

## **The financial Cliff Edge faced by Sheffield communities**

There is a wide body of evidence, and we know from the experience of communities that we help, that Covid 19 has had a disproportionate impact on the poorest communities. We also know that many in these communities face a “cliff edge” into poverty and in some cases destitution and homelessness as temporary support and protections are removed. Whilst the budget did signal limited extensions to some of the protections, the insecurity and fear of the future is an intolerable weight for many and the unresolved problems are building. Many people impacted by the cliff edge will turn to VCF organisations for help and advice at the same time as we are already struggling to meet demand and need.

We believe that the City as a whole must develop a plan which enables us together to support our communities to try to lessen the impact of this “cliff edge”. The plan must be inclusive of all sectors and communities, appropriately resourced and place those people impacted the most at the heart of it. We must not wait until the cliff edge appears but rather plan now.

Partnership Board is asked to consider how it can lead and support the development of a whole city commitment to support people and communities in Sheffield facing this potentially devastating “cliff edge”. This could include:

- ensuring that all sectors fully appreciate the impact of the “cliff edge” and build tangible actions to mitigate the impact into their plans;
- developing a city wide set of actions to support the maximisation of income and reduction of debt for households in the city;
- working with networks both locally and across the country to develop a clear and co-ordinated ask of government to mitigate the cliff edge.

### **This is the cliff edge facing our communities**

- **End of Job Retention (Furlough) scheme / increase in redundancies**

Commentators are expecting there to be a significant and possibly sudden rise in redundancies as the job retention scheme is wound down. Evidence tells us that lower skilled, lower paid workers, workers from BAME communities, women and disabled people will be more likely to be working in sectors the hardest hit (for example, retail, hospitality) and more likely to be selected for and made redundant. Redundancy pay will be minimal and they will tend to find it harder to move sectors, and will be dependent on universal credit. Although the Chancellor announced an extension to the scheme until September, we must wait and see if employers are willing to make the enhanced contribution or, perhaps particularly for lower skilled, lower paid staff, employers may decide to

go ahead with redundancies believing that they can re-hire at a later date. There could still be a significant number of local redundancies over the next six months.

- **Removal of £20 uplift to universal credit**

In April 2020, the Government awarded a £20 a week (£1040 per annum) increase to all universal credit claimants. Despite significant pressure, the Government has continued to argue that this was designed as a temporary uplift. A further six month extension was announced in the Budget but it looks increasingly unlikely that this will be made a permanent feature. Body of evidence which confirms that the removal of £20 a week (for some claimants representing 25% of the money they have to live on) will push many UC claimants from poverty into destitution. The uplift looks like it will be removed at the same time as unemployment is set to rise to its peak at an additional 500,000 out of work. The removal of the £20 uplift will reduce the main rate of unemployment support to its lowest level since 1990.

- **Mortgage and loan holidays and temporary respite from enforcement action**

Banks and loan companies offered up to six months “payment holidays” on a range of personal debt and mortgages. Whilst in most cases these have come to an end, the impact of this will have cushioned people from and prevented arrears from increasing. However, without this protection, arrears are likely to start increasing. In addition, arrears action on both priority and personal debt has, in many cases, been relaxed or delayed, such as arrears of council tax. The levels of personal debt of poorer people has increased. However, there has been an unexpected decrease in the numbers of people seeking debt advice, explained by people’s reluctance to face such issues in the middle of a pandemic and, with the temporary relaxation of enforcement, feel less inclined to address the issues. This is masking the devastating impact of increasing debt levels.

- **Increased costs during pandemic and the poverty premium**

We know that people living in poverty have to rely on friends, family and charity to get by. The extra costs of the pandemic including not being able to have meals with family in other households, not being able to travel to cheaper food shops, increased costs of heating and lighting homes because of being at home more, increased costs of having children at home rather than at school, have meant that poorer people have built up more personal debt including fuel arrears and informal and often unregulated debt. On top of this, recent research again confirms that people already facing disadvantage pay more for essential services including banking, fuel and food.

- **Risks of Rising Homelessness**

We are concerned that many of the homeless people housed in the hotels/dispersed temporary accommodation throughout Covid will have less support and will end up back on the streets, despite the joint efforts of the statutory and VCS to provide long term sustainable solutions to rough sleeping. The funding available under the Winter Plan and schemes like Housing First is short term, availability of suitable accommodation is tight (particularly as shared accommodation cannot be used) and resources for those services providing wrap around support are stretched.

There is also a small but not insignificant cohort of people who have exhausted all asylum options who are currently being housed but will not have rights to accommodation post 31<sup>st</sup> March. In addition the concern for this client group is that were they to become street homeless again under the recent changes to Home Office guidance some of these people could be deported if found street homeless. Considering Sheffield is a City of Sanctuary this is a concern.

- **Crisis in renting**

The stay on many people being evicted from both privately rented accommodation and social housing has been extended to end of March. But behind this temporary stay on evictions there is a mounting and extremely serious problem. The budget was silent on support for the estimated 700,000 tenants currently in rent arrears.

Once court hearings begin again, we are likely to see a sharp rise in the number of applications to court for possession. Latest statistics from Shelter say that one in four people in private rented accommodation are in arrears and average arrears is £800. For many renters, if they cannot reduce their rent arrears, because of the nature of the law in respect of private rented homes, the Landlord will be granted a possession order. We also know that some Landlords are increasingly unwilling to wait for legal means and are pressurising tenants to leave their properties early.

Even where possession is not being sought due to rent arrears, we believe the rise in evictions will in turn will bring with it an added financial pressure for people by way of needing to find deposits and pay for removals and other associated costs, at a time where they are already facing financial insecurity. We also know that an increasing number of landlords are withdrawing from the private renting sector, therefore it is likely that as a result we will see a sharp increase in those seeking more affordable housing options via the council's housing register and/or applying as homeless

## **Summary**

Trusted commentators including Joseph Rowntree Foundation (JRF) are clear that the cliff edge facing people has not been alleviated by the budget provisions. As JRF write in their post budget briefing “more people will be swept into poverty in the face of continued economic uncertainty and inadequate support”.

## **Action**

The Partnership Board is asked to consider how it can lead and support the development of a whole city commitment to support people and communities in Sheffield, particularly on the specific actions above.

**This paper has been produced by Citizens Advice Sheffield and Shelter (Sheffield) on behalf of Sheffield’s voluntary and community sector.**