

<p>SUBJECT: WELFARE REFORM UPDATE</p> <p>DIRECTORATE: CHIEF EXECUTIVE</p> <p>LEAD OFFICER: REBECCA COX, WELFARE REFORM AND PROJECT LEAD</p>
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1. Purpose of Report

- 1.1 To provide Joint Committee with an update regarding the national and local position of welfare reform, with a specific focus on the local advice referral process, COVID-19 support and Discretionary Housing Payments (DHP) for this report.

2. Executive Summary

- 2.1 This report provides Joint Committee with an update on national Universal Credit (UC) changes; to include reference to the national statistics and national legislation changes.

The report also provides Joint Committee with updates regarding:

- Local advice referrals into the Welfare Reform Support Team;
- National and local changes made to support those financially adversely affected by Covid-19;
- Financial position for Discretionary Housing Payments.

3. Background

- 3.1 The national Welfare Reform agenda has had a significant impact on residents of Lincoln and North Kesteven since 2013 when certain changes were introduced – such as Removal of Spare Room Subsidy, and Benefit Cap – and has continued as further changes have been introduced, such as the ongoing rollout of Universal Credit. These changes have resulted in major changes to the operating of our shared service, to ensure a proactive and positive response to welfare reform and the impacts on residents.

4. National Progress – Statistics

- 4.1 Latest national figures published by the Department for Work and Pensions (DWP) were released on 12th October 2021, with statistics relevant to the period up to August 2021:

- 5,806,015 households receiving UC (this is a decrease from 5,938,958 as reported at the last meeting of this Committee).

Local authority statistics are also available:

- City of Lincoln – 11,065 (10,985 as at the last report)
- North Kesteven – 6,664 (6,650 as at the last report).

5. Advice Referrals to Welfare Reform Support Team

- 5.1 Referrals come from Councils' service areas, customers and external stakeholders into the Shared Service Welfare Reform Support team (formerly Universal Support Team).
- 5.2 The advice referral process has resulted in all internal teams and partners working together with the objective of improving the customer journey.
- 5.3 As part of our shared service's COVID-19 response, the Welfare Reform Support Team has been able to provide vital support to new and existing customers – both over the phone and via email. The team is able to explain to customers what support is available to them (national and local), undertake assessments for Universal Credit, Housing Benefit, Council Tax Support and Discretionary Housing Payments. This has also been a model which has been able to be flexible and adapted for the Test and Trace Support Payments scheme.

6. COVID-19 National support for customers affected

- 6.1 As a result of the outbreak of COVID-19, there have been a number of changes made to legacy benefits, Universal Credit and support for those in or retaining employment, - which have been reported to this Committee previously. Members may already be aware that the increased Universal Credit payment in the form of a '£20 per week uplift' has recently ended. A change in the Universal Credit taper rate was also announced in the October 2021 Budget, - the amount of Universal Credit withdrawn for every pound someone earns will be cut from 63p to 55p.

7. COVID-19 Test and Trace Self Isolation Payments

- 7.1 From 28 September 2020, anyone who has been told to self-isolate has a legal obligation to do so. To support those who self-isolate, the Department for Health and Social Care (DHSC) introduced the Test and Trace Self Isolation Payment (TTSP).
- 7.2 The TTSP scheme is administered by Local Authorities, with guidance from DHSC. There are two schemes – the mandatory and discretionary. Both schemes are payments of £500 and certain eligibility criteria need to be met.
- 7.3 **The mandatory scheme:**

This is a national scheme and eligibility criteria has been set by the Department for Health and Social Care. The payment is £500 providing the individual lives in England and meets all the following criteria: -

- 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
- employed or self-employed; and
- unable to work from home and will lose income as a result of self-isolating; and
- currently receiving at least one of the following:

- Universal Credit
- Working Tax Credit
- income-based Employment and Support Allowance
- income-based Jobseeker's Allowance
- Income Support
- Housing Benefit
- Pension Credit.

7.4 The discretionary scheme:

There are three national eligibility criteria which have been set by the Department for Health and Social Care, then each Local Authority can include their own discretionary criteria.

7.5 The shared service has approved the same policy for both City of Lincoln and North Kesteven District Council. The eligibility criteria is as follows: -

- 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
- employed or self-employed; and
- unable to work from home and will lose income as a result of self-isolating; and
- have capital of less than £1,000 – this limit was removed from May 2021 as the scheme was reviewed; and
- have income which does not exceed expenditure.

7.6 The Welfare Reform Support Team has received all applications and undertaken assessment decisions. Also, the team secured further funding from Lincolnshire County Council to make TTSP-related payments utilising Winter Grant Scheme monies.

In total, the team has received a total of 3,065 applications for City of Lincoln, which at the time of writing this report (on the 21st October 2021), 1,229 have received a payment. A breakdown of the applications is shown in the table below:

City of Lincoln:

	Received	Pending	Unsuccessful	Total Paid/Eligible	Value
Mandatory	833	130	243	461	£230,500
Discretionary	2,139	603	815	720	£360,000
Winter Grant Scheme	93	0	45	48	£24,000
Total	3,065	733	1,103	1,229	£614,500

In total, the team has received 1,1660 applications for North Kesteven, of which at the time of writing this report on the 21st October, 564 have received a payment. A breakdown of the applications is shown in the table below:

North Kesteven:

	Received	Pending	Unsuccessful	Total Paid/Eligible	Value
Mandatory	454	104	123	218	£109,000
Discretionary	1,161	308	543	319	£159,500
Winter Grant Scheme	45	0	18	27	£13,500
Total	1,660	412	684	564	£282,000

7.7 The national TTSP scheme was due to end on the 30th June 2021 but was extended in June until the 30th September 2021, and has since been extended again and is now due to end on the 31st March 2022.

8. Discretionary Housing Payments

8.1 City of Lincoln's government grant for 2021/22 is £186,707 and North Kesteven's £122,652. 2021/22 DHP central government grants for both City of Lincoln and North Kesteven have decreased from 2020/21.

8.2 The impact of Universal Credit (UC) in Lincoln and North Kesteven is constantly increasing and will continue to do so as UC continues to be rolled out. Covid-19 has had an impact on the number of UC claims being made – seeing an increase in claims, and as a result an increase in UC-related DHP awards. The next stage of UC rollout is still due to be undertaken, with a managed migration process for remaining legacy benefit customers – however this may not be commencing in our Districts, for 1-2 years (or longer).

8.3 The table below updates on DHP spend for the period 1st April 2021 – 30th Sept 2021.

LA	Total funding = Central Government DHP Grant 2021/22	DHP net spend as at 30 Sept 2021	DHP committed for 2021/22	DHP Total spend for 2021/22	% Grant spend	Unallocated DHP Grant
City of Lincoln	£186,707	£115,282	£47,674	£160,956	86.21%	£25,751
North Kesteven	£125,652	£79,682	£28,911	£108,593	86.42%	£17,059

8.5 The table below breaks down the number of DHP applications received and determined up to 30th Sep

DHP applications – Year Quarter 1 2021/22	City of Lincoln	North Kesteven
Total number awarded	495 <i>(Quarter 2 2020/21 = 238)</i>	278 <i>(Quarter 2 2020/21 = 160)</i>
No. awarded for Housing Benefit	284 <i>(Quarter 2 2020/21 = 139)</i>	134 <i>(Quarter 2 2020/21 = 79)</i>
No. awarded for Universal Credit	211 <i>(Quarter 2 2020/21 = 99)</i>	144 <i>(Quarter 2 2020/21 = 81)</i>
Average DHP award	£325.16 <i>(Quarter 2 2020/21 = £490.02)</i>	£390.62 <i>(Quarter 2 2020/21 = £555.54)</i>

- 8.6 internal DHP working group continues to review DHP procedures with the aim of ensuring that those most in need of additional help with their housing costs receive appropriate support. The team has reviewed our DHP policy for 2021/22, with a view to allocating central government grant effectively under the backdrop of Covid-19 recovery.
- 8.7 For 2021/2022, Local Authorities were not given their full DHP grant for the year. It was announced by the DWP on 20th September 2021 that they had allocated the final part of funding for the financial year. Overall, City of Lincoln's grant has decreased by 25.4% compared to 2020/2021 and North Kesteven's has decreased by 28.9%.
- 8.8 As at the 21st October 2021, the City of Lincoln has £19,911 left of its funding and North Kesteven has £10,963. Officers are considering options such as:
- Fundamental review of DHP Policy;
 - Review of housing allocations policy;
 - Securing of additional funding to supplement government DHP grant – e.g. homelessness prevention monies, General fund, HRA funding (this may require a government directive);
 - Review of cases currently in receipt of 'longer-term' DHP.

9. Council Tax Hardship Fund

- 9.1. As part of its response to COVID-19, the Government announced in the Budget on 11th March 2020 that it would provide local authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area.

The expectation was that the majority of the hardship fund would be used to provide council tax relief, alongside existing local Council Tax Support schemes for 2020/21. The Guidance notes were released on 24th March 2020 with confirmation of the grant allocation.

Grant allocation was made based on the Council Tax Support (CTS) working age caseload and City of Lincoln were awarded £1,209,846, and North Kesteven £535,715.

Amounts spent up to 30th Sept 2021 – paid towards the year 2020/21:

- City of Lincoln Council £678,946 towards 3,893 individual Council Tax accounts;
- North Kesteven £279,681 towards 2,562 individual Council Tax accounts.

9.2 The remaining balance of the awards will be allocated towards helping the most vulnerable with further council tax relief alongside existing local Council Tax Support schemes for the year 2021/22.

Initial allocations were paid to eligible Council Tax accounts in July 2021 , and by 30th Sept 2021, the totals awarded were as follows:

- City of Lincoln Council: £337,439;
- North Kesteven: £164,358.

9.3 Officers are aiming to spend the remaining balances within 2021/22.

- City of Lincoln Council: £202,802.82
- North Kesteven: £91,597.51

10. Household Support Fund

10.1 £421 million has been made available in England to support those most in need this winter. This funding covers the period 6th October 2021 to 31st March 2022. £5,464,685.20 has been awarded to Lincolnshire County Council under section 31 of the Local Government Act 2001, to administer the scheme and provide assistance to households most in need.

The expectation is that it should primarily be used to support households in the most need with food, energy and water bills. It can also be used to support households with wider essential costs. At least 50% of funding must be spent on families with children.

Lincolnshire County Council is working closely with all Lincolnshire District Councils, with a view to Districts issuing an element of this funding to those requiring this kind of assistance – it is envisaged this Districts scheme will be live shortly. The latest published position is on Lincolnshire County Council's website, at this link: [Household Support Fund – Lincolnshire County Council](#) . Our Revenues and Benefits shared service will deliver these District scheme Household Support Fund payments for Lincoln and North Kesteven.

11. Strategic Priorities

11.1 **City of Lincoln: Let's drive economic growth and North Kesteven: Our economy and Our Community:** An understanding of Universal Credit and its wider impacts on City of Lincoln residents and arrears levels is important when reducing poverty and driving economic growth across the City. The aim of Universal Credit is to provide a simplified

means tested benefits system, with the objective of avoiding the 'poverty trap', where there is a disincentive to work longer hours because of the loss of benefits and higher taxes.

11.2 **City of Lincoln: Let's drive economic growth and North Kesteven: Our economy and Our Community:** - A key role in reducing inequality by ensuring residents receive the benefits they are entitled to and providing money / debt advice. There are strategic priorities when engaging with those in receipt of Welfare Benefits, Digital Inclusion, Channel Shift/ Customer Experience, Financial Inclusion and Partnership Working are all key priorities as part of this report.

12. Organisational Impacts

12.1 **Finance:** There are no direct financial implications arising as a result of this report.

12.2 **Legal implications inc Procurement Rules:** There are no direct Legal or Procurement implications arising from this report.

13. Risk Implications

13.1 The Councils bear the risk of local authority rent arrears which are not fully recovered.

14. Recommendation

14.1 Joint Committee notes this report, also that a further update will be presented at the next meeting of this Committee.

Key Decision No

Do the Exempt Information Categories Apply No

Call In and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

Does the report contain Appendices? No

If Yes, how many Appendices? None

List of Background Papers: No

Lead Officer: Rebecca Cox, Welfare Reform and Project Lead,
Welfare.Reform@lincoln.gov.uk