

MEMBER BRIEFING PAPER

DISCRETIONARY SCHEME FOR TEST AND TRACE SUPPORT PAYMENTS

1 BACKGROUND

- 1.1 This briefing paper has been produced in response to a request from at least five Councillors to debate the motion that “the Council undertake an urgent and rapid review of its local eligibility criteria for the discretionary element of the Test and Trace Support Payment scheme”.
- 1.2 This briefing paper aims to ensure that members are fully aware of the potential implications of a review before approving the motion. The paper sets out the background, context and details of the current discretionary scheme, as well as options for changes to the scheme criteria.

2 BACKGROUND, CONTEXT AND CURRENT DISCRETIONARY SCHEME CRITERIA

- 2.1 On 21st September 2020 the Council was informed by the Department of Health and Social Care that local authorities were expected to put in place arrangements to process applications from individuals for a new Test and Trace Support Payment scheme for people who have suffered a reduction in income because they are unable to work while they are self-isolating. The scheme is intended to help ensure that people who are on low incomes self-isolate when they test positive for coronavirus or are identified as a contact of someone who has tested positive. The scheme is also intended to encourage more people to get tested when they are displaying symptoms of coronavirus. It was hoped that this would help to reduce the transmission of COVID-19 and avoid further societal and economic restrictions, including local lockdowns. Eligible applicants are entitled to a payment of £500. The scheme was expected to run until 31 January 2021.
- 2.2 We were asked to implement these arrangements as quickly as possible and by 12 October at the latest, with eligible individuals who are notified on or after 28 September that they have to self-isolate able to make backdated claims where necessary. As there was insufficient time to present a report to a relevant policy committee or full Council before the commencement date of 12 October, the urgent decision arrangements were utilised. This urgent decision was subsequently reported to Council on 14 December 2020.
- 2.3 There are two parts to the scheme, a main scheme and a discretionary scheme. Details of the scheme have been posted on the Council's website [here](#).
- 2.4 Under the **main scheme** a £500 support payment is made to people who meet the following criteria:
- I. have been instructed to isolate by NHS Test and Trace, and
 - II. are employed or self-employed, and
 - III. are unable to work from home and will lose income as a result, and
 - IV. are in receipt of any of the following benefits:

- Universal Credit
- Working Tax Credit
- Income-based Employment and Support Allowance
- Income-based Jobseekers Allowance
- Income Support
- Housing Benefit
- Pension Credit.

2.5 The **discretionary scheme**, which is the subject of the motion to be debated at the Council meeting on 4 February 2021, is intended to help those who require corresponding financial support to the Test and Trace Support Payment to self-isolate, but do not meet all of the eligibility criteria in the main scheme. Eligible applicants receive a payment of £500.

2.6 Local authorities can introduce additional criteria to determine eligibility for discretionary support payments as long as these operate in addition to, rather than instead of the criteria already set by government. The government has set the eligibility criteria for a discretionary Test and Trace support payment as:

- Those who have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive; and
- Those who are not currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support allowance, income-based Jobseeker's allowance, Income support, Housing Benefit and/or Pension Credit; and
- Those who are on low incomes and will face financial hardship as a result of not being able to work at home while they are self-isolating;

The Council **currently** has set the following additional criteria, in determining eligibility for the discretionary scheme.

- Applicants must be in receipt of Council Tax Support; or
- have been in receipt of Council Tax Support or any of the Test and Trace Support Scheme qualifying benefits within the previous two calendar months of the date of isolation; or
- have made a claim for Council Tax Support or any of the Test and Trace Support Scheme qualifying benefits prior to the date of isolation but are still awaiting the outcome.

2.7 The rationale behind the current scheme criteria was to use eligibility for Council Tax Support as a means of evidencing low income and potential financial hardship because this was simple to verify (and therefore quicker to pay) and ensured that those on the lowest incomes should be eligible, while reducing the risk of exceeding the funding that was awarded.

2.8 Derbyshire Dales District Council was originally allocated government funding of £13,339.18 (covering 26 payments) for the discretionary scheme.

2.9 The application process is as follows:

- An online application or telephone application must be completed. Applicants must provide:
 - a notification from NHS Test and Trace asking them to self-isolate;
 - proof of receipt of one of the qualifying benefits; or
 - proof that one of the qualifying benefits is being assessed;
 - a bank statement in the name of the applicant;
 - proof of employment or evidence of self-assessment returns, trading income and proof that their business delivers services which cannot be undertaken without social contact.
- The online application will allow applicants to upload relevant evidence.
- Applicants who fail the pre-eligibility checks for the main scheme are automatically routed to the discretionary scheme.

2.10 The aim is for a payment of £500 to be credited directly to the bank account of a successful applicant within 3 days of receipt of an eligible application.

Applicants who are overdrawn can exercise their 1st right of appropriation on the £500 payment, so that their bank does not use the support payment to pay their overdraft. The Council will provide a template to help applicants where this is required.

Discretionary Test and Trace Support payments will be subject to income tax but will not be subject to National Insurance Contributions.

The Government and the Council will not accept deliberate manipulation and fraud and any person caught falsifying records or breaching self-isolation when support payments have been awarded may face prosecution and the support payments issued will be subject to claw back.

2.11 On 13 January 2021, the Council was informed that the Test and Trace Support Payment Scheme would be extended to 31 March 2021. The government confirmed that Derbyshire Dales District Council would receive an additional £4660.82, taking the total funding to £18,000, covering 36 payments. The District Council currently does not have the financial capacity to fund payments not covered by government funding.

2.12 The letter said that the government is still considering whether changes will be needed to the eligibility criteria beyond 31 January, including considering how the scheme interacts with the forthcoming introduction of daily testing for contacts as an alternative to self-isolation. An update is still awaited.

- 2.13 With regard to the discretionary scheme the letter indicated that “allocation of this funding is not based on discretionary spend to date, but on recent need, which was calculated using recent levels of COVID-19 cases, and the relationship between the number of cases and payments made from the main scheme in each LA as a measure of deprivation”. The letter goes on to say: “A condition of this discretionary funding being agreed is that we work with you to reduce this regional variation. The discretionary scheme should only be used to support people who, although not on one of the qualifying benefits, otherwise meet the full eligibility criteria and will face financial hardship as a result of self-isolating. We are therefore requesting that you evaluate your spending on discretionary payments to date, and ensure you have an agreed definition of financial hardship that you apply consistently. It is up to your local area how you choose to define financial hardship, for example you may wish to exclude people with savings or set an income threshold”.
- 2.14 At the time of writing this briefing paper, the applications and payments relating to the discretionary scheme are as follows:

A. Number of applications received (for mandatory & discretionary schemes)

Main – 364

Discretionary – 171

B. Number of these that failed pre-eligibility checks (this doesn't include multiple applications – duplication applications wouldn't be rejected at pre-eligibility check stage)

Main – 263 (72%)

Discretionary – 161 (94%)

C. Number of valid claims (A less B)

Main – 101 (28%)

Discretionary – 10 (6%)

D. Number of mandatory scheme applications approved but awaiting payment

1

E. Number of mandatory scheme applications paid

37

F. Number of mandatory scheme applications rejected

62 (not including those rejected at pre-eligibility stage)

G. Number of mandatory scheme applications awaiting a decision (C less D less E less F)

1 (awaiting additional information from applicant)

H. Number of valid claims routed to discretionary scheme

10

I. Number of discretionary scheme applications approved but awaiting payment

0

J. Number of discretionary scheme applications paid

2

K. Number of discretionary scheme applications rejected

8 (not including those rejected at pre-eligibility stage)

L. Number of discretionary scheme applications awaiting a decision.

0

This shows that we have paid 2 of 10 valid applications for the discretionary scheme i.e. 20%.

It also demonstrates that a high proportion of applications fail the initial eligibility checks.

- 2.15 Derbyshire Dales District Council is required to provide regular progress reports to Central Government with regards to the development and implementation of its Test and Trace Support Payments scheme and for assurance regarding possible fraudulent applications.

3 NEIGHBOURING AUTHORITIES

- 3.1 Research undertaken by officers indicates that neighbouring authorities have taken one of two approaches for their discretionary schemes:

- Some authorities have used only the criteria set by government;
- Some have added criteria relating to Council Tax Support (as this Council did).

Details are set out in Appendix 1

- 3.2 The table in Appendix 1 shows that most Derbyshire Councils have made payments that reflect 5% to 10% of current coronavirus cases. The exceptions are Derby City Council (50%) and Derbyshire Dales District Council and South Derbyshire District Council (both 1%). This could be taken as an indicator that the current criteria for DDDC is too tight and should be reviewed.

4 OPTIONS FOR NEW CRITERIA FOR DISCRETIONARY SCHEME

4.1 Option 1: Leave the scheme criteria as it is

The government has asked local authorities to evaluate spending to date. The fact that only 2 payments have been made so far implies that the current criteria are too tight.

4.2 Option 2: Remove the criteria relating to council tax support and leave only the government criteria i.e.

- Those who have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive; and
- Those who are not currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support allowance, income-based Jobseeker's allowance, Income support, Housing Benefit and/or Pension Credit; and
- Those who are on low incomes and will face financial hardship as a result of not being able to work at home while they are self-isolating.

Questions on the application form would deal with the first two points. The third point would be assessed in the following way:

- I. A new question on the application form to ask the applicant “*Will you face financial hardship as a result of not being able to work while you are self-isolating?*”.
- II. If the answer is “Yes” the applicant will then be asked something like “Please provide details of the financial hardship you will face” and “Please upload any evidence to support this”.
- III. A member of the benefits team will manually assess the evidence for each claim to determine eligibility for a payment. It is hoped that the numbers will not be excessive. The team has experience of this type of assessment (from processing discretionary housing payments).

This option provides a much wider criteria than option one, but there is a greater risk of an over-spending. Given that it is impossible to predict the number of people who might be self-isolating and apply in future, at this stage it is not possible to forecast accurately the magnitude of any potential overspend. To give an idea to members, 50 payments would cost £25,000, 100 payments would cost £50,000; 500 payments would cost £250,000. We have £18,000 in government funding (for 36 payments) and have already paid £1,000, leaving £17,000 available for 35 payments.

4.3 Option 3: As option 2 but say that applicants with savings of more than £6,000 are not eligible.

This approach has been used by some local authorities. The figure of £6,000 is the same as used to assess housing benefit applications. It could be argued that if someone has savings of £6,000 or more, then they would not be in financial hardship. However, the savings might be in an account that requires notice and not readily accessible. Checking this criteria would also add to the workload of the benefits team and create delays in processing.

4.4 Option 4: As option 2 but agree that payments will end when the government funding is exhausted

This has the advantage of widening the current scheme criteria but mitigating against an over-spending. Some could argue that it is unfair on people who apply later (the funds could have run out by the end of March). However, as the government has given no assurance of further funding, this is a financial risk that the Council cannot afford.

4.5 These options could be implemented from 5 February 2021, subject to members’ approval.

5 CONSULTATION, EQUALITIES & DATA PROTECTION

5.1 The Benefits Manager has been consulted and has taken part in the development of the scheme criteria. The Digital Transformation Manager has been consulted to assess the potential changes to the website application form that will be required for the new criteria.

5.2 An Equalities Impact Assessment has been produced in development of the

scheme. The scheme ensures that discretionary payments are awarded based on the scheme's eligibility criteria.

- 5.3 Data Protection Impact Assessment screening has taken place. A data sharing agreement is in place and there is a privacy notice in place. A data sharing agreement between Public Health England and Derbyshire Dales District Council is required to enable the Council to complete eligibility checks on Test and Trace activity and provide Public Health England with information on the support payments which have been made.

6. SUMMARY

- 6.1 It can be seen from the above that the number of discretionary scheme payments made to date are lower than expected.
- 6.2 It can be seen from the above that the scheme criteria could be reviewed and changed with effect from 5 February 2021, should Members choose to amend the motion and approve one of the options.

7 CONTACT INFORMATION

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Appendix 1

Comparison with other Derbyshire Authorities

Local Authority	Discretionary scheme criteria*	Number of payments made to 27/01/21	Covid-19 7 day case count**	Payments as % of current cases
Amber Valley DC	Don't receive specified benefits. Will face financial hardship as a result of not being able to work while you are self-isolating.	52	551	9%
Bolsover DC	Don't receive specified benefits. On low income and will face financial hardship as a result of not being able to work while you are self-isolating.	23	382	6%
Chesterfield BC	Same as DDDC, i.e. linked to Council Tax Support scheme.	32	394	8%
Derby City Council	Don't receive specified benefits. On low income and will face financial hardship as a result of not being able to work while you are self-isolating.	837	1,659	50%
Derbyshire Dales DC	Linked to Council Tax Support scheme	2	151	1%
Erewash BC	Don't receive specified benefits. On low income and will face financial hardship as a result of not being able to work while you are self-isolating.	55	545	10%
High Peak BC	Same as DDDC, i.e. linked to Council Tax Support scheme	19	282	7%
North East Derbyshire DC	Not receiving one of these benefits but are on a low income and self-isolation will cause you severe financial hardship. Payments will end when the funding is exhausted.	Not available	333	
South Derbyshire DC	Linked to Council Tax Support scheme but must be on low income and savings below £6,000.	3	382	1%

*In addition to the other criteria set by government

**7 day case count for period 09/01/21 to 15/01/21 (10/01/21 to 16/01/21 for Derby). Source: Derbyshire County Council & Derby City Council.