

Meeting: Finance Sub-Committee

Date: 17 November 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 primarily 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	£262,030
Funding unallocated	£296,533

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

- 3.06 Claimants
- 385 claimants made a successful claim (86%)
 - 63 claimants made an unsuccessful claim (14%)

- 3.07 The reason for awards since April 2020
- 3 claimants have custody of children
 - 25 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:
- 231 are council tenants (60%)
 - 154 are privately rented tenants (40%)
- 3.09 Requested reviews
- Since April 2020 there have been 55 reviews carried out with 18 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 30.09.20 17,602 claimants are in receipt of CTS, 9,938 working age and 7,664 pensionable age with a cost of awards since April of £15,371,960 . 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 delivering the hardship funding. So far over 10,000 residents have been supported and £1.65m of the hardship funding has been used.

Local Welfare Provision

Statistics for the period 1st April 2020 to 31st October 2020

- 3.16 There have been 714 applications for Local Welfare Support in comparison to the same period last year when there was 550.
- 3.17 All 714 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 325 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 £4,060. 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 directly 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

Further to the update in quarter 1 the demand for support returned to a more practical level. The impact of job losses has meant that people who have not accessed support in the past have been supported by the team.

As well as the normal resources the team have been able to provide support to applicants there has also been a grant for emergency assistance with food and essential supplies of £239,000 which was announced by Government in July.

This has allowed the team to provide more intense support including to those who would not have been eligible for support in the past. It has also allowed for ongoing support. In the period since grant received 37 applicants were supported on 60 occasions.

It has also funded additional staffing resources in the team.

It has also allowed us to provide funding to 14 community projects who applied for grant support to provide services for those in their areas who had been impacted by COVID and were in food poverty and lacking essential services.

Demand for food parcels immediately increased on 2nd of November following the announcement of the second lockdown to commence on 5th November

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 have risen from a March figure of 11,000 to over 18,000 claimants currently. Of these 18,000 claimants 8,400 are in the actively seeking work group.

- 3.25 Despite high volumes of new claims at the beginning of the emergency and throughout Covid-19, locally they have been fully up to date with new claims and payments. 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 September 2020 there are now only 5,718 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 4,081 tenants on UC as at 24th June 2020. 2,887 (70.74%) of these are in arrears although it is worth noting that 65.7% of those on UC were already in arrears when they moved onto UC. The average arrears for those on UC is £559.71 (this has further reduced since last quarter despite the impact of COVID-9) compared to an average arrears of £496.97 for all tenants and £284.08 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 1,204 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 1,085 UC cases being recorded since 16th March 2020; 439 of these new UC claimants have told us that they have been impacted by COVID-19. In total 694 tenants on UC have informed us that they have been impacted by COVID-19.
- 3.31 The impact of COVID-19 on the arrears levels of those claiming UC is changing; we are now starting to see average arrears levels reducing (partly due to the amount UC claimants receive increasing as a result of the pandemic). The overall UC arrears are still increasing due to the increased number of existing tenants moving to UC - since 16th March 2020 overall arrears of those in receipt of UC have increased by £239,429; however this technically represents a decrease in arrears owed by those who were on UC prior to March 16th because arrears owed by new UC claimants (before they transitioned to UC) is included in the total; those that have transitioned to UC since 16th March had arrears totalling £300,494 when they went onto UC – the

adverse impact of these additional arrears has been mitigated by the proactive support work carried out by Neighbourhood Housing staff.

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](#)