

**Meeting:** Finance Sub-Committee

**Date:** 2 December 2019

**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 This report provides a further update on the three schemes that were implemented or revised in April 2013 as a consequence of on-going welfare reform. The three schemes are:

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

1.2 In addition the current position on Full Service Universal Credit is also provided.

## **2. Recommendations**

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

## **3. Detail**

### **Discretionary Housing Payment Fund**

3.1 The Discretionary Housing Payment (DHP) fund is administered by Local Authorities on behalf of the Department for Work and Pensions (DWP) and provides much needed support to people in financial difficulties who have a shortfall between their rent and Housing Benefit (or Universal Credit including the housing element). It can also help towards moving costs to more affordable accommodation, including rent in advance and deposits.

3.2 We work closely with Citizens Advice and refer claimants to them where we feel they may benefit from budgeting and debt advice. This is working well and customers are

engaging with support offered at the onset of a claim, it is hoped that if issues are dealt with at any earlier stage the need for DHP support may diminish as their financial circumstances improve.

- 3.3 We work closely with other parts of the council including our tenancy sustainment officers, housing advice team as well as other housing providers and the Community and Voluntary Sector. This ensures that those in most need are identified quickly and helped to claim as soon as possible.
- 3.4 DHP is temporary support but it can provide essential support just at the right time, providing residents the breathing space and the support that is needed to improve a very difficult situation.
- 3.5 The DHP policy is reviewed on an annual basis by the Mayor’s Task Group for Welfare Reform. It is made up of officers, Member representation, officers from the MP office, Union, and a number of our Community and Voluntary Sector partners. By consulting with this group it ensures that DHP continues to be directed to those in most need and stakeholder involvement ensures the policy provides a wider view of the criteria for entitlement.

DHP financial for the financial year 2019/20

- 3.06 For 2019/20 we have been allocated £449,390; this is around £80,000 less than we received for the financial year 2018/19 and does present some challenges. The reduction of £80,000 means funding has had to be limited to shorter periods of time or less amounts paid to individuals. Table 1 shows the fund to date.

Table 1 – DHP Spend to date

	Amount of grant
Original Fund - DWP funding only	£449,390
Total Spend and committed	£408,219
Funding unallocated	£41,171

- 3.07 Assessed Claims
- 597 claimants made a successful claim (80%)
  - 145 claimants made an unsuccessful claim (20%)
- 3.08 The reason for awards
- 3 claimants have custody of children
  - 31 claimants are living in adapted property
  - The remaining claimants receive a DHP because they advised that they are seeking employment, need short term help whilst they look for alternative accommodation or for other reasons
- 3.09 Of those paid a Discretionary Housing Payment:
- 363 are council tenants (61%)
  - 234 are privately rented tenants (39%)

### 3.10 Requested reviews

- Since April 2019 there have been 34 reviews carried out with 19 changed in favour of the customer.

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

- 3.11 The Council Tax Support Scheme is a means tested support which helps those on low income pay their Council Tax. The maximum amount of support provided for working age claimants for the financial year 2019/2020 is 85% of the claimants Council Tax liability. Pensionable age claimants continue to receive up to 100% support.
- 3.12 The number of claimants to the scheme has reduced again and as at the end of September 2019 the number of claimants to the scheme was 17,372 split between 9,400 working age and 7,972 pensionable age claimants.
- 3.13 As at end of September 2019 the amount of Council Tax Support awarded since 1 April 2019 is £14,498,125.
- 3.14 The small changes to support over the years along with the removal of empty property discounts and the increases in Council Tax is making the in year collection more challenging but we do expect the long term collection rate to be unaffected at 98.5%. Residents who have difficulty in paying, are supported through flexible payment arrangements and access to debt advice and budget management where required.
- 3.15 We continue to fund Citizens Advice to provide outreach sessions in community venues and this ensures residents have easy access to advice on debt and benefit entitlements. Appointments for these are easily made through Customer Services and libraries and there is good take-up of these sessions. Citizens Advice also provide a telephone advice line for those who do not want or need face to face advice, and additional email contact is also provided.

### **Local Welfare Provision**

Statistics for the period 1st April 2019 to 30<sup>th</sup> September 2019

- 3.16 There have been 863 applications for Local Welfare Support.
- 3.17 All 863 applications received a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.18 There were 408 crisis applications eligible for further practical support (47%). These included applicants receiving food, utility support, baby items or baby food, essential household items, or clothing.

- 3.19 Spend for the period in respect of immediate practical support amounted to £4,133. This is in addition to the annual grant to the Food Bank of £26,500 which was paid again this year.
- 3.20 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. Customers are referred initially to Citizens Advice who assess affordability and give assistance to maximise income and address any outstanding debts into affordable payments. Although this option is discussed with applicants who it would be suitable for the take up is very low, however it is an additional option available.
- 3.21 Of the applicants who were not provided immediate practical support, a summary of some of the assistance is as follows:
- Referrals to 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)

### **Universal Credit**

- 3.22 Universal Credit Full Service is a new working age benefit that replaces 5 State benefits unless the customer meets certain criteria. The five benefits it replaces are:
- Housing Benefit (HB)
  - Income Support (IS)
  - Job Seekers Allowance Income Based (IB)
  - Employment and Support Allowance Income Related (ESA)(IR)
  - Tax Credits (Child Tax Credits and Working Tax Credits)
- 3.23 North Tyneside have been live with Full Service Universal Credit since 2<sup>nd</sup> May 2018 and we are seeing a steady movement of claimants to Universal Credit. Most recent figures show there are now 9,548 claimants on UC; of these 3,890 are in the 'required to look for work' group.
- 3.24 The UC working group continues to meet on a monthly basis, and we now have a wider representation of organisations attend including De Paul Charity. Collectively we can develop solutions to local problems and work better together by sharing our skills and knowledge across the wider group.

- 3.25 The Bay Food Bank attended the last meeting and it was discussed at length the issue of rising demand for food parcels. The group discussed next steps and a working group is to be set up led by the Chief Executive Officer to review the process of referrals to the food bank and how best we can support them in managing this.
- 3.26 An emerging issue was highlighted and discussed at the last meeting around the growing number of fraudulent claims to UC. This was discussed in detail around how this happens and what DWP have put in place to combat this.
- 3.27 Since April 2019 Citizens Advice have been contracted direct by the Department for Work and Pensions to deliver the Help to Claim Service. This provides a holistic approach to supporting claimants from the very beginning and regular feedback is showing this is working well with DWP targets being met. No confirmation has been provided at this point whether the contract with Citizens Advice will be extended.
- 3.28 Since Full Service UC was rolled out in North Tyneside in May 2018 we have seen a reduction of 4,134 in the number of working age residents claiming Housing Benefit. This represents a 37% reduction in working age caseload.
- 3.29 The impact of Full Service UC continues to be felt by our Housing department and they now have 2,864 tenants on Universal Credit as at 4<sup>th</sup> Nov 2019. 2,177(76.01%) of these are in arrears although it is worth noting that 69.57% of those on Universal Credit were already in arrears when they moved onto UC. The average arrears for those on UC is £752.96 (this has reduced since last quarter) compared to an average arrears of £433.40 for all tenants and £268.70 for those not on UC.

#### **4. Background Information**

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

- [Housing Benefit Circular S1/2019 – Details of the government contribution towards DHP for local authorities for the financial year 2019/20](#)
- [Discretionary Housing Payment Policy 2019/20](#)