

Meeting: Finance Sub-Committee

Date: 13 July 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

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 Government's package of support to help working age claimants of Council Tax Support through the pandemic.

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 identify quickly those that need it.

- 3.02 In 2020/21 we received £558,563 DHP funding and spend against this fund had been slow in the first half of the year as the local authority and other landlords did not pursue tenants in arrears, so tenants did not seek help through the DHP fund. Since arrears have been pursued later in the year, we started to see an increase in claims as more targeted work with tenants in need was undertaken by our housing teams and other registered providers. We streamlined processes to make claiming and backdating simpler, so claims were dealt with quickly.
- 3.03 Funding in 2021/22 is being managed differently by DWP and we have only been awarded part of our grant (£309,105) initially and they will advise what the remaining grant we will receive in late September based on demand and caseload. The caveat is that the overall grant will be around 20% to 30% less than in 2020/21. This makes long term decision making difficult until we know what the final grant will be.

End of year financial position for 2020/21

- 3.04 The housing team have worked very closely with the Benefits Team since the last report and customers who had fallen behind with their rent were supported to apply and those where their DHP claim had lapsed were also supported to make renewal claims. The end of year data shows that 768 applicants received a payment and virtually all of the grant was spent with less than 1% (£4,772) being returned to DWP.

DHP financial details for the current financial year 2021/2022

- 3.05 Table 1 and details below show final position against the grant for 2021/22.

Table 1 – DHP Spend to date

	Amount of grant
Initial payment- DWP funding only	£309,105
Total spend and committed	£207,891
Funding unallocated	£101,214

- 3.06 Claimants
- 230 claimants made a successful claim, of these 2 claimants have custody of children and 5 claimants are living in adapted property.
- 3.07 Requested reviews
- Since April 2021 there have been 5 reviews carried out with 1 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. Working age can receive up to 85% of their Council Tax liability and pensionable age claimants continue to receive up to 100% support.
- 3.09 The demand on the scheme was very different in 2020/21 and instead of seeing a reduction we saw an increase in claims from 17,172 at the end of March 2020 to 17,543 at the end of March 2021. This was a 7% in working age claims although we did see a reduction in pensionable age claims. The cost for the scheme was £15,394,568.
- 3.10 Going into 2021/22 the caseload has changed slightly, and the overall caseload is now 17,441 (9,996 working age claimants and 7,445 pensionable age claimants), the cost of the scheme has increased and now stands at £15,757,160.

Hardship fund

- 3.11 As part of the Governments response to supporting people during the pandemic it provided a hardship grant in 2020/21 of £2,024,000 with the direction that the majority would be used to provide up to £150.00 for each working age Council Tax Support recipient, this ensured that 58% had no liability to pay for 2020/21. In addition a further grant in 2021/22 allowed the authority to take the same approach to support working age claimants and similar numbers also have a no liability to pay in 2021/22.

Local Welfare Provision

Statistics for the period 1st April 2020 to 1st April 2021

- 3.12 There have been 2,803 applications for Local Welfare Support. For comparison in 19/20 there were 2,075 applications and in 18/19 there were 1,607.
- 3.13 All 2,803 applications were offered a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.14 There were 1,219 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. In 19/20 this was 519 and 18/19 450.
- 3.15 Spend for the period in respect of immediate practical support amounted to £12,722. In 19/20 this was £11,304 and 18/19 £9,543.
- 3.16 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

Statistics for the period 4th April 21 to 31st May 21

- 3.17 There have been 483 applications for Local Welfare Support
- 3.18 All 483 applications were offered a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.19 There were 339 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.
- 3.20 Spend for the period in respect of immediate practical support amounted to £2,872. This is in addition to the annual grant to the Food Bank of £40,500 which was paid in this quarter.
- 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 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. 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.

Covid 19 update

- 3.23 There has continued to be additional grants over the period to support applicants with financial difficulties caused by the impact of Covid 19 and this has allowed an increase in the support provided.
- 3.24 In addition, the team have assessed and processed discretionary applications for support with Track and Trace Payments, this includes the changes to scheme for parents with children who have been told to self-isolate by their schools and the parent incurs a loss of earnings.

Universal Credit

- 3.25 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)
- 3.26 The number of people claiming Universal Credit is still high with most recent data showing 19,401 claiming in North Tyneside compared to 10,758 in February 2020.
- 3.27 DWP have worked tirelessly to manage the large numbers of claims made throughout the pandemic initially deploying staff from other departments to process claims and recruiting large numbers of staff to create a new Universal Credit Service Centre. Additional Work Coaches and Employment Advisors were employed to support people through these difficult times. Job Centre Plus offices have remained open throughout for those that are unable to access support digitally or by telephone.
- 3.28 Throughout the pandemic Work Coaches have supported claimants in their job search including identifying any other needs and signposting to appropriate organisations. This included referrals to support for mental health, domestic abuse, addictions, budgeting/financial issues, homelessness, skills needs, and digital capability. Youth Work Coaches have been introduced in all JCP's to provide specialist support to 18-24 year olds as this age group has been impacted significantly (many having been employed in the retail, hospitality and leisure industry). Job Finding Support, Restart Programme, Work & Health targeted support and Restart Programme have all been introduced to target a range of support to claimants with varying needs. The DWP flexible Support Fund, funded local provision 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.
- 3.29 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
- 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.

3.30 Whilst there have been large increases in unemployment there have been some positives around new employment opportunities across many sectors including jobs created within the Civil Service and NHS.

Housing Department Update

3.31 The impact of UC continues to be felt by our housing department and they now have 4,658 tenants on UC as at 20th June 2021. 3,333 (73.26%) of these are in arrears although it is worth noting that 66.07% of those on UC were already in arrears when they moved onto UC. The average arrears for those on UC is £549.75 (this has reduced since last quarter despite the impact of COVID-19) compared to an average arrears of £515.61 for all tenants and £271.22 for those not on UC. Other housing providers are also advising of significant arrears with tenants in receipt of UC.

3.32 COVID-19 has had a large impact on housing tenants with 1,248 of current tenants reporting that they have been adversely impacted. This has contributed to the significant increase in the number of tenants claiming UC. In total 756 tenants on UC have informed us that they have been impacted by COVID-19.

3.33 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 £515,962; a proportion of this increase (£329,026 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 S4/2021 Details of the Government contribution towards DHP for local authorities for the financial year 2021/22](#)
- [Discretionary Housing Payment Policy 2021/22](#)