

**Meeting: Finance Sub-Committee**

**Date: 5 December 2022**

**Title: Welfare Reform - Financial update on**

- **Discretionary Housing Payments Fund**
- **Local Council Tax Support Scheme**
- **Local Welfare Provision Scheme**
- **Universal Credit**

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**Service: Finance Service**

**Wards affected: All**

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## **1. Purpose of the Report**

1.1 To provide the latest update on the three schemes that give financial support to our residents, that were implemented or revised in April 2013 onwards because of on-going welfare reform, as well as an update on the current position of Universal Credit. The three schemes are:

- Discretionary Housing Payments,
- Local Council Tax Support Scheme, and
- Local Welfare Provision Scheme.

1.2 An update is also included on the additional support that has been provided through the Hardship Payment made to working age claimants on Council Tax Support.

## **2. Recommendations**

2.1 Finance Sub Committee are asked to note the content of this report.

## **3. Detail**

### **Discretionary Housing Payment Fund**

3.01 Discretionary Housing Payments (DHP) are administered by local authorities on behalf of the Department for Work and Pensions (DWP). It is aimed at being a temporary payment, which provides support, just at the right time, to people in financial difficulties who have a shortfall between their rent and Housing Benefit (or Universal Credit including the housing element) or require help with moving costs to more affordable accommodation, including rent in advance and deposits. It provides time to allow a claimant the financial support they need to deal with, seek help, and put in

place arrangements to improve their difficult financial circumstances. It is promoted well so partners are aware of this support and can quickly identify those that need it.

- 3.02 We have received notification of the final award of DHP and have been awarded £6,225, giving a total grant of £306,562 for 2022/23. As we are now managing a much smaller DWP grant, a top up to the grant of £50,000 has been made available from the additional burdens funding the authority receives direct from DWP for burdens placed on the benefits team. The additional £50,000.00 will help to stretch the fund and support residents in the current difficult financial environment that many households find themselves in. We will continue to work with Citizens Advice and signpost households to their support and advice where we feel its appropriate.

#### DHP financial details for the current financial year 2022/2023

- 3.03 Table 1 and details below show the current position against the grant for 2022/23.

Table 1 – DHP Spend to date

	Amount of grant
Initial payment- DWP funding only	£306,562
Additional Funding	£50,000
Total spend and committed	£262,823
Funding unallocated	£93,739.04

- 3.04 Claimants
- 361 claimants have received support as of 01 October of this 1 claimant has custody of children and 23 claimants are living in adapted property.
- 3.05 Requested reviews
- Since April 2022 there have been 18 reviews carried out with 8 changed in favour of the customer.

#### **Local Council Tax Support Scheme**

- 3.06 The Council Tax Support Scheme is a means tested support which helps those on low income pay their Council Tax. Working age can receive up to 85% of their Council Tax liability and pensionable age claimants continue to receive up to 100% support.
- 3.07 As at the end September the caseload stands at 16,190 (7,216 pensionable age and 8,974 working age) which is a small reduction against the number reported in July. The cost for the scheme is currently £16,614,109.

#### **Hardship fund**

- 3.08 The hardship payment of £150.00 continues to support working age claimants, this means around 56% have a nil liability for 2022/23.

## **Local Welfare Provision**

Statistics for the period 1<sup>st</sup> April 2022 until 30<sup>th</sup> September 2022

- 3.09 There have been 2,331 applications for Local Welfare Support
- 3.10 All 2,331 applications were offered a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.11 There were 1,147 crisis applications eligible for further practical support. This included applicant receiving food, utility support, baby items or baby food, essential household items, travel costs or clothing.
- 3.12 Spend for the period in respect of immediate practical support amounted to £32,621.65. This is in addition to the annual grant to the Food Bank of £29,934.14 which was paid in April 22.
- 3.13 There is still funding with North East First Credit Union which allows the Authority to refer people with poor credit history who would be seen as higher risk customers, the opportunity to access reasonably priced loans. This was a one off funding; customers are charged interest which goes back into the fund to be used by other customers. During this quarter 1 referral has gone directly to the credit union after an assessment by the welfare staff team. The credit union are now able to take applications online which has made the process simpler and much quicker for customers who are in crisis.
- 3.14 Of the applicants who were not provided immediate practical support funded by the authority, a summary of some of the assistance is as follows:
- Referrals to Whitley Bay Food Bank
  - Liaison to resolve benefit issues with Department for Work and Pensions
  - Referrals to a supported housing provider
  - Referrals to Citizens Advice
  - Liaison with HMRC for Child Tax Credits
  - Working with other community support groups
  - Liaison with their bank utility provider or employer
  - Referral to other Children's Service support
  - Support from the Salvation Army with vouchers (to be used in their shops mainly for clothing)
  - Referral to community resources for clothing or furniture items
- 3.15 Due to rising energy prices, cuts to Universal Credit, and the end of debt recovery suspension, demand for support is still high. The impact of the pandemic on family and individuals finances has meant that people who have not accessed support in the past are requesting help from the team.
- 3.16 In addition, the team have been delivering grants from the Household Support Fund which has allowed many more residents to receive help.

## **Universal Credit**

- 3.17 Universal Credit (UC) replaces 5 state benefits unless the customer meets certain criteria and would still qualify for a legacy benefit. The five legacy benefits it replaces are:
- Housing Benefit (HB)
  - Income Support (IS)
  - Job Seekers Allowance Income Based (JSA)(IB)
  - Employment and Support Allowance Income Related (ESA)(IR)
  - Tax Credits (Child Tax Credits and Working Tax Credits) (CTC), (WTC)
- 3.18 There are 18,939 people claiming Universal Credit which is an increase against the number reported in July which was 18,451.
- 3.19 **Administrative Earnings Threshold (AET)**  
On 26 September, the Government raised the Administrative Earnings Threshold (AET) which will see approximately 114,000 Universal Credit Claimants move from the Light Touch regime where most claimants do not need to engage with the Jobcentre, into regular contact with a dedicated work coach. The change aims to help more low-earning households to increase their incomes and improve their pay and prospects.
- 3.20 The earnings threshold increased to £494 per calendar month for individual claimants and £782 for couples, having previously been set at £355 per calendar month for individuals and £567 for couples. Claimants who earn below the new threshold will also have access to training and skills provision. Those who are impacted will be contacted by DWP about what it means for them, at the end of their first full assessment period after 26 September. Most claimants affected by the AET rise will already be in work and some may already be working as much as they can, depending on their individual circumstances. Initial meetings with work coaches will be to discuss what is reasonable and may include work preparation, to support claimants in preparing to increase their earnings when they are able to. Claimants will be able to agree an individual claimant commitment which reflects their own circumstances.
- 3.21 **Managed move of claimants to Universal Credit**

In April 2022 the Department for Work and Pensions announced plans to resume the programme to move all benefit claimants over to Universal Credit by 2024. The expansion to the discovery phase began in Hexham, Northumberland from mid-September 2022 to residents currently claiming tax credits. During the discovery phase DWP will send a Migration Notice to claimants on legacy benefits to let them know that they need to move across to Universal Credit, explain how the process will work and what they will need to do.

Everyone moving over from legacy benefits as part of this process will have their entitlement to Universal Credit assessed against their current claims, with transitional protection provided for eligible claimants whose initial Universal Credit entitlement would have been less than their entitlement to legacy benefits at the point of moving to Universal Credit. These will continue unless their entitlement changes.

A dedicated helpline – signposted on the migration notice claimants receive – will provide support for people to make their Universal Credit claim, and guidance will also be available online including on the Understanding Universal Credit website. Those in need of further support can also visit their local jobcentre.

DWP North Tyneside Local Partnership Manager (LPM) will share updates/lessons learned etc as information becomes available.

### **Housing Department Update**

- 3.22 The impact of UC continues to be felt by our housing department and they now have 5,339 tenants on UC as of 21 September 2022. 3,907 (73.18%) of these are in arrears although it is worth noting that 82.24% of those on UC were already in arrears when they made the current claim for UC. The average increase per case since the claim for UC is now £381.66. The average arrears for all tenants have increased since last reported, those on UC is £788.47 compared to an average arrears of £590.61 for all tenants and £286.21 for those not on UC. Other housing providers continue to advise of significant arrears with tenants, including those in receipt of UC.
- 3.23 Covid-19 had a large impact on housing tenants with 1,438 of tenants reporting that they had been adversely impacted. 132 tenants (9.18%) reporting an adverse impact on more than one occasion. This had contributed to the significant increase in the number of tenants claiming UC. So far 822 tenants on UC, 80 tenants on legacy benefits and 536 self-paying tenants have been recorded as having been impacted by Covid-19. The last declaration from a tenant that Covid-19 impacted their ability to pay was received in July 2022.
- 3.24 Housing continue to make use of all available funding and services from internal and external providers to maximise tenants financial position and improve their ability to sustain their tenancy, maximising referrals through to CAB for any debt management advice, working with Employability Services to increase and support opportunities for employment, using funding from the Household Support Fund to either help with household costs or in exceptional circumstances to support the cost around rent and to refer through for the potential use of DHP (Discretionary Housing Payment), although it is to be noted that there has been a decrease on the amount of DHP funding this financial year. Of those tenants who have expressed difficulty with their finances 617 have been offered a referral to Citizens Advice and assistance has been provided to 1,148 tenants who successfully accessed Northumbria Water's support plus scheme.

## **4. Background Information**

The following background documents have been used in the compilation of this report and are available from:

- [Discretionary Housing Payment Policy 2022/23](#)
- [S1/2022: Discretionary Housing Payment government contribution for English and Welsh local authorities for financial year ending March 2023 - GOV.UK \(www.gov.uk\)](#)
- [S9/2022: Mid-year Discretionary Housing Payments government contribution for English and Welsh local authorities for the financial year ending March 2023 - GOV.UK \(www.gov.uk\)](#)