

Meeting: Finance Sub-Committee

Date: 29 September 2016

Title: Welfare Reform - Financial update on: Discretionary Housing Payments Fund, Local Council Tax Support Scheme, Local Welfare Provision Scheme

Authors: Andy Scott, Tracy Hunter

Tel: 0191 643 7150

Service: Finance Service

Wards affected: AI 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 the period 01 April 2016 to 31 August 2016.

3.3 Assessed Claims

- 196 claimants were unsuccessful in their application
- 363 claimants were successful in receiving an award of DHP (this includes 20 who received one off payments)

3.4 The reason for awards

- 16 claimants have custody of children (4%)
- 26 claimants are living in adapted property (7%)
- The remain 321 claimants receive a DHP because they advise that they are seeking employment, need short term help whilst they look for alternative accommodation or for other reasons (89%)

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:

- 191 are Council tenants (53%)
- 172 are privately rented tenants (47%)

3.7 Requested Reviews of decisions

- As at 31 August there are 46 requests for a review outstanding. Since April we have carried out 21 reviews, 15 were changed in favour of the claimant. Generally additional information is provided at the review stage that often influences a positive outcome for the claimant.

3.8 Funding

- Funding continues to be monitored on a regular basis, to ensure that sufficient funding is still available to meet demand. As at 31 August 2016 the data on funding is shown at Table1 (DHP Spend):

Table 1 – DHP Spend

Original Fund - DWP funding only	£473,141
Actual paid to date	£94,924
Committed to the end of 2016/17	£58,492
Total of actual spend and committed	*£153,416
Remaining funding	£319,724

*As at 31.08.16 32% of DWP funding has been spent and committed until the end of the financial year.

- 3.09 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 DHP 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.
- 3.10 In July 2016 Cabinet considered and agreed a change to the DHP Policy which reduced the capital that a claimant can have and still qualify for a DHP. The capital level was reduced from £5,000 to £1,000. It was felt that those with capital over £1,000 did not require financial assistance, and as the fund is continuing to see high demand due to welfare reforms it was appropriate to reduce the capital level, but still at an amount that allowed for unplanned expenses. The effective date of change is 1st October 2016. This will only impact on claimants who make a new claim or reclaim if their current DHP claim expires after 1st October 2016.
- 3.11 The Government's summer budget and Autumn Statement included a number of welfare changes that will impact on residents' income and as such may impact on the DHP fund as claimants may need greater support with managing shortfalls in housing costs entitlements. One of the changes to be introduced from 7 November 2016 is the new lower Benefit Cap. We have at present just over 20 families that are affected by the current cap of £26,000, but DWP have suggested that from November there is likely to be around 200 families that may be impacted by the new lower cap of £20,000. The Government have made a commitment to provide additional DHP funding for the following 5 years to support those impacted by welfare reforms but there is concern that this will not meet demand.

Local Council Tax Support Scheme

- 3.12 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 2016/17 provided for working age claimants is 90% 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.
- 3.13 As at the end of August 2016 the number of claimants to the scheme had reduced to less than 20,000 split between 10,660 working age and 9,174 pensionable age.
- 3.14 As at 31 August 2016 the amount of Council Tax Support awarded since 1 April 2016 is around £14,700,000.
- 3.15 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 2015/2016. 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.

- 3.16 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 those who do not want or need face to face advice, and additional email contact is also provided. We are working closely with CAB and DWP around provision of Personal Budgeting Support for those claiming Universal Credit (UC). Referral is made via the jobcentre staff, personal referral or through partner organisations. CAB provides customers with a holistic approach to financial advice rather than just helping with managing a monthly UC payment. A further development of this support under discussion will see a pilot of CAB presence in the Jobcentre in North Shields so customers can be referred to CAB immediately following a work coach interview.
- 3.17 The Scheme is reviewed on an annual basis and a report to Cabinet on 12 September 2016 recommended that we undertake consultation on either reducing the level of support for working age claimants or keeping the current level of support in place. Consultation will be carried out from 13 September 2016 to the end of October 2016. The outcomes of this consultation will be presented back to Cabinet in December 2016 so they can make recommendations to Council in January 2017, allowing the scheme to be in place for April 2017.

Local Welfare Provision Scheme

- 3.18 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 2016 to 31 August 2016.

- 3.19 There have been 708 applications for Local Welfare Support.
- 3.20 All 708 applications received a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.21 There were 282 crisis applications eligible for further practical support (39.83%). This included applicants receiving food, utility support, baby items or baby food, or clothing to start work. 9 additional clients were supplied with household items to enable them to set up home.
- 3.22 Spend on scheme for the period 1st April 2016 to 31 August 2016 in respect of immediate practical support amounted to £19592
- 3.23 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. So far this year 3 clients have been referred to our local Credit Unions for loan which total £1815

3.24 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

3.25 8 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 for 1st April to 31st August is £1904.96. This figure is far greater when annualised for future payments, as this amounts to £12401.74

3.26 16 people in the period contacted the service because their benefit had been sanctioned and a further 2 because a change in circumstances meant that claims were disrupted whilst a new claim was assessed or processed.

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](#)