

**Meeting: Finance Sub-Committee**

**Date: 12 March 2019**

**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 Reports have been presented to Finance Sub Committee on a quarterly basis since 2013. This report provides a further update on the three schemes that were implemented or revised as a consequence of on-going welfare reform. The three schemes are:

- Discretionary Housing Payment Fund,
- Local Council Tax Support Scheme, and
- Local Welfare Provision Scheme.

1.2 In addition from July 2018 an update on Full Service Universal Credit which was implemented in North Tyneside on 2 May 2018 has also been included in this report.

## **2. Recommendations**

2.1 Finance Sub Committee are asked to note the content of this report.

## **3. Detail**

### **Discretionary Housing Payment Fund**

3.1 The Discretionary Housing Payment (DHP) fund is provided by the Department for Work and Pensions (DWP) and provides much needed support to people in financial need 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. We promote the scheme well with our partners and we continue to see a high demand of claims made to it.

- 3.2 We work closely with the Citizens Advice and refer claimants to them where we feel they may benefit from budgeting and debt advice. This is working well and customers are engaging with support offered at the onset of a claim, it is hoped that if issues are dealt with at any earlier stage the need for DHP support may diminish as their financial circumstances improve. Citizens Advice has created a specific team supporting clients who have debt and/or arrears and we have streamlined the way we work with this team so applications are dealt with quicker.
- 3.3 We continue to work closely with housing providers and the Community and Voluntary Sector to ensure that DHP is targeted to those that are in need and many have been helped whose tenancy was at risk because they were in financial difficulty.
- 3.4 The DHP policy is reviewed on an annual basis by the Mayor's Task Group for Welfare Reform which is made up of officers, Member representation, MP office representation, Union representation and a number of our Community and Voluntary Sector partner organisations. The review ensures that DHP continues to be directed to those in most need and stakeholder involvement ensures the policy provides a wider view of the criteria for entitlement.

DHP financial year 2018/19

- 3.5 Table 1 below - DHP Spend to date as at 22 February 2019. Paragraphs 3.6 to 3.8 give a breakdown in claims:

Table 1 – DHP Spend to date

	Amount of grant
Original Fund - DWP funding only	£529,964
Total Spend and committed	*£508,337
Funding unallocated	£21,627

- 3.6 Assessed Claims
- 800 claimants made a successful claim (74%)
  - 284 claimants made an unsuccessful claim (26%)
- 3.7 The reason for awards
- 8 claimants have custody of children
  - 40 claimants are living in adapted property
  - The remaining claimants receive a DHP because they advised that they are seeking employment, need short term help whilst they look for alternative accommodation or for other reasons
- 3.8 Of those paid a Discretionary Housing Payment:
- 429 are known Council tenants (54%)
  - 274 are known privately rented tenants (34%)
  - 97 are UC claimants where no tenure type is captured so could be either private or council (12%)

### 3.9 Requested Reviews of decisions

As at 26 February 2019 there were 0 requests for a review outstanding. Since April 2018 we have carried out 27 reviews with 14 changed in favour of the claimant. Generally additional information is provided at the review stage that can often influence a positive outcome for the claimant.

3.10 We have now received notification that for 2019/20 we will receive a grant of £449,390; this is around £80,000 less than last year.

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

3.11 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 2018/19 is 85% of the claimants Council Tax liability. Pensionable age claimants continue to receive up to 100% support. This will remain the same for the financial year 2019/20.

3.12 The number of claimants to the scheme has reduced again and as at the end of January 2019 the number of claimants to the scheme was 17,816 split between 9,785 working age and 8,031 pensionable age claimants.

3.13 As at end of February 2019 the amount of Council Tax Support awarded since 1 April 2018 is £14,486,914.

3.14 The small changes to support over the years along with the removal of empty property discounts and the increases in Council Tax is making the in year collection more challenging but we do however expect the long term collection rate to be unaffected at 98.5%. Residents who have difficulty in paying, are supported through flexible payment arrangements and access to debt advice and budget management where required.

3.15 We continue to fund Citizens Advice to provide outreach sessions in community venues and this ensures residents have easy access to advice on debt and benefit entitlements. Appointments for these are easily made through Customer Services and libraries and there is good take-up of these sessions. We have recently reviewed these to ensure that they are placed where there is greatest demand. Citizens Advice also provide a telephone advice line for those who do not want or need face to face advice, and additional email contact is also provided.

### **Local Welfare Provision**

Statistics for the period 1st April 2018 to 28th February 2019

3.16 There have been 1,436 applications for Local Welfare Support.

3.17 All 1,436 applications received a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.

- 3.18 There were 756 crisis applications eligible for further practical support (53%). This included applicants receiving food, utility support, baby items or baby food, essential household items, or clothing.
- 3.19 Spend for the period 1st April 2018 to 28th February 2019 in respect of immediate practical support amounted to £9,293.86. This is in addition to the annual grant to the Food Bank of £26,500 which was paid again this year. We are currently talking to the Foodbank about the grant for next year.
- 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. Customers are referred initially to Citizens Advice who assess affordability and give assistance to maximise income and address any outstanding debts into affordable payments. Although this option is discussed with applicants who it would be suitable for the take up is very low, however it is an additional option available.
- 3.21 Of the applicants who were not provided 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 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)
  - Application for grants

### **Universal Credit**

- 3.22 Universal Credit Full Service is a new benefit that replaces 5 State benefits. It is available to all working age claimants unless the customer meets certain criteria. The five benefits it replaces are:
- Housing Benefit (HB)
  - Income Support (IS)
  - Job Seekers Allowance Income Based (IB)
  - Employment and Support Allowance Income Related (ESA)(IR)
  - Tax Credits (Child Tax Credits and Working Tax Credits)
- 3.23 On 2<sup>nd</sup> May 2018 Full Service Universal Credit was implemented in North Tyneside and we are seeing a steady movement of claimants to Universal Credit. Most recent figures show there are now 6,432 claimants on UC; of these 2,994 are in the 'required to look for work' group.

- 3.24 The UC working group continues to meet on a monthly basis and it is a good opportunity to discuss emerging issues and develop solutions. Officers from the Authority have job shadowed officers in the local Job Centres and this has enabled a sharing of knowledge and an up-skilling of work coaches and built better relationships. There is now a greater understanding of what is involved and the potential issues that may arise so that staff at Job Centres are able to support claimants better and improve the claiming experience.
- 3.25 The Authority's Education to Employment team currently provide assistance to UC claimants as the claiming process is digitally driven and some need help to manage this process. Table 2 provides the numbers of claimants actually supported against DWP's estimates. The support offered is very bespoke and is customised around the claimants needs to get the claim made and build confidence so the claimant can manage their claim going forward. Many are vulnerable and there are some that are far from being ready for employment, but by providing support, this team are able to identify other barriers to employment such as numeracy and literacy issues which claimants can also receive help for.
- 3.26 The initial 5 weeks claimants wait for their first payment and managing this benefit on a calendar monthly basis can prove difficult for some. Citizens Advice provides support to claimants who need Personal Budgeting Support (PBS) to help them manage this new approach. This includes managing a monthly budget, opening a bank account, managing the payment of rent and helping to set up standing orders, direct debits etc. In addition the service goes beyond the basic support required by DWP and also provides debt advice. Referrals to PBS are made via jobcentre staff, personal referral or through partner organisations. Citizens Advice have built a good relationship with Job Centre Work Coaches and have delivered training to them to ensure that the referral process is embedded helping residents access support when they need it. Table 2 outlines the numbers of residents who have received PBS along with DWP estimates.
- 3.27 In 2018/19 DWP have provided LA's direct funding for delivering the ADS and PBS which is then passed to Citizens Advice and the Education to Employment team; we have received 50% of the funding up front but as numbers are exceeding forecasts DWP have paid the Authority for the actual number of claimants supported.

Table 2 DWP estimates on ADS and PBS

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>	<b>DWP funding</b>
Estimated ADS	49	168	140	172	529	£28,270
Actual	53	143	168			
Estimated PBS	83	278	232	285	878	£55,282
Actual	128	259	268			

- 3.28 At the beginning of October 2018 the DWP announced that from April 2019 they would fund Citizens Advice directly for Universal Support instead of funding the Local

Authority. The DWP felt that funding Citizens Advice will offer a consistent approach across the country as take up of this support nationally was very poor in some areas.

- 3.29 We have been working closely with Citizens Advice to develop the offer of support for North Tyneside residents and have agreed that we will continue to provide the Assisted Digital Support with Citizens Advice funding the Authority to do this. The model we developed, and which will continue, has been held up as an example of good practice as it has worked well; Citizens Advice have been at the forefront of assisting other Citizens Advice to develop a similar approach to that of North Tyneside.
- 3.30 As more people move onto UC the number of working age claimants receiving Housing Benefit has reduced considerably and since May we have seen a reduction of around 2,700 in the working age caseload this represents 24% of working age caseload.
- 3.31 The impact of Full Service UC is being felt by our Housing department and they now have 1,906 tenants on Universal Credit as at 25<sup>th</sup> February 2019. 1,525 (80.01%) of these are in arrears although it is worth noting that 73.35% of those on Universal Credit were already in arrears when they moved onto UC. The average arrears per Universal Credit tenant has increased over the last quarter due to the impact of Christmas and New Year on customers finances and their ability to manage their monthly budget effectively. The average arrears for those on UC is £751.39 compared to an average arrears of £317.98 for those not in receipt of UC.

### **Changes to Universal Credit**

- 3.32 Since the last update was provided to the Finance Sub-Committee there have been a number of changes announced that affect Universal Credit. A note has been circulated to all members which give the date and detail of each change.

## **4. Background Information**

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

- [Housing Benefit Circular S1/2018 – Details of the government contribution towards DHP for local authorities in 2018/19](#)
- [Housing Benefit Circular S1/2019 – Details of the government contribution towards DHP for local authorities in 2019/20](#)
- [Discretionary Housing Payment Policy \(DHP\) 2018/19](#)