

**CRITERIA FOR AWARDING DISCRETIONARY HOUSING PAYMENTS**

**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**



**WARDS AFFECTED: ALL WARDS**

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1. PURPOSE OF REPORT

- 1.1 To seek Executive's views on amending the criteria for awarding Discretionary Housing Payments.

2. RECOMMENDATION

The Executive approves:

- 2.1 The continued support of those claimants whose properties have been adapted to meet their disability needs.
- 2.2 The implementation of Option 2 for any renewal claims who have received support for 39 weeks within the current financial year.
- 2.2 The paying of 100% of the shortfall for any new claims up to a maximum of 26 weeks or until the end of the current financial year (whichever happens sooner).
- 2.3 The maximum award will be the lesser of (1) the difference between their income and permitted expenditure or (2) the shortfall in benefit entitlement.
- 2.4 The payment of new claims (excluding adapted properties) from 1<sup>st</sup> April 2016 will be based at 100% of the shortfall for 26 weeks and then a maximum of 50% for 13 weeks. If at the expiry of the 39 week period there are reasonable grounds for granting further support this can be done for a maximum of 13 weeks at 50%.

3. BACKGROUND TO THE REPORT

- 3.1 Discretionary Housing Payments (DHP) provide help to claimants in receipt of Housing Benefit who need further financial assistance with housing costs. This will usually be because there is a shortfall between the amount of benefit they receive and their rent liability.

To qualify claimants need to meet certain conditions.

- Must be receiving Housing Benefit or in receipt of Universal Credit that includes a housing element
- There must be a shortfall between the amount of Housing Benefit (HB)/Housing Element of UC they receive and rent liability
- Must demonstrate that they need extra help to meet their housing costs

The length of time over which an award can be made is not prescribed, however we have to be mindful of the annual funding and not to exceed the budgeted amount. It may be appropriate to make a short term award to give a claimant time to sort out their finances or housing commitment, particular if they are trying to find alternative accommodation or gain employment. Alternatively it is also possible to make a more long term or indefinite award until the claimants circumstances change.

Nationally DHP funding for 2015/16 was £125 million a reduction of £40m from the previous year. It has been recently announced that DHP funding will be £160 million a year over the next five years. It is a relatively small increase which is intended to support those claimants adversely affected by the recent announcements in welfare reform including:

- Working-age benefits to be frozen for four years from April 2016.
- A reduction in the “benefit cap” from £26,000 to £20,000
- Backdating of housing benefit will be restricted to a maximum of four weeks from April 2016.

### 3.11 Direct Government Funding

	2013/2014	2014/2015	2015/2016
DWP Funding	£93,843	£93,957	£78,129

Any unspent DHP funding will have to be returned to the DWP at the end of the financial year.

### 3.12 Our current Scheme

- The shortfall in benefit entitlement is met for 52 weeks for those claimants who live in properties that have been adapted to meet their disability needs. At the expiry of the 52 weeks if the circumstances remain the same (i.e. their income has not changed) a further award can be made.
- For all other claimants provided their means are such that a payment is justified we will award for 39 weeks. At the expiry of the 39 weeks a further claim can be submitted which we will consider provided the claimants circumstances have not changed and the claimant has taken reasonable steps to seek alternative housing and/or improve their financial position.
- Support can also be offered in respect of one off payments for example help with removal costs and rent deposits

### 3.13 Analysis of current spend

Historically DHP awards have been based on the difference between housing benefit entitlement and contractual rent, however from October renewal awards are being calculated by reference to the lesser of (1) the difference between their income and permitted expenditure or (2) the shortfall in benefit entitlement. This will mean that our DHP spend going forward will be reduced \*.

For the current financial year approval was sought and granted by the DCLG to support our tenants by using up to £25,000 from the Housing Revenue Account (HRA) to supplement the DHP fund. For the purposes of the analysis the contribution from the HRA has been included

At the 07/10/2015 we had received and processed 161 DHP claims of which 85 were for Council Tenants totalling £25,841 and 76 for Private Tenants totalling £35,685.

In addition we have committed expenditure of £11,450 relating to those awards that go beyond 7th Oct 2015.

If we assume that the renewal claims to be made in January 2016 are awarded at 100% of the total spend for the year will be as follows:

Spend April to 7 <sup>th</sup> October	£61,527
Spend October to March (based on two thirds of the spend to October *)	£41,018
Committed Expenditure	£11,450
<b>Total Spend</b>	<b>£113,993</b>
Government Contribution	£78,129
Contribution from HRA Account	£25,000
<b>Total Budget</b>	<b>£103,129</b>
Potential Overspend	£10,864

3.14 Forecasting future spend is difficult because of the unpredictability of future demand therefore we have looked at our previous spend to model the following options:

3.15 Option 1

The option obviously does exist to do nothing and utilise the full contribution from the HRA and a contribution from the general fund, however given the current budgetary constraints, and our desire to reduce dependency on DHPs, which are meant to be short term, this is not a viable option.

3.16 Option 2

We have determined that our likely spend for the final six months of the current financial year is £41,018, if we reduce the DHP contribution to 50% for those renewals starting in January 2016 then our potential overspend is £612

Spend April to October	£61,527
Spend October to December (based on 100%)	£20,509
Spend January to March 2016 (based on 50%)	£10,255
Committed Expenditure	£11,450
<b>Total Spend</b>	<b>£103,741</b>
Government Contribution	£78,129
Contribution from HRA Account	£25,000
<b>Total Budget</b>	<b>£103,129</b>
Potential Overspend	£612

3.17 Option 3

If we reduce the DHP contribution to 25% for the last quarter of the financial year there is a potential underspend of £4,515 which will be returned to the HRA

Spend April to October	£61,527
Spend October to December (based on 100%)	£20,509
Spend January to March 2016 (based on 25%)	£5,128
Committed Expenditure	£11,450
<b>Total Spend</b>	<b>£98,614</b>
Government Contribution	£78,129
Contribution from HRA Account	£25,000
<b>Total Budget</b>	<b>£103,129</b>
Potential Underspend	£4,515

### 3.18 Summary of Options

Option	Scheme Change (January 2016)	Expenditure	Budget (Inc HRA)	Anticipated over/(underspend)
1	Do nothing	£113,993	£103,129	£10,864
2	Pay 50% for final 13 weeks	£103,741	£103,129	£612
3	Pay 25% for final 13 weeks	£98,614	£103,129	(£4,515)

### 3.19 Claimant Analysis

Prior to the renewal date (7/10/15) there were 161 households in receipt of a DHP

- Reasons for award (%)

Reason for claiming	Percentage of cases
Social Size Criteria	64.04%
Other	10.21%
LHA Reforms	8.06%
Rent Restrictions	5.91%
Rent in advance	2.68%
Non dependants	2.15%
Baby Due	2.15%
Income Tapers	1.61%
Benefit Cap	1.07%
Disability	0.53%
Legislation change	0.53%
Increase in rent	0.53%
Removal Costs	0.53%

- Age Profile - all of our claimants are of working age.
- Employment Status - nine are in remunerative work and the others are in receipt of benefits.

It is incumbent upon all claimants who are making a repeat claim to demonstrate what they have done to improve their financial situation to remove them from DHP dependency.

## 3.2 IMPACT OF PROPOSALS

- 3.2.1 52% of claimants currently in receipt of DHP are council tenants and a consequence of the proposals is likely to be an increase in rent arrears, if these tenants are unable to make up the shortfall in rent. The reason for the payment of DHP to council tenants is due to the under-occupancy charge. Work has taken place with these tenants to discuss options with them, but those options are limited, particularly with regard to moving to smaller accommodation. There may be some scope to work with tenants to assist them to move into work and therefore off benefits, although a number of the tenants concerned are near to pensionable age. Discussions are taking place with JCP with regard to this support and a proposal for a project to provide help into work being drawn up.

3.2.2 For those tenants in receipt of DHP in the private sector, if they are unable to make up the shortfall in rent there would be an increase in rent arrears which could result in these tenants being given notice to leave their accommodation. If alternative accommodation could not be found the council could experience an increase in homelessness approaches and acceptances.

4. FINANCIAL IMPLICATIONS [FMC]

4.1 The financial implications are set out for the table in section 3.18 and have been validated by finance.

5. LEGAL IMPLICATIONS [MR]

5.1 The Discretionary Financial Assistance Regulations 2001 as amended empower the Borough Council to award discretionary housing payments when it considers that a claimant requires further financial assistance towards housing costs

5.2 Although the Regulations give local authorities a broad discretion, government guidance advises that local authorities must act fairly reasonably and consistently and each case must be considered on its own merits

5.3 No further discretionary housing payments can be made once the Council's overall cash limit has been met and an award over this limit would be unlawful

5.4 Any underspent discretionary housing payments funding must be returned to the DWP at the end of the financial year

6. CORPORATE PLAN IMPLICATIONS

6.1 This report supports the Corporate Plan objective of supporting individuals

7. CONSULTATION

7.1 Not applicable

8. RISK IMPLICATIONS

8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Risk Description	Mitigating actions	Owner
Option two could result in an increase in rent arrears for council tenants and an increase in homelessness should applicants in private tenancies lose their accommodation.	Tenancy support is available to tenants to assist with rent issues and work has taken place with tenants affected by under-occupancy charge. A proposal to support tenants, with JCP, into work is being worked up and will be reported on separately.	Sharon Stacey

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 Support from the Discretionary Housing Payments fund is available to those residents of the Borough who are in receipt of housing benefit and struggling to pay their rent. Therefore any reduction in funding may impact upon vulnerable groups in the Borough, however this report aims to protect those residents who have had adaptations made to their property and will encourage those claimants, who are able to, to seek remunerative employment.

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has, where appropriate, taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

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Background papers: None

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