

<b>Report of</b>	<b>Assistant Director – Customer</b>	<b>Author</b>	<b>Jason Granger</b> ☎ 07889 445614
<b>Title</b>	<b>Mitigations Council can make regarding loss of Universal Credit uplift and financial inequalities</b>		
<b>Wards affected</b>	<b>All Wards</b>		

## 1. Executive Summary

- 1.1 In response to the Covid-19 pandemic the Government announced an uplift to Universal Credit and Working Tax credits worth £20 a week. Initially planned to last for a year, the policy was extended by six months in the March 2021 budget. The uplift has ended from 6 October 2021.
- 1.2 This report details how the Council can support residents who no longer receive this uplift and help reduce financial inequalities.

## 2. Action Required

- 2.1 The panel is invited to review and comment on how the Council is supporting residents affected by the removal of the £20 uplift.

## 3. Reason for Review

- 3.1 The Covid-19 pandemic resulted in significant Government support for residents, businesses, and communities. Many of these support schemes have, or are, being withdrawn. This could lead to a rise in financial inequality.
- 3.2 The Council, alongside key partners, can offer practical support to residents adjusting to the withdrawal of support with the intention of preventing hardship and financial inequality.

## 4. Background Information

- 4.1 Universal Credit helps those of working age with living costs, including rent, and can be claimed by those on a low income, out of work or by those who cannot work. It is paid monthly. Currently 14,801 residents are claiming Universal Credit in Colchester.
- 4.2 In his initial response to the Covid-19 crisis in the March 2020 Budget, the Chancellor announced a temporary one-year uplift in entitlements to Universal Credit and Working Tax Credit, of £20 per week. In the following Budget – March 2021 – the Universal Credit increase was extended for another six months, and claimants of Working Tax credits were paid a one-off equivalent amount (£500).
- 4.3 The Universal Credit uplift has now permanently ended from 6 October 2021. This means most residents would have received their final increased payment in September 2021.
- 4.4 The 2021 Autumn Budget and Spending Review announced further changes to Universal Credit. The Government announced:
- The Universal Credit taper rate – the amount of benefit taken away for every £1 earned above the work allowance – will be reduced by 8% from December 2021 bringing it down from 63% to 55%. This will mean those in work and claiming Universal Credit will be able to keep an additional 8p for every £1 of net income they earn.
  - An increase of the work allowances by £500 per year. This will increase the amount that households with children or a household member with limited capability for work can earn before their Universal Credit award begins to be reduced

These uplifts to Universal Credit will apply only to those working. Whereas the £20 weekly uplift applied to those claiming Universal Credit whether in work or not.

- 4.5 **Appendix A** is a presentation by Assistant Director – Customer that details the practical support that is being provided by the Council to help residents navigate changes to Universal Credit and the wider financial implications of the Covid-19 pandemic.

## 5. Equality, Diversity and Human Rights implications

- 5.1 This report deals with a local response to prescribed national legislative amendments. Therefore, an Equality Impact Assessment has not been completed.

## 6. Strategic Plan References

- 6.1 The Council's Strategic Plan sets out 15 priorities, one of which being:

'Tackle the causes of inequality and support our most vulnerable people'

6.2 This report details Council interventions and how these can help mitigate financial inequalities with Colchester.

## **7. Consultation**

7.1 None required.

## **8. Publicity Considerations**

8.1 Much of the work to support residents will be carried out by the Financial and Employment Support team. The team is publicised via our website and through a network of partners.

8.2 Residents can make direct contact with the team, and they also accept referrals from community partners acting under authority of the resident.

## **9. Financial implications**

9.1 There are no financial implications above the approved budget for the Financial and Employment Support Team and other substantive services.

## **10. Health, Wellbeing and Community Safety Implications**

10.1 The proposals contain provision for dealing with welfare concerns of residents, particularly vulnerable people and the support is intended to limit hardship.

## **11. Health and Safety Implications**

11.1 There are no health and safety implications.

## **12. Risk Management Implications**

12.1 This report outlines support provided to residents as national government Covid-19 support schemes are withdrawn. The support is intended to mitigate any resulting financial inequalities.

## **13. Environmental and Sustainability Implications**

13.1 There are no environmental and sustainability implications.

## **Appendices**

- **Appendix A** – Presentation by Assistant Director – Customer ‘Mitigations Council can make regarding loss of Universal Credit uplift and financial inequalities - Support for residents’