

**Meeting: Finance Sub-Committee**

**Date: 19 July 2017**

**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**

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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 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 March 2017.

### 3.3 Assessed Claims

- 863 claimants were successful in receiving an award of DHP (65%)
- 467 claimants were unsuccessful in their application (35%)

### 3.4 The reason for awards

- 20 claimants have custody of children (2%)
- 35 claimants are living in adapted property (4%)
- The remain 808 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 (94%)

### 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:

- 535 are Council tenants (62%)
- 328 are privately rented tenants (38%)

### 3.7 Requested Reviews of decisions

As at 31 March 2017 there were 0 requests for a review outstanding. Since April 2016 we have carried out 94 reviews with 48 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.

### 3.8 Funding

Funding continues to be monitored on a regular basis, to ensure that sufficient funding is still available to meet demand. As at 31 March 2017 the data on funding is shown at Table1 (DHP Spend):

Table 1 – DHP Spend

<b>Original Fund - DWP funding only</b>	<b>£473,141</b>
<b>Total of actual spend and committed</b>	<b>*£448,124.03</b>
<b>Remaining funding</b>	<b>£25,016.97</b>

\*As at 31.03.17 95% of the DWP funding had been spent.

The £25,016.97 unspent funding was returned to DWP. Every effort was made to keep unspent funding to an absolute minimum. We actively pursued DHP take up

across all service areas and with our Community & Voluntary Sector partners, as members of the committee will be aware we reported at the 25 January 2017 Finance Sub Committee that £258,893 funding remained unspent at that time.

- 3.9 We continue to work closely with housing providers and the Community and Voluntary sector to ensure that the DHP is targeted to those that are in need and as part of that we have been able to help many whose tenancy was at risk because they were in financial difficulty. The exercise has been useful as staff across the Council in many service areas are now more aware of DHP and are proactive in promoting DHP's more widely to those in financial need.
- 3.10 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 and a number of our partner organisations from 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.
- 3.11 The current DHP Policy is under review and any suggested changes will be considered by the group. There is growing concern felt across all partners that continuing changes introduced by welfare reform in coming years will increase demand and this may outstrip funding available.
- 3.12 The Benefit Cap which impacted on around 145 claimants meant claimants seen a reduction in their Housing Benefit entitlement. The DHP fund was used to support all claimants impacted by the latest cap and we made up 80% of the shortfall until the end of the 2016 /17 financial year. This is similar taken by other LA's to support Benefit Cap claimants.
- 3.13 Additional funding has been provided to the Education to Employment team to partially fund a dedicated post to support those impacted by the Benefit Cap. The funding allowed them to contact claimants to raise awareness of the support available and work with individuals to help them develop skills needed to move closer to the employment market. They were able to also provide budgeting advice for those that engaged.
- 3.14 DWP funding for the financial year 2017/18 is £570,266. This is an increase of £97,125 (21%) on the amount provided for the financial year 2016/17. This is a welcome increase but it indicates that DWP know that there will be a much greater demand on the fund.

#### **Quarter 1 DHP claim data**

- 3.15 The following data shows spend for quarter 1 (April 2017 to the end of June 2017) in Table 2 (DHP Spend) and paragraph 3.16 to 3.20 gives details of actual claims:

Table 2 – DHP Spend

<b>Original Fund - DWP funding only</b>	<b>£570,266.00</b>
<b>Total of actual spend and committed</b>	<b>*£173,810.99</b>
<b>Remaining funding</b>	<b>£396,455.01</b>

\*30% of the DWP fund has been spent and allocated.

**3.16 Assessed Claims**

- 379 claimants were successful in receiving an award of DHP (78%)
- 106 claimants were unsuccessful in their application (22%)

**3.17 The reason for awards**

- 12 Claimants have custody of children (3%)
- 30 Claimants are living in adapted property (8%)
- The remain 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 (89%)

**3.18 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.

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

- 246 are Council tenants (65%)
- 133 are privately rented tenants (35%)

**3.20 Requested Reviews of decisions**

As at 30 June 2017 there were 3 requests for a review outstanding. Since April 2017 we have carried out 9 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

3.21 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 2016/17 was 90% of the claimants Council Tax liability.

3.22 The number of claimants to the scheme continues to reduce and has done since the scheme was introduced in April 2013. As at the end of March 2017 the number of claimants to the scheme had reduced to 19,325 split between 10,434 working age and 8,891 pensionable age claimants.

3.23 As at 31 March 2017 the amount of Council Tax Support awarded since 1 April 2016 was £14,665,000.

3.24 The CTS Scheme is reviewed on an annual basis and on the 19 January 2017 Council accepted a report from Cabinet that recommended a reduction in support for working age claimants. From April 2017 the Scheme for 2017/18 allows a maximum support of 87.5% for working age claimants. The number of claimants as at 30 June

2017 is 19,283 split between 10,471 working age and 8,812 pensionable age. The amount of CTS awarded to claimants for 2017/18 is £14,745,304.

- 3.25 Council Tax in year collection has continued to hold up with an overall in year collection rate of 96.5% for the financial year 2016/17 which is the same as for the financial year 2015/16. This is against a collection rate of 96.9% in the year prior to Welfare Reforms (2012/2013) and changes to exemptions and discounts were first implemented. Due to continuing financial pressures in the financial year 2017/18 the decision was taken to remove the remaining 50% reduction for 2 months for empty and unfurnished properties and the remaining 50% for 12 months for uninhabitable properties.
- 3.26 The removal of empty property discounts, the reduction in Council Tax Support from 90% to 87.5% for working age claimants and the increase in Council Tax by 5% will place a burden on the in year collection. However we expect the long term collection rate of 98.5% to be unaffected. We will 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.
- 3.27 Additional CAB outreach sessions in community venues continue to be funded to ensure residents have easy access to advice on debt and benefit entitlements. Appointments for these sessions can be arranged 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. CAB has recently increased the outreach offer to provide two further sessions per week at venues in Whitley Bay to improve availability and help meet demand. There is 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.
- 3.28 We are working closely with CAB and DWP around provision of Personal Budgeting Support (PBS) for those claiming Universal Credit (UC). Referrals are made via 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. They are working closely with Job Centre Work Coaches and have built a good working relationship ensuring that the referral process is embedded helping residents access support when they need it.

#### Local Welfare Provision Scheme

- 3.29 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 March 2017.

- 3.30 There have been 1914 applications for Local Welfare Support.

- 3.31 All 1914 applications received a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.32 There were 797 crisis applications eligible for further practical support (41.64%). This included applicants receiving food, utility support, baby items or baby food, essential household items, or clothing to start work and initial transport costs to work. 16 additional clients were supplied with household items to enable them to set up home.
- 3.33 Spend on scheme for the period 1<sup>st</sup> April 2016 to 31 March 2017 in respect of immediate practical support amounted to £45119.15
- 3.34 £40,185 of the funding made available to 2 local Credit Unions, North East First and Shiremoor Credit Union remains available. 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. In 2016-2017 3 clients have been referred to our local Credit Unions for loans which total £3815.
- 3.35 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)
  - Referral to Credit Unions
- 3.36 19 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 1<sup>st</sup> April to 31<sup>st</sup> March is £5084.33 an annualised amount of over £100,000.
- 3.37 46 people in the period contacted the service because their benefit had been sanctioned.

Statistics for the period 1 April 2017 to 30 June 2017.

- 3.38 There have been 377 applications for Local Welfare Support.

- 3.39 All 377 applications received a full screening. Further advice and information including signposting to our partner organisations was offered where this was appropriate.
- 3.40 There were 147 crisis applications eligible for further practical support (39%). This included applicants receiving food, utility support, baby items or baby food, essential household items, or clothing .
- 3.41 Spend on scheme for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> June 2017 in respect of immediate practical support amounted to £2007.27
- 3.42 The remaining £36,370 of the £40,185 funding previously made available to 2 local Credit Unions, North East First and Shiremoor Credit Union remains available. 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 assist to maximise income and address any outstanding debts into affordable payments. In the period 10 clients have been referred to CAB and 5 went on to be referred to the credit union and £900 paid out this quarter.
- 3.43 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)
  - Referral to Credit Unions
  - Application for grants
- 3.44 3 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.

#### **4. Background Information**

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

- [Housing Benefit Circular S3/2017 – Details of the government contribution towards DHP for local authorities in 2017/18](#)
- [Discretionary Housing Payment Policy \(DHP\) 2017/18](#)