

# Report



## Leader (Cabinet Member for Economic Growth and Investment) Cabinet Member Community and Wellbeing

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### Part 1

Date: 30 August 2022

**Subject** Discretionary Cost of Living Support Payment Scheme

**Purpose** To request approval for the initial allocation of the cost of living support scheme discretionary component.

**Author** Head of Finance / Revenues Manager

**Ward** All

**Summary** This report sets out the options for distributing the funds that Welsh government has made available for the Council by way of a 'discretionary cost of living support payment scheme'. The Council can set its own scheme provided the wider remit of helping households with the cost of living is met. Welsh Government has recommended that some groups that are excluded from the main scheme should be included in the Council's discretionary scheme and the recommended scheme addresses this.

This report sets out the initial scheme that will see direct payments made to households that are not included in the Welsh Government's main scheme and identifies other groups that are recommended to receive additional support:

Part 1 – Households excluded from the main scheme.

Part 2 – Households recommended to receive additional support.

Part 3 – Households that have not claimed the cost-of-living payment.

It is imperative that the households identified in this report receive a payment as soon as possible and once the households identified in this report are paid the remaining balance will be addressed in further report in the autumn that will outline the options for using the remaining balance and the current potential options for this are noted in the report.

**Proposal** That the scheme set out in appendix 1 to this report is approved.

**Action by** Head of Finance

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Law & Regulation
- Head of People & Business Change
- Head of Regeneration, investment & Housing

**Signed**

## Background

The Welsh Government have announced a package of measures to help people with the cost-of-living crisis. The package includes £152m to provide a £150 cost-of-living payment to eligible households (the main scheme) and £25m to provide discretionary support for other purposes related to living costs across Wales.

The schemes are intended to provide immediate support as Wales recovers from the pandemic and support households to deal with the impact of increasing energy and other costs.

In developing local Discretionary Scheme, local authorities have complete autonomy to target the funds to best support residents and to ensure their approach best suits the need of their individual residents.

This report sets out the options available to distribute the Discretionary Cost of Living Support to residents within the city, along with proposals for a 'Newport Discretionary Cost of Living Payment Scheme'.

Welsh Government has made funds available to residents of properties in council tax bands A-D, those in receipt of council tax reduction and those with a disability reduction in band E, to receive a one off £150 payment towards the cost of living. This is known as the main scheme and in the Newport City area just over 50,000 residents qualify for this payment.

Work is well underway to distribute the main scheme funds with over 80% of eligible residents having already been issued with a payment. The main scheme does not include residents that are exempt from paying council tax meaning that some groups of council taxpayers have yet not received any support.

In addition to the Main Scheme, Welsh Government has made a further £1,249,635 available to Newport City Council which is to be distributed to residents by way of a discretionary scheme, along with £253,210 to cover the administration of both schemes. The Council is free to distribute the discretionary fund in any way that it feels is appropriate under the broad remit of alleviating the impact of the increase in the cost of living.

In total Newport has been allocated the following amounts:

Main Scheme £7,596,300  
Discretionary Scheme £1,249,635  
Administration £253,210

The schemes are intended to provide immediate support to households as Wales recovers from the pandemic and to deal with the impact of increasing energy and other living costs.

Each local authority may use the funding provided under the Discretionary Scheme to provide support to households it considers to be in need of assistance with their living costs. This support may take the form of a payment to a household not already covered in the main scheme, an additional payment, or it may cover the cost of essential services provided to households.

Welsh Government has specified that the main scheme will close on 30 September 2022 and the funds should be paid before then and the discretionary scheme on 31 March 2023.

Although the Council can distribute the discretionary funds in any way it wishes, with the aim of assisting residents with the cost-of-living increase, Welsh Government has stated that each council should devise a scheme that will act as a framework for distribution of the funds.

## Options for a Discretionary Scheme

When looking at potential options it is helpful to consider the those that can be assisted under three broad categories:

1. Part 1 – households that are excluded from the main scheme.
2. Part 2 – households that could be considered for an additional payment.
3. Part 3 – Unclaimed amounts from the main scheme.

This report looks at each of these areas and the options available for distributing the discretionary funds.

### Part 1 - Households Excluded from the Main Scheme

Whilst the scheme is wholly at the discretion of each individual Local Authority, further guidance was issued on the discretionary scheme in late April 2022. This set out items that **should** be considered and items that **could** be considered within the scheme:

Items that **should** be considered:

Households in receipt of one of the following council tax exemptions:

- Providing or receiving care – Classes I and J
- Severe Mental Impairment – Class U
- Care Leavers – Class X

Welsh Government has also suggested the following **could** be considered:

- Separately identifiable households living in Houses in Multiple Occupation (HMOs).
- in properties with Disability Band reductions (E-I).
- Households in dwellings wholly occupied by students (not halls of residence).
- Households in social sector properties in council tax Band E or above.
- Occupied granny Annexes (Class N)
- Households with restricted entitlement under the Benefit Cap or 2-child limit.
- Households who are receiving housing support services and/or are living in temporary accommodation or a refuge.
- Households where a Domiciliary Care Plan is in place due to additional costs incurred. Wider considerations
- Households in receipt of Free School Meals but who are not captured in the main scheme.
- Enhancing capacity within existing support functions to maximise income and provide effective advice.
- Linking with energy efficiency schemes for properties with high EPC ratings.
- Supporting Community Pantry and Food Club initiatives for access by wider community.
- Supporting transport/fuel initiatives in rural communities

In addition to the above, the main scheme also excludes those residents living in properties in bands E-I that have started to claim means tested Council Tax Reduction since the 15 February 2022, and also residents in bands F-I that are disabled and have a council tax disabled band reduction.

If these households are also included potentially a further 243 cases would be paid the standard £150 amount, at a total cost of £36,450. Due to the relatively low number of cases and the difference this payment would make to low income and disabled households it is reasonable to include them in part 1, of the discretionary scheme.

Based on these criteria officers have produced an assessment of the cost of extending the scheme to the groups who **should** be considered for a basic £150 payment:

<b>Category</b>	<b>Cases</b>	<b>Cost @ £150</b>
Severely Mentally Impaired (Class U)	194	29,100
Those receiving or providing Care (Class I & J)	21	3,150
Care Leavers (Class X)	41	6,150
Wholly occupied by students (Class N)	275	41,250
Occupied granny Annexes (class W)	4	600
Under 18 years (Class S)	20	3,000
Disabled Bands F-I	153	22,950
New CTR Cases	90	13,500
<b>Total</b>	<b>798</b>	<b>£119,700</b>

In response to the other suggested categories, most would have been already covered under the main scheme and those that were not already included would have been covered in the additional categories in the above table.

Full details of the proposed Newport Discretionary scheme and how payments are proposed to be made can be found in Appendix 1.

### **Part 2 – Households considered and recommended for an Additional Payment**

Considering the rationale for further assistance it is reasonable to look at those households where utility bills are higher due to the age or disability of the residents, since both incur additional costs, or where utility bill increases are particularly onerous for example where households are on a low income.

Based on these criteria officers have considered how to provide an additional payment to the following groups:

- Households claiming council tax reduction.
- Pensioner households.
- Households where a domiciliary care plan is in place.
- Households with a disabled resident.
- Households on low income.
- Households in receipt of free school meals.
- Households in receipt of discretionary housing payment.

When examining these groups of residents, it is apparent that they can be in more than one of the above categories, examples include:

- Households claiming free school meals are likely to be also claiming council tax reduction due to their low income.
- Those households receiving a discretionary housing payment are by default also receiving council tax reduction
- Pensioners on low incomes are likely to be receiving council tax reduction.
- Working age households claiming council tax reduction have low incomes.

The funds available and the time constraints of having a scheme to pay those most in need without having to undertake complex assessments means that a pragmatic approach to helping those that can be identified from existing records is required. Therefore, in the time available three main categories that could be considered for additional payments to assist with the cost of living have been identified. A household would receive one additional payment under part 2 of the discretionary scheme.

The table below details the groups that can be identified from existing records that would benefit from an additional payment and gives an indication of potential case numbers and cost of providing a one-off additional payment at the amounts shown:

<b>Group</b>	<b>Cases</b>	<b>Additional Amount</b>	<b>Cost</b>
Pensioner Households receiving CTR	4,956	£65	£322,140
Working age households receiving CTR	7,506	£50	£375,300
Households with a domiciliary care plan	680	£65	£44,200
<b>Total *</b>	<b>13,142</b>		<b>£741,640</b>

\*The total is the maximum that would be paid, however it is likely to be less due to the fact that only one payment will be made if a resident is in more than one category.

Full details of the proposed Newport Discretionary scheme and how payments are proposed to be made can be found in Appendix 1. Most of these households will already have benefitted from the Main Scheme payment and therefore this would be a 'top-up' from the Council, given their particular circumstances.

### **Part 3 – Unclaimed Amounts Under the Main Scheme**

The main scheme has been well publicised and invitation letters issued to all eligible households. Despite this at the time of writing this report around 8,000 households have yet to register for a payment.

It is hoped that the majority of these households will register and receive their payment before the scheme closes on 30 September 2022, however it is anticipated that a number will not register in time.

The terms of the main scheme state that any unclaimed amounts at the close of the scheme will automatically be transferred into the discretionary scheme, the discretionary scheme therefore needs to address this.

There are two options available for unclaimed amounts:

1. Use the unclaimed amounts in the discretionary scheme as additional funds to distribute.
2. Ringfence and make a payment to the council tax payer to ensure that no household misses out.

It is known that some people are reluctant to claim benefits and allowances due to them when a claim or registration form has to be submitted, this is especially the case for the elderly or those without access to the internet.

Under this section it is proposed that any household that has not claimed the £150 they are entitled to under the main scheme shortly before the scheme closes on 30 September 2022 will:

- Have the £150 automatically credited to their council tax account where more than that amount is due to be paid in 2022-23, or
- Have a Post Office voucher to the value of £150 issued to the named council taxpayer where there is no amount due to be paid for 2022-23, or
- Where the amount remaining to be paid for 2022-23 is less than £150, the outstanding balance will be cleared and a Post Office voucher will be issued for the remainder. In cases where the remainder is less than £10 this will be carried over to the next financial year and used to reduce future balances.

The scheme states that unclaimed amounts under the main scheme are to be added to the overall discretionary pot, the proposal detailed above is therefore cost neutral.

No application is required under Section 3, an assessment will be made by the council tax team, eligible households identified and a payment made as we get close to 30 September. In the

meantime, as stated above, we will continue to encourage and support registration from eligible households.

Full details of the proposed Newport Discretionary scheme and how payments are proposed to be made can be found in Appendix 1.

### Further consideration for the Newport Local Discretionary Scheme

As noted above in the estimated costs, there is still c£400k to be utilised and consideration and planning is taking place on:

- a 'money advice' service, augmenting current advice available from other agencies
- assistance with energy costs such as tokens etc
- assistance with food costs such as further support for food banks and community led food banks etc

These will be added to the Newport Discretionary Scheme as soon as possible

### Staffing Issues

Temporary staff have been employed to administer the Main Scheme, utilising the administration grant to fund these. This also includes one secondment of our permanent staffing to oversee and manage the processes who is back-filled temporarily from the same funding. We will use the same cohort of temporary staff to administer this scheme.

### Financial Summary (Capital and Revenue)

- Newport has been awarded £1,249,635 to distribute under the cost-of-living discretionary support payment scheme, along with £253,210 to cover the administration costs of the scheme.
- There will be no ongoing financial liability once the funds have been distributed.
- Allowing for the expected extension to the end date of the scheme being 31 March 2023 all payments will have been made by then.

Following the proposed distribution of discretionary funds outlined in Appendix 1, the remaining balance of the £1,249,635 will be subject to a further report in early autumn.

The autumn report will address the options for spending the remaining balance:

	Amounts	
Discretionary Cost of Living Allocation		£1,249,635
Part 1 Excluded from the main Scheme	£119,700	
Part 2 Additional Payments to Key Groups	£741,640 *	
Part 3 Amounts unclaimed from Main Scheme	To be confirmed but cost neutral	
<b>Balance Remaining</b>		<b>£388,295</b>

\*this figure is likely to be lower due to the fact that only one payment will be made if a resident is in more than one category.

### Risks

The scheme is fully funded by Welsh Government therefore there are no financial risks for the Council from this proposal.

In addition to the funds that Welsh Government has earmarked for the discretionary scheme, a further amount of £253,210 is included for administration of the scheme, this will adequately cover all the costs of issuing the payments outlined in the scheme.

<b>Risk Title / Description</b>	<b>Risk Impact score of Risk if it occurs* (H/M/L)</b>	<b>Risk Probability of risk occurring (H/M/L)</b>	<b>Risk Mitigation Action(s)</b> What is the Council doing or what has it done to avoid the risk or reduce its effect?	<b>Risk Owner</b> Officer(s) responsible for dealing with the risk?
Risk of adopting the proposed discretionary cost of living support payment scheme.	L	L	The costs for the proposed options have been modelled and will be covered by the funding made available by the Welsh Government.  Additionally this phase of the discretionary scheme will not use the full funds available, a further proposal will be reported on in Autumn on the options for the remaining balance.	Head of Finance

### **Links to Council Policies and Priorities**

The proposed scheme will help to meet the objective to have a fairer Newport since it will enable more residents that are not included in the main scheme to receive a cost-of-living payment along with assisting vulnerable groups with additional assistance.

### **Preferred Option and Why**

To adopt the scheme detailed in Appendix 1 to this report to enable immediate payments to be made to households identified. This will enable much needed support to be quickly directed to these households.

A further report detailing how the balance remaining after those identified in the scheme at Appendix 1 have been paid, will follow in early autumn with options for further consideration.

### **Comments of Chief Financial Officer**

The report outlines all the key financial issues. This is a much needed resource to support Newport Communities and households and the scheme proposed recommends a number of one-off financial support to recommended categories of households.

The scheme ensures that all the funds coming from the 'main scheme' is utilised as proposed by the deadline of 30 September 2022 and the discretionary scheme will need to be managed carefully to ensure the Council keeps to within the available resources.

### **Comments of Monitoring Officer**

The proposed Discretionary cost-of-living support payment scheme is in accordance with the Council's statutory well-being powers under Section 2 of the Local Government Act 2000. The principle of providing financial support to those in greatest social and economic need is also consistent with the Council's socio-economic duty under the Equality Act. The Main Scheme has been prescribed by Welsh Government and is based on a fixed payment to eligible council-tax payers under the Local Government Finance Act 1988. However, this additional funding is to enable local authorities to operate an entirely discretionary local scheme for support payments, in order to supplement the Main Scheme. The Council has a complete discretion as to how the scheme operates and the eligibility for these support payments. However, as with all discretionary decision, the Council has to act fairly and consistently and must have regard to the Welsh Government grant conditions and relevant guidance. The Welsh Government guidance provides

that the discretionary scheme should provide support for certain categories of household who are exempt from paying council-tax and, therefore, are excluded from the Main Scheme. In addition, the guidance advises that the support payments could be made to people on a low income and/or where their utility bills are disproportionately high.

The recommended discretionary scheme includes both excluded households and those in greater need and is, therefore, consistent with the objectives of the grant funding and the guidance.

As this is a discretionary framework for the allocation of hardship funding, as opposed to a statutory Council tax reduction scheme, then this is an executive function and decision for the relevant Cabinet Members and does not require the adoption of a formal scheme by full Council.

## **Comments of Head of People and Business Change**

This report sets out the options for distributing the funds that Welsh government has made available for the Council to distribute by way of discretionary cost of living support payment scheme. Welsh Government has recommended that some groups that are excluded from the main scheme should be included in the Council's discretionary scheme and the recommended scheme addresses this. The proposed scheme outlines a pragmatic approach which seeks to support those most in need without having to undertake complex assessments. As such, three main categories to be considered for additional payments to assist with the cost of living have been identified in Part 2 of the report. These would target the discretionary payments on the following groups which are consistent with protected equalities characteristics and the socio-economic duty:

### **Age**

- Older residents on low incomes and those that are exempt from council tax due to needing care.
- Children and young people living in households on low incomes.
- Young adults that are care leavers

### **Disability**

- Those with a council tax disabled band reduction.
- Those receiving domiciliary care.

There are no direct human resources implications in this report and costs of administering the scheme are included in the funding made available by the Welsh Government.

## **Comments of Non-Executive Members**

### Councillor M Evans:

Very happy to support and welcome, both the main and discretionary elements of the scheme. We all know that the cost of living is rising due to worldwide inflation caused by a global increase in energy demand, the war in Ukraine, and the aftermath of the pandemic. This is why it is vital that this funding goes to the people who need it most as quickly and efficiently as possible, and it is reassuring to see this happening. The report states that over 80% of residents in the main scheme have already received payments which should be relatively simple to administer for most in bands A-D. Whilst I appreciate the discretionary elements will require more work £250,000's in administration seems very high to me. Can you explain why it is costing so much?

### Response:

The amount of £253,210 stated in the report for administration costs is an allocation that Welsh Government has made available based on the anticipated number of applications. We have had to create a small team to administer the scheme and the amount allocated to Newport City Council will cover all costs incurred including staffing, ICT, postage etc, it is unlikely that the full allocation will be used.



### Councillor Cocks:

I welcome the report and it is heartening to see the Welsh Government and local authority offering all support possible to families and individuals who will face increasing hardship during the autumn and winter. The scheme identifies groups who will be in particular need and provides a practical and speedy means of getting support to them.

However, it is also essential to recognise that the scale of the impending crisis means that ultimately only the Westminster Government has the resources to fully meet the challenge. The Welsh government and local authorities in Wales must use every opportunity to be effective in making the case for the Westminster government to take action on a scale to meet the challenge.

The crisis will also place great pressure on many areas of the council's services and identifying these pressure points in a timely fashion must be a priority for us all.

### **Scrutiny Committees**

N/A

### **Fairness and Equality Impact Assessment:**

This impact assessment considers our legislative responsibilities under:

- The Equality Act (2010), including the Socio-economic Duty
- The Wellbeing of Future Generations (Wales) Act (2015)
- The Welsh Language (Wales) Measure (2011)

### **Wellbeing of Future Generation (Wales) Act**

This proposal supports the following well-being goals:

- A prosperous Wales the payments outlined in the scheme will support those on low incomes across the city.
- A healthier Wales – residents with disabilities, receiving domiciliary care or who are elderly are all adversely affected by the increase in energy prices due to the fact that they spend more time at home, the proposed scheme will assist these residents.
- A more equal Wales – in targeting the payments at the households that have higher needs due to low income, age or disability ensures an equitable distribution of the funds.

### **Equality Act 2010**

The proposed scheme is positive and the beneficiaries of the scheme will be those households that have been identified as excluded from the main scheme, have additional needs with resulting increased energy bills or are on low incomes.

There are no impacts on the majority of protected categories in the Equality Act 2010 and it is anticipated that the scheme will be beneficial to the following group:

Age, there will be benefits to:

- Older residents on low incomes and those that are exempt from council tax due to needing care.
- children and young persons living in households on low incomes.
- Young adults that are care leavers

Disability, the scheme will be beneficial to:

- Those with a council tax disabled band reduction.
- Those receiving domiciliary care.

### **Socio-economic Duty**

The Socio-economic Duty is set out in the Equality Act 2010, and requires the council, when making strategic decisions, to pay due regard to the need to reduce the inequalities of outcome

that result from socio-economic disadvantage. Inequalities of outcome are felt most acutely in areas such as health, education, work, living standards, justice and personal security, and participation.

The proposed scheme is positive and will be beneficial to the households identified in the scheme and targets help to those with higher needs namely:

- Low Income/income poverty – working age and pensioner households receiving council tax reduction will benefit from the scheme.
- Low and/or no Wealth – low income groups will benefit.

## **Welsh Language (Wales) Measure 2011**

There are no adverse affects on the Welsh Language

## **Consultation**

This report has been drafted in consultation with the Cabinet Member.

## **Background Papers**



Cost of Living -  
Discretionary Schem

**Dated: 30 August 2022**

## **Appendix 1**

### **Newport city Council Discretionary Cost of Living support Scheme**

This document sets out the Newport city council Cost of Living discretionary scheme, and covers three areas:

Part 1 – Households that are excluded from the main scheme.

Part 2 – Additional payments to selected households

Part 3 – Unclaimed amounts from the main scheme.

#### **Part 1 – Categories Excluded from the Main Scheme**

The following categories of council taxpayer who are responsible for utility bills, that are excluded from the main scheme will be entitled to a discretionary cost of living payment of £150.

No application is required, payment will be made direct in the name of the council taxpayer as shown on the bill and will be in the form of a Post Office Voucher. This will reduce the administrative burden of issuing the payments.

Only one payment will be made under Section 1 even if the householder qualifies in more than one category.

Additionally, no payment will be made under Section 1 if the householder has already qualified for a payment under the main scheme and their circumstances have subsequently changed.

1. Households in the following exempt categories:

- Care Leavers (Class X)
- Severely mentally impaired (Class U)
- Those receiving care or providing care (Class I & Class J)
- Dwellings wholly occupied by students, not halls of residence (Class
- Granny Annexes (Class N)
- Households where all residents are under 18 (class S)

2. Households falling into one of the following categories that is not covered in the main scheme will be entitled to a payment of £150:

- Households in properties in bands F to I that receive a disabled band reduction.
- Households in bands E to I that have started to claim council tax reduction (formerly council tax benefit) after 15 February 2022 and before 30 September 2022.

No application is required under Part 1, an assessment will be made by the council tax team, eligible households will be identified and a payment made by Post Office voucher.

#### **Part 2 - Additional Payments to Selected Households**

Households falling into the following categories will be paid an additional discretionary payment, only one discretionary payment will be paid under Part 2.

No application is required, payment will be made direct in the name of the council taxpayer as shown on the council tax bill and will be in the form of a Post Office Voucher.

1. Working age households that receive council tax reduction (formerly known as council tax benefit) to receive a £50 payment,
2. Pensioner households that receive council tax reduction to receive £65.
3. Households where a domiciliary care plan is in place. £65 to be paid.

No application is required under Part 2, an assessment will be made by the council tax team, eligible households will be identified and a payment made by Post Office voucher.

### **Part 3 - Unclaimed Amounts from the Main Scheme**

Under this section any household that has not claimed the £150 they are entitled to under the main scheme shortly before the scheme closes on 30 September 2022 will:

- Have the £150 credited to their council tax account where more than that amount is due to be paid in 2022-23.
- Have a Post Office voucher to the value of £150 issued to the council taxpayer where there is no amount due to be paid for 2022-23.
- Where the amount remaining to be paid for 2022-23 is less than £150, the outstanding balance will be cleared and a Post Office voucher will be issued for the remainder. In cases where the remainder is less than £10 this will be carried over to the next financial year and used to reduce future balances.

No application is required under Part 3, an assessment will be made by the council tax team, eligible households will be identified and a payment made as above.