

SUBJECT:	WELFARE REFORM UPDATE
DIRECTORATE:	CHIEF EXECUTIVE
LEAD OFFICER:	REBECCA COX, WELFARE REFORM AND PROJECT LEAD

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 14th December 2021, with statistics relevant to the period up to October 2021:
- 5,697,267 households receiving UC (this is a decrease from 5,806,015 as reported at the last meeting of this Committee).

Local authority statistics are also available:

- City of Lincoln – 10,950 (11,065 as at the last report)
- North Kesteven – 6,434 (6,664 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 Credit 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 is cut from 63p to 55p.

7. COVID-19 Test and Trace Support Payments

- 7.1 From 28th 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 Support 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 4,084 applications for City of Lincoln, of which at the time of writing this report on the 14th January 2022, 1,550 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	2,824	282	284	601	£300,500
Discretionary	1,167	988	935	901	£450,500
Winter Grant Scheme	93	0	45	48	£24,000
Total	4,084	1,270	1,264	1,550	£775,000

In total, the team has received 2,255 applications for North Kesteven, of which at the time of writing this report on the 14th January 2022, 774 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	679	182	162	335	£167,500
Discretionary	1,531	487	632	412	£206,000
Winter Grant Scheme	45	0	18	27	£13,500
Total	2,255	669	812	774	£387,000

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 – 31st December 2021.

LA	Total funding = Central Government DHP Grant 2021/22	DHP net spend as at 30 December 2021	DHP committed for 2021/22	DHP Total spend for 2021/22	% Grant spend	Unallocated DHP Grant
City of Lincoln	£186,707	£153,865	£29,043	£182,908	97.97%	£3,799
North Kesteven	£122,652	£108,095	£16,179	£124,274	100%	£0.00

North Kesteven District Council has allocated a further £40,000 to top up the funding from Central Government, to supplement the central government grant up to 31st March 2022. Funding is in place for City of Lincoln Council to continue awarding DHP for the remainder of 2021/22, based on projection of spend for the remainder of this financial year.

8.5 The table below breaks down the number of DHP applications received and determined up to 31st December 2021

DHP applications – Year Quarter 3 2021/22	City of Lincoln	North Kesteven
Total number awarded	561 <i>(Quarter 3 2020/21 = 320)</i>	324 <i>(Quarter 3 2020/21 = 228)</i>
No. awarded for Housing Benefit	306 <i>(Quarter 3 2020/21 = 188)</i>	155 <i>(Quarter 3 2020/21 = 119)</i>
No. awarded for Universal Credit	255 <i>(Quarter 3 2020/21 = 142)</i>	169 <i>(Quarter 3 2020/21 = 109)</i>
Average DHP award	£326.04 <i>(Quarter 3 2020/21 = £451.32)</i>	£383.56 <i>(Quarter 3 2020/21 = £455.77)</i>

- 8.6 An 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 13th January 2022, the City of Lincoln has £3,799 left of its funding and North Kesteven has spent all of their Central Government funding. For 2022/23, we expect to receive a further reduction in our Government Funding, therefore Officers are considering options such as:
- Fundamental review of DHP Policy;
 - Review of housing allocations policy;
 - Consideration of including all income when looking at Income and Expenditure;
 - 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 this funding 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.

A Lincolnshire Districts” scheme is live from 1st December 2021, - our Revenues and Benefits shared service is, working with a range of other organisations making referrals, delivering these Household Support Fund payments for City of Lincoln and North Kesteven.

For the month of December 2021, the following awards have been made:

City of Lincoln

Category	Food	Energy	Essentials linked to Energy & Water	Wider Essentials	
Number of families without children	37	29	17	9	
Number of families with children	89	56	61	26	
Total Amount of Award	£21,000	£6,766	£7,900	£3,500	Total Paid £39,166.

North Kesteven

Category	Food	Energy	Essentials linked to Energy & Water	Wider Essentials	
Number of families without children	28	14	18	5	
Number of families with children	71	43	45	17	
Total Amount of Award	£16,100	£5,292	£6,300	£2,200	Total Paid £29,892

11. Financial Inclusion

11.1 Financial inclusion is a key objective and factor in many areas of LiNK's work. The Lincolnshire Financial Inclusion Partnership (FIP) is currently chaired by the Head of Shared Revenues and Benefits for North Kesteven District Council and City of Lincoln Council, - which brings together organisations and partners to promote and raise the profile of financial inclusion across the county. FIP aims to ensure that everyone has the capability and opportunity to access appropriate financial services and products needed to participate fully in society.

FIP works to develop, implement and, when available, gain funding for positive solutions to improve financial inclusion for all people within Lincolnshire. The FIP also provides a forum for sharing good practice and information.

In terms of scope of activity, FIP works in partnership to coordinate the discussion, development and delivery of services and identify issues connected to the alleviation of financial exclusion in Lincolnshire. Areas of activity include but are not limited to:

- Banking Services;

- Insurance and savings;
- Financial capability;
- Affordable and responsible credit;
- Debt advice and emergency help;
- Advice and support to access welfare benefits and entitlements.

FIP has an action plan in place relating to financial inclusion for Covid-19 recovery in Lincolnshire, which is managed and monitored through quarterly meetings of the FIP Steering Group and full FIP Group.

12. Strategic Priorities

- 12.1 **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.
- 12.2 **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.

13. Organisational Impacts

- 13.1 **Finance:** There are no direct financial implications arising as a result of this report.
- 13.2 **Legal implications inc Procurement Rules:** There are no direct Legal or Procurement implications arising from this report.

14. Risk Implications

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

15. Recommendation

- 15.1 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