

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 various areas relating to the national welfare reform agenda, as well as current initiatives to support residents.

2. Executive Summary

- 2.1 This report provides Joint Committee with an update with regard to the national and local position of welfare reform/ other initiatives, with a specific focus on Universal Credit, Test and Trace Support Payments, Discretionary Housing Payments, Council Tax Hardship Fund, Household Support Fund, Council Tax energy Rebate, and Financial Inclusion matters.

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. Universal Credit (UC)

- 4.1 The latest national figures published by the Department for Work and Pensions (DWP) were released on 12th April 2022, with statistics relevant to the period up to February 2022:

- 5,510,549 households receiving UC (this is a decrease from 5,697,267 as reported at the last meeting of this Committee).

Local authority statistics are also available:

- City of Lincoln – 10,641 (10,950 as at the last report);
- North Kesteven – 6,181 (6,434 as at the last report).

- 4.2 On 25th April 2022, the Secretary of State for Work and Pensions Therese Coffey made a statement in the House of Lords ([Written statements - Written questions, answers and statements - UK Parliament](#)) regarding managed UC migration for working-age legacy benefits – with the aim of completing this migration by the end of 2024. Further information regarding the migration process has been published on GOV.UK ([Completing the move to](#)

[Universal Credit - GOV.UK \(www.gov.uk\)](https://www.gov.uk)) and since then, an initial 500 cases in Bolton and Medway areas have been invited to migrate from legacy benefits to UC.

There is currently no further detail as to the rollout schedule for other areas of the country, - officers have made contact with DWP colleagues locally and nationally and will report back to this Committee with relevant updates at future meetings.

5. COVID-19 Test and Trace Support Payments

- 5.1 The Test and Trace Support Payments (TTSP) scheme (with mandatory and discretionary elements) has now ended (on 30th April 2022). The Welfare Reform Support Team has received all applications and undertaken assessment decisions. The team also secured further funding from Lincolnshire County Council to make TTSP-related payments utilising Winter Grant Scheme monies.

In total, the team received 4,918 applications for City of Lincoln, of which at the time of writing this report on the 5th May 2022, 2,091 have received a payment. A breakdown of the applications is shown in the table below:

City of Lincoln:

	Received	Unsuccessful	Total Paid/Eligible	Value
Mandatory	1,426	584	837	£418,500
Discretionary	3,399	2,198	1,206	£603,000
Winter Grant Scheme	93	45	48	£24,000
Total	4,918	2,827	2,091	£1,045,500

In total, the team received 2,668 applications for North Kesteven, of which at the time of writing this report on the 5th May 2022, 1,017 have received a payment. A breakdown of the applications is shown in the table below:

North Kesteven:

	Received	Unsuccessful	Total Paid/Eligible	Value
Mandatory	794	341	453	£222,500
Discretionary	1,829	1,292	537	£272,500
Winter Grant Scheme	45	18	27	£13,500
Total	2,668	1,651	1,017	£508,500

6. Discretionary Housing Payments (DHP)

- 6.1 City of Lincoln's DHP government grant for 2021/22 was £186,707 and North Kesteven's £122,652. The impact of Universal Credit (UC) as well as Covid-19, resulted in a high demand for DHP. North Kesteven District Council allocated up to a further £40,000 to top up the funding from Central Government, to supplement the central government grant up to 31st March 2022. Additional funding was also in place for City of Lincoln Council to continue awarding DHP for the remainder of 2021/22, based on projection of spend.
- 6.2 The table below breaks down the number of DHP applications received and determined up in Quarter 4 2021/22.

DHP applications – Year Quarter 4 2021/22	City of Lincoln	North Kesteven
Total number awarded	594 (Quarter 4 2020/21 = 589)	343 (Quarter 4 2020/21 = 293)
No. awarded for Housing Benefit	293 (Quarter 4 2020/21 = 349)	160 (Quarter 4 2020/21 = 144)
No. awarded for Universal Credit	301 (Quarter 4 2020/21 = 240)	183 (Quarter 4 2020/21 = 149)
Average DHP award	£329.05 (Quarter 4 2020/21 = £384.78)	£394.34 (Quarter 4 2020/21 = £464.40)

6.3

The table below shows DHP spend for the whole of the financial year 2021/22.

	Total funding = Central Government DHP Grant 2021/22	DHP net spend as at 31st March 2022	DHP Total spend for 2021/22	% Grant spend
City of Lincoln	£186,707	£195,454	£195,454	104.68%
North Kesteven	£122,652	£135,260	£135,260	110.28%

- 6.4 Overall DHP funding for 2022/23 has been cut nationally from £140m to £100m. Consequently, grants for City of Lincoln and North Kesteven have also been reduced by more than 30% each. The table below shows the 2022/23 government grants, - also, for reference/information – DHP grants going back to 2012/13 (inclusive).

	City of Lincoln Council central government DHP grant	North Kesteven central government DHP grant
2022/23	£129,643	£85,166
2021/22	£186,707	£122,652
2020/21	£250,113	£172,612
2019/20	£178,674	£113,943
2018/19	£208,624	£126,693
2017/18	£242,505	£140,972
2016/17	£173,675	£107,514
2015/16	£139,678	£99,977
2014/15	£194,308	£107,365
2013/14	£199,741	£98,229
2012/13	£98,865	£42,589

- 6.5 In 2021/22, government DHP grants needed to be supplemented for both authorities – through Councils’ own funds, to keep paying eligible DHP claims. Longer-term this is not sustainable, therefore much consideration has been undertaken in advance of 2022/23 in terms of how the reduced grant can help to assist those most in need of help with their housing costs.

DHP has become a longer-term form of help for some residents as their financial and housing situation each year has been as such to determine they remain entitled to DHP. However, DHP is generally only meant to be a short-term form of financial assistance.

In 2022/23, focus will be more towards shorter-term assistance through DHP, with availability and provision of appropriate debt/benefits advice and tenancy/housing options support for residents. Officers will monitor impacts and spend closely, - an update will be provided at the next meeting of this Committee.

7. Council Tax Hardship Fund

- 7.1. 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.

Due to a delay in an IT script being provided (due to the announcement of the Council Tax energy Rebates), in the region of £200k (Lincoln) and £90k (North Kesteven) is still to be

allocated. The intention is that this will now be allocated to identified cohorts' Council Tax accounts in the early part of 2022/23.

8. Household Support Fund

- 8.1 £421 million was made available in 2021/22 England to support those most in need over the winter period. This funding covered the period 6th October 2021 to 31st March 2022. £5,464,685.20 was 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 funding was primarily to be used to support households in the most need with food, energy and water bills. It could also be used to support households with wider essential costs. At least 50% of funding must have been spent on families with children.

A Lincolnshire Districts' scheme was live from 1st December 2021 to the end March 2022. Our Revenues and Benefits shared service worked with a range of other organisations making referrals, delivering these Household Support Fund payments for City of Lincoln and North Kesteven.

For the months of December 2021 to March 2022, the following awards were made:

City of Lincoln

Category	Food	Energy	Essentials linked to Energy & Water	Wider Essentials	
Number of families without children	628	401	39	223	
Number of families with children	953	606	84	532	
Total Amount of Award	£241,900	£97,742	£12,400	£75,500	Total Paid £427,542

North Kesteven

Category	Food	Energy	Essentials linked to Energy & Water	Wider Essentials
Number of families without children	388	384	33	173
Number of families with children	578	438	58	173

Total Amount of Award	£146,000	£81,382	£9,100	£34,600	Total Paid £271,082
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- 8.2 As part of the Chancellor of the Exchequer's Spring Statement in March 2022, a second Household Support Fund was announced. Detail has subsequently been provided in April 2022, with an equivalent amount of £5.4 being allocated to Lincolnshire County Council again. Fund criteria this time also includes a new requirement for at least 33.33% of funding to be allocated to those of pension age. Advanced discussions are taking place between Lincolnshire County Council and Lincolnshire District Councils' representatives, and it is hoped an announcement on a new scheme can be made in the near future.

9. Council Tax energy Rebate

- 9.1 On 3rd February 2022, central government announced a package of support known as the Energy Bills Rebate to help households with rising energy bills, worth £9.1 billion in 2022-23. This includes:
- A £200 discount on energy bills this autumn for domestic electricity customers in Great Britain. This will be paid back automatically over the next 5 years;
 - A £150 non-repayable rebate for households in England in Council Tax bands A to D, known as the Council Tax Rebate;
 - £144 million of discretionary funding for billing authorities to support households who are in need but are not eligible for the Council Tax Rebate, known as the Discretionary Fund.
- 9.2 Funding has been announced, as follows:
- City of Lincoln:
- Non-Discretionary Scheme (i.e. £150 to eligible Council Tax Band properties): £6,103,200;
 - Discretionary Scheme: £196,950.
- North Kesteven:
- Non-Discretionary Scheme (i.e. £150 to eligible Council Tax Band properties): £6,747,150;
 - Discretionary Scheme: £121,800.
- 9.3 With certain specified exceptions (for example, empty properties), households in Council Tax Bands A-D are entitled to one payment of £150.
- 9.4 Payments are being made automatically for Council Taxpayers who pay by Direct Debit, as current bank details are held for these residents. Following necessary ICT releases being made available then tested, payments started to be made in week-commencing 25th April 2022 to both local authorities.

Where the Council Taxpayer does not pay by Direct Debit, officers will be contacting customers to obtain the relevant details. It is envisaged, subject to successful system testing, that this will commence by the end of May 2022.

Due diligence will be in place to check bank account arrangements, using such systems such as Spotlight (which has also been used for business grants).

All reasonable steps are to be taken to obtain bank account details for all customers who are eligible under this scheme. However, where it has not been possible to obtain bank details, the Council can pay the £150 rebate onto the person's Council Tax account.

All payments under the mandatory scheme must be made by 30th September 2022.

- 9.5 In Lincoln, 44,617 properties are in Bands A-D – equivalent to 95.7% of the total number of domestic properties in the City. The most recently available statistics show that 24,268 of Bands A-D households are paying Council Tax by Direct Debit (i.e. 54.4%), and 1,330 Band E-H households (i.e. 65.9%).

In North Kesteven, 47,453 properties are in Bands A-D – equivalent to 89.3% of the total number of domestic properties in the District. The most recently available statistics show that 34,465 of Bands A-D households are paying Council Tax by Direct Debit (i.e. 72.6%), and 4,932 Band E-H households (i.e. 87.2%).

A verbal update on mandatory scheme spend will be provided to this Committee on 31st May 2022.

- 9.6 As mentioned in paragraphs 8.1 and 8.2 (above), government has also provided funding for local authorities to operate a discretionary fund for households in need who would not otherwise be eligible. This could include, for example, individuals who live in properties valued in Council Tax bands E to H.

All Discretionary Fund payments must be made by 30th November 2022.

A verbal update on development of Discretionary Fund schemes will be provided to this Committee on 31st May 2022.

10. Financial Inclusion

- 10.1 Financial inclusion continues to be 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 is currently further developing 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, into an action plan to deal with current cost of living pressures to residents.

11. Strategic Priorities

11.1 Both City of Lincoln and North Kesteven have a number of strategic priorities. Three that have an impact on the Revenues and Benefits Service are:-

- Lincoln: “Let’s reduce all kinds of inequality”.
- North Kesteven: “Our Communities”, “Our Economy”.

11.2 The Benefits Service plays a key role in reducing inequality by ensuring residents receive the benefits they are entitled to and providing money / debt advice. The Revenues Section is also mindful of the strategic priorities when engaging with business ratepayers as they recover business rates – and also promoting and encouraging growth in the districts. Digital Inclusion, Channel Shift / Customer Experience, Financial Inclusion, Employment, Skills and Partnership Working are all key priorities for the shared service.

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

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