

Meeting Date	30 May 2018
Report Title	Discretionary Housing Payment Policy
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
SMT Lead	Emma Wiggins
Head of Service	Amber Christou
Lead Officer	Zoe Kent
Recommendations	1. That the Discretionary Housing Payment policy is adopted by Cabinet

1 Purpose of Report and Executive Summary

- 1.1 The Council is awarded an annual specific grant from Central Government to provide payments to those Housing Benefit claimants who have a shortfall between their rent and their Housing Benefit. Due to the welfare reform changes that were brought in by Central Government our Discretionary Housing Payment (DHP) grant has increased significantly from £323,270 in 2013/14 to £402,738 in 2018/19 . Each Council is able to allocate its own funds to top up the fund to an overall limit of 2.5 times the DHP grant. The Council may not reject applications because the funding provided by the Government has been spent, it is therefore considered appropriate to regularly review the policy.

2 Background

- 1.2 Discretionary Housing Payments are extra funding which may be awarded when a Council considers that a claimant requires further financial assistance towards housing costs and is in receipt of Housing Benefit or Universal Credit with housing costs towards rental liability. The payments are funded from a grant received from the Department for Work and Pensions. As the scheme is discretionary it is necessary to have a policy in place to ensure the Council acts fairly, reasonably and consistently when making decisions.
- 1.3 Prior to April 2013, DHPs had only been paid to claimants who had a shortfall between their Housing Benefit and rent, for reasons such as a higher than average rent, working so not receiving full Housing Benefit or living in larger than necessary accommodation due to a claimant being pregnant.
- 1.4 Since the implementation of the welfare reform changes the DHP grant increased due to the reduction in the Local Housing Allowance (LHA) rates which had restricted the amount the Council can pay in Housing Benefit, the spare room subsidy reductions and the benefit cap. In 2015 single claimants were able to

claim Universal Credit so the Council also started awarding DHPs to claimants claiming Universal Credit Housing Costs.

- 1.5 Before the implementation of the Welfare Reform changes in 2013 it was thought that local authorities would significantly overspend on their DHP budgets due to the reduction in the Housing Benefit awards to claimants. This did not occur which has given the Council the ability to consider how the budget would be best spent and to ensure those in need receive the appropriate help towards their housing costs.
- 1.6 As can be seen from tables 1-3 the Council has only spent in excess of the DHP grant in 2016/17. DHP claims have only been turned down where it has been felt that claimants had enough excess income to cover any shortfall between their Housing Benefit and rent.
- 1.7 The amount spent on Benefit Cap cases has increased since the maximum income triggering the benefit cap was reduced to £20,000 per year from £26,000. The number of customers applying for a DHP who are at risk of losing their home due to rent arrears has increased significantly over the past two years. In 2015/16 137 lump sum payments were made to clear rent arrears to stop evictions. This increased to 159 in 2016/17 and 204 in 2017/18. The DWP guidance manual suggests that DHPs should be used to help families at risk of homelessness.

Table 1: *Actual DHP expenditure 2015/16*

Impact of Welfare Reforms 2015/16 DHP Grant - £248k	Number of awards	£
Benefit Cap	24	15,690
Removal of spare room subsidy	215	80,889
LHA Restriction	19	7,491
Combination of reforms	6	2,208
No welfare reform impact i.e. awarded under previous rules	276	137,680
Total	540	£243,958
Purpose of DHP		Number of awards
To help secure and move to alternative accommodation e.g. rent deposit		114
To help with short-term rental costs while the claimant secures and moves to alternative accommodation		104
To help with short-term rental costs whilst the claimant seeks employment		38
To help with on-going rental costs for a disabled person in adapted accommodation		9
To help with on-going rental costs for any other reasons		275

Total	540
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Table 2: *Actual DHP expenditure 2016/17*

Impact of Welfare Reforms 2016/17 DHP Grant - £319k	Number of awards	£
Benefit Cap	71	69,751
Removal of spare room subsidy	126	43,936
LHA Restriction	7	3,831
Combination of reforms	2	519
No welfare reform impact i.e. awarded under previous rules	298	210,169
Total	504	£328,206
Purpose of DHP		Number of awards
To help secure and move to alternative accommodation e.g. rent deposit		56
To help with short-term rental costs while the claimant secures and moves to alternative accommodation		9
To help with short-term rental costs whilst the claimant seeks employment		13
To help with on-going rental costs for a disabled person in adapted accommodation		1
To help with on-going rental costs for a foster carer		0
To help with on-going rental costs for any other reasons		425
Total		405

Table 3: *Actual DHP expenditure 2017/18*

Impact of Welfare Reforms 2017/18 DHP Grant - £455k	Number of awards	£
Benefit Cap	111	132,139
Removal of spare room subsidy	76	28,419
LHA Restriction	4	1,675
Combination of reforms	22	21,377
No welfare reform impact i.e. awarded under previous rules	382	297,042
Total	595	£480,652
Less DHP payments now paid as Housing Benefit		£26,344
Actual DHP payments made		£455,762
Purpose of DHP		Number of awards
To help secure and move to alternative accommodation e.g. rent deposit		62
To help with short-term rental costs while the claimant secures and moves to alternative accommodation		1
To help with short-term rental costs whilst the claimant		4

seeks employment	
To help with on-going rental costs for a disabled person in adapted accommodation	1
To help with on-going rental costs for a foster carer	2
To help with on-going rental costs for any other reasons	525
Total	595

- 1.8 Following an appeal (Hardy, R (on the application of) v Sandwell Metropolitan Borough Council (2015)) the High Court stated that authorities should not be using blanket policies when considering DHP applications. The policy therefore should not for example suggest that a particular income should or should not be taken into account.

3 Proposal

- 1.9 It is proposed that the Discretionary Housing Payment policy is adopted by Cabinet.

4 Alternative Options

- 1.10 DHPs could be awarded just following the DWP DHP guidance manual. This is not recommended because if further welfare reform measures are brought in it is likely that an increased level of claims will be received. It is therefore recommended that as the award of DHPs are discretionary a policy should be in place so that awards are made based on the needs of the Borough.

5 Consultation Undertaken or Proposed

- 1.11 A consultation was undertaken during March and April. 121 people took part in the consultation. The results can be found in Appendix III DHP Survey Summary 2018. The majority of responders were positive about the policy and felt help should be given to those who are at risk of homelessness, those who are vulnerable or living on a low income.

6 Implications

Issue	Implications
Corporate Plan	A council to be proud of – the DHP budget can be used to help those most in need to either stay in their current dwelling or to move to more appropriate housing for their needs. This can also help us to free up properties that may be more suitable for other residents who are currently bidding for housing.
Financial, Resource and Property	The DHP funding is an annual grant from the DWP. If the grant is not spent in full, any funding left at the end of the financial year must be repaid to the DWP. It is therefore imperative that the use of the grant is monitored throughout the year. The Housing Benefit team therefore work with the Housing Options team and landlords to ensure that the grant is used to provide support to those most in need.
Legal and Statutory	Discretionary Financial Assistance Regulations 2001 (as amended 2008 and 2013) give the Borough the discretion to decide how to award discretionary payments. The regulations were amended in 2013 to include the award of DHP payments to those residents in receipt of Universal Credit.
Crime and Disorder	By providing DHP payments it may stop some claimants from committing crime in order to meet any shortfall between their Housing Benefit and rent payments. The risk of this happening is likely to be minimal.
Sustainability	None
Health and Wellbeing	Using the DHP budget appropriately to reach those residents most in need will help to improve the health and wellbeing of people whose health may be suffering. This could include stress they are under due to living in unsuitable housing or due to rent arrears they have built up.
Risk Management and Health and Safety	If the DHP budget is not used to help those residents who are at risk of homelessness there will be a risk of an increase in expenditure for temporary accommodation.
Equality and Diversity	A community impact assessment has been carried out.

7 Appendices

The following documents are to be published with this report and form part of the report

- Appendix I: DHP Policy – Draft January 2018
- Appendix II: CIA DHP Policy 2018
- Appendix III: DHP Survey Summary 2018