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| Meeting Date | 2 September 2015 |
| Report Title | Discretionary Housing Payment Policy |
| Cabinet Member | Clr Duncan Dewar-Whalley, Cabinet Member for Finance |
| SMT Lead | Pete Raine |
| Head of Service | Amber Christou |
| Lead Officer | Zoe Kent |
| Recommendations | <ol style="list-style-type: none">1. That the Discretionary Housing Payment policy is adopted2. That the policy should include a further stage of review by the Head of Resident's Services |

1 Purpose of Report and Executive Summary

- 1.1 The Benefits section is awarded an annual budget from central government to provide payments to those Housing Benefit customers who have a shortfall between their rent and their Housing Benefit. Due to the changes that have been brought in by Central Government for welfare reform our Discretionary Housing Payment (DHP) budget almost doubled to £323,270 in 2013/14, increasing again in 2014/15 to £346,325. In 2015/16 the budget was then reduced to £247,614 however, following the latest announcements concerning the latest welfare reforms it is likely that our budget will increase again from 2016/17. It was therefore considered an appropriate time to review the policy.

2 Background

- 1.2 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 for example, working so not receiving full Housing Benefit but high expenses or living in larger than necessary accommodation due to a claimant being pregnant. Since the implementation of the welfare reform changes the budget has increased due to the reduction in the Local Housing Allowance (LHA) rates which had restricted the amount we can pay in Housing Benefit, the spare room subsidy reductions and the benefit cap.
- 1.3 In 2013 an analysis was carried out of the numbers of benefit claimants affected by welfare reform and the estimated amount of DHP payments that were likely to be made. The claimant's affected were broken down into 3 main groups, those affected by the size criteria in the social rented sector, the benefit cap and LHA reforms. Table 1 provides a guide as to what was considered to be the likely impact of the changes being made in the housing benefit system and the amount of the DHP budget expected to support those affected.

- 1.4 As can be seen from table 2-4 the predicted overspend of the DHP budget has not occurred. 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. 2015/16 has been the first year where we are spending the full amount per month pro-rata to the budget. What is not known is whether claimants are underspending on necessities such as food or other living expenses to meet the shortfall in their rent.
- 1.5 Tables 2 – 4 also show that since 2014/15 around half of the budget is being spent on the welfare reform changes including the LHA restrictions. The other half of the budget is being used for claimants who have a shortfall between their rent and Housing Benefit.

Table 1: *Predicted changes from April 2013*

| Type of Change | Households | Reduction in HB | Estimated DHP expenditure |
|--------------------|-------------|-------------------|---------------------------|
| Spare Room Subsidy | 857 | £733,096 | £139,006 |
| Benefit Cap | 61 | £218,504 | £48,490 |
| LHA Reforms | 2785 | £339,247 | £135,774 |
| Total | 3703 | £1,290,847 | £323,270 |

Table 2: *Actual DHP expenditure 2013/14*

| Impact of Welfare Reforms 2013/14 | Number of awards | £ |
|--|-------------------------|-----------------|
| Benefit Cap | 45 | 37,787 |
| Removal of spare room subsidy | 333 | 156,461 |
| LHA Restriction | 50 | 20,103 |
| Combination of reforms | 1 | 122 |
| No welfare reform impact i.e. awarded under previous rules | 252 | 114,759 |
| Total | 681 | £329,232 |
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| Purpose of DHP | Number of awards | |
| To help secure and move to alternative accommodation e.g. rent deposit | 29 | |
| To help with short-term rental costs while the claimant secures and moves to alternative accommodation | 121 | |
| To help with short-term rental costs whilst the claimant seeks employment | 48 | |
| To help with on-going rental costs for a disabled person in adapted accommodation | 8 | |
| To help with on-going rental costs for any other reasons | 475 | |
| Total | 681 | |

Table 3: *Actual DHP expenditure 2014/15*

| Impact of Welfare Reforms 2014/15 | Number of awards | £ |
|--|-------------------------|-------------------------|
| Benefit Cap | 50 | 35,966 |
| Removal of spare room subsidy | 305 | 114,331 |
| LHA Restriction | 41 | 14,965 |
| Combination of reforms | 4 | 1,382 |
| No welfare reform impact i.e. awarded under previous rules | 353 | 184,434 |
| Total | 753 | £351,078 |
| Purpose of DHP | | Number of awards |
| To help secure and move to alternative accommodation e.g. rent deposit | | 144 |
| To help with short-term rental costs while the claimant secures and moves to alternative accommodation | | 214 |
| To help with short-term rental costs whilst the claimant seeks employment | | 68 |
| To help with on-going rental costs for a disabled person in adapted accommodation | | 14 |
| To help with on-going rental costs for a foster carer | | 3 |
| To help with on-going rental costs for any other reasons | | 310 |
| Total | | 753 |

Table 3: *Actual DHP expenditure 2015/16 up to 01.08.2015*

| Impact of Welfare Reforms 2015/16 up to 01.08.2015 | Number of awards | £ |
|--|-------------------------|-------------------------|
| Benefit Cap | 14 | 4,155 |
| Removal of spare room subsidy | 147 | 308,58 |
| LHA Restriction | 14 | 2867 |
| Combination of reforms | 4 | 1,381 |
| No welfare reform impact i.e. awarded under previous rules | 161 | 53,671 |
| Total | 340 | £92,932 |
| Purpose of DHP | | Number of awards |
| To help secure and move to alternative accommodation e.g. rent deposit | | 78 |
| To help with short-term rental costs while the claimant secures and moves to alternative accommodation | | 89 |
| To help with short-term rental costs whilst the claimant seeks employment | | 25 |
| To help with on-going rental costs for a disabled person in | | 9 |

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| adapted accommodation | |
| To help with on-going rental costs for a foster carer | 1 |
| To help with on-going rental costs for any other reasons | 138 |
| Total | 340 |

- 1.6 The draft DHP report was taken to Scrutiny in November 2014 and a consultation was carried out in the last quarter of 2014/2015, the full consultation results can be found in appendix III – Discretionary Housing Payments draft policy consultation. The order of objectives for awarding DHP payments has produced different outcomes from Scrutiny and the consultation as follows:

Scrutiny

- prevent homelessness;
- help alleviate poverty;
- support vulnerable households;
- provide support at a time of crisis;
- encourage employment.

Consultation

- help alleviate poverty;
- prevent homelessness;
- provide support in a time of crisis;
- encourage employment;
- support vulnerable households.

As there was very little difference between the suggested order of objectives in the consultation and the view of scrutiny, due to the increase in residents presenting as homeless to Housing Options the order suggested by Scrutiny has been used in the DHP policy.

- 1.7 Scrutiny also suggested that there should be a further review stage by an independent reviewer, this has been considered and a recommendation has been added proposing that the Head of Resident's Services should be included as a further stage of review.
- 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. In particular they felt that policies should not state that an income such as Disability Living Allowance would or would not be taken into account. The policy therefore does not suggest that a particular income should or should not be taken into account.

3 Proposal

- 1.9 It is proposed that the DHP policy is adopted by Full Council with the order of objectives as listed in the policy – appendix I DHP Policy – Draft August 2015.
- 1.10 The aim of the policy is to ensure that each claim is looked at on its own merits. For this reason the policy only gives general guidance on the objectives behind the award of a DHP. It does not suggest levels of income or expenditure that should be taken into account, nor does it suggest the length of time that DHPs should be awarded for.
- 1.11 The adoption of this policy should help DHP payments to be awarded following the objectives within the policy such as preventing homelessness, for example evictions from properties where claimants may have built up rent arrears. Such cases can cause added stress to the most vulnerable members of the Borough and increase costs if families have to be rehoused.

4 Alternative Options

- 1.12 DHPs could be awarded just following the DWP DHP guidance manual; however as further welfare reform measures are brought in it may be more likely that an increased level of claims may be received. It is recommended 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

- 1.13 A consultation was carried out in the last quarter of 2014/15. The views of those who completed the consultation have been included in the policy and have been considered in the community impact assessment, appendix II - CIA DHP Policy 2015. The report from the consultation can be found at appendix III – Discretionary Housing Payment draft policy consultation. Disappointingly only 8 people responded to the consultation, a link was sent out asking claimants to complete the consultation in over 5,000 letters. Stakeholders were also asked for their views. As we have only had to turn down DHPs where claimants have a surplus in their income above their expenditure it is possible that those in the most need have received a DHP and so did not feel the need to respond.

6 Implications

| Issue | Implications |
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| Corporate Plan | Making Swale a better place – by using the DHP budget to help those who need extra help towards payment of their rent or a deposit to move home, we are able to help them to build a settled life in our community. |

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| | 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 the 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 may be under due to living in unsuitable housing or because of rent arrears they may have built up. |
| Risk Management and Health and Safety | None |
| Equality and Diversity | A community impact assessment has been carried out. This has found that those claimants who are likely to claim a DHP payment have a high probability of coming from a group with a protected characteristic. As all claims are based on a claimant's income and expenditure each claim will be treated on its own merits. |

7 Appendices

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

- Appendix I: DHP Policy – Draft 02.09.2015
- Appendix II: CIA DHP Policy 2015
- Appendix III: DHP Survey Summary 2015