

**Meeting:** Finance Sub-Committee

**Date:** 27 November 2018

**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 and 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, Union representation and a number of our partner organisations from the Community and Voluntary Sector. 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 provides the current financial position of the fund. Paragraphs 3.12 to 3.15 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	*£429,283
Funding unallocated	£100,681

- 3.6 Assessed Claims
- 633 claimants who received DHP Support (77%)
  - 187 claimants made an unsuccessful claim for a DHP (23%)
- 3.7 The reason for awards
- 8 claimants have custody of children
  - 34 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:
- 398 are Council tenants (63%)
  - 235 are privately rented tenants (37%)

### 3.9 Requested Reviews of decisions

As at 30 September 2018 there were 3 requests for a review outstanding. Since April 2018 we have carried out 11 reviews with 6 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.

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

- 3.10 The Council Tax Support Scheme continues to provide support on a means tested basis and 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 now 85% of the claimants Council Tax liability. Pensionable age claimants continue to receive up to 100% support.
- 3.11 The number of claimants to the scheme has reduced again and as at the end of September 2018 the number of claimants to the scheme was 18,066 split between 9,785 working age and 8,281 pensionable age claimants.
- 3.12 As at 30 September 2018 the amount of Council Tax Support awarded since 1 April 2018 is £14,528,000.
- 3.13 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 difficult. 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.
- 3.14 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 review these annually to ensure that they are placed where there is greatest demand. They 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.
- 3.15 Every year the Authority has to consider whether to review or replace the Scheme the following year. Cabinet agreed on 10 September 2018 not to propose a review of or a replacement Scheme for 2019/20.

### **Local Welfare Provision**

#### Statistics for the period 1 July 2018 to 30 September 2018

- 3.16 There have been 367 applications for Local Welfare Support.
- 3.17 All 367 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 200 crisis applications eligible for further practical support (54%). This included applicants receiving food, utility support, baby items or baby food, essential household items, or clothing.
- 3.19 Spend for the period 1 July 2018 to 30 September 2018 in respect of immediate practical support amounted to £2,220. This is in addition to the annual grant to the Food Bank of £26,500 which was paid again this 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. The Authority worked very closely with stakeholders through the Universal Credit (UC) Working Group and wider groups to ensure the rollout by the Department for Work and Pensions (DWP) went as smoothly as possible. The working group consists of internal officers and from external partners as well as DWP representatives. The

LA also attends quarterly DWP engagement events so we are aware of emerging issues nationally. The UC working group continues to meet on a monthly basis and whilst there have been some issues emerging with a few claimants new processes are being developed to improve this.

- 3.24 Officers from the Authority have shadowed Work Coaches in Job Centres and shared their knowledge so that there is a greater understanding of what is involved and potential issues that may arise so that Job Centre staff are able to support claimants better and the claiming experience is improved. Officers from the Authority's Court of Protection team have attended the Job Centre to carry out an awareness session about the complex issues they deal with so that new processes can be developed. This was considered a valuable learning experience for Job Centre staff and shared as good practice at regional events.
- 3.25 Currently the Authority's Education to Employment team 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 supported and 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 are far from being ready for employment but by providing support by this team we 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 provide 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. This delivery model of PBS has been used as an example of good working arrangement in DWP discussions. 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. If the actual number of customers supported is greater than 50% of the estimates we receive funding based on the actual number supported. If the number of customers supported is less than 50%, the Authority keeps the upfront funding. See Table 2 for funding details.

Table 2 DWP estimates on ADS and PBS

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

- 3.28 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 1,900 in the working age caseload.
- 3.29 As at September DWP data shows that across the four jobcentres there are 4,488 UC claimants across all claim groups, 2440 of these are in the 'all work related activity group'.
- 3.30 The impact of Full Service UC is being felt by our Housing department and they now have 1092 tenants on Universal Credit as at 30 September. 80.8% are in arrears but the average arrears per customer has reduced. This is largely due to claimants now being entitled to a two week transitional housing benefit payment when moving from housing benefit onto universal credit, so reducing arrears. It is also worth noting that 75.4% of those on Universal Credit were already in arrears when they moved onto UC.

### **Future changes – Citizens Advice to deliver Universal Support**

- 3.31 At the beginning of October the Department for Work and Pensions announced that from April 2019 they would fund Citizens Advice directly for Universal Support instead of funding the Local Authority who in turn either delivered this support themselves or subcontracted another organisation to deliver this. 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.
- 3.32 As we have taken a blended approach to the current delivery of support the change for North Tyneside won't be as great as for other Authorities. We are working with our local Citizens Advice to develop the new model that will be in place from April 2019 and initial discussions have confirmed that our Education to Employment team will still deliver the Assisted Digital Support and Citizens Advice will continue with the Personal Budgeting Support. The main change will be Citizens Advice will manage the data collection and reporting of performance instead of the Local Authority.

### **Changes to Universal Credit announced in the Autumn Budget**

- 3.33 A number of changes were announced in the autumn budget which makes changes to Universal Credit over the next few months/years.
- 3.34 From April 2019 Universal Credit Work Allowance increases – the amount that households with children, and people with disabilities can earn before their Universal

Credit award begins to be withdrawn will be increased by £1,000. Households benefiting from this will keep an extra £630 of earnings each year.

- 3.35 From July 2019 and implemented fully from September 2020 all gainfully employed claimants on Universal Credit will benefit from a 12-month grace period before the Minimum Income Floor applies.
- 3.36 From October 2019, the maximum rate at which deductions can be made from a Universal Credit award is reduced from 40% to 30% of the standard allowance.
- 3.37 From July 2020 new claimants to UC will receive two weeks worth of income-related elements of Jobseeker's Allowance and Employment and Support Allowance, and Income Support.
- 3.38 From October 2021, the period over which advances of Universal Credit will be recovered is increased from 12 to 16 months.
- 3.39 The roll out of Universal Credit Managed Migration phase will be slowed to ensure it is carefully implemented; roll out will start July 2019 as planned with small numbers and the target is to complete this by December 2023.
- 3.40 These changes are in addition to the previously announced measures.

#### **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](#)
- [Discretionary Housing Payment Policy \(DHP\) 2018/19](#)