



Appendix B

Report of the Cabinet Member for Economy, Finance and Strategy (Leader) Cabinet – 21 April 2022

Cost of Living Support Scheme – Mandatory and Discretionary Elements.

Purpose:	To provide information on the mandatory scheme and to consider the wide discretionary powers also available to the Authority under the Welsh Government's Cost of Living Support Scheme to provide immediate financial support to householders considered to be in need of assistance with living costs.
Policy Framework:	Tackling Poverty
Consultation:	Access to Services, Finance, Legal, Social Services
Recommendation(s):	It is recommended that: 1) The details of the mandatory scheme set out in this report are noted and that they are already implemented. 2) The details of the discretionary powers relating to the Cost of Living Support Scheme are also noted. 3) The following categories and amounts are approved as the basis for discretionary payments under the Cost of Living Support Scheme: a) £150 will be paid to recipients of Council Tax exemptions awarded in respect of: <ul style="list-style-type: none">• Care Leavers• People with a Severe Mental Impairment (SMI)• Occupants of certain self-contained annexes• Residents under 18 years old• Care home residents• People resident elsewhere as they are receiving care• People resident elsewhere as they are providing care• Students studying elsewhere

- b) Other categories for which a payment of £150 will be made:
- Households occupying domestic dwellings in bands F to I for which a disability adaptation reduction has been granted.
 - Tenants of Swansea Council not in receipt of support from Housing Benefit (HB) or Universal Credit (UC) – in addition to any main scheme payment they are entitled to.
 - Any household Swansea Council can identify as being eligible for a £150 payment from the main scheme and which is required to register for a payment but has not done so by a date 2 weeks before the scheme closes.
- c) Additional measures
- £52,500 be placed in a fuel costs support fund to be used to support people having difficulty meeting fuel costs.
 - £28 to be paid to all households occupying domestic dwellings in Council Tax Bands A and B (in addition to any other single payment of £150 they are already entitled to from the main or discretionary scheme). One payment per property.
- d) The maximum payment to one household from the Cost of Living Support Scheme as a whole will be £300.

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1. Introduction

- 1.1 As part of the Welsh Government's Supplementary Budget, on 15 February 2022 the Welsh Government announced a Cost of Living Support Scheme ("the scheme") to be administered on its behalf by local authorities. The guidance for the scheme was published on 23 March 2022 – see Appendix A to this report.
- 1.2 The Scheme is part of a national package of measures to help people with the cost of living crisis. The national 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. 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.
- 1.3 The Discretionary Scheme fund can be used by each local authority to support other households it considers to be in need of assistance with their living costs. Each local authority can determine its use of discretionary support as it deems appropriate to address known and identified local needs.

2. The Main Scheme

2.1 A payment of £150 can be made to a household under the main scheme if the householder(s) meets one of the following conditions. The authority has no powers to vary these criteria. We estimate that there are 80,000 households in Swansea that will be eligible for a payment under the main scheme, resulting in a payment of £12,000,000 in total.

2.1.1 Council Tax Reduction Scheme entitlement condition

If the householder(s) was in receipt of support through the Council Tax Reduction Scheme on 15 February 2022, they are automatically entitled to a payment of £150.

2.1.2 Council Tax Band condition

Households occupying properties in Council Tax Bands A to D are assessed as being entitled to a payment of £150 provided they satisfy **all** of the following criteria:

- Liable for council tax on a property in Swansea on 15 February 2022
- Not in receipt of an exemption for that property on 15 February 2022
- Living in that property as their main or primary residence on 15 February 2022
- Responsible for paying the associated utility and other regularly incurred bills for that property on 15 February 2022.

2.2 Welsh Government advises that local authorities will be able to make the reasonable assumption that household(s) liable to pay council tax are also responsible for paying the utility and other regularly incurred bills.

2.3 Households living in properties which attract a disability adaptation band reduction are eligible for a payment, for example, a property which has been valued as Band E but which receives a disability adaptation band reduction to Band D is eligible.

2.4 Only **one** payment of £150 is to be made in relation to any single dwelling under the main scheme. In cases of joint and several liability, only one payment is to be made and it should be paid to the first named person on the Council Tax bill. Where this is not possible, local authorities have discretion to identify the most appropriate person to whom the payment should be made.

2.5 Local authorities are encouraged to use existing databases to identify households eligible for a payment under the main Cost of Living Support Scheme. Furthermore, if current bank details are held by the local authority and the authority is satisfied that the data is correct, they may make an automatic payment to the relevant bank account without the recipient needing to complete a registration form. Swansea has already made approximately 45,000 payments by this method.

2.6 Households who appear to be eligible for a £150 payment but for whom all the necessary information is not already held by the Council in a

usable form, **must** complete a registration form to provide the authority with the required information. Registration **must** be completed by 5.00pm on 30 September 2022. The authority has **no** discretion to extend this deadline and late registration cannot be accepted.

- 2.7 Payments will usually be made directly into a recipient's bank account but alternative payments arrangements will be made available for anyone who does not have a bank account.

3. The Discretionary Scheme

- 3.1 In addition to supporting the eligible categories outlined above through the main scheme, 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 **any** form the Authority considers appropriate in order to satisfy the aims of the scheme. For example a payment to a household not already covered in the main scheme; an additional payment on top of the £150 or by covering the cost of other services provided to households in need by setting up an emergency fund to deal with a specific issue.
- 3.2 Each local authority has complete autonomy to determine how it utilises the available funds in its area to achieve the aims of the overall scheme. Also the amount that is paid under the discretionary scheme. As a result of that flexibility the guidance does not indicate an application is required in every case for a payment to be made from the discretionary scheme. This is because the funds might not always be utilised to provide support to individuals. Where a discretionary payment is to be issued to an individual, an application may be needed where the council does not already hold sufficient information to make such a payment.
- 3.3 Payments will usually be made directly into a recipient's bank account but alternative payment arrangements will be made available for anyone who does not have a bank account.
- 3.4 Developing the discretionary scheme at rapid pace is considered of the utmost and primary importance as the cost of living crisis and substantial bill increases are already upon households now. With such a major grant scheme affecting 10,000+ people it would clearly be preferable to conduct a co-produced, fully impact assessed, wide consultation process but that in itself would somewhat defeat the pressing nature of the matter at hand, as bills are due now. The pragmatic approach is thus to more heavily rely on information we already hold which enables us to know who may have already faced extra cost of living pressures, and that could include groups previously directly affected by decisions already taken by Council through normal budgetary processes, such as for example, increases in housing rents at a pace far greater than council tax increases because of the fundamentally different nature of the funding models for both funds. The Council funds must remain separate but the cost of living pressures faced by both groups as individual households as

a direct result of previous Council decisions are significantly different and crucially known about by Council already and that has driven part of the design of the discretionary package.

- 3.5 Whilst there are risks of challenge with a “design at haste and repent at leisure scheme” the balance is tilted towards immediate decision and action to achieve the policy objective of Welsh Government which is immediate relief of part of the cost of living where the authority is reasonably practicably able to do so. No individual in receipt of a payment is disadvantaged, so the scheme in absolute terms is beneficial. The risk of challenge would be in the choice of who is and was considered eligible but the mitigation is that it is entirely for the authority to decide, with no right of appeal, on how to operate the scheme, in line with the discretionary grant offer from Welsh Government. It is felt the initial screening justifies the “act now” principle as the primary driver over other considerations.
- 3.6 Taking account of the available funding of £2,000,000, the recommendations in relation to payments from the discretionary scheme are as follows:-
- 3.6.1 Households who reside in properties in respect of which they are liable for Council Tax and for which the following exemptions from Council Tax have been awarded. These households have been excluded from the main scheme. A discretionary payment of £150 will be made from the scheme.

Exemption Class	Estimated Number	General Description	Estimated Cost
U – Severe Mental Impairment (SMI)	373	<p>A person who is medically certified as having a severe impairment of their intellectual or social functioning, that appears to be permanent.</p> <p>Conditions that can lead to severe mental impairment include Alzheimer's disease, Parkinson's disease and other forms of dementia. To be eligible, the person with the SMI must also be entitled to one of a list of specified benefits which includes Incapacity Benefit, Attendance Allowance or Personal Independence Payment</p> <p>Rationale: This recognises the circumstances of the occupant means they should be entitled to a payment to assist with the cost of living.</p>	£55,950
X – Care leavers	64	Who are 18 or over but have not yet reached the age of 25	£9,600

		Rationale: This recognises the circumstances of the occupant means they should be entitled to a payment to assist with the cost of living.	
W – Occupied annexes (often known as ‘granny flats’)	12	<p>A self-contained annex, where the person who lives in it is a dependent relative of the owner of the main house. The dependent must be 65 or over, severely mentally impaired or have a substantial and permanent disability.</p> <p>Rationale: These annexes will be smaller properties usually in bands A-D so this reflects continuity of approach and also recognises the circumstances of the occupant.</p>	£1,800

3.6.2 Households who reside in properties in respect of which they are **not** liable for Council Tax and for which the following exemption from Council Tax has been awarded. These households will not be eligible under the main scheme as they are not liable to pay Council Tax. A discretionary payment of £150 will be made from the scheme.

Exemption Class	Estimated Number	General Description	Estimated Cost
S – Under 18’s	28	<p>All residents in the property are under the age of 18. The landlord will be liable for Council Tax due (although nothing is payable)</p> <p>Rationale: The residents will in most cases be paying the utility bills and should be entitled to a payment to assist with the cost of living.</p>	£4,200

3.6.3 Households where the person liable for Council Tax is not in residence and so is **not** eligible for a payment from the main scheme. A discretionary payment of £150 will be made from the scheme.

Exemption Class	Estimated Number	General Description	Estimated Cost
E – care home resident	258	The liable person resides in a care home which is their sole or main residence. Rationale: they will still have bills to pay in respect of the property. Standing charges, insurance etc	£38,700
I – absent and receiving care elsewhere	44	The liable person is absent from the property as they are <u>receiving</u> care elsewhere but not in a care home. Rationale: they will still have bills to pay in respect of the property. Standing charges, insurance etc	£6,600
J – absent and providing care elsewhere	11	The liable person is absent from the property as they are providing personal care to another person elsewhere. Rationale: they will still have bills to pay in respect of the property. Standing charges, insurance etc	£1,650
K – property left unoccupied by student owner studying elsewhere	3	An unoccupied dwelling which was last occupied only by student(s) who are studying elsewhere. Rationale: they will still have bills to pay in respect of the property. Standing charges, insurance etc and most likely accommodation charges for their place of study.	£450

3.6.4 Households resident in domestic dwellings in Council Tax Bands F to I that are in receipt of a disability adaptation band reduction. They are not eligible for a payment under the main scheme. A discretionary payment of £150 will be made from the scheme.

Class	Number	General Description	Cost
Disability adaptation – premises in bands F to I	184	Domestic dwellings in Bands F to I for which a disability adaptation reduction into a lower Council Tax band has been granted. Rationale: The cost of living for any person with a disability is higher than for those without a disability.	£27,600

3.6.5 Tenants in local authority owned properties who are **not** in receipt of support from Housing Benefit or Universal Credit towards their rental

costs. A discretionary payment of £150 will be made from the scheme. This payment is in addition to any payment of £150 the household is entitled to from the Main Scheme.

Landlord	Estimated Number	General Description	Cost
Tenants of Swansea Council not in receipt of support from Housing Benefit (HB) or Universal Credit (UC)	4192	Rationale: we are able from data, we already hold as a landlord, to rapidly identify those likely to be eligible. 68% of Council Tenants receive HB/UC to assist with their rent. The estimated number given here reflects the remaining 32%. This payment will be credited directly to tenants' rent accounts.	£628,800

3.6.6 All households occupying domestic dwellings in Council Tax Bands A (15,243) and B (25,723) will be paid a further top up payment of £28.00 in addition to any other single payment of £150 they are already entitled to. This will **not** be paid to Council Tenants who are entitled to the additional discretionary payment of £150 detailed in para 3.6.5 above.

3.6.7 Any household Swansea Council can identify as being eligible for a £150 payment from the main scheme which is required to register for a payment but has not done so by the time the scheme is about to close. A discretionary payment of £150 will be made from the scheme.

With such a large number of eligible citizens (80,000) there is potential that there will be a number of people who do not submit the necessary registration by the closing date of the scheme, for any number of reasons in spite of the Council's best efforts to encourage them to do so. To prevent any people in this group missing out on the available financial support if:

- By 5:00pm on 16 September 2022, a date 2 weeks before the scheme closes at 5:00pm on 30 September 2022
- A person the Council has identified as eligible for a main scheme payment has failed to complete the necessary registration
- A discretionary payment of £150 will be made directly to their Council Tax account to reduce any balance outstanding (a new bill will then be issued to show the reduced balance and amended instalments as appropriate).

The number in this group are unknown at this time but sufficient funding will be transferred from the main scheme to the discretionary scheme in order for this payment to be made.

3.6.8 £52,500 will be placed in a fuel costs support fund to be administered by a partner organisation in the city to be used to support people having difficulty meeting fuel costs. The partner organisation will be given full

discretion to authorise £150 payments from this fund without seeking approval from the authority. Payments from this fund may be made in addition to other payments from the Cost of Living Support Scheme.

3.6.9 The Section 151 Officer (or his nominated representative) will have unfettered discretion to consider, on a case by case basis and in exceptional circumstances, any individual compelling cases for payments from the Cost of Living Support Scheme in circumstances other than those specified in this report. This discretion being subject to amount of funding provided by Welsh Government for the scheme in Swansea.

3.6.10 The maximum total payment that can be paid to a single household from the Cost of Living Support Scheme (from the Main and/or Discretionary Schemes) where all the necessary eligibility criteria are satisfied is £300.

4. Impact on Tax and Benefits

4.1 The DWP has confirmed that that payments (main scheme or discretionary) are considered a Local Welfare Provision and so are disregarded in the assessment of Income Support, Income Based Job Seekers Allowance (JSA) and Income Related Employment and Support Allowance (ESA), so these will not be affected. In their LA Welfare Direct Lite Bulletin issued on 14 march 2022, the DWP confirmed that the Government has legislated to ensure that payments made under the Energy Rebate scheme announced on 3 February 2022 for England and equivalent schemes in the devolved administrations in Scotland and Wales, do not affect entitlement to Universal Credit.

4.2 HMRC has confirmed that the payments from this scheme would be made as Local Welfare Provision and are not taxable.

5. Integrated Assessment Implications

5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

- 5.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.
- 5.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 5.2 Although Welsh local authorities have been given the ability to determine their own local discretionary schemes with their own local criteria, they have also been tasked by the Minister for Finance and Local Government to proceed with designing and delivering their schemes as soon as they are able to do so. With that requirement in mind, and furthermore the obvious need to deliver immediate financial support to those in difficulty the period over which engagement would normally take place has been foreshortened with only informal discussions with partner organisations having taken place. There has been, by necessity, a trade-off between a lengthy consultation process and swift action to support Swansea's citizens at a difficult time.
- 5.3 However, the ability to make rapid payments from the Cost of Living Support Scheme will have a positive impact for recipients. The support will help maximise income to households and will help reduce hardship in the city. Additionally, there may also be positive impacts on the workload of the Poverty and Prevention Service, Housing and Finance Departments. By rapidly designing and implementing the discretionary scheme so we can issue payments to citizens in need without delay as the authority has been asked to do by the Minister for Finance and Local Government.

6. Financial Implications

- 6.1 Welsh Government has provided funding of £14,155,208 to cover all costs associated with the Scheme. At this time, this has been allocated as follows although this distribution may be subject to change as the scheme progresses as all costings are based on estimates of the number of eligible households:
- Payments of £150 to the 80,000 households we estimate are eligible for a payment from the main scheme (£12,000,000)
 - Payments from the Council's Discretionary Scheme (£2,000,000)
 - All administration costs – additional staffing, IT, postage and printing etc (£155,208)

6.2 The authority is able to move funding between the main scheme and discretionary scheme as it deems necessary in order to achieve the overall aims of the scheme.

7. Legal Implications

7.1 The risks attaching to the selection of criteria for the allocation of the Discretionary Scheme are set out in paragraphs 3.4 and 3.5 of this report. There is a risk that individuals or groups of individuals who feel aggrieved that they have not benefitted from the Discretionary Scheme may seek to challenge the Council's decision making process. This risk is mitigated by the fact that Welsh Government has arranged for the grant funding to be received by the Council on 11/4/22 to deliver the clearly stated purpose – "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." Welsh Government has given Councils discretion to develop the criteria for their schemes whilst expecting these to be delivered as expeditiously as possible.

Background Papers: None

Appendices:

- Appendix A Welsh Government Guidance for the Cost of Living Support Scheme
- Appendix B Integrated Impact Assessment Screening Form