

Scrutiny Meeting	Agenda Item: 5
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Meeting Date	27 November 2014
Report Title	<i>Discretionary Housing Payment Policy</i>
Cabinet Member	Cllr <i>Duncan Dewar-Whalley</i> , Cabinet Member for Finance
SMT Lead	<i>Brian Planner</i>
Head of Service	<i>Brian Planner</i>
Lead Officer	Zoe Kent
Key Decision	Yes
Classification	Open
Forward Plan	Reference number:

Recommendations	1. <i>That the current policy is reviewed</i>
	2. That a full consultation is carried out to obtain feedback on how the budget should be spent.
	3.

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. It was then increased again in 2014/15 to £346,325. It is therefore considered an appropriate time to review the policy again.

2 Background

- 2.1 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 but high expenses or living in larger than necessary accommodation due to a claimant being pregnant. Over the past two years 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.
- 2.2 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 to the housing benefit system and the amount of the DHP budget expected to support those affected.

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
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 up to 17 November 2014*

Impact of Welfare Reforms 2013/14	Number of awards	£
Benefit Cap	35	23,552
Removal of spare room subsidy	220	62,480
LHA Restriction	24	7,355

Combination of reforms	1	92
No welfare reform impact i.e. awarded under previous rules	201	69,817
Total	481	£163,296
Purpose of DHP		Number of awards
To help secure and move to alternative accommodation e.g. rent deposit		61
To help with short-term rental costs while the claimant secures and moves to alternative accommodation		168
To help with short-term rental costs whilst the claimant seeks employment		42
To help with on-going rental costs for a disabled person in adapted accommodation		9
To help with on-going rental costs for a foster carer		1
To help with on-going rental costs for any other reasons		200
Total		481

As can be seen from table 2 and 3 the predicted overspend of the DHP budget did not occur. DHP claims were only turned down where it was felt that claimants had enough excess income to cover any shortfall between their Housing Benefit and rent. 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.

3 Proposal

3.1 It is proposed that a full consultation should be carried out in 2015 to ascertain how the Discretionary Housing Payment budget should be spent. Our current objectives are:

- Help alleviate poverty
- Encourage employment
- Prevent homelessness
- Support vulnerable households
- Provide support at a time of crisis

3.2 The consultation should consider how claimants are currently meeting their shortfall. Which vulnerable groups may require more help than others, for example should we disregard Disability Living Allowance from DHP claims?

3.3 The Revenues and Benefits section are working together with the Housing section and our local housing providers to ensure that claimants are given the advice they need to make changes to their situation before awarding a DHP. Looking forward to the commencement of Universal Credit in the Borough we

also need to consider what help will be needed to help claimants with their rental needs in the future.

4 Alternative Options

- 4.1 To use the current policy as guidance. This option is not recommended because the current policy may not be awarding payments most effectively to claimants.

5 Consultation Undertaken or Proposed

- 5.1 A consultation will take place in 2015.

6 Implications

Note: To avoid challenges to decisions, it is important to be able to show that all relevant implications have been identified and that due consideration has been given to any issues raised. If no implications are identified for an issue then *none identified at this stage* should be entered in the implications box.

Issue	Implications
Corporate Plan	Healthy environment – Providing extra funding to help claimants with both physical and mental health problems to stay in their current properties will help such claimants to deal with their health problems. By providing this funding it eases the pressures on claimants to move to more affordable or suitable accommodation which may cause health problems if help is not given.
Financial, Resource and Property	By providing DHP funding in some circumstance i.e. paying rent in advance or paying off a person’s rent arrears so that they are able to move to more suitable accommodation we can reduce the pressure on the homeless budget.
Legal and Statutory	Under The Discretionary Financial Assistance Regulations 2001 the Borough is required to consider offering extra assistance to Housing Benefit claimants where a need arises.
Crime and Disorder	By providing extra funding to help towards the payment of rent it will reduce the likelihood of a person being driven towards crime if they are unable to meet their rent payments.
Sustainability	The correct allocation of this budget can help both the economic and social sustainability of the Borough. By providing this funding it will help both socially and economically to sustain tenancies for claimants, this will lead to more stable communities reducing the need for residents to move in some circumstances.
Health and Wellbeing	DHP payments can help residents to live in housing appropriate to their needs which will help towards their health and wellbeing both

	physically and mentally.
Risk Management and Health and Safety	There is a risk that if this budget is not used to provide help to people in need within the Borough their standards of living may drop to inadequate levels. There is also a risk of higher numbers presenting as homeless to the Housing Section.
Equality and Diversity	As this is discretionary and additional funding to be paid with Housing Benefit it can be used to help groups within the Borough who may need extra help due to their circumstances. These groups may have extra expenses due to their situation or vulnerability that means it is harder to meet any shortfall towards their rent or a greater difficulty in clearing rent arrears. As this funding is discretionary extra help can be given to these groups.

7 Appendices

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

- Appendix I: DHP Policy