

**SUBJECT: COST OF LIVING SUPPORT****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 cost of living initiatives to support residents.

## **2. Executive Summary**

- 2.1 This report provides Shared Revenues and Benefits 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, Energy Bill Support Schemes, Council Tax Support Fund 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.

The Covid-19 pandemic and now the rising cost of living, has caused major challenges to households locally and nationally. The Revenues and Benefits Shared Service plays a lead and key role in developing delivering schemes to help mitigate some of the impacts of cost of living challenges. Some of these schemes are directly delivered by this Service, - some in partnership with other teams within the Councils, also with organisations such as those in the voluntary sector.

## **4. Universal Credit (UC)**

- 4.1 The latest national figures published by the Department for Work and Pensions (DWP) were released on 18<sup>th</sup> April 2023, with statistics relevant to the period up to February 2023:

- 5,836,354 households receiving UC (this is an increase from 5,678,579 as reported at the last meeting of this Committee).

Local authority statistics are also available:

- City of Lincoln – 11,305 (10,938 as at the last report).
- North Kesteven – 6,644 (6,474 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 \(www.gov.uk\)](#) . 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.*

DWP has now released information to state those in receipt of Tax Credits will be asked to apply for UC by the end of 2024 ([Tax credits are ending - Understanding Universal Credit](#)). DWP has also announced, through the Autumn Statement 2022, that the managed migration of Employment and Support Allowance (ESA) cases has been delayed to 2028/29.

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 was £129,643 and North Kesteven’s £85,166. The mid-year additional DHP grant announcement 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 were 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 4 2022/23.

<b>DHP applications – Quarter 4 2022/23</b>	<b>City of Lincoln</b>	<b>North Kesteven</b>
Total number awarded	327 (Quarter 4 2021/22 = 594)	262 (Quarter 4 2021/22 = 343)
No. awarded for Housing Benefit	105 (Quarter 4 2021/22 = 293)	77 (Quarter 4 2021/22 = 160)
No. awarded for Universal Credit	222 (Quarter 4 2021/22 = 301)	185 (Quarter 4 2021/22 = 183)
Average DHP award	£429.99 (Quarter 4 2021/22 = £329.05)	£351.42 (Quarter 4 2021/22 = £394.34)

5.3 The table below shows DHP spend for 2022/23 up to the end of Quarter 4.

	<b>Central Government - DHP Grant 2022/23</b>	<b>Local Authority Top up 2022/23</b>	<b>Total DHP Grant 2022/23</b>	<b>DHP net spend as at 31<sup>st</sup> March 2023</b>	<b>DHP committed as at 31<sup>st</sup> March 2023</b>	<b>DHP total spend as at 31<sup>st</sup> March 2023</b>	<b>% Grant spent + additional LA top-up</b>
<b>City of Lincoln</b>	£132,330	£8,426	£140,756	£140,608	£0	£140,608	99.89%
<b>North Kesteven</b>	£86,931	£5,596	£92,527	£92,072	£0	£92,072	99.51%

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.

On 23<sup>rd</sup> February 2023, DWP announced DHP government grants for 2023/24. For City of Lincoln and North Kesteven, these are exactly the same amounts as for 2022/23, and the announcement also stated that the national DHP allocation for 2024/25 will be the same as for 2023/24 – so individual local authorities may well receive the same figures for 2024/25 – although this will be confirmed later this year. The table below included the confirmed 2023/24 allocations, also showing previous years' grants.

	<b>City of Lincoln Council central government DHP grant</b>	<b>North Kesteven central government DHP grant</b>
<b>2023/24</b>	<b>£132,330</b>	<b>£86,931</b>
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 2022/23, focus was more towards shorter-term assistance through DHP, with availability and provision of appropriate debt/benefits advice and tenancy/housing options support for residents.

As is usual, in advance of the new financial year a review of DHP internal guidance has been carried out – with two key changes implemented for 2023/24:

- Certain disability-related incomes previously disregarded when assessing DHP applications, to not be disregarded;
- Awards to those in private sector rented properties to be increased, to help reflect the challenges of frozen Local Housing Allowance rates.

The impacts of these changes will be closely monitored, and updates provided to this Joint Committee as appropriate.

## **6. Household Support Fund**

- 6.1 Previous reports to this Committee updated on Household Support schemes going back as far as October 2021. This report updates on final spend for the third wave of Household Support Fund, also updating on the current position in respect of Household Support Fund 4.

### **6.2 Household Support Fund Wave 3 (HSF3):**

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 was allocated to City of Lincoln residents, £209,112 to North Kesteven residents.

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

### City of Lincoln

Category	Food	
Number of families without children	609	
Number of families with children	590	
Households on H.B only	623	
Total Amount of Award	£301,250	Total Paid £301,250

### North Kesteven

Category	Food/Energy	
Number of families without children	453	
Number of families with children	563	
Households on H.B only	616	
Total Amount of Award	£246,190	Total Paid £246,190

## 6.3 Household Support Fund Wave 4 (HSF4):

In his Autumn statement the Chancellor of the Exchequer announced an extension to the Household Support Fund, running from 1st April 2023 to 31<sup>st</sup> March 2024. Guidance was issued to local authorities on 20<sup>th</sup> February 2023, and allocations for this round of funding. For Lincolnshire, Household Support Fund 2023/24 funding is £10,929,370 – to cover the whole financial year.

Lincolnshire County Council is continuing to work in partnership with district councils to identify and agree the most appropriate methods for distributing this funding. At this stage, with national and local decision-making requirements, it is not anticipated this scheme will be fully live until July/August 2023.

## 7. Energy Bill Support Scheme Alternative Funding (EBSS AF) / Alternative Fuel Payment (AFP)

7.1 In October 2022, 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.

7.2 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, received this payment automatically via their electricity supplier in February, with no need to take any action. Those households who need to apply for the AFP, for example because they do not have a relationship with an electricity supplier, have been able to do

so since March 2023, through the same GOV.UK portal as the one that will be used to apply for support under the EBSS Alternative Funding scheme.

Online applications opened in February 2023 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 – are being 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 need to submit a short online form via the government's GOV.UK pages. A dedicated customer helpline is available to assist customers who do not have online access. 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 are then shared with local authorities, who deliver the one-off, non-repayable support this winter.

As at the time of writing this report, the following payments have been made. A communications/promotion exercise is also underway, to try and ensure as many as possible of those eligible for these support schemes, receive them.

#### **City of Lincoln**

<b>Energy Scheme</b>	<b>Applications Approved</b>	<b>Total Paid</b>
<b>Energy Bills Support Scheme – Alternative Fund</b>	109	£43,600
<b>Alternative Fuel Payment – Alternative Fund</b>	12	£2,400

## North Kesteven

Energy Scheme	Applications Approved	Total Paid
Energy Bills Support Scheme – Alternative Fund	340	£136,000
Alternative Fuel Payment – Alternative Fund	296	£59,200

## 8. 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 £222,303 and £142,500, respectively.

Payments of up to £50.00 (the prescribed maximum was £25.00) were made to City of Lincoln and North Kesteven taxpayers as part of the 2023/24 Council Tax annual billing process. Remaining funding will be considered for local schemes in 2023/24. These figures are £101,705 for City of Lincoln, and £38,628 for North Kesteven.

## 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 (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. LFIP also provides a forum for sharing good practice and information.

In terms of scope of activity, LFIP 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.

A highly successful LFIP Conference relating to Cost of Living matters was held in Boston, on 21<sup>st</sup> February 2023, with 120 attendees and a high number of confirmed connections and positive outcomes resulting directly from this conference.

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

## **13. Recommendation**

13.1 That Shared Revenues and Benefits Joint Committee note this report, also that a further update will be presented at the next meeting of this Committee.



<b>Key Decision</b>	No
<b>Do the Exempt Information Categories Apply</b>	No
<b>Call In and Urgency:</b> Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
<b>Does the report contain Appendices?</b>	No
<b>If Yes, how many Appendices?</b>	None
<b>List of Background Papers:</b>	No
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