

**Meeting:** Finance Sub-Committee

**Date:** 9 February 2021

**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 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 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 identify quickly those that need it.

3.02 In 2020/21 we received £558,563 DHP funding which was an increase of over £100,000 against the previous year. Spend against the DHP fund slowed in the first half of the year as the local authority and other landlords did not pursue tenants in arrears and many tenants did not seek help through the DHP fund. Since arrears letters have started to be issued tenants are now engaging and DHP spend is starting to increase. We are working closely with our housing team and also other registered providers to identify those who need support to encourage take up and the fund is being promoted by welfare provision. We have streamlined processes to make claiming and backdating simpler for those in need so claims can be dealt with quickly.

DHP financial details for the financial year 2020/2021

3.03 Table 1 below shows the current position of spend against the grant as at 25 January 2021. It is being monitored regularly to ensure that we stay on track, and at this point it seems unlikely we will need to add additional funding.

Table 1 – DHP Spend to date

	Amount of grant
Original Fund - DWP funding only	£558,563
Total spend and committed	£331,975
Funding unallocated	£226,588

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

3.04 Claimants

- 902 claimants made a successful claim (61%)
- 577 claimants made an unsuccessful claim (39%)

3.05 The reason for awards since April 2020

- 1 claimant has 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

3.06 Of those paid a Discretionary Housing Payment:

- 629 are council tenants (70%)
- 273 are privately rented tenants (30%)

### 3.07 Requested reviews

- Since April 2020 there have been 70 reviews carried out with 29 changed in favour of the customer.

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

- 3.08 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.
- 3.09 The demand on the scheme is very different this year and we saw a large rise from April to August where the caseload peaked at 17,755 and since then we have started to see a small decline and we now have 17,501 claimants (7,573 pensionable age and 9,928 working age). The cost of the scheme now stands at £15,360,394 which is just less than in Novembers report.
- 3.10 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**

- 3.11 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. All working age claimants received up to £150.00 from this hardship fund, which meant around 58% now have no Council Tax liability for 2020/21 to pay and many only have very small amounts to pay.
- 3.12 The remaining COVID-19 Hardship Grant has been used to support other Council Tax payers who didn't receive the £150.00 but were impacted by COVID 19, as well as being used by Welfare Provision to support people in financial need and is also being used to support housing tenants who are not entitled to a Discretionary Housing Payment but who are financially vulnerable.

### **Local Welfare Provision**

Statistics for the period 1st April 2020 to 31<sup>st</sup> December 2020

- 3.13 There have been 1,920 applications for Local Welfare Support in comparison to the same period last year when there was 1,368.

- 3.14 All 1,920 applications were offered a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.15 There were 906 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.
- 3.16 Spend for the period in respect of immediate practical support amounted to £10,998. This is in addition to the annual grant to the Food Bank of £26,500 which was paid in this quarter.
- 3.17 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.
- 3.18 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

### 3.19 **Covid 19 update**

Further to the updates provided previously this year the demand for support has 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.

This funding has also been used as one of options for applicants for Test and

Trace discretionary payments where a small cash payment was appropriate to alleviate hardship caused by the need to isolate. 78 people have received payments, this has totalled £14106. It has also funded additional staffing resources in the team. and It has also allowed us to provide funding to 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.

### **Universal Credit**

- 3.20 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)
- 3.21 The number of people claiming Universal Credit has risen significantly by just over 8400. This is a 78% increase against the figure in February 2020.
- 3.22 DWP initially deployed staff from other departments to process claims but as the months have progressed they have recruited over 800 staff for a new Universal Credit Service Centre to manage the additional claims, as well as 20 new Work Coaches and 2 additional Employment Advisors to support claimants manage these difficult circumstances. Job Centre Plus Offices have remained open for those that are unable to access support digitally/via telephony opening times are currently 10-2 (temporary for current lockdown).
- 3.23 There have been no mandatory requirements for job search activity linked to claimant commitments since the beginning of the pandemic and Work Coach discussions with claimants around job searches will include identifying any other needs and signposting to appropriate organisations using an internal directory of provision & support for example mental health ,domestic abuse, addictions, budgeting/financial issues, homelessness, skills needs, digital capability etc. New Youth Work Coaches have been introduced in all JCP's to provide specialist support to 18-24 year olds and other national packages of support have also been introduced: Job Finding Support, Restart Programme, Work & Health targeted support and Restart Programme – these aim to target a range of support to claimants with varying needs. Local employability provision has been funded via the DWP flexible Support Fund to help support certain groups where gaps in skills have been identified for example ex-offenders, autism, learning disabilities & Workplace Anxiety. There are also Sector Based Work Placements available which provide training with an interview guarantee for jobs on completion. These are available in a number of roles in industries such as Hospitality & Catering, Warehouse & Logistics.

3.24 To support people who are serving their period of notice DWP have specialist support in place through their Rapid Response Service (RRS). This allows employees to access:

- information, advice and guidance
- non-vocational training to move a person closer to employment
- help to assess transferable skills in relation to the local labour market by conducting a Skills Transfer Analysis
- vocational training to address skills needs
- other RRS funded support to help overcome barriers to getting a job or starting self-employment
- help to meet discretionary costs e.g.; travel to training course expenses.

Those employees who don't find alternative employment within this period of notice can access the same support for a period of 13 weeks\*. This is whether they make a claim for benefit or not.

3.25 Whilst there have been large increases in unemployment there are some positives around new employment opportunities within the Civil Service and wider for example:

- 27 Social Mobility Apprenticeship vacancies for 16+ NEET claimants based at Benton Park View
- 15 EO Social Mobility vacancies based at Benton Park View
- 18 AO Social Mobility vacancies
- 55 AO vacancies based at Tyne View Park
- 155 AO vacancies based at International Pension Centre
- Approx 200 vacancies AO Caseworkers based at Benton Park View
- 32 AO vacancies for Service Centre
- HMRC 100 vacancies via Brook Street (currently pending)

Other employment opportunities include:

- 200 vacancies at Quorum at Concentrix
- 300/400 recruited at Sitel in Oct 20
- Contact Centre roles at EE, virtual sessions took place in January
- 200 vacancies at Nissan
- **NHS** - The major single recruitment drive was for the Lighthouse Laboratory roles (over 1,000 jobs). This is run by Newcastle Hospitals and operates as part of the integrated Covid Hub across three sites: Gateshead and two sites in Newcastle Helix (where the more specialised/bio-med roles are housed). The "entry level" roles were for over 600 new staff. And the NHS Apprenticeship Scheme launches 8<sup>th</sup> Feb.

### **Housing Department Update**

3.26 The impact of UC continues to be felt by our housing department and they now have 4,324 tenants on UC as at 25th January 2021. 3,141 (72.64%) of these are in arrears although it is worth noting that 64.5% of those on UC were already in arrears when they moved onto UC. The average arrears for those on UC is £599.90 (this has reduced since last quarter despite the impact of COVID-9) compared to an average arrears of £563.78 for all tenants and £335.27 for those not on UC. Other housing providers are also advising of significant arrears with tenants in receipt of UC.

- 3.27 COVID-19 has had a large impact on housing tenants with 1,113 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 1,416 UC cases being recorded since 16th March 2020; 464 of these new UC claimants have told us that they have been impacted by COVID-19. In total 719 tenants on UC have informed us that they have been impacted by COVID-19.
- 3.28 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 £549,193; a proportion of this increase (£258,887) is due to arrears accrued by new UC claimants before they transitioned to UC being added to the total.

#### **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](#)