



Committee and date

Performance Management  
Scrutiny Committee  
28 January 2015

Item No

**9**

Public

## **Discretionary Housing Payments update – The review of DHP policy and administration for the [DHP] Task and Finish Group**

**Responsible Officer:** Nigel Bishop – Head of Customer Involvement

Email: nigel.bishop@shropshire.gov.uk Telephone: 01743 25

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### **1. Summary**

- 1.1 The Discretionary Housing Payments (DHP) Task and Finish Group, set up in 2014, focussed attention on the Shropshire approach to the administration of DHPs and whether this could be improved both to meet the needs of the tenants at whom the scheme is aimed and whether maximum use is made of the fund allocated to Shropshire by Central Government.
- 1.2 The Group requested that Cabinet agree a review of the DHP Policy taking into consideration the Group's recommendations as detailed in their report. Further, that the Policy then go before Cabinet again on 10 December for approval prior to formal consultation.
- 1.3 Subsequent to this, and with the announcement from the Department for Work and Pensions that the Universal Credit was to commence roll out in Shropshire from April 2015, it was decided that the Policy should await referral to February Cabinet in order that the potential implications of this further and significant strand of welfare reform upon the delivery of DHP awards could be considered and incorporated.

### **2. Recommendations of the Task & Finish Group**

- 2.1 The recommendations made by the T&F group for consideration were that:
  1. **The Group is concerned it is unable to evidence original approval of the scheme and that it may be timely for Council to re-approve the policy with a particular clarification of the Council's objectives for the use of DHPs.**

2. Given the impact of Welfare Reform and other pressures the Group acknowledges the importance of DHPs and the support it can provide to tenants at a time of change.
3. The Group believes it is important to ensure the use of Shropshire's allocation is maximised to support the need of Shropshire tenants.
4. The statistics on grant and refusals of awards are provided for the DWP which do not give a full picture of the scheme's operation. The Group feel a local set of indicators would be beneficial in understanding its operation and outcomes.
5. The Group supports the introduction of the revised process from 1<sup>st</sup> June as a more flexible, simplified approach. It suggests that its impact be reviewed in 6 months' time by the Task & Finish Group.
6. Given the commentary within the report, the Group believes that at the present time DLA should not be excluded from the calculation but this should form a key aspect of the 6 month review referred to in recommendation 5 to ensure the needs of disabled tenants are being met.
7. Whilst most applications are from social housing tenants, the scheme also applies to tenants in the private rented sector. Though engagement has proved difficult, the Group believes that attempts should be made to better support private rented tenants through the use of DHPs.
8. The Group had discussion about tenant's awareness of DHPs. Though obviously Support Workers and others are well versed in DHPs the Group felt there should be a greater awareness by tenants of DHPs and their purpose.
9. It is clear that many applications relate to the impact of the Spare Room Subsidy. Whilst a number of people have been assisted to downsize to more appropriate accommodation, it is clear there is a shortage of such accommodation. Though perhaps outside the scope of our consideration, the Group strongly believe that future development of social rented housing needs to take account of this shortfall and development programmes need to allow for increasing the availability of one and two bedroom properties. Whilst it is possible that the future policy framework could change, the Group feel that this is an area worthy of further consideration by Scrutiny.

### **3. Risk assessment and opportunities appraisal**

- 3.1 The funding for DHP is provided to Local Authorities by the Department for Work and Pensions on a yearly basis. The funding allocation is

finite with the understanding that should the allocation be exceeded any excess will be met from an Authority's own funds. The figure for the following financial year is usually announced in December or early January however at the time of writing there has been no such announcement from the DWP in respect of the 2015/2016 financial year.

- 3.2 There is a necessary balance to be struck therefore between using the available funds to the maximum extent and exceeding the figure allocated by DWP. The revised decision making practices within the policy together with the adoption of different ways of working with partner agencies attempt to strike this balance in a fair and considered way.
- 3.3 The administering system gives no opportunity to collect statistics around the different "client groups" that make applications to the fund. We cannot therefore accurately state the effect on spending should the assessment of available disposable income be altered to exclude disability related income. In studying particular cases however, the effect of ignoring this income as opposed to including it as available can be profound. In one case, the amount of available disposable income that would fall to be ignored by way of disability-related benefits was in excess of £270 per week. As a result of such a calculation, it is likely that a full award of DHP would be given.
- 3.4 Administratively, closer working with appropriate delivery partners, particularly Housing Associations, in a much more collaborative way and promotion of the scheme via the same partners, targets knowledge of the scheme where we believe those most likely to benefit from it will make contact. Since the introduction of these practices we have seen an increase in the number of DHP awards made. Collaborative working in this way also allows the opportunity to investigate any wider issues and underlying causes behind the applicant's request. Offering or arranging alternative solutions with the appropriate support to achieve these ensures that any awards considered become part of a wider support mechanism in keeping with the recommendation that awards of DHP are a temporary solution in most cases.
- 3.5 An equality impact needs assessment has been completed and is attached to this report. The intention is to recommend to Cabinet that a period of public consultation takes place and that VCSA members together with other key partner organisations, are clearly invited to comment on the suggested proposals.

#### **4. Financial implications**

- 4.1 As stated above, the DHP funding is allocated by central government with the 2014/2015 allocation being £383, 819. There has been no announcement as yet of the level of funding allocation for 2015/16.

As at 20 January 2015, the amount of money spend and already committed to spend £254,483 and at the current rate of application we expect to spend around £302,322 by the end of the year, this represents a considerable increase over the amount spent during 2013/2014 which stood at £214,164.

- 4.2 Based on this year's expected outgoings, an increase in spending of around 27% would result in a deficit in the fund.

## 5. Findings

- 5.1 In the light of these findings, the administering Officers have undertaken a review of the scheme and incorporated changes into the supporting administrative practices.
- 5.2 The new draft DHP policy considers both the latest legal and advice framework provided by the guidance published by the Department for Work and Pensions (DWP) and also the new working practices adopted subsequent to the Task and Finish Group report. The administering team has also critically considered when drafting the revised policy, the potential implications and financial impact that would result from excluding Disability Living Allowance when assessing a person's available disposable income.
- 5.3 The draft policy will go before Cabinet on 11 February where Members will be requested to grant permission for a period of public consultation to commence.
- 5.4 The consultation exercise will ask the VCSA and other partner organisations and agencies, such as the local Registered Social Housing providers, to provide opinion on the Policy's key points. A specific inclusion will be to ask that partners comment on whether disability-related\* income should be included in the income and expenditure assessment when considering awards.
- 5.5 The future pressures around delivery of this Policy remain an unknown however the rollout of Universal Credit (UC) and the financial issues for citizens that may result from the major changes that this new benefit brings about could be significant.
- 5.6 In addition to this is the potential for increased pressures upon Registered Social Landlords that could result from tenants having the housing element of a Universal Credit award, which includes the award for their eligible rent, paid to them as opposed to the current arrangement of payment direct to the landlord. There is the potential for further pressure being brought to bear on this fund should there be disruption in what has become the normal route for receipt of rent.
- 5.7 We are experiencing a marked increase in the number of Social Housing tenants requesting rent in advance payments from the DHP

fund. We conclude that this is due to landlords preparing for Universal Credit which will see payment of benefit made monthly in arrears so ensuring that tenants commence their tenancies with minimal arrears from the onset.

## 6. Additional recommendations

- 6.1 The policy being scheduled to go to cabinet and then on to consultation raises the opportunity to share these latest developments with the committee with a view of seeking their further input towards the future development and direction of this work area.
- 6.2 In particular the committee is asked to consider the necessity of reconvening the Task and Finish group with a view to progressing the development of a response to the consultation for the scrutiny committee to submit thus affording the committee continuing involvement in the influence of policy and strategy development via this channel.

<b>Background Papers</b>
<b>Cabinet Member/s</b> Portfolio Holder for Resources, Finance and Support <ul style="list-style-type: none"><li>• Councillor M Owen</li></ul>
<b>Local Member/s</b> All
<b>Appendices</b> Appendix A – New Draft DHP policy Appendix B – ESIIA for the DHP policy Appendix C – Report of the Task and Finish Group