

Meeting: Finance Sub-Committee

Date: 22 June 2016

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 ongoing welfare reform. The schemes being reported on in this report are:

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

2. Recommendations

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

3. Detail

Discretionary Housing Payment Fund

3.1 The Discretionary Housing Payment (DHP) fund provides much needed support to people in financial need who have a shortfall between their Housing Benefit 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 are working closely with the Citizens Advice Bureau (CAB) and where appropriate we refer DHP claimants to CAB where we feel they may benefit from their advice. Feedback from CAB advises that the process is working well and customers are engaging with support offered. This ensures claimants receive budgeting and debt advice from the onset of the DHP claim, rather than just financial support. It is hoped

that by CAB working with individuals from an early stage that the need for DHP support will diminish as their financial circumstances improve, and in turn reduce demand on the fund longer term.

The following data shows claims made to the DHP fund for 2015/16 as at 31 March 2016

3.3 Assessed Claims

- 778 claimants were unsuccessful in their application
- 995 claimants were successful in receiving an award of DHP

3.4 The reason for awards

- 20 claimants have custody of children (2%)
- 33 claimants are living in adapted property (3%)
- 403 claimants are seeking employment (41%)
- 179 claimants require short-term help while they secure alternative accommodation (18%)
- 360 claimants are awarded for other reasons (36%)

3.5 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.

3.6 Of those paid a Discretionary Housing Payment:

- 631 are Council tenants (63%)
- 364 are privately rented tenants (37%)

3.7 Requested Reviews of decisions

- There were 47 requests for a review of their DHP decision outstanding as at the end of March 2016; 127 reviews carried out which resulted in 95 unchanged decisions and 32 changed in the favour of the claimant. Generally additional information is provided and that often influences a positive outcome for the claimant.

3.8 Funding

- The funding is monitored on a regular basis, to ensure that sufficient funding is still available to meet demand. As at 31 March 2016 the DWP funding was fully spent and additional funding was required from the Authority, as shown in Table 1:

Table 1

Original Fund - DWP funding only	£406,414
Actual paid to date – DWP funding only	£406,414
Overspend – funded by the Authority	£351

3.9 Comparisons with claimants in previous years show that in:

- 2013/14 over 1,100 claimants were supported,
- 2014/15 over 1,250 claimants were supported,
- 2015/16 almost 1,000 claimants were supported.

3.10 For the 2016-17 fund the data as at the end of May shows:

Assessed Claims

- 45 claimants were unsuccessful in their application
- 207 claimants were successful in receiving an award of DHP

3.11 **The reason for awards**

- 13 claimants have custody of children (6%)
- 19 claimants are living in adapted property (9%)
- 91 claimants are seeking employment (44%)
- 39 claimants require short-term help while they secures alternative accommodation (18%)
- 45 claimants are awarded for other reasons (22%)

3.12 **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.

3.13 **Of those paid a Discretionary Housing Payment:**

- 112 are Council tenants (54%)
- 95 are privately rented tenants (46%)

3.14 **Requested Reviews of decisions**

- As at 6 June there are 42 requests for a review outstanding (24 for 2015/16 and 18 for 2016/17); since April we have carried out 23 reviews from 2015/16; 7 were changed in favour of the claimant, and 16 were refused. From 2016/17 only 2 reviews have been carried out both changed in favour of the claimant. Generally additional information is provided at the review stage that often influences a positive outcome for the claimant.

3.15 **Funding**

- Funding continues to be monitored on a regular basis, to ensure that sufficient funding is still available to meet demand. As at 31 May 2016 the data on funding is shown at Table 2:

Table 2

Original Fund - DWP funding only	£473,141
Actual paid to date	£26,303
Committed to the end of 2016/17	£56,522
Total of actual spend and committed	*£82,825
Remaining funding	£390,316

*17.5% of DWP funding has been spent and committed until the end of the financial year.

- 3.16 The DHP policy is reviewed on an annual basis by the Mayors Task Group for Welfare Reform which is made up of officers, Member representation, Union and a number of our partner organisations such as the community and voluntary sector. The review ensures that it continues to target those that are most in need and by consulting our partners in the review we ensure the policy provides a wider view of the criteria for entitlement. There is growing concern across all partners that continuing changes introduced by welfare reform will increase demand and this will outstrip funding available.
- 3.17 There have been no amendments to the Policy since 2013, however this years review considered certain aspects of the Policy that will be considered by Cabinet later this year.
- 3.18 The Governments summer budget and Autumn Statement included a number of welfare changes that will impact on residents' income and as such is likely to impact on the DHP fund as they may need greater support with managing shortfalls in entitlements. The Government made a commitment to provide additional funding for the following 5 years to support those impacted by welfare reforms, and £150 million nationally has been provided for 2016/2017. This is an increase of £25 million (20 per cent) compared to 2015/2016. The amount of funding for North Tyneside is £473,141 which is an increase of £66,727 (16 per cent) on the previous years funding.

Local Council Tax Support Scheme

- 3.19 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 for 2015/16 provided for working age claimants was 93% of the claimants Council Tax liability. The number of claimants to the scheme continues to reduce and has done since the scheme was introduced in April 2013.
- 3.20 As at the end of March 2016 the number of claimants to the scheme had reduced to less than 20,400 split between 10,937 working age and 9,435 pensionable age compared to 21,000, at the end of April 2015.
- 3.21 As at end of 31 March 2016 the amount of Council Tax Support awarded since 1 April 2015 was £15,014,093.
- 3.22 Further reductions are seen in case load and at the end of April 2016 the number of claimants had reduced to 20,138 split between 9,298 pensionable age and 10,840 working age, with the amount of support awarded of £14,867,531.
- 3.23 Council Tax in year collection continues to hold up with an overall in year collection rate of 96.6%. This is against a collection rate of 96.9% in the year prior to Welfare Reforms (2012/2013) and changes to exemptions and discounts which we know must have placed financial burdens on households. The current estimate of in year Council Tax collection in 2016/17 shows a matched level to that of 2016/2017. We continue to work closely with all residents who have difficulty in paying, offering flexible payment arrangements and arranging access to debt advice and budget management where required. Additional CAB outreach sessions in community venues have been funded

to ensure residents have easy access to advice on debt and benefit entitlements. We can arrange appointments for these sessions through our Customer Service and libraries which promotes easy accessibility. There is good take-up of these sessions and we review these regularly to ensure that they are placed where there is greatest demand. There is also a telephone advice line with CAB to provide residents with help who do not want or need face to face advice, and additional email contact is also provided.

- 3.24 There continues to be minimal adverse reaction to the scheme, and there have been no appeals to the Appeals Tribunal regarding the scheme.
- 3.25 The scheme is reviewed on an annual basis and a report presented to Council on 21 January 2016 recommended that a number of changes were introduced to the scheme from April 2016. These were changes that were also being introduced to the Housing Benefit (HB) Scheme, so this would keep both the CTS and HB Scheme similar in its approach. These were accepted along with the recommendation to reduce support to 90% from 93% for working age claimants. Consultation on these changes had taken place over a 6 week period and the majority of respondents were in favour of these.

Local Welfare Provision Scheme

- 3.26 The Local Welfare Provision Scheme delivered by North Tyneside Council which replaced Community Care Grants and Crisis Loans continues to provide a holistic support to those needing social care, supported housing or financial assistance because they have hit a crisis. The scheme is monitored closely to assess the demand against the resources available.

Statistics for the period 1 April 2015 to 31 March 2016.

- 3.27 There have been 1875 applications for Local Welfare Support.
- 3.28 All 1875 applications received a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.29 There were 757 crisis applications eligible for further practical support. This included applicants receiving food, utility support, baby items or baby food, or clothing to start work. 40 additional clients were supplied with household items to enable them to set up home.
- 3.30 Spend on scheme in 2015/16 in respect of immediate practical support amounted to £50510.
- 3.31 In addition a further £44000 was paid to 2 local Credit Unions, North East First and Shiremoor Credit Union to enable 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 is one off funding, customers are charged interest which goes back into the pot of money to be used by other customers.

3.32 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
- Referral to Credit Unions

3.33 27 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. The sum total of these immediate payments was £4580. This figure is far greater when annualised for future payments, as this amounts to £119080

3.34 114 people in the period contacted the service because their benefit had been sanctioned and a further 77 because a change in circumstances meant that claims were disrupted whilst a new claim was assessed or processed.

3.35 In relation to the first 2 months of 16/17, 295 people have contacted the service so far. All 295 have received full screening and advice information and signposting to other sources of support where appropriate. A further 2 have been supported to set up home.

3.36 103 people were eligible for immediate practical support, such as food, utility support, clothing, baby items and toiletries

3.37 Spend so far in 2016/17 is £29654. This includes £26500 paid to the local Food Banks. This money pays for infrastructure costs to ensure that the Food Banks not only provide relevant grocery packs for people who we assess as eligible at a very cost effective price, but they have a robust infrastructure to provide support to the wider community.

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- Working with other community support groups
- Liaison with their bank or employer
- Referral to other Children's Service support
- Referral to Credit Unions

3.39 8 people contacted the service due to their benefit being sanctioned 4 people were not supported through the scheme as the team were able to negotiate their benefit being paid. This amounted to £966 an annualised amount of £25116.

4. **Background Information**

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

- [HB S1/2016 – Details of the government contribution towards DHP for local authorities in 2016/17](#)
- [Discretionary Housing Payment Policy \(DHP\) 2016/17](#)