

**SUBJECT: WELFARE REFORM UPDATE**

**DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK**

**LEAD OFFICER: REBECCA COX, WELFARE REFORM AND PROJECT LEAD**

## 1. Purpose of Report

- 1.1 To provide Shared Revenues and Benefits 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, 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 19<sup>th</sup> July 2022, with statistics relevant to the period up to May 2022:

- 5,541,902 households receiving UC (this is an increase from 5,510,549 as reported at the last meeting of this Committee).

Local authority statistics are also available:

- City of Lincoln – 10,477 (10,641 as at the last report).
- North Kesteven – 6,091 (6,181 as at the last report).

- 4.2 On 25<sup>th</sup> 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 \(www.gov.uk\)](#)) and since then, an initial 500 cases in Bolton and Medway areas have been invited to migrate from legacy benefits to UC. Truro and Falmouth have been announced as the next two areas as part of this UC ‘discovery phase.’

There is currently no further detail as to the rollout schedule for other areas of the country, - officers are in 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) ended on 30<sup>th</sup> 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 2,091 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
<b>Total</b>	<b>4,918</b>	<b>2,827</b>	<b>2,091</b>	<b>£1,045,500</b>

In total, the team received 2,668 applications for North Kesteven, of 1,017 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
<b>Total</b>	<b>2,668</b>	<b>1,651</b>	<b>1,017</b>	<b>£508,500</b>

## 6. Discretionary Housing Payments (DHP)

6.1 City of Lincoln's DHP initial government grant for 2022/23 is £129,643 and North Kesteven's £85,166. The recent mid-year additional DHP grant announcement has increased both amounts marginally, by £2,687 and £1,765 respectively – so 2022/23 DHP grants are now £132,330 (Lincoln) and £86,931 (North Kesteven).

6.2 The table below breaks down the number of DHP applications received and determined in Quarter 1 2022/23.

<b>DHP Applications – Year Quarter 1 2022/23</b>	<b>City of Lincoln</b>	<b>North Kesteven</b>
Total number awarded	123 <i>(Quarter 1 2021/22 = 431)</i>	92 <i>(Quarter 1 2021/22 = 225)</i>
No. awarded for Housing Benefit	56 <i>(Quarter 1 2021/22 = 254)</i>	37 <i>(Quarter 1 2021/22 = 111)</i>
No. awarded for Universal Credit	67 <i>(Quarter 1 2021/22= 177)</i>	55 <i>(Quarter 1 2021/22 = 114)</i>
Average DHP award	£430.64 <i>(Quarter 1 2021/22 = £270.74)</i>	£412.84 <i>(Quarter 1 2021/22 = £341.04)</i>

6.3 The table below shows DHP spend for 2022/23 up to the end of Quarter 1.

	<b>Total funding = Central Government DHP Grant 2022/23</b>	<b>DHP net spend as at 30<sup>th</sup> June 2022</b>	<b>DHP committed as at 30<sup>th</sup> June 2022</b>	<b>DHP total spend as at 30<sup>th</sup> June 2022</b>	<b>% Grant spent</b>
<b>City of Lincoln</b>	£132,330	£14,683	£38,286	£52,969	40.03%
<b>North Kesteven</b>	£86,931	£11,329	£26,653	£37,982	43.69%

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 29% each. The table below shows the 2022/23 government grants, - also, for reference/information – DHP grants going back to 2012/13 (inclusive).

	<b>City of Lincoln Council Central Government DHP Grant</b>	<b>North Kesteven Central Government DHP Grant</b>
<b>2022/23</b>	<b>£132,330</b>	<b>£86,931</b>
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 is now more towards shorter-term assistance through DHP, with availability and provision of appropriate debt/benefits advice and tenancy/housing options support for residents. Officers continue to monitor impacts and spend closely.

## 7. Household Support Fund

7.1 £421 million was made available in 2021/22 in England to support those most in need over the winter period. This funding covered the period 6<sup>th</sup> October 2021 to 31<sup>st</sup> 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 1<sup>st</sup> 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	
<b>Total Amount of Award</b>	£241,900	£97,742	£12,400	£75,500	<b>Total Paid £427,542</b>

## 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	
<b>Total Amount of Award</b>	£146,000	£81,382	£9,100	£34,600	<b>Total Paid £271,082</b>

7.2 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. The final stages of this scheme are at the time of writing this report being determined, and a formal announcement on how payments are to be made is expected to be made shortly. A verbal update will be provided to this Committee, on 8<sup>th</sup> September 2022.

7.3 In May 2022, the Chancellor of the Exchequer announced that there will be a third round of the Household Support Fund to cover the period from October 2022 to March 2023. No further information regarding Lincolnshire's allocation and how the funding can be used is available at this time.

## 8. Council Tax Energy Rebate

8.1 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 included:

- 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.

8.2 Funding was 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.

8.3 With certain specified exceptions (for example, empty properties), households in Council Tax Bands A-D are entitled to one payment of £150.

8.4 Payments are being made automatically for Council Taxpayers who pay by Direct Debit, as current bank details are held for these resident. Following necessary ICT releases being made available then tested, payments started to be made in week-commencing 25<sup>th</sup> April 2022 to both local authorities. The vast majority of these cases have now been paid, unless there were not eligible or have not provided clarification details if required.

Where the Council Taxpayer does not pay by Direct Debit, officers have been contacting customers to obtain the relevant details, since the end of May 2022.

Due diligence is 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 being 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 is paying the £150 rebate onto the person's Council Tax account.

All payments under the mandatory scheme must be made by 30<sup>th</sup> September 2022.

As at 10<sup>th</sup> August 2022, the following mandatory scheme payments had been made:

**Lincoln Total 32,277**

Direct Debit	24,493
Non Direct Debit	7,544
Paid to Council Tax account	240

**NKDC Total 39,906**

Direct Debit	DD	34,653
Non Direct Debit	Non DD	5,140
Paid to Council Tax account	Paid to CTAX	113

8.5 In Lincoln, 44,617 properties are in Bands A-D – equivalent to 95.7% of the total number of domestic properties in the City. Statistics available at the beginning of this financial year showed that 54.4% of Bands A-D households were paying Council Tax by Direct Debit, and 65.9% of Band E-H households.

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. Statistics available at the beginning of this financial year showed that 72.6% of Bands A-D households were paying Council Tax by Direct Debit, and 87.2% of Band E-H households.

- 8.6 The shared service's Welfare Reform Support Team has provided a key role in the Council Tax energy Rebate project, with key statistics regarding the work they have undertaken in the tables below:

<b>Wave of letters issued (phases)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>Total</b>
Number of customers assisted with online claims	26	41	34	62	<b>163</b>
Number of general enquiries					<b>319</b>

**City of Lincoln Spotlight Checks (*Assurance of Claims*)**

<b>July</b>	<b>Total</b>
Claims checked against existing records & passed for payment	1,898
Total claims held back for further checks	41

**North Kesteven Spotlight Checks (*assurance of claims*)**

<b>July</b>	<b>Total</b>
Claims checked against existing records & passed for payment	1,198
Total claims held back for further checks	13

The statistics above do not include other contacts made in respect of the Council Tax energy Rebate, with Revenues and Customer Services teams taking substantial numbers of calls (and continuing to do so).

- 8.7 As mentioned in paragraphs 7.1 and 7.2 (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 30<sup>th</sup> November 2022.

A verbal update on development of Discretionary Fund schemes will be provided to this Committee on 8<sup>th</sup> September 2022.

## 9. **Financial Inclusion**

- 9.1 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.

- 9.2 FIP is currently further developing an action plan in place relating to financial inclusion for the 'Cost of Living Crisis' for 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.

In terms of the well-documented national cost of living pressures, both our partner Councils have launched and are continuing to develop web pages dedicated to initiatives to try and assist our residents with cost of living support:

- [Cost of Living Support – City of Lincoln Council](#)
- [Cost of Living Support | North Kesteven District Council \(n-kesteven.gov.uk\)](#)

## 10. Strategic Priorities

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

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

10.2 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.

## 11. Organisational Impacts

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

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

## 12. Risk Implications

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

## 13. Recommendation

13.1 That Shared Revenues and Benefits 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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