

Meeting: Finance Sub-Committee

Date: 14 July 2020

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

1. Purpose of the Report

1.1 This report provides a further update on the three schemes that provide 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 Universal Credit. The three schemes are:

- Discretionary Housing Payment Fund,
- 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 Fund which was introduced as part of the Government's package of support due to COVID-19. The Hardship payment is an additional payment made to working age claimants in receipt of 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 The Discretionary Housing Payment (DHP) fund is 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). It can also help towards moving costs to more affordable accommodation, including rent in advance and deposits. It provides a breathing space 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 identify quickly those that need it.

- 3.02 Citizens Advice play a vital role in the overall financial recovery of a claimant's circumstances as we will refer a claimant who gives us their consent, to Citizens Advice for their sound financial advice. Feedback suggests this is working well and regular reporting of overall outcomes shows the significant monetary value their advice has on debts written off, income gain and rescheduled payments.
- 3.03 Additional outreach sessions are funded, and these are reviewed annually to ensure they remain focused and delivered in the areas of greatest demand, so they have the maximum impact on need. Whilst these are currently suspended due to the pandemic, Citizens Advice have moved the resource to telephone advice which is proving very responsive and a good use of resources at this current time.
- 3.04 For 2020/21 we have received £558,563 DHP funding; this is an increase of £109,173 on the funding we received for 2019/20 and is very welcome at this time where claimants will need as much financial support as possible. Additional support through higher Local Housing Allowance (LHA) rates for privately rented claimants which increases Housing Benefit awards or Universal Credit Housing element should help lower the anticipated increased demand on the DHP scheme.

DHP financial details for the financial year 2020/2021

- 3.05 Table 1 below shows the current position of spend against the grant as at 30.06.20. It is monitored regularly to ensure that we stay on track as far as possible and we work well with the team to understand the demand. Where additional funding is required to 'top up' the fund to meet demand, as we did last year, this is arranged with the Head of Resources (S151 Officer).

Table 1 – DHP Spend to date

	Amount of grant
Original Fund - DWP funding only	£558,563
Total spend and committed	£177,548
Funding unallocated	£381,015

The following information provides further detail on claims made and outcomes:

- 3.06 Assessed Claims
- 314 claimants made a successful claim (87%)
 - 46 claimants made an unsuccessful claim (13%)
- 3.07 The reason for awards since April 2020
- 3 claimants have custody of children
 - 31 claimants are living in adapted property

- The remaining claimants received a DHP because they advised that they are seeking employment, need short term help whilst they look for alternative accommodation or for other reasons

3.08 Of those paid a Discretionary Housing Payment:

- 170 are council tenants (53%)
- 144 are privately rented tenants (46%)

3.09 Requested reviews

- Since April 2020 there have been 27 reviews carried out with 7 changed in favour of the customer.

Local Council Tax Support Scheme

3.10 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 2020/2021 is 85% of the claimants Council Tax liability. Pensionable age claimants continue to receive up to 100% support.

3.11 The demand on the scheme is very different this year and instead of seeing a reduction in claims as we normally do, we have seen a 7% increase in working age caseload since the middle of March 2020. This is clearly down to the current difficult situation where more working age people have seen reductions in their income and job losses due to the COVID 19 pandemic. This has placed a greater pressure on the cost of the scheme and as at 30.06.20 17,701 claimants are in receipt of CTS, 9,963 working age and 7,738 pensionable age with a cost of awards since April at £15,406,416. We are anticipating further increases as it is very likely some employers will decide not to take back furloughed employees.

3.12 The historic small changes to CTS and also other changes around empty homes discounts have made in year collection of Council Tax overall challenging, however this year will be particularly hard with the current situation. Residents who have difficulty in paying, are supported through flexible payment arrangements and access to debt advice and budget management where required.

Hardship fund

3.13 As part of its response to COVID-19, the Government announced in the Budget on 11 March that it would provide local authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area. North Tyneside received £2,024,000 for this Hardship Fund which was in recognition that COVID-19 was likely to cause fluctuations in household incomes and as a result some individuals would struggle to meet Council Tax Payments. The strong expectation by Government was that billing authorities will primarily use their grant allocation to reduce the Council Tax liability of individuals in their area, using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992 and award up to £150.00 to each working age Council Tax Support recipient. Any residual funding could be used to deliver increased financial assistance through other local support mechanisms, having considered local circumstances.

- 3.14 This hardship payment has made a significant difference to our working age Council Tax Support claimants in that around 58% now have no Council Tax liability for 2020/21 to pay and many only have very small amounts to pay.
- 3.15 The COVID-19 Recovery Work Stream on Welfare & Benefit Support including Hardship Fund is being led by Andy Scott and is a mixed group of officers and external stakeholders who are currently working on the eligibility criteria for the remaining Hardship Fund. Once the criteria is finalised, awareness of this will be shared with members, external stakeholders and service areas as appropriate.

Local Welfare Provision

Statistics for the period 1st April 2020 to 26th June 2020

- 3.16 There have been 677 applications for Local Welfare Support in comparison to the same period last year when there was 439.
- 3.17 All 677 applications were offered a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.18 There were 246 crisis applications eligible for further practical support. This included applicants receiving food, utility support, baby items or baby food, essential household items, travel costs or clothing.
- 3.19 Spend for the period in respect of immediate practical support amounted to £3,437. This is in addition to the annual grant to the Food Bank of £26,500 which was paid in this quarter.
- 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. During this quarter referrals have gone directedly to the credit union after an assessment by the welfare staff team, four people have taken up loans for household goods. 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.
- 3.21 Of the applicants who were not provided funded by the authority immediate practical support, 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) – this has not been available during this quarter
- Referral to community resources for clothing or furniture items

3.22 Covid 19 update

In the weeks before lockdown was announced the calls to the Welfare Provision Team began to increase considerably. People were reacting to press reports of panic buying in shops and they were finding it difficult to source some essential items or they were worried that when their benefit was paid that they would be unable to find and/or afford the items they needed. These callers were not in crisis on the day of the call but were reacting to the situation. The team spent time reassuring these callers and signposted them to other options such as shopping services where appropriate. This did on occasion take a long time but was worthwhile to reduce the panic and the impact on some callers' mental health caused by the situation.

While the Voda service, the COVID Hubs and the national food parcel system was set up the welfare team received a lot of requests for help. These calls were redirected to the right service and if they were in crisis that day and another service could not deal with them that day the welfare team supported them. The welfare team have worked closely with these new services to ensure no one fell through the gaps.

Most applicants were in one of three categories

1. Those who are eligible as they meet the criteria for support. The criteria is dependent children in the family or vulnerable adults with significant health needs that are at consultant led needs level.
2. Those who were not eligible, usually single people without significant health needs and COVID 19 had not impacted on their situation. The food bank will provide in this situation up to four food parcels in a six month period.
3. Those who the team used discretion to support as they had been impacted by the COVID 19 (but may not have been eligible previously) – this was typically people where their employment had been effected and were supported with food and utility vouchers over a short period while benefit claims were made.

Demand for the service began to reduce by the end of May and is now back to normal levels.

Universal Credit

3.23 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)

- 3.24 As you will have seen in the media the number of people making claims for UC at a national level has increased dramatically. Figures locally show that in North Tyneside UC claims in April rose by 39.7%. To give you an idea of the scale, recent data shows nationally from 1 March to 19 May 2020, DWP had received 2.9 million individual declarations to Universal Credit. Whilst there is still an increase in volumes compared to normal business, these are now beginning to fall.
- 3.25 Despite high volumes of new claims at the beginning of the emergency, locally they have been fully up to date with new claims and payments for some weeks now. Staff from across DWP and other govt depts were redeployed to do payment related work and as our area became up to date, they were able to assist with new claims nationally.
- 3.26 Claimants are now getting customer service calls to check they understand their UC claim, check payments are correct, and if there is anything they need support with-including personal/wellbeing issues. Work coaches have been signposting to any sources of help, this includes job seeking help – however this remains voluntary so only if the claimant wants help/advice on work or training does that discussion take place.
- 3.27 DWP are now refocusing on labour market support for claimants who need help returning to work, and how they support staff to do this, in what is now a different and changing labour market. Their Employer Engagement staff are currently delivering labour market upskilling sessions digitally for staff. However, they are predicting another ‘spike’ of new claims as lockdown lifts and furloughs end, and businesses potentially close or reduce their workforce.
- 3.28 The number of claimants receiving Housing Benefit has reduced as more people move to UC. As at the end of June 2020 there are now only 5,960 working age claimants in receipt of Housing Benefit.
- 3.29 The impact of UC continues to be felt by our housing department and they now have 4,000 tenants on UC as at 24th June 2020. 2,952 (73.80%) of these are in arrears although it is worth noting that 68.8% of those on UC were already in arrears when they moved onto UC. The average arrears for those on UC is £609.35 (this has reduced since last quarter despite the impact of COVID-9) compared to an average arrears of £504.55 for all tenants and £250.47 for those not on UC. Other housing providers are also advising of significant arrears with tenants in receipt of UC.
- 3.30 COVID-19 has had a large impact on housing tenants with 1,075 of current tenants reporting that they have been adversely impacted. This has contributed to the significant increase in the number of tenants claiming UC, with an additional 693 UC cases being recorded since 16th March 2020; 394 of these new UC claimants have told us that they have been impacted by COVID-19. In total 682 tenants on UC have informed us that they have been impacted by COVID-19.
- 3.31 COVID-19 has also had a significant impact on the arrears level of those who are claiming UC (despite the amount UC claimants receive increasing as a result of the

pandemic). Since 16th March 2020 arrears of those in receipt of UC have increased by £392,652; a proportion of this increase (£185,267) is due to arrears accrued by new UC claimants before they transitioned to UC being added to the total.

3.32 The UC working group was meeting bi-monthly but has been suspended during the COVID-19 crisis and now members provide updates which are shared via email.

3.33 The Help to Claim support is still in place and continues to be delivered by Citizens Advice, this important support has been vital at this current time where many customers are moving onto UC.

4. Background Information

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

- [Housing Benefit circular S1/2020 – Details of the Government contribution towards DHP for local authorities for the financial year 2020/21](#)
- [Discretionary Housing Payment Policy 2020/21](#)
- [COVID-19 Hardship Fund 2020/21 – Local Authority Guidance](#)