

Meeting: Finance Sub-Committee

Date: 19 July 2018

Title: Welfare Reform - Financial update on

- **Discretionary Housing Payments Fund**
- **Local Council Tax Support Scheme**
- **Local Welfare Provision Scheme.**

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Service: Finance Service

Wards affected: All

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 to the usual updates as Full Service Universal Credit was recently implemented in North Tyneside on 2 May 2018 an overview of the initial rollout has been provided.

2. Recommendations

2.1 Finance Sub Committee are asked to:

- a) note the content of the report and consider whether further updates on the three schemes mentioned at point 1.1 are still required.
- b) consider whether they would like to receive further updates on Universal Credit Full Service on a quarterly basis.

3. Detail

Discretionary Housing Payment Fund

- 3.1 The Discretionary Housing Payment (DHP) fund which is provided by the Department for Work and Pensions (DWP) provides much needed support to people in financial need who have a shortfall between their Housing Benefit (or Universal Credit housing element) and rent liability, or who require help with the 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 Bureau (CAB) and refer claimants to them where we feel they may benefit from their advice. This is working well and customers are engaging with support offered. The aim of providing budgeting and debt advice from the onset of the DHP claim, rather than just providing financial support means the need for DHP support may diminish as their financial circumstances improve. CAB 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.
- 3.4 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.
- 3.5 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 2017/18

- 3.6 Table 1 below - DHP Spend, shows the final spend for the year April 2017 to 31 March 2018) and paragraphs 3.7 to 3.10 give a breakdown in claims:

Table 1 – DHP Spend

	Amount of grant
Original Fund - DWP funding only	£570,266
Total Spend	£556,785
Funding unallocated	*£13,481

*Only 2% of the DWP funding was not allocated and returned to DWP.

- 3.7 Claimant data
- There were 1,097 claimants who received DHP support (75%)
 - There were 363 claimants who made a unsuccessful claim for a DHP (25%)

3.8 The reason for awards

- 12 claimants have custody of children
- 36 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

3.9 The reason for refusal:

Refusal is either because the claimant's capital is above the threshold, the claimant having enough income to meet the shortfall between rent level and benefit awarded themselves, or there being no shortfall to cover.

3.10 Of those paid a Discretionary Housing Payment:

- 670 are Council tenants (61%)
- 427 are privately rented tenants (39%)

DHP financial year 2018/19 – Quarter 1

3.11 Table 2 below - DHP Spend, shows the spend for the first quarter April 2018 to 31 June 2018) . Paragraphs 3.12 to 3.15 give a breakdown in claims:

Table 2 – DHP Spend

	Amount of grant
Original Fund - DWP funding only	£529,964
Total Spend and committed	*£306,863
Funding unallocated	£223,101

* a higher amount of DHP spend has been seen in the first quarter of 2018/19 due to claims being set up for 12 months which would normally have been set up for 6 months. This was to reduce the mid year administration of reclaims.

3.12 Assessed Claims

- 434 claimants who received DHP Support (83%)
- 91 claimants made an unsuccessful claim for a DHP (17%)

3.13 The reason for awards

- 8 claimants have custody of children
- 36 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

3.14 Of those paid a Discretionary Housing Payment:

- 272 are Council tenants (63%)
- 162 are privately rented tenants (37%)

3.15 Requested Reviews of decisions

As at 30 June 2018 there were 2 requests for a review outstanding. Since April 2018 we have carried out 6 reviews with 4 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

- 3.16 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 85.00% of the claimants Council Tax liability. This is a reduction in support from 87.5% which was provided in 2017/18. Pensionable age claimants continue to receive up to 100% support.
- 3.17 The number of claimants to the scheme has reduced again and as at the end of June 2018 the number of claimants to the scheme was 18,511 split between 10,149 working age and 8,362 pensionable age claimants.
- 3.18 As at 30 June 2018 the amount of Council Tax Support awarded since 1 April 2018 is £14,711,000.
- 3.19 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.
- 3.20 We continue to fund CAB 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. There is also a telephone advice line offered by CAB to provide residents with help for those who do not want or need face to face advice, and additional email contact is also provided.
- 3.21 Every year the Local Authority has to consider whether to review or replace the CTS scheme and we have started the process to consider potential changes to the scheme for financial year 2019/20.

Local Welfare Provision

Statistics for the period 1st April 17 to 31st March 18

- 3.22 There have been 1,645 applications for Local Welfare Support.

- 3.23 All 1,645 applications received a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.24 There were 689 crisis applications eligible for further practical support (42%). This included applicants receiving food, utility support, baby items or baby food, essential household items, or clothing.
- 3.25 Spend on scheme for the period 1st April 17 to 31st March 18 in respect of immediate practical support amounted to £8,849.27. This is in addition to the annual grant to the Food Bank of £26,500.
- 3.26 There is still a pot of money with 2 local Credit Unions, North East First and Shiremoor Credit Union. This funding allows the council 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 pot of money to be used by other customers. Customers are referred initially to CAB 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.
- 3.27 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 Bureau
 - 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
- 3.28 18 applicants were deemed ineligible for immediate practical support because the team were able to get benefit immediately into payment for the customer. This action not only immediately resolved the crisis but also helped prevent future difficulties arising.

Statistics for the period 1st April 18 to 30th June 18

- 3.29 There have been 309 applications for Local Welfare Support.
- 3.30 All 309 applications received a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.

- 3.31 There were 141 crisis applications eligible for further practical support (46%). This included applicants receiving food, utility support, baby items or baby food, essential household items, or clothing.
- 3.32 Spend on scheme for the period 1st April 18 to 30th June 18 in respect of immediate practical support amounted to £2,578.86. This is in addition to the annual grant to the Food Bank of £26,500 which was paid again this year.
- 3.33 There is still a pot of money with 2 local Credit Unions, North East First and Shiremoor Credit Union. This funding allows the council 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 pot of money to be used by other customers. Customers are referred initially to CAB 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.
- 3.34 Of the applicants who were not provided immediate practical support, a summary of some of the assistance is as follows:
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 - Referrals to Citizens Advice Bureau
 - Liaison with HMRC for Child Tax Credits
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 - Liaison with their bank or employer
 - Referral to other Children's Service support
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 - Application for grants

Universal Credit

- 3.35 Universal Credit Full Service is a new benefit that replaces 5 State benefits. It is available to all working age claimants unless the customers meet certain criteria. The five benefits it replaces are:
- Housing Benefit (HB)
 - Income Support (IS)
 - Job Seekers Allowance (IB)
 - Employment and Support Allowance Income Related (ESA)
 - Tax Credits (Child Tax Credits and Working Tax Credits)
- 3.36 The Authority has worked very closely with stakeholders through the Universal Credit (UC) Working Group and wider groups to ensure the rollout of Full Service UC by the Department for Work and Pensions (DWP) in North Tyneside goes as smoothly as possible. The working group consists of officers internally 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.

- 3.37 In preparations for roll out a significant number of training sessions across organisations was delivered and awareness for landlords was also provided. Initially Full Service was planned to roll out in February 2018 and this was changed to the 30th May. However in a bid to reduce too many LA going Full Service at once DWP brought our Full Service date forward to 02 May 2018.
- 3.38 As UC Full Service is generally digitally driven many claimants find making and managing a claim on line difficult. DWP have provided estimates on the numbers of claimants that will require Assisted Digital Support (ADS) to help them manage their claims which is shown in Table 3. This number has now been exceeded. The LA provides support through a dedicated team in our Education to Employment Team. This is very bespoke and works with the customer up to the point they are confident in managing their claim themselves. 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.
- 3.39 As claimants will wait 5 weeks for their initial payment then payments are made calendar monthly in arrears the Authority has developed an approach to providing customers with Personal Budgeting Support (PBS). This assists claimants with managing a monthly budget, opening a bank account and managing the payment of rent. In addition the service goes beyond the basic support required by DWP and also provides debt advice. This support is delivered across the borough by Citizens Advice so that access to support is always close by. Referrals to PBS are made via jobcentre staff, personal referral or through partner organisations. CAB 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. As with ADS the DWP have provided estimates of numbers of claimants who will require PBS these are also shown in Table 3.
- 3.40 DWP have provided funding for delivering the ADS and PBS; and we receive 50% of the funding up front. If the actual number of customers supported is greater than 50% of the estimates we will 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 3 for funding details.

Table 3 DWP estimates on ADS and PBS

	Q1	Q2	Q3	Q4	Total	DWP funding
Estimated ADS	49	168	140	172	529	£28,270
Actual	58					
Estimated PBS	83	278	232	285	878	£55,282
Actual	161					

- 3.41 As more people move onto UC the number of working age claimants receiving Housing Benefit reduces; since May we have seen a reduction of around 500 in the working age caseload.
- 3.42 Initial statistics have been received which shows that out of the 80 claims that were due to be paid week commencing 4th June (those who made their claims 5 weeks earlier – i.e. first week of Full Service):
- 73 got paid in full
 - 5 got paid in part
 - 2 did not get paid at all
- 3.43 Those that did not get paid or did not receive their full award was due to awaiting further evidence, this could be things such as child care costs etc.
- 3.44 The impact of Full Service UC is starting to be felt by Housing department and they now have 544 tenants on Universal Credit as at 2 July. 80% are in arrears but the average arrears per customer has gone down.
- 3.45 The impact of Full Service UC is being monitored across a number of services which will be provided to the Senior Leadership Team through regular performance monitoring. It will also include non financial areas such as any increases to numbers of people presenting with mental health issues since going Full Service UC. Other non authority monitoring will be taking place around impacts to the Community and Voluntary Sector.

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