 children, of which more than 700 were children with special educational needs and disability, engaged in activities and received a free healthy meal. In addition, more than 4,100 activity packs and resources were delivered to community groups and families and nearly 2,000 free food parcels were distributed.
- 57 As DfE funding could not be used for provision during the May and October half term holidays in 2021, additional council funding was allocated to meet this need. The council invested £143,000 in extending these schemes to those holiday periods, with over 5,500 benefitting.
- 58 In October 2021 (autumn budget), the government announced further funding to continue the holiday activities and food programme going forward. £200 million of national funding was announced, but we await the funding allocations to the council.

### *Healthy Start Scheme*

- 59 In April 2021, weekly payments increased from £3.10 to £4.25 for the government's Healthy Start scheme, which helps with the cost of buying milk, baby milk and some foods. The scheme also gives access to free vitamins.
- 60 The scheme changed in the autumn of 2021 to make it easier to use and more flexible. A new digital scheme will replace paper vouchers with a

prepaid account that will be automatically topped up every four weeks with the payment.

- 61 The uptake of Healthy Start Vouchers has traditionally been low. To help increase take-up in Durham, we continue to promote and raise awareness of the programme with both families and partners.
- 62 Specific actions to increase uptake have included setting up a working group with partners; Public Health have developed bitesize training sessions for practitioners in order to help raise awareness of the programme- over 500 staff were trained. The partnership approach has focussed on increasing engagement and marketing of the Healthy Start programme underpinned by an action and a communications plan.
- 63 A localised healthy start voucher leaflet has also been developed recently and circulated to partners. Work by the NHS Business Services Authority is also being progressed to launch a digitised Healthy Start Scheme.
- 64 The focus on take-up in Durham has led to an increase over the last year – increasing from 54 percent in September 2020 to 68 percent in September 2021 (there are currently 3,820 individuals benefitting from this scheme in County Durham against 5,633 who are eligible). The current 68 percent take-up is higher than both the regional average (67.9 percent) and the national average (60.6 percent).

### *Council Tax Hardship Fund*

- 65 As part of the Spending Round announcements last year, on 25 November 2020 the government announced additional grant funding to enable councils to continue reducing council tax bills for those least able to pay. This provided around £7 million of further funding to the council, building on the £7 million of additional funding provided in 2020/21. There were no specific requirements connected to the grant and the design of the 2021/22 council tax support scheme was a matter for individual billing authorities.
- 66 Last year, support through this scheme totalled approximately £4.1 million. To date, we have paid just over £3.2 million in Support Payments to residents facing financial hardship, in addition to more than £61 million through the Local Council Tax Reduction Scheme. Cabinet has recently agreed to extend the support in relation to the Support Payments, using the Hardship Funding, making a maximum additional payment of up to £150 to eligible Council Tax Reduction claimants in 2022/23 and up to £75 in 2023/24.

### *Housing Benefit disregard*

- 67 The Housing Benefit disregard in relation to Working Tax Credit, was increased to £37.10 in 2020/21, but returned to £17.10 a week from April 2021. This ensured that around 1,200 households in County Durham did

not see a reduction in their Housing Benefit as a result of the temporary Working Tax Credit increase.

- 68 Claimants who were furloughed, self-isolating or shielding were able to be treated as being in work for a period by Working Tax Credit so to ensure all those affected by coronavirus were treated equally, with the 'additional earnings disregard' being applied to their Housing Benefit.

### *Housing – rental sector*

- 69 The ban on bailiff-enforced rental sector evictions in England, which was introduced in March 2020 as an emergency measure during the pandemic, suspended new evictions from social or private rented accommodation during the national emergency and no new possession proceedings through applications to the court were able to start during the crisis.
- 70 On 10 March 2021, the government, announced a further extension to the ban on bailiff-enforced evictions – up to end May 2021 - and the requirement for landlords to provide six-month notice periods to tenants before they evict. This was removed from 1 August 2021, meaning landlords now need to give two months' notice for evictions, or four weeks if tenants owed more than four months' rent.
- 71 National data shows that only 85 properties have been repossessed using a county court bailiff in England and Wales since the pandemic began. In comparison there were 20,000 of these in 2019 across the social and private rented sectors'<sup>4</sup>
- 72 Research<sup>5</sup> has identified the impact the resumption of enforcement visits by bailiffs has had on those experiencing financial difficulties as a result of the pandemic. StepChange (a national debt charity) noted a 652 percent increase in traffic to their bailiff advice webpages in August as households began to worry about potential visits. Nationally, Citizens Advice has seen 5,600 clients in relation to bailiff enforcement since visits resumed.
- 73 Within County Durham, an additional 491 households, (3,505 households in total) contacted Housing Solutions during the period July to September 2021 compared with the previous quarter, which is the largest quarter-to-quarter increase since 2019. Many households were presenting as homeless or facing homelessness due to the lifting of the eviction ban. In addition, our Private Rented Sector Team received more complaints of disrepair and illegal eviction allegations in September which may be linked to the eviction ban ending.

### *The Rough Sleeping Accommodation Programme 2021-24*

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<sup>4</sup> Quote from the National Residential Landlord Association on the 5 November 2021 in the Parliamentary Briefing, Coronavirus: Support for landlords and tenants, reporting

<sup>5</sup> [StepChange](#) – National Debt Charity.

- 74 Launched in March 2021, the aim of the Rough Sleeping Accommodation Programme is to help rough sleepers rebuild their lives away from the streets through investment in dedicated homes. Homes are being made available in every region of England, enabling people who sleep rough, or at risk of sleeping rough, to be rehoused in secure, long-term accommodation.
- 75 Through this scheme, rough sleepers are supported by specialist staff to access the help they need, such as support for mental health or substance misuse needs, so they can move towards training and work, and finding a permanent home.
- 76 In the last quarter, the council continued to see high levels of rough sleepers across County Durham. One hundred and sixty cases were reported, of which 58 were located and assisted. Although levels are similar to the same period last year, the needs of rough sleepers have become more complex, with more mental health and substance related problems being seen. We continue to invest to increase suitable accommodation for rough sleepers and those with complex needs.

### *National Insurance*

- 77 From 6 April 2022, National Insurance contributions will increase by 1.25 percent to help fund the NHS and social care system. This means somebody earning £20,000 a year will pay an extra £130 a year, somebody earning £50,000 will pay an extra £505.
- 78 As the median salary across County Durham, before deductions, is £28,259, it is estimated our residents would pay an extra £234 a year on average.

### *National Food Strategy*

- 79 Commissioned by the government in 2019, this aims to address the growing problem of food security, ensure the security of our food supply, maximise the benefits in agricultural technology, and develop a new integrated National Food Strategy.
- 80 In its report of July 2021, the National Food Strategy recognises that the sugar and salt tax is likely to put extra financial strain on the poorest families. In a series of recommendations, designed to get fresh food and ingredients to low-income households with children, it recommends:
- (a) money raised from the new taxes is used to extend free school meals to families with a household income of £20,000 or less, much higher than the current ceiling of £7,400;
  - (b) increasing spending on schemes which improve the diets of families on low incomes and improve food education; and

- (c) trialling a "Community Eatwell" programme which would involve GPs prescribing fruit and vegetables to people with poor diets and low incomes.

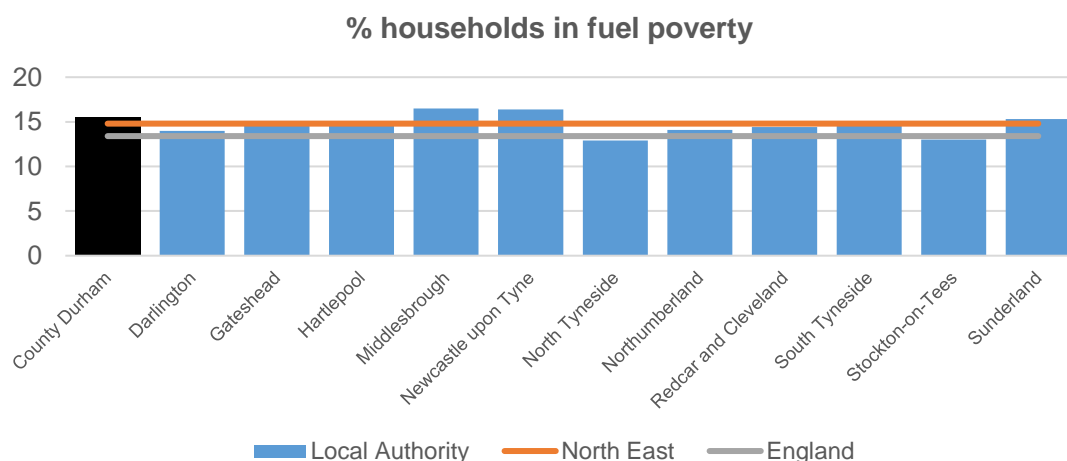
81 The government is due to respond with proposals for future laws within six months.

### *Fuel Poverty Strategy*

82 Published in February 2021, Sustainable Warmth (the updated Fuel Poverty Strategy for England) sets out how the government will tackle fuel poverty, while at the same time decarbonising buildings.

83 The strategy announced the expansion of the Energy Company Obligation (ECO) which will run from 2022 to 2026, and with an increase in value from £640 million to £1 billion per year. The updated strategy additionally announces details of new funding of £150 million for the Home Upgrade Grant. It builds on the 2015 fuel poverty strategy, and is supported by feedback from the 2019 consultation on a fuel poverty strategy for England.

84 Latest data (2019) estimates that around 36,600 households across the county (15.5 percent of the total) experienced fuel poverty. This is higher than the average both across England (13.4 percent) and regionally (14.8 percent). It also ranks County Durham as 46 from 151 upper tier authorities and 3<sup>rd</sup> highest across the North East.



85 Nationally, the average fuel poverty gap is estimated to be £216 and younger family households are more likely to be fuel poor.

86 Since September 2020, the council has secured over £10 million of grant funding for insulation and renewable heating measures in 600 fuel poor homes across County Durham. We have also assisted 1,724 fuel poor households to receive a grant for energy efficiency measures, equating to more than £2.9 million of external funding.

- 87 In addition, between April 2020 and August 2021, our Managing Money Better (MMB) Service assisted 796 low-income households collectively to reduce their energy bills by £65,800.

### *The Education (Guidance about Costs of School Uniforms) Act 2021*

- 88 Statutory guidance for the new law passed by Parliament in April 2021, which will make school uniforms cheaper in England has recently been announced.
- 89 This policy will make schools place affordability at the centre of their uniform policy and is expected to limit the number of logos on uniforms, allowing parents to buy more items from supermarkets and shops other than a school's main supplier.
- 90 There is also a 'strong emphasis on second-hand uniform, advocating the benefits of this and requiring all schools to make this available to parents in some way. For example, they could either provide this service themselves or participate in other appropriate established local schemes.

### *Increase to the National Living Wage*

- 91 From 1 April 2022, the National Living Wage will increase by 6.6 percent to £9.50 an hour. Approximately 26 percent of employees in County Durham currently earn less than £9.50 per hour. This equates to around 40,000 employees and is a higher proportion of the workforce below that level than the England average of 24 percent. Women are hardest hit with around 31 percent being paid less than the living wage, compared with around 20 percent of men.

### *Cut to Universal Credit Taper Rate*

- 92 From 1 December 2021, the Universal Credit taper rate has been cut from 63 percent to 55 percent - meaning that people claiming Universal Credit will be able to keep more of the money they earn before their benefits are taken away. For example, someone earning £100 above their work allowance in a month would now lose £55 from their monthly universal credit claim, compared to £63 previously. Work to provide an analysis of this in terms of County Durham residents is being undertaken.

## **Council Investment**

- 93 The council has adopted a strategic and co-ordinated approach to addressing poverty issues within the county, changes to the welfare system and the financial impact on our residents of COVID-19.
- 94 The council's investment in tackling poverty is multi-faceted and reflects a range of policy interventions to support vulnerable low-income households, including:
- (a) **Local Council Tax Reduction Scheme (LCTRS)** – there are currently 56,280 LCTRS claimants in County Durham, of which

21,104 (37 percent) are pensioners and 35,176 (63 percent) are working age claimants. Almost 80 percent of all working age claimants receive maximum help, leaving them with no council tax to pay, with LCTRS support forecast to be around £62 million this year;

- (b) **Local Council Tax Reduction Scheme Top Up Payments** - the government provided local authorities with grant funding in 2020/21 and again in 2021/22 to provide additional support to economically vulnerable people and households during the Covid-19 pandemic.

The Council has received circa £14 million of government grant funding and last year introduced a scheme that provided double the level of top up support to those households on LCTR that still had a bill to pay than what the government expected – providing additional top up payments of up to £300. The scheme was extended into the current year when the additional funding for this year was made available.

Not all councils did this, with some choosing to utilise the funding to offset tax base impacts when setting their 2021/22 budgets.

The council could afford to have a scheme which provides up to £300 of additional support because of the LCTRS is has in place – where 80 percent of working age households are in receipt of 100 percent LCTRS and have no bill to pay.

The council has utilised £1 million of the funding provided to augment its Welfare Assistance Scheme and £1.4 million of the funding to provide one-off funding to Area Action Partnerships this year to provide additional community-based support as communities recover from the pandemic. This is in line with the grant conditions.

The council spent circa £4.2 million last year making additional top-up payments and is forecast to spend a further £4 million this year and in November Cabinet agreed to extend the scheme across the next two years, but on a tapered basis, with the level of additional support provided reduced by 50 percent next year to a max of £150 and then by a further 50 percent the year after to a maximum of £75 before these top-up payments are removed in 2024/25. This will ensure that the full £14 million of government grant support provided will be spent supporting economically vulnerable people and households as they deal with and recover from the impacts of the pandemic.

- (c) **Discretionary Housing Payments (DHP) scheme** – each year the council receives a specific grant from the Department for Works and Pensions (DWP) to fund a local scheme which can provide top up payments to meet any shortfall in housing rental costs.

Any underspending against the DHP grant at year end must be returned to DWP and cannot be carried forward, even if there are



commitments against it for the following financial year. The council is allowed to supplement DHP grant with its own resources and can spend up to 2.5 times the grant provided.

An earmarked reserve exists to support any overage against the grant – where demand can fluctuate and where the council is not permitted to merely stop making payments once its grant funding is exhausted. To reduce/manage expenditure the DHP policy must be changed instead and then new applications from that point are assessed against it. In 2019/20 for instance the council had to utilise £617,859 of its own resources to augment the grant available in that year, before the grant was increased in 2020/21. The forecast balance on this reserve is £1.179 million to 31 March 2022 – reflecting one-off funding allocations over the last few years to ensure there was a buffer to meet any shortfall in the grant.

The DHP Policy is regularly reviewed, by Housing Benefits, Housing Solutions and Housing Providers to update the policy and processes where relevant, in order to ensure it is accessible and that we are spending the full grant.

Some councils do not fully utilise the funding available through the DHP grant. The council however has a strong track record in fully utilising the grant allocations available so that local residents benefit from the funding available and is constantly reviewing and adapting the local policy to manage demand and resources.

Over the last five years, DHP payments have totalled £7,374,317 largely funded by DWP grant totalling £6,512,556, but requiring council top-up funding of £861,761. In the current year the most up to date forecast shows that £1,179,886 of DHP payments will be made, which is in line with the DWP grant available; however, claims have recently increased which may necessitate use of the contingency funding available within the Welfare Assistance Scheme Reserve.

- (d) **Welfare Assistance Scheme (WAS)** - as part of Welfare Reform Act 2012, the discretionary elements of the DWP social fund transferred to local authorities and from April 2013, councils became responsible for adopting a local policy and for providing support to people in crisis through daily living expenses and settlement grants.

From April 2013 to March 2015, Durham County Council's Welfare Assistance Scheme was administrated by a local charity, Five Lamps, but was brought in house from April 2016.

The government initially provided £1.9 million of specific grant funding for these schemes, which was reduced to £1 million in 2015/16 and the funding subsumed into general formula grant. The council has maintained a budget in line with the allocation that was

subsumed into general formula grant, despite the fact that general formula grant was subsequently reduced.

The annual WAS budget is £1 million – of which £860,000 is available for spending on awards and £140,000 is a contribution to the administration costs of the scheme. The funding available for direct awards is allocated as follows:

- Area Action Partnership - £140,000 (£10,000 per AAP)
- The Durham Foodbank - £50,000
- FEED Project (East Durham Trust) - £2,700
- NE First Credit Union - £10,000 (under write of loan default)
- Daily Living Expenses and Settlement Grants - £ 657,000

The budgets were augmented with an additional £500,000 of one-off funding in 2020/21 and again in 2021/22 as part of the anti-poverty investments built into the MTFP.

Any underspending against this budget is retained in an earmarked reserve that is overseen by the Poverty Action Steering Group to help fund a range of interventions set out in the Poverty Action Plan. This has included the following:

<b>Scheme/Initiative</b>	<b>£</b>
Grant to Citizens Advice County Durham for Covid Proofing their buildings	58,091
Care Leavers Christmas Support	81,514
Homeless Emergency Packs	7,248
School Benevolent Fund	10,000
Holiday Hunger - October Half Term	160,350
That Bread and Butter Thing & Fair Shares Licenses	125,000
Holiday Activities with Food	140,000
Employability Team	300,000
Progression & Learning Team	150,000

The reserve was further augmented with £1 million of funding from the Hardship Fund government grant received in 2020/21.

Over the last five years the Welfare Assistance Scheme payments have totalled £2,966,551. In the current year it is forecast that £530,866 will be spent on this scheme.

The forecast earmarked reserve balance that will be carried over to next year is £2,484,000.

- (e) **Council Tax Exemption for Care Leavers** – from 1 April 2017 the council implemented a policy of exempting care leavers from council tax up to the age of 25. This policy offers additional support to those leaving care to facilitate their transition to independent living. This support totalled around £0.17 million of council tax reductions in 2020/21.
- (f) **New Burdens and Miscellaneous Funds** – since 2013, there have been various amounts allocated to the council from government departments to support the administration of new schemes and initiatives linked to welfare reforms and other temporary schemes aimed at financially vulnerable households; termed “new burdens” funding.

This funding has been allocated to support the council’s approach to tackling poverty; overseen and utilised by the Poverty Action Steering Group to enable a range of interventions to be implemented, for example for work with partners on advice and guidance and also to support initiatives within Housing Solutions and the Money Matters service.

During 2020/21, £247,652 of funding was allocated through the new burdens funding and in 2021/22 an additional £251,093 has been aligned to support poverty related work.

### *Poverty Action Strategy and Plan*

- 95 Many of the drivers of poverty, such as the strength of the economy, employment, wage rates, national welfare provision and inflation, are beyond the council’s direct control. Therefore, we have developed a poverty action strategy focused on improving services and opportunity for those residents in County Durham who are experiencing poverty.
- 96 Our ambition is to do more than passively support residents to claim benefits and pay their rent. Our vision is to *“improve the standard of living and daily lives of those residents in County Durham who are currently experiencing poverty; and to help alleviate issues that can lead households on low incomes to experience poverty”*.
- 97 As the COVID-19 pandemic evolved and residents and communities were ‘locked down’, we started to see a shift in reported issues, particularly in relation to family finance.
- 98 The poverty action strategy and plan were updated to reflect this. Existing actions in our action plan were brought forward to address the impacts of the pandemic and some new short-to-medium term initiatives and investments were added.

99 Emerging actions required to help our residents' financial circumstances during the pandemic were captured under four workstreams and taken forward with key partners and stakeholders:

- (a) Community resilience;
- (b) Employment and personal sense of worth;
- (c) Welfare and money matters; and
- (d) Children and families.

### *Community Resilience*

100 Over the last 21 months, £2.9 million<sup>6</sup> has been allocated across 292 projects combatting the effects of COVID-19.

101 Annual grants have been made to the Durham Foodbank (£50,000) and the East Durham Trust (£2,700) to fund core countywide infrastructure.

102 £250,000 has been allocated to setting up 10 food hubs through the 'That Bread and Butter Thing'. Approximately 50 families engage with each of the five operational hubs each week – which provides access to low-cost food and access to advice and provides a stepping stone from the crisis support through food banks and through the Welfare Assistance Scheme. Work is underway with community groups to open a further five hubs in the coming months.

103 We have continued to work with the County Durham Together Community Hub to proactively support residents and businesses, including 70,000 people identified as potentially vulnerable.

104 The Hub contacted more than 4,000 residents identified as Extremely Vulnerable to COVID-19, responded to almost 17,000 calls and 4,000 e-mails from residents seeking advice or support, contacted almost 7,500 positive COVID-19 cases (Local Tracing Partnership) and supported a further 500 identified by the national Test and Trace team as needing to self-isolate.

105 Wrap around COVID-19 support to almost 10,000 residents, in collaboration with the Voluntary and Community Sector (VCS) and local statutory organisations. Emergency food parcels or a personal shopping service was provided to more than 3,000 vulnerable residents.

### *Employment and Personal Sense of Worth*

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<sup>6</sup> £1.5 million from the council and £1.4 million in match funding

- 106 Almost 4,000 referrals have been made to Employability Durham since July 2018. The programme helps residents overcome barriers to employment, education and training. Services which switched to online and telephone contact during the pandemic are now moving back into the community with face-to-face client interaction and pre-planned sessions at Job Centre Plus offices.
- 107 Around 1,280 people have engaged with Durham Advance since September 2018, with more than 600 participants moving into employment or self-employment as a result. The programme supports those out of work and aged 25 and over with health conditions, as well as residents over 50 years old.
- 108 In excess of 480 people have engaged with LINKCD since July 2019, with more than 150 participants moving into employment or self-employment as a result. The programme supports residents who are most disadvantaged and most distant from the labour market to overcome multiple and complex barriers and move closer to or back into employment, education or training.
- 109 Between October 2018 and October 2021, more than 205 people moved into employment or self-employment through the Community Led Development programme, which uses project grants to increase jobs and growth in deprived areas across the county.
- 110 Since January 2021, 138 residents have been referred to Durham FLEX, a programme which supports the newly unemployed, those in a low paid employment and those at threat of redundancy. Fifty five participants have moved into employment or self-employment.
- 111 Durham Works, a £29 million programme which supports unemployed young people aged 16-24 to progress into work, training, education or volunteering, has supported 8,750 young people since it started in 2016. Of these, 7,116 have completed the programme and 5,830 (82 percent) have progressed into employment, education, training or gained a qualification. The programme is funded by the European Social Fund/Youth Employment Initiative (£21.8 million) with match funding of £7.2 million provided by the council and its delivery partners. The programme is working to progress as many young people as possible prior to December 2021 when the main programme will end. After this date, DurhamWorks will continue, as £16 million of additional funding has been secured until December 2023

### *Welfare and money matters*

- 112 We continue to provide emergency food support to residents experiencing financial hardship and have provided more than 3,000 vulnerable residents with an emergency food parcel or a personal shopping service.

- 113 In the current year to date, we have made almost 1,500 Discretionary Housing Payments, committing just over £1 million to help residents with rental costs.
- 114 As part of our Welfare Assistance Scheme, we have paid £284,574 in Daily Living Expenses (DLE) and Settlement Grant (SG) awards during the current year to date.
- 115 To September 2021, we had paid almost £2.9 million in additional Council Tax Top Up Relief to residents facing financial hardship, in addition to more than £61 million provided through the Local Council Tax Reduction Scheme.
- 116 In relation to Durham Savers, a revised action plan is being delivered to promote and encourage financial awareness and develop a savings culture. Training is available to residents, businesses, schools and council employees for topics such as money management, safe credit options and 'routes out of poverty'. The council's staff salary savings scheme passed the cumulative £2.5 million in savings and loans, NEfirst Credit Union has recently passed the £6 million savings mark for County Durham residents.
- 117 Since April 2021 to November, a range of initiatives encompassing the Warm Homes Campaign and Warm and Healthy Homes have:
- supported 949 households with Energy Company Obligation grants for new heating boilers and insulation measures, equating to over £1.58 million of grants;
  - secured a significant amount of external grant funding for insulation and renewable heating measures in fuel poor homes across County Durham;
  - assisted 409 low-income households, collectively reducing their energy bills by £39,875 through the Managing Money Better (MMB) Service.
- 118 Loss of tenancy in the private rented sector continues to be one of the main drivers for homelessness, although the temporary eviction bans during the pandemic saw a pause on evictions. Housing Solutions continues to work with social housing providers to ensure tenants are referred at an early stage to help reduce evictions, have introduced 'stop b4 u serve' for tenants living in the private rented sector and are continuing to support tenants in financial difficulty.

### *Children and Families*

- 119 The PASG allocated £143,000 for countywide holiday activities with healthy food during the May and October 2021 half terms (periods which Department for Education funding did not cover). During the May half term, 47 projects were delivered across the county, engaging with more than 2,500 children and young people. During the October half term, 74

projects were delivered across the county, engaging with approximately 3,000 children.

- 120 The council resumed temporary administrative responsibilities for the Benevolent Fund (a charitable trust) in October 2020 and approved more than 655 applications for a £35 grant towards winter coats and/or school shoes. Trustees of the fund are currently being consulted on the review of the fund and future administrative arrangements.

#### *Advice in County Durham Partnership (AiCDP)*

- 121 The AiCDP is a network of statutory and community and voluntary sector organisations working together to provide advice services across the county. Its comprehensive communications programme ensures claimants understand changes and are signposted to the most appropriate source of advice, help and support. Council employees, particularly those in customer-facing roles, receive regular updates and training so they fully understand changes to welfare and poverty issues, and the help available through the council and its partners.
- 122 During the last 12 months, more than 70 organisations have used the referral system enabling 3,578 residents to access advice and support – supporting the “no wrong door” philosophy that underpins the partnership. We anticipate that referrals will increase substantially over the next 12 months as we enter the COVID recovery period, see a return of face-to-face services within the community and initiatives such as furlough, the Universal Credit uplift and the eviction ban come to an end.
- 123 In September 2021, the AiCDP launched a new referral portal and website to improve the referral process.

#### **Future Direction**

- 124 Whilst the council has supported its most vulnerable residents over recent years and has intensified support during the COVID-19 pandemic, there is much still to do to promote social inclusion and support vulnerable residents and their families.
- 125 To help develop a new Economic Strategy for the county, we have conducted an economic review and developed a new economic statement. This provides an overview of our economic performance, suggests the areas of the economy that we need to collectively support, and firmly positions the county in regional and national conversations relating to economic growth and levelling-up. Production of a Durham County Economic Strategy in partnership with key stakeholders and following consultation will be completed by Autumn 2022.
- 126 The PASG are reviewing the current poverty action plan and associated strategy. This includes consulting with services across the council and with key partners to make best use of our collective resources, learn from

what has worked well and identify any gaps, and use our data and local intelligence to ensure the support is targeted to where it is needed.

- 127 The review will consider the council's economic statement and wider policy and consider how we can increase access to fresh, healthy, affordable food, support residents struggling with increases in cost-of-living expenses and loss of income; access to decent and affordable housing, low cost loans and how we can help residents improve their overall financial circumstances.
- 128 Initial workshops are being held in December 2021, with further work being carried out in January 2022 to refresh the Action Plan, with a view to approval in line with the refresh of the Council Plan.

## **Conclusion**

- 129 During the pandemic our efforts to address and alleviate poverty increased significantly but there is still much to do. By maintaining our partnership-based approach to delivering the Poverty Action Strategy and action plan, we are making it everyone's business to respond to poverty and the risk to financial exclusion.

## **Background papers**

- None

## **Other useful documents**

- [Cabinet report, Poverty Issues, November 2020](#)
- [Cabinet report, COVID-19 planning and response, 5 June 2020](#)
- [Cabinet report, Welfare reform and poverty issues, 11 September 2019](#)
- [Cabinet report, Welfare reform and poverty issues, 13 September 2017](#)
- [Poverty Dashboard – Durham Insight](#)

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## **Appendix 1: Implications**

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### **Legal Implications**

There are no direct legal implications arising out of this report, which is provided by way of update to Members on the impacts of the COVID-19 pandemic. The nature and extent of these implications are unknown and officers continue to monitor changes in primary legislation for the pandemic and EU Exit proposals to assess the likely future impacts on the council and residents of the county.

### **Finance**

The council supports welfare provision and poverty alleviation through a number of service budgets across the council, such as the Welfare Assistance Fund and Discretionary Housing Payments (DHP) policy which are administered by the council's Revenues and Benefits Service. The council also offers discretionary County Tax relief to individuals and households in financial hardship and has protected residents from government reductions in Council Tax Benefit through the approach it has taken to local Council Tax Support.

The longer-term financial implications for the council are at this stage difficult to quantify, and are dependent on, future 'lockdowns' or local restrictions and the speed of economic recovery.

### **Consultation**

The review of the Poverty Action Plan and Strategy which is currently underway will be informed by feedback and engagement through consultation with council services and partners during the coming months.

### **Equality and Diversity / Public Sector Equality Duty**

The council's Welfare Assistance Scheme, Discretionary Housing Payments policy, and Local Council Tax Support Scheme, have been subject to equality impact assessments where appropriate.

### **Climate Change**

Not applicable.

### **Human Rights**

Note applicable.

### **Crime and Disorder**

Not applicable.

### **Staffing**

There are no staffing implications.

**Accommodation**

Not applicable.

**Risk**

Not applicable.

**Procurement**

Not applicable