

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, 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 11th October 2022, with statistics relevant to the period up to August 2022:

- 5,660,944 households receiving UC (this is an increase from 5,541,902 as reported at the last meeting of this Committee).

Local authority statistics are also available:

- City of Lincoln – 10,760 (10,477 as at the last report).
- North Kesteven – 6,321 (6,650 as at the last report).

- 4.2 On 25th April 2022, then 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. Further sites have been announced over summer 2022, with 250 migration notices being issued in Truro, Falmouth, Harrow and Northumberland, 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. Discretionary Housing Payments (DHP)

5.1 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).

5.2 The table below breaks down the number of DHP applications received and determined in Quarter 2 2022/23.

DHP Applications – Quarter 2 2022/23	City of Lincoln	North Kesteven
Total number awarded	203 <i>(Quarter 2 2021/22 = 495)</i>	152 <i>(Quarter 2 2021/22 = 278)</i>
No. awarded for Housing Benefit	74 <i>(Quarter 2 2021/22 = 284)</i>	60 <i>(Quarter 2 2021/22 = 134)</i>
No. awarded for Universal Credit	129 <i>(Quarter 2 2021/22 = 211)</i>	92 <i>(Quarter 2 2021/22 = 144)</i>
Average DHP award	£413.23 <i>(Quarter 2 2021/22 = £325.16)</i>	£404.70 <i>(Quarter 2 2021/22 = £390.62)</i>

5.3 The table below shows DHP spend for 2022/23 up to the end of Quarter 2.

	Total funding = Central Government DHP Grant 2022/23	DHP net spend as at 30th Sept 2022	DHP committed as at 30th Sept 2022	DHP total spend as at 30th Sept 2022	% Grant spent
City of Lincoln	£132,330	£47,546	£36,429	£83,975	63.46%
North Kesteven	£86,931	£35,556	£25,958	£61,514	70.76%

5.4 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).

	City of Lincoln Council Central Government DHP Grant	North Kesteven Central Government DHP Grant
2022/23	£132,330	£86,931
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

- 5.5 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.

6. Household Support Fund

- 6.1 £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

- 6.2 As part of the Chancellor of the Exchequer's Spring Statement in March 2022, a second Household Support Fund was announced. Detail was subsequently provided in April 2022, with an equivalent amount of £5.4 million being allocated to Lincolnshire County Council again. Fund criteria this time also included a new requirement for at least 33.33% of funding to be allocated to those of pension age. The tables below show how these funds were allocated for this second round of Household Support Fund.

City of Lincoln

Category	Food	
Number of families without children	301	
Number of families with children	424	
Households with Pensioners	2,077	
Total Amount of Award	£318,570	Total Paid £318,570

North Kesteven

Category	Food/Energy	
Number of families without children	83	
Number of families with children	270	
Households with Pensioners	2,290	
Total Amount of Award	£300,479	Total Paid £300,479

- 6.3 In May 2022, the Chancellor of the Exchequer announced that there would be a third round of the Household Support Fund to cover the period from October 2022 to March 2023. Guidance and funding details were made available during August and September 2022.

Lincolnshire has been allocated £5.46m for this third round of the Household Support Fund. This time, the government has not ringfenced any of this funding for particular groups of people. However, local authorities are asked to give particular consideration to groups who may not have benefitted from any of the recent cost of living support.

On this basis, Lincolnshire County Council is currently working with district councils to identify and agree the most appropriate methods for distributing this grant funding, as there is also a requirement to provide access to the funding via an application process. Applications for support are not being invited until a process can be put in place as other organisations may be best placed to provide this on behalf of the Councils. Further details on how the funding will be targeted and how people can apply will be shared once available.

7. Council Tax Energy Rebate

- 7.1 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.

- 7.2 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.

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

7.4 Payments were, as far as possible, made automatically for Council Taxpayers who pay by Direct Debit, as current bank details were held for these residents. Following necessary ICT releases being made available then tested, payments started to be made in week-commencing 25th April 2022 by both local authorities. Where the Council Taxpayer did not pay by Direct Debit, officers contacted customers to obtain the relevant details.

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 were 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 Councils are paying the £150 rebate onto the person's Council Tax account.

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

As at 30th September 2022, the following mandatory scheme payments had been made:

Lincoln

Direct Debit	24,151
Non Direct Debit	8,032
Paid to Council Tax account	7,362
Total	39,545

North Kesteven

Direct Debit	34,731
Non Direct Debit	5,403
Paid to Council Tax account	4,886
Total	45,020

7.5 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.

7.6 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:

Wave of letters issued (phases)	1	2	3	4	Total
Number of customers assisted with online claims	26	41	34	62	163
Number of General Enquiries					319

City of Lincoln Spotlight Checks (assurance of claims)

July	Total
Claims checked against existing records & passed for payment	1,898
Total claims held back for further checks	41 – now paid direct to Council Tax accounts

North Kesteven Spotlight Checks (assurance of claims)

July	Total
Claims checked against existing records & passed for payment	1,198
Total claims held back for further checks	13 – now paid to Council Tax accounts

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.

- 7.7 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 30th November 2022.

Details of the City of Lincoln Council and North Kesteven District Council schemes, is as below:

The relevant date for this Scheme is 1st April 2022, and;

- *This must have been your sole or main residence on 1st April 2022*
- *The property must have been occupied – second homes and empty properties are ineligible*
- *You must not have received, or been eligible for, a payment under the Mandatory Scheme.*
- *The property must be a chargeable dwelling, or exempt under classes N,S,U or W of the Council Tax (Exempt Dwellings Order)*

We will make one payment of £150.00 to the household. A household is a person or persons who are in occupation of the property as their sole or main residence.

We have identified the following customers as a priority for funding:

1. *Customers in bands E-H who are in receipt of Council Tax Support*
2. *Customers in bands F-H where their band has been reduced under the Disabled Band Scheme*
3. *Customers in Bands E-H where all occupants are under 18*
4. *Customers in Bands E-H where either an occupier or all occupiers are classified as Severely Mentally Impaired for Council Tax purposes*
5. *Customers occupying properties on 1st April 2022 with a provisional Council Tax band – their assessed band must be A-D and received by the Council before 30th November 2022*
6. *Customers in bands A-D where the Council Tax is in the name of the Landlord and the tenant pays the energy bills*
7. *Customers in Bands E-H who can evidence that they have Exceptional Financial Hardship and that their energy bills are a contributory factor*
8. *Customers in Bands E-H where the Council Tax is in the name of the Landlord and the tenant pays the energy bills can apply under (6) above. This includes properties occupied by students if the student can evidence that they pay the energy bills*

For customers in categories 1-4, we will pay these immediately, or as soon as possible if they pay by Direct Debit. Otherwise, we will write to them for bank details. They will be given an access key which must be used within 30 days. After the access key expires, we will take steps to add the Energy Rebate to the Council Tax account as soon as possible.

For customers in category 5 – you will be considered at the end of the scheme but before categories 6,7 and 8. We will write to category 5 customers with an access key which must

be used within 30 days. After the access key expires, we will take steps to add the Energy Rebate to the Council Tax account as soon as possible.

For customers in category 6, as you are not liable for Council Tax, we will write to 'the Occupier'. We will assume an application is made on behalf of the household and will not enter into disputes between tenants about who should receive the payment.

You will have to evidence that you were in occupation of the property on 1st April 2022 and that the energy bills were in your name.

For customers in categories 7 and 8, these will be by an 'open application' system as we are unable to identify customers in these categories from our Council Tax systems. Please watch our websites and social media for the application pages.

Categories 5-8 will be awarded, where possible, after the closing date of the scheme.

- 7.8 An update regarding Discretionary Fund payments, is as below. A verbal update will also be provided to Joint Committee on 24th November 2022.

Lincoln

Direct Debit	15
Non Direct Debit	10
Paid to Council Tax account	None, as yet

NKDC

Direct Debit	63
Non Direct Debit	27
Paid to Council Tax account	None, as yet

8. Financial Inclusion

- 8.1 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 Assistant Director 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 the 'Cost of Living Support' for Lincolnshire, which is managed and monitored through quarterly meetings of the FIP Steering Group and full FIP Group.

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 \(n-kesteven.gov.uk\)](#)

9. Strategic Priorities

9.1 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."

9.2 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.

10. Organisational Impacts

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

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

11. Risk Implications

11.1 A Risk Register is in place for the Revenues and Benefits Shared Service.

12. Recommendation

12.1 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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