

SUBJECT: COST OF LIVING SUPPORT**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 cost of living 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, Energy Bill Support Schemes and 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 significant challenges to households locally and nationally. The Revenues and Benefits Shared Service plays a lead and key role in developing and 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 15th August 2023, with statistics relevant to the period up to June 2023:
- 5,965,178 households receiving UC (this is an increase from 5,836,354 as reported at the last meeting of this Committee).

Local authority statistics are also available:

- City of Lincoln – 11,343 (11,305 as at the last report).
- North Kesteven – 6,789 (6,644 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 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 10th 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.

In June 2023, a letter was issued to City of Lincoln Council and North Kesteven District Council setting out commencement of Tax Credit cases managed migration to Universal Credit, starting September 2023. Officers understand all Lincolnshire, Nottinghamshire and Rutland local authorities received the same letter, and that all areas of the country have now received similar letters for their respective areas. Officers are working closely with the Department for Work and Pensions locally and nationally, to fully understand impacts moving forward.

5. Discretionary Housing Payments (DHP)

- 5.1 City of Lincoln’s DHP government grant for 2023/24 is £132,330 and North Kesteven’s £86,931.

- 5.2 The table below breaks down the number of DHP applications received and determined in Quarter 1 2023/24.

DHP applications – Quarter 1 2023/24	City of Lincoln	North Kesteven
Total number awarded	104 (Quarter 1 2022/23 = 123)	53 (Quarter 1 2022/23 = 92)
No. awarded for Housing Benefit	30 (Quarter 1 2022/23 = 56)	12 (Quarter 1 2022/23 = 37)
No. awarded for Universal Credit	74 (Quarter 1 2022/23 = 67)	41 (Quarter 1 2022/23 = 55)
Average DHP award	£622.14 (Quarter 1 2022/23 = £430.64)	£783.94 (Quarter 1 2022/23 = £412.85)

The average award for both City of Lincoln and North Kesteven have increased for 2023/24 compared to 2022/23 due to more applications being turned down this financial year because of officers now including Personal Independence Allowance, Disability Living Allowance and Attendance Allowance into consideration, meaning more customers have income that exceeds their outgoings. This is allowing officers to award larger DHP payments to those customers living in the private sector where rents have significantly increased, whilst the Local Housing Allowance figures have remained the same.

- 5.3 The table below shows DHP spend for 2023/24 up to the end of Quarter 1.

	Central Government - DHP Grant 2023/24	DHP net spend as at 30th June 2023	DHP committed as at 30th June 2023	DHP total spend as at 30th June 2023	% Grant spent
City of Lincoln	£132,330	£14,683	£38,286	£52,969	40.02%
North Kesteven	£86,931	£11,329	£26,653	£37,982	43.70%

- 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 23rd 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 includes the confirmed 2023/24 allocations, also showing previous years' grants.

	City of Lincoln Council central government DHP grant	North Kesteven central government DHP grant
2023/24	£132,330	£86,931
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 are being closely monitored.

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 the current position in relation to Household Support Fund wave 4.

In his Autumn statement the Chancellor of the Exchequer announced an extension to the Household Support Fund, running from 1st April 2023 to 31st March 2024. Guidance was issued to local authorities on 20th 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.

In Quarter 1 2023/24, Lincolnshire County Council confirmed plans in respect of Household Support Fund wave 4 2023/24 (HSF4), and updated its HSF website page ([Household Support Fund – Lincolnshire County Council](#)), including the following:

- *Approximately 43% of the funding will be delegated to schools and early years providers to support for children eligible for benefit-related free school meals, early years pupil premium and families with a 2-year-old eligible for early years entitlement.*
- *Approximately 44% will be directed through Lincolnshire's district councils to provide financial support to housing benefit only claimants not in receipt of other support provided via the national scheme.*
- *1% of the grant funding will be used to provide financial support to eligible care leavers in supported living accommodation.*
- *The remaining grant funding will be directed towards other vulnerable households via local schemes, with approximately 11% of the local grant made available to district councils on a proportionate basis. District councils and other third sector/voluntary organisations will work to provide an application-based process to ensure this funding is distributed through local channels in line with the grant conditions. Further details on this process will be published on district council websites once agreed.*

For Housing Benefit recipients in Lincolnshire who were not entitled to the national Cost of Living Payment 2023/24 ([Cost of Living Payments 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/cost-of-living-payment-2023-24)), the intention is that this payment will be replicated in three phases, the first payment (£301) potentially being made in August/(possibly into September) 2023. These are to be issued through Post Office vouchers.

In terms of District Councils' separate allocations of HSF4 to be utilised to work with partners to provide payments, including through an application-based process in part (a requirement of the national HSF4 guidance), these have been communicated to District Councils' HSF4 lead officers, - for City of Lincoln £202,676 has been allocated, and for North Kesteven £139,340.

Officers are in discussions with an established range of referral partners and application processes – as well as potentially some new partners/routes – to ensure these HSF4 monies (through vouchers, food parcels, energy top-ups, etc) are delivered to those identified as in need. A key focus will again be on reducing foodbank dependency wherever possible, working with partners to help signpost residents to other means of support (e.g., money advice), - as well as supporting a drive to further increase usage of community groceries. A strategic aim of HSF4, is also to try and leave a 'legacy' of impact – as there is no guarantee of HSF5 (or of another form of local welfare provision) from 2024/25 onwards.

In terms of an 'open application' scheme, officers will continue to work other District Council colleagues to try and ensure a consistent approach wherever possible, but with reference to City of Lincoln and North Kesteven specific requirements and available funding too. It is envisaged that the best way to ensure HSF4 monies last throughout 2023/24, will be to open up the scheme in a number of phases.

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 intended to provide the £400 of support for households across the UK that would otherwise

have missed out on the Energy Bills Support Scheme – which the vast majority of households received – as they do not have a domestic electricity contract.

The government further announced, on 19th 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.

- 7.2 Central government also provided 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 over last winter. Most households eligible for the AFP support in Great Britain, received the 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, were able to do so between March 2023 and May 2023, through the same GOV.UK portal as the one used to apply for support under the EBSS Alternative Funding scheme.

Online applications opened between February 2023 and May 2023 for households in England, Scotland and Wales who were eligible for the £400 EBSS AF to submit their details, alongside a helpline for those without online access. Payments to households that met 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, with a deadline for final payments to be made by the 18th August 2023. Those eligible included:

- 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 eligible for the EBSS AF were required to submit a short online form via the government's GOV.UK pages. A dedicated customer helpline was available to assist customers who did 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 had applied to receive support and their applications were processed and verified, eligible customers' details were then shared with local authorities, who delivered the one-off, non-repayable support.

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

City of Lincoln

Energy Scheme	Applications Approved	Total Paid
Energy Bills Support Scheme – Alternative Fund	253	£101,200
Alternative Fuel Payment – Alternative Fund	13	£2,600

North Kesteven

Energy Scheme	Applications Approved	Total Paid
Energy Bills Support Scheme – Alternative Fund	409	£163,600
Alternative Fuel Payment – Alternative Fund	437	£87,400

8. Council Tax Support Fund 2023/24

On 23rd 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 (CTS), - 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.

The remaining funding is to be allocated as follows:

- **New CTS cases (Lincoln and North Kesteven):**

- Where a taxpayer has become (or becomes during the financial year) in receipt of CTS since annual billing in 2023/24, they are to be awarded up to £50 which will be credited to their Council Tax account. The award cannot be higher than their outstanding 2023/24 Council Tax charge (following the

award of CTS). If a taxpayer has already received an award under the prescribed scheme (e.g., they were on CTS at annual billing 2023, their CTS awarded ended – but then they became eligible for a new CTS award during 2023/24) – they will not be able to receive an award under this Discretionary scheme.

- **Discretionary Awards (Lincoln and North Kesteven):**

- Outstanding funding (once the new CTS cases have been identified and profiled for the remainder of 2023/24) will be retained as a 'discretionary pot' for taxpayers who have been identified by a member of LiNK (although referrals can come through other Council teams – for example, Housing, Customer Services), up to £50 may be awarded to an account – but only if they have not received an award previously under either the prescribed or discretionary scheme.

- **Review of Discretionary Scheme (Lincoln):**

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Spend and impacts of the scheme will be monitored by the Revenues and Benefits Management Team (RBMT) on a monthly basis, and where amendments to the scheme need to be considered – or it is deemed a specific cohort needs to be targeted under this scheme – recommendation/s will be made through the Assistant Director Shared Revenues and Benefits, for consideration/approval by the Chief Finance Officer.

- **Review of Discretionary Scheme (North Kesteven):**

Spend and impacts of the scheme will be monitored by the Revenues and Benefits Management Team (RBMT) on a monthly basis, and where amendments to the scheme need to be considered – or it is deemed a specific cohort needs to be targeted under this scheme – recommendation/s will be made through the Assistant Director Shared Revenues and Benefits, for consideration/approval by the Director of Resources.

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.

Financial Inclusion

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.

Two key areas of high-profile engagement by LFIP in 2023/24, will be:

- Co-ordination of 'Talk Money Week' activities in Lincolnshire during the week-commencing 6th November 2023: [Talk Money Week | 6–10 Nov 2023 | The Money and Pensions Service \(maps.org.uk\)](#) ;
- A conference to be held on 20th February 2024 (venue TBC), to follow-up from the highly successful conference held at the Jakemans Community Stadium in Boston, in February 2023.

9.2 In terms of the well-documented national cost of living pressures, both our partner Councils continue to review and update 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".

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.

10.2 Organisational Impacts

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

10.4 **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 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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