

Meeting: Finance Sub-Committee

Date: 13 July 2022

Title: Welfare Reform - Financial update on

- Discretionary Housing Payments Fund
- Local Council Tax Support Scheme
- Local Welfare Provision Scheme
- Universal Credit

Authors: Tracy Hunter

Tel: 0191 643 7228

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 payment made to working age claimants 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 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 We are now managing a much smaller budget than we have had in previous years, and this will prove challenging in the current difficult financial environment that many household find themselves in. We continue to work well with Citizens Advice and signpost households to their support and advice where we feel its appropriate.

DHP financial details for the current financial year 2022/2023

- 3.03 Table 1 and details below show the current position against the grant for 2022/23.

Table 1 – DHP Spend to date

| | Amount of grant |
|-----------------------------------|-----------------|
| Initial payment- DWP funding only | £300,337 |
| Total spend and committed | £192,804 |
| Funding unallocated | £107,150 |

- 3.04 Claimants
- 161 claimants received support as at 01 June, of these 1 claimant has custody of children and 23 claimants are living in adapted property.
- 3.05 Requested reviews
- Since April 2021 there have been 2 reviews carried out with both changed in favour of the customer.

Local Council Tax Support Scheme

- 3.06 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.
- 3.07 As at the end May the caseload stands at 16,359 (7,266 pensionable age and 9,093 working age) which is a reduction of almost 500 claims against the number reported in March. The cost for the scheme is currently £16,591,215.

Hardship fund

- 3.08 The hardship payment of £150.00 continues to support working age claimants, this means around 56% have a nil liability for 2022/23.

Local Welfare Provision

Statistics for the period 1st April 22 to 17th June 2022

- 3.09 There have been 1,072 applications for Local Welfare Support

- 3.10 All 1,072 applications were offered a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.11 There were 573 crisis applications eligible for further practical support. This included applicant receiving food, utility support, baby items or baby food, essential household items, travel costs or clothing.
- 3.12 Spend for the period in respect of immediate practical support amounted to £21,238. This is in addition to the annual grant to the Food Bank of £29,934.14 which was paid in April 22.
- 3.13 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 1 referral has gone directly to the credit union after an assessment by the welfare staff team. 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.
- 3.14 Of the applicants who were not provided immediate practical support funded by the authority, 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)
 - Referral to community resources for clothing or furniture items

Current update including Covid 19

- 3.15 Due to rising energy prices, cuts to Universal Credit, the withdrawal of government support schemes such as furlough and the end of debt recovery suspension. Demand for support is increasing. The impact of the pandemic on family and individuals finances has meant that people who have not accessed support in the past are requesting help from the team.
- 3.16 In addition, the team are currently delivering grants from the Household Support Fund extension. Additional funding awarded to support vulnerable households with food.

Universal Credit

- 3.17 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)
- 3.18 The number of people claiming Universal Credit is still high but reducing, the most recent data shows 18,451 claimants which is a small reduction against the figure reported in March.
- 3.19 Universal Credit Managed Migration resumes to help claimants move to Universal Credit by end 2024.
- Managed migration will move the remaining customers across to Universal Credit if they are on an existing legacy benefit (JSA - income based, ESA - income based, Income Support, Incapacity Benefit, Housing Benefit, Working Tax Credits and Child Tax Credit).
 - The process to invite people to claim Universal Credit will begin in early May starting with a small number of households (initially 500) in selected areas (Bolton and Medway).
 - Everyone who is required to move will receive a managed migration notice informing them that they need to make a claim for Universal Credit. This will replicate the model adopted for Universal Credit rollout when there was a 'test and learn' phase to determine the best way to provide this notification to claimants, but all recipients will have a minimum of three months to make their Universal Credit claim.
 - At the point of moving, all claimants will be assessed for transitional protection and paid this where appropriate. The vast majority will either be no worse off, or better off. The aim of this temporary payment is to maintain benefit levels so that claimants will have time to adjust to the new benefit system.
 - As Universal Credit increases through uprating, transitional protection payments will gradually reduce to align the value of all claimants' payments.
 - There will be a wide range of comprehensive support which is available, and the discovery phase will enable us to learn how best to support new claimants to universal credit. Current support includes:
 - a dedicated phonenumber
 - further guidance on Gov.UK which will signpost to independent support from Citizens Advice help to claim service
 - specially trained staff in JCP's, service centres, including signposting to third parties and stakeholders
 - support through Help to Claim
 - There are currently 5,072 household on legacy benefits & tax credits (estimated).
 - Locally North Tyneside's DWP Local Partnership Manager (LPM) will share updates with NTC and other partners as more information becomes available.

- 3.20 The announced Cost of Living payments will be awarded to Universal Credit claimants in two payments one for £326 then another payment later in the year for £324. Criteria does apply and can be found on the .gov website.

Housing Department Update

- 3.21 The impact of UC continues to be felt by our housing department and they now have 5,256 tenants on UC as at 15 June 2022. 3,865 (73.53%) of these are in arrears although it is worth noting that 68.43% of those on UC were already in arrears when they made the current claim for UC. The average increase per case since the claim for UC is £147.04. The average arrears for all tenants have decreased since last quarter, those on UC is £767.28 compared to an average arrears of £575.39 for all tenants and £308.67 for those not on UC. Other housing providers continue to advise of significant arrears with tenants, including those in receipt of UC.
- 3.22 Covid-19 had a large impact on housing tenants with 1438 of tenants reporting that they had been adversely impacted. 132 tenants (9.18%) reporting an adverse impact on more than one occasion. This had contributed to the significant increase in the number of tenants claiming UC. So far 822 tenants on UC, 80 tenants on legacy benefits and 536 self-paying tenants have been recorded as having been impacted by Covid-19.
- 3.23 Housing continue to make use of all available funding and services from internal and external providers to maximise tenants financial position and improve their ability to sustain their tenancy.

4. Background Information

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

- [Discretionary Housing Payment Policy 2022/23](#)
- [Housing Benefit Circular S1/2022 Discretionary Housing Payments government contribution for English and Welsh local authorities for the financial year ending March 2023](#)