

**iii. Commitment that the mechanism would enable LAs to set up systems that ensures the support quickly gets to where it will make the most difference.**

15. Approval of funding in any local area would be conditional on:

- i. The Local Authority having been identified as an 'area of national intervention' through the JBC Gold Command process.
- ii. Evidence-based but light-touch business cases submitted to CST that make clear existing funding routes have been exhausted (including, where applicable, the £100m DHSC contingency fund) and that proposals are deliverable

**TTCE compliance / hardship payments**

16. We have recommended that the new funding mechanism includes payments to those who cannot work because they are self-isolating in order to encourage compliance with the TTCE system. You have choices about how you frame these payments:

- i. Either you could present these as a small payment to ensure those who need to self-isolate can afford to do so. This points towards providing these to those in work who cannot access SSP (the self-employed and those earning less than £120 with any single employer). DHSC estimate that this is likely to be 18% of those self-isolating (though we need to do more to test their assumptions).
- ii. Alternatively, you could present them as an incentive payment, on top of the existing safety-net. This points towards providing the payments to all who cannot work because they are self-isolating, whether or not they are eligible for SSP. DHSC estimates this adds a further 19% of self-isolaters into scope.

17. On either option, you could also add a means test to ensure that the payment only went to those on lower incomes. Given this, the question is not about whether one costs more than other (given that costs could be adjusted using the means test), but rather about the framing.

18. Limiting the payment to those who cannot access SSP ensures the payment is highly targeted, but may be hard to deliver and risks highlighting perceived gaps in eligibility for SSP. It would contradict the government position that these groups do not fall through the safety net as they can access new style ESA (if they have sufficient NICs) or UC. That is their equivalent of sick pay. Given that this will likely be the case well after Covid-19 ends, the repercussiveness of Option 2 is a significant risk.

19. In contrast, expanding the payment to those who are eligible for SSP would increase the scope of those eligible, although this could be mitigated by the introduction of a means test. The main advantage of this approach is that it would not imply that the government thinks its own safety net is insufficient. Rather, it could be presented as an additional incentive on top of

the existing safety-net, and could be made conditional on people committing to comply with self-isolation.

20. Considerable further work is needed to explore costs and deliverability of both options. The costing below has assumed a payment of £13 per day (i.e. just less than SSP) to all in work, whether or not eligible for SSP. We have not attempted to apply means-testing on top – so the costs will be an over-estimate.
21. If you are interested in establishing this mechanism, we would be grateful for a steer as to your preferred approach: **we would recommend the second option (not linking the payment to SSP but rather presenting it as an incentive), as it is operationally easier to deliver and does not suggest that the welfare system is inadequate.** We will continue testing the deliverability of both approaches and work up more detailed costings, prioritizing your preferred approach.

### Scale of funding

22. We understand that Baroness Harding will push for a national scheme to support self-isolators, and is likely to propose payment of £330pw (£38hrs NLW) to self-isolators unable to work from home (this is over 3 times the SSP rate), DHSC estimate this would be around 40% of self-isolators. DHSC estimate at current rates of incidence and current TT performance this might cost £10m per week (implying payments to around 30,000 people per week – which seems high given only c. 18,000 in total are currently self-isolating – though we would like this number to rise). DHSC flag that costs “might” increase to £120-200m pw in the event of a second wave, this would imply payments to 350,000-600,000 people (suggesting around 875,000 - 1.5m would be isolating at any one time). These costs highlight the risks of any national approach. We understand No.10 are not convinced by the DHSC proposal.
23. The cost to the exchequer of the programme proposed in this note is not easy to determine, given the uncertainty of how the disease will spread and over performance of TTCE. The total cost will also depend on what funding is made available and to whom. We would expect to need to fund the programme from the reserve, and hence borrowing. The TTCE programme is unlikely to provide this funding from existing budgets, indeed are bidding for new funding to expand testing further, DHSC also have significant reserve claims for this year and unlikely to be able to fund this from underspends. Funding would only be available to English local authorities, and any additional funding provided to departments for this purpose would be subject to Barnett consequentials.
24. Indicative costings are given in the annex, based on the proposal in the Strawman and various assumptions. These are subject to changes as we refine the Strawman, costings work and delivery assessments. However, these assumptions suggest that if applied to the whole NW lockdown area, this could cost £0.9m per week, plus a £55m fixed cost. The equivalent number would be £10.8m a week for England, with a fixed cost of £663m. These are at the upper end of the scale, and do not yet apply means testing to the compliance payment.

25. There may be requests from areas who are not considered 'areas for national intervention' or who have been subsequently downgraded by JBC Gold Command, to extend this funding mechanism to provide additional support that would prevent further spread of the virus. This would effectively make the decision process harder to determine, and would lead to high potential cost. We would not recommend committing to this until we have further considered the implications of such a mechanism – however, we have modelled England-wide costs to give an indication of potential scale if you open this up more widely.
- 26. Are you content for us to propose to that MHCLG, DHSC and BEIS consider how to deliver a limited, LA-administered scheme along the lines set out in the annex?**
- 27. Are you content for us to explore with JBC how we could link funding requests to the governance decisions for implementing local NPIs?**
28. A draft note for No10 setting out the context and parameters of possible options is attached for your consideration. Note that an equalities assessment will be required before final policy decisions are made.