

## **Meeting: Finance Sub-Committee**

**Date: 28 March 2023**

**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 After receiving the final award of DHP the total grant for 2022/23 was £306,562. This has been topped up by £50,000 additional burdens funding the authority receives direct from DWP for burdens placed on the benefits team. We have also now received notification of the DHP grant for the next two financial years (2023/24 and 2024/25). The amount for both years is at the same as for 2022/23.

#### 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	£329,028
Funding unallocated	£27,534

- 3.04 Claimants
- 537 claimants have received support as at the December 2022, of this 1 claimant has custody of children and 31 claimants are living in adapted property.
- 3.05 Requested reviews
- Since April 2022 there have been 28 reviews carried out with 10 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 January the caseload has reduced again and now stands at 15,951 (7,127 pensionable age and 8,824 working age). The cost for the scheme is currently £16,624,730.
- 3.08 For 2023/24 an administrative change was agreed at Council which will make it easier for new Universal Credit (UC) claimants to claim Council Tax Support. The change means that the Authority will use information that the Department for Work and Pensions provides about customers who have made a new claim for UC and are interested in claiming Council Tax Support as an actual claim for Council Tax Support where possible, thus reducing the need for a separate new claim.

## **Hardship fund**

- 3.09 The hardship payment of £150.00 continues to support working age claimants, this means around 56% have a nil liability for 2022/23.
- 3.10 In 2023/24 the Government has provided a grant to provide all Council Tax Support claimants with a reduction in their Council Tax bill of up to £25.00. Along with this grant, further funding was made available in the 2023/24 budget to provide up to £125.00 for all working age claimants on top of the £25.00.

## **Local Welfare Provision**

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

- 3.11 There have been 2,331 applications for Local Welfare Support
- 3.12 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.
- 3.13 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.
- 3.14 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.
- 3.15 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.
- 3.16 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

- 3.17 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.
- 3.18 In addition, the team have been delivering grants from the Household Support Fund which has allowed many more residents to receive help.

### **Universal Credit**

- 3.19 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)
- 3.20 As at the end December there are 18,834 people claiming Universal Credit which is a small reduction against the number reported in the November Report.

### **In Work Progression**

- 3.21 Currently Work Coaches do not provide ongoing support for customers allocated to either the Light Touch Regime or the Working Enough Regime. As part of Governments' 'Levelling up' agenda, funded through the 2021 Spending Review, a new voluntary Work Coach offer will be introduced nationally targeting UC customers in the Light Touch and Working Enough conditionality groups.
- This approach aims to support these customers progress out of low pay, increase their financial resilience, address poverty and raise their productivity and skills. This new support is called "In-work progression".
  - For those customers who volunteer for the offer, they can access up to 110 minutes of tailored support from a progression work coach each year who will support customers to address any barriers to progression, open up access to the wider provision to help them to upskill, improve their confidence, motivation and attitudes towards work (i.e., in different sectors) and improve their prospects of obtaining better paid work.
  - This will roll out in NTW JCP District from 22/2/2023.
  - A new JCP NTW District Progression Lead role will create and develop opportunities with employers and providers. Gillian Hewison, has formerly been on secondment with Newcastle City Council leading on the Newcastle Futures programme.

### 3.22 Managed Move to Universal Credit.

By the end of 2024/25 DWP plans are:

- Completed the moves of all legacy cases with tax credits (including those on both ESA and tax credits), all cases on Income Support (IS) and Jobseeker's Allowance (JSA) and all Housing Benefit (HB) only cases. This will allow HMRC to close down the tax credit system for those of working age and DWP to close down IS and JSA – generating savings for taxpayers.
- As part of that plan, in 2023/24 DWP plan to move cases that are solely in receipt of working tax credit and/or child tax credit, with the remaining tax credit cases (which also receive DWP benefits) and IS, HB and JSA moved in 2024/25.
- In the early part of 2023/24, DWP will be testing their ability to scale the approach that has been developed during the Discovery Phase (test and learn) and will continue to learn and refine the process to ensure as many claimants as possible safely transition to UC.
- The managed migration of ESA cases are delayed until 2028/29 as outlined in the recent Autumn Statement.
- The latest published information from the Discovery Phase is available here: [Completing the move to Universal Credit: Learning from the Discovery Phase - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/completing-the-move-to-universal-credit-learning-from-the-discovery-phase). As any local information becomes available the JCP Partnership Manager for North Tyneside will provide updates.

### 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 \(www.gov.uk\)](#)