

**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 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 13<sup>th</sup> December 2022, with statistics relevant to the period up to November 2022:

- 5,678,579 households receiving UC (this is an increase from 5,660,944 as reported at the last meeting of this Committee).

Local authority statistics are also available:

- City of Lincoln – 10,938 (10,460 as at the last report).
- North Kesteven – 6,474 (6,321 as at the last report).

- 4.2 On 25<sup>th</sup> 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 were announced over summer 2022, with 250 migration notices being issued in Truro, Falmouth, Harrow and Northumberland, as part of this UC ‘discovery phase’.

On 10<sup>th</sup> April 2023, DWP released a research and analysis document entitled ‘Completing the move to Universal Credit: Learning from the Discovery Phase’, link here [Completing the move to Universal Credit: Learning from the Discovery Phase - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/research-analysis/completing-the-move-to-universal-credit-learning-from-the-discovery-phase)

. The summary included in this document states: *We have learnt a great deal from the Discovery phase and have developed our approach based on this learning. The circumstances for every household are different, but Discovery has shown us that on the whole households are able to make the move to UC. In line with our assumptions claimants on tax credits appear to be more digitally capable and able to make the move with less support. We have focused the later phases of Discovery on tax credit only cases to test different approaches around engagement to maximise the number of people making a claim. There is more we still need to test, including how we engage with a greater number of claimants at the same time, increasing the understanding around Transitional Protection and finding the optimal time to engage with different claimants. Overall, the evidence from Discovery is positive and provides us with confidence that we can safely transition claimants to UC.*

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 continue to 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 increased to £132,330 (Lincoln) and £86,931 (North Kesteven). In addition to this, relatively small amount of un-allocated Council Tax Hardship Fund monies have been added to supplement the 2023/23 DHP government grants – City of Lincoln £8,426.13 (bringing the total 2022/23 DHP ‘budget’ to £140,756.13), North Kesteven £5,595.94 (bringing the total 2022/23 DHP ‘budget’ to £92,526.94).
- 5.2 The table below breaks down the number of DHP applications received and determined in Quarter 3 2022/23.

<b>DHP applications – Quarter 3 2022/23</b>	<b>City of Lincoln</b>	<b>North Kesteven</b>
Total number awarded	281 (Quarter 3 2021/22 = 561)	179 (Quarter 3 2021/22 = 324)
No. awarded for Housing Benefit	98 (Quarter 3 2021/22 = 306)	67 (Quarter 3 2021/22 = 155)
No. awarded for Universal Credit	183 (Quarter 3 2021/22= 255)	112 (Quarter 3 2021/22 = 169)
Average DHP award	£374.31 (Quarter 3 2021/22 = £326.04)	£412.83 (Quarter 3 2021/22 = £383.56)

5.3 The table below shows DHP spend for 2022/23 up to the end of Quarter 3.

	Central Government - DHP Grant 2022/23	Local Authority Top up 2022/23	Total DHP Grant 2022/23	DHP net spend as at 31st Dec 2022	DHP committed as at 31st Dec 2022	DHP total spend as at 31st Dec 2022	% Grant spent
City of Lincoln	£132,330	£8,426	£140,756	£75,535	£29,645	£105,180	74.73%
North Kesteven	£86,931	£5,596	£92,527	£59,488	£14,409	£73,897	79.87%

5.4 Overall DHP funding for 2022/23 was reduced nationally from £140m to £100m. Consequently, grants for City of Lincoln and North Kesteven were also 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
<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

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.

In 2022/23 there have been less applications but the average award per case is higher than in 2021/22. Also, it is anticipated spend will not exceed the government grant (plus 'top-up' from unallocated Council Tax Hardship Fund). The paragraphs below give some context to these statements.

For 2021/22, an internal decision was made to help manage application numbers and allocate resources accordingly, that any live DHP award as at 31<sup>st</sup> March 2022 would be extended for an 8-week period covering 4<sup>th</sup> April 2022 to 8<sup>th</sup> May 2022. This effectively 'inflated' the number of awards made for the year as a percentage of these cases may never have made a claim, had they been required to make an application. Many of these claims were not extended after the 8-week period which then brought the average award figure down over the whole year.

It is not anticipated that government funding will be exceeded as officers have worked hard to reduce the number of customers relying on DHP on a long-term basis by signposting to services that help with debt advice for example, or helping customers look for cheaper, more affordable accommodation.

Each applicant that was awarded a DHP for 2022/23, was asked to meet a 'conditionality' such as reduce their outgoings, register for Homefinder or seek debt advice for future applications to be considered. A key challenge for 2023/24, will be requesting customers to evidence that they have met their 'conditionality' but also whether they can realistically improve their situation when there are barriers in place such as the current economic climate and subsequent cost of living, and the limited number of Council houses available.

## **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 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>

- 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	
<b>Total Amount of Award</b>	£318,570	<b>Total Paid £318,570</b>

### North Kesteven

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

- 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 was allocated £5.46m for this third round of the Household Support Fund. This time, the government did not ringfence any of this funding for particular groups of people. However, local authorities were asked to consider groups who may not have benefitted from any of the recent cost of living support.

On this basis, Lincolnshire County Council worked with District Councils to identify and agree the most appropriate methods for distributing this grant funding, as there was also a requirement to provide access to the funding via an application process.

Household Support Fund wave 3 phase 1 was delivered in Lincoln and North Kesteven in December 2022 and January 2023. Applications for support were taken from our referral partners and vouchers/payments allocated accordingly. Also, for those in receipt of Housing Benefit and not entitled to the national Cost of Living Payment, a £250 voucher was issued (via the Post Office) to these households. To the end of January 2023, under this phase of Household Support Fund, payments totalling £241,250 have been allocated to City of Lincoln residents, £209,112 to North Kesteven residents.

In terms of Household Support Fund 3 phase 2 – to be delivered in February/March 2023 (all payments to be made by the end of 31<sup>st</sup> March 2023), £61,204 has been allocated to City of Lincoln and £42,078 to North Kesteven. Following decision-making protocols, officers are now working with partner organisations to deliver these monies promptly, effectively and to those identified/referred as being most in need.

In his Autumn statement the Chancellor of the Exchequer announced an extension to the Household Support Fund, running from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024. Guidance and allocations for this round of funding is still to be announced. Officers are working on protocols in terms of decision-making for the wave of funding, which will be further progressed in due course once more information is released by central government.

## **7. Council Tax Energy Rebate**

- 7.1 On 3<sup>rd</sup> 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 The report presented to this Committee on 24<sup>th</sup> November 2022 updated on the mandatory scheme for Council Tax energy Rebate. This report for 23<sup>rd</sup> February 2023, updates on spend for the Discretionary Fund scheme.

- 7.3 As mentioned above, government 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 had to be made by 30<sup>th</sup> November 2022.

Details of the City of Lincoln Council and North Kesteven District Council discretionary schemes which were operated, are 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.*

7.4 Final Discretionary Fund scheme spend, was as below:

- City of Lincoln: £197,236 (fund allocation was £196,950)
- North Kesteven: £119,760 (fund allocation was £121,800).

## **8. Energy Bill Support Scheme Alternative Funding (EBSS AF)**

8.1 In October 2021, Central government announced that the EBSS AF scheme is intended to provide the £400 of support for households across the UK that would otherwise miss out on the Energy Bills Support Scheme – which the vast majority of households are already receiving – as they do not have a domestic electricity contract. It will also support the delivery of £100 Domestic Alternative Fuel Payments where these cannot be automatically delivered to households through other means, such as suppliers.

8.2 The government further announced, on 19<sup>th</sup> December 2022, how people in England, Scotland and Wales without a direct relationship to a domestic energy supplier, including many care home residents and those living in park homes, will receive a £400 discount on their fuel bills through EBSS AF.

The government is also providing a further £200 Alternative Fuel Payment (AFP) to help those households in Great Britain who use alternative fuels such as biomass or heating oil to meet energy costs this winter. Most households eligible for the AFP support in Great Britain, will receive payment automatically via their electricity supplier in February, with no need to take any action. Those households who will need to apply for the AFP, for example because they do not have a relationship with an electricity supplier, will be able to do so in February, through the same GOV.UK portal as the one that will be used to apply for support under the EBSS Alternative Funding scheme.

It was expected that online applications will open in January for households in England, Scotland and Wales who are eligible for the £400 EBSS AF to submit their details, alongside a helpline for those without online access. Payments to households that meet the eligibility criteria – including people who get their energy through a commercial contract or who are off-grid – will be made by local authorities in Great Britain. This is likely to include:

- care home residents
- residents of park homes
- tenants in certain private and social rented homes
- homes supplied via private wires
- residents of caravans and houseboats on registered sites
- farmers living in domestic farmhouses
- off-grid households

Most households who do not have a direct relationship with a domestic energy supplier have already been benefitting from subsidised energy bills through the government's business support scheme, with the Energy Prices Act legislation passed earlier in the year to ensure those benefits are passed on to consumers who do not pay their energy bills directly.



To make the process as simple as possible for consumers, those who are eligible for the EBSS AF will need to submit a short online form via the government's GOV.UK pages. A dedicated customer helpline will be available to assist customers who do not have online access, with further details to be released. Customers who are eligible for support under the main Energy Bills Support Scheme are not eligible for EBSS AF.

Once customers have applied to receive support and their applications have been processed and verified, eligible customers' details will be shared with local authorities across England, Scotland and Wales, who will deliver the one-off, non-repayable support this winter.

An update was received on 20<sup>th</sup> January 2023 stating that the scheme had been delayed, and further information would be provided in due course. It is now anticipated this scheme will go live in week-commencing 20<sup>th</sup> February 2023. A verbal update will be provided to Revenues and Benefits Joint Committee on 23<sup>rd</sup> February 2023.

## **9. Council Tax Support Fund 2023/24**

On 23<sup>rd</sup> December 2022, central government provided guidance to local authorities regarding a £100 million Council Tax Support Fund for 2023/24, whereby awards of up to £25 are to be made to Council Taxpayers in receipt of Council Tax Support, - with an element of funding also to be made for discretionary local funds in 2023/24. Funding allocations for City of Lincoln and North Kesteven are £222,803 and £142,500, respectively. Subject to a required ICT 'patch' being made available from our software providers NEC, and being successfully tested and installed into a live environment, it is hoped that the awards will be made as part of the 2023/24 annual Council Tax billing processes. Remaining funding will then be considered for both local authorities, with recommendations made in the early part of 2023/24, in relation to local discretionary schemes. A verbal update will be provided to Revenues and Benefits Joint Committee on 23<sup>rd</sup> February 2023.

## **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 (LFIP) 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. LFIP aims to ensure that everyone has the capability and opportunity to access appropriate financial services and products needed to participate fully in society.

LFIP 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.

LFIP 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 LFIP Steering Group and full LFIP Group. A LFIP Conference relating to Cost of Living matters is being held in Boston, on 21<sup>st</sup> February 2023: [Lincolnshire Financial Wellbeing Conference Tickets, Tue 21 Feb 2023 at 09:30 | Eventbrite](#)

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

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

## **14. Recommendation**

14.1 That 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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