



<u>Committee and date</u>
Cabinet

<u>Item No</u>
Public

Report of the Discretionary Housing Payments [DHP] Task and Finish Group

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1. Summary

- 1.1 This paper presents the final report of the Discretionary Housing Payments [DHP] Task and Finish Group to Cabinet following the endorsement of its recommendations by the Performance Management Scrutiny Committee at its meeting on 11 June 2014. The work of the Group has focussed on understanding the Shropshire approach to the award of DHPs and whether this could be improved both to meet the needs of the tenants and ensure that the allocation made to Shropshire is maximised.
- 1.2 The Task and Finish Group has developed its conclusions and recommendations based on the evidence gathered through its work.

2. Recommendations

- 2.1 Cabinet is requested to agree that the Discretionary Housing Payments policy is reviewed taking into consideration the recommendations from the Task and Finish Group as detailed in its report.
- 2.2 to bring the proposed policy document back to Cabinet on 10 December 2014 for approval prior to formal consultation

3. Report

- 3.1 The Report of the Discretionary Housing Payments [DHP] Task and Finish Group is attached as Appendix A.

4. Risk Assessment and Opportunities Appraisal

- 4.1 There are no identified issues relating to Risk Management, Human Rights or community associated with this report.

5. Financial Implications

- 5.1 The Task and Finish Group did not focus on specific financial expenditure areas.

Background Papers
As listed on the final page of the DHP Task and Finish Group's report
Cabinet Member/s
Portfolio Holder for Resources, Finance and Support
<ul style="list-style-type: none">• Councillor M Owen
Local Member/s
All
Appendices
Appendix A – The report of the Discretionary Housing Payments [DHP] Task and Finish Group

APPENDIX A



Performance Management Scrutiny Committee

Report of the Discretionary Housing Payments (DHP) Task and Finish Group

Acknowledgments

We would like to thank the representatives of the sector who have attended some of our meetings and answered our questions and queries; Officers of the Council who have supported us in our work and those who have answered our questions and provided us with information – particularly Damian Carter and Jane Palmer for her support to the Group.

We were very impressed with the knowledge and enthusiasm of all those who have spoken to us. It was clear that whatever perspective people had, they were motivated to assist local people in the best way possible. We were particularly pleased to have a greater awareness and understanding of the issues people face and the most appropriate support that can be provided.

As Chairman, can I also thank my colleagues for their invaluable support and contributions to our work. I am also grateful to Councillor Martin Bennett and Tom Dodds for their support and guidance in the setting up stages of the Task & Finish Group.

Councillor Chris Mellings
Chairman – DHP Task & Finish Group

Members of the Task and Finish Group

Councillor Dean Carroll [Vice Chairman]
Councillor Ted Clarke
Councillor Robert Macey
Councillor Chris Mellings [Chairman]
Councillor Kevin Pardy
Councillor Madge Sheinton

Report

Introduction

All Local Authorities are allocated a ring fenced sum by the DWP to pay Discretionary Housing Payments (DHPs) to local tenants. Any unspent sums at the end of the financial year are returned to the DWP.

Following a question tabled at the December 2013 meeting of the Council on the use of Shropshire's allocation, the Performance Management Scrutiny Committee agreed to set up a Task & Finish Group to examine Shropshire's approach.

This report sets out the findings of the Task and Finish Group and its recommendations.

What are Discretionary Housing Payments (DHPs)?

DHPs are additional payments for people currently receiving Housing Benefit who require further financial assistance with their housing costs.

Whilst the ring fenced sum is allocated by Central Government, as the title suggests the amount of individual payments and the period for which they last are at the discretion of Shropshire Council

Housing costs are not defined in the regulations and this provides the Council a broad discretion to interpret the term to most effectively support its customers.

In general, housing costs means rental liability. However, housing costs can be interpreted more widely to include rent in advance, deposits and other lump sum costs associated with a housing need such as removal costs.

The various types of shortfalls that a DHP can cover include:

- reductions in HB where the benefit cap has been applied
- reductions in HB for under occupation in the social rented sector
- reductions in HB as a result of local housing allowance restrictions
- rent shortfall to prevent a household becoming homeless whilst the local authority explores alternative options
- rent officer restrictions such as local reference rent or shared room rate
- non-dependent deductions
- income tapers

In 2013/14, Shropshire's allocation was £277,475. Of this £214,164 (77%) was spent. Consequently, £63,311 was returned to the DWP. During the year 1,655 applications were made of which 945 were awarded.

The main reasons for refusal during the year:

- 36 had very high expenditure that Benefits advised could be reduced
- 52 customers did not provide requested information
- 591 had excess income or capital
- 128 were provided with an alternative solution
- The remainder were a mixture of people who apply incorrectly and are signposted to the correct fund for support

For 2014/15, Shropshire's allocation has been increased to £383,819 or 38%.

The allocation is based on four different elements to reflect the expected impacts of the welfare reforms on Shropshire tenants.

These elements are:

- original baseline before Local Housing Allowance reforms
- LHA reforms
- Spare Room Subsidy
- Benefit Cap

The Council's discretionary approach is based on a policy which was agreed by Members in approximately 2009. Though the Group were provided with the current Guidance Manual used by the Benefit's Service, the Group were unable to evidence the original policy decision by Members.

The Group acknowledges that the use of DHPs is only a short term support to enable longer term changes to be implemented but is concerned to ensure that the use of Shropshire's allocation is maximised to meet the needs of Shropshire Tenants.

Scope and focus of the work

As indicated elsewhere, our scope and focus was to understand the Shropshire approach to the award of DHPs and whether this can be improved both to meet the needs of tenants and ensure that the allocation made available to Shropshire is maximised.

The Group noted that in 2013/14, for example, some £60,000 was unspent which would be returned to the DWP.

From the start of our investigation, it was clear that work had already started internally to review the operation of the scheme and what improvements could be made to the application process.

This work involved a number of people including the Support Workers who have a particular close link with Shropshire tenants and have had experience of working through the existing scheme.

Appendix C

It is also important to ensure that the process is as user friendly as possible and supports people with their needs – though of course there will always be unsuccessful applications.

This has resulted in a number of changes which the Group believe will improve the scheme and the impact on the lives of tenants. The Group support this approach and its outcome. It also believes that there would be benefit in reviewing the impact of these changes on the scheme in say 6 months' time.

Based on its terms of reference, the Group is concerned to maximise the benefit of the scheme to local tenants though of course it recognises the DHP scheme is generally only a short term solution to the pressures and challenges that many tenants face.

One of the areas that has raised most concern both locally and nationally is whether or not DLA should be disregarded for income purposes. The Group also considered some examples of such cases.

This is an issue that has been raised in Parliament but the Ministerial view is that this should be a matter for local discretion. The Shropshire approach is to include DLA as part of the income calculation but to then disregard items of disability expenditure. Other forms of income related benefits also disregard DLA.

It is interesting that whilst the Support Workers support inclusion, the Housing Associations feel it should be disregarded.

The down side is that understandably some applicants may be reluctant to specify some elements of spending to support their disabilities due to the sensitive nature.

That said, under the new process, given that it encourages a discussion about needs this may be overcome.

However, whilst the Group on balance feels it is right that DLA should be disregarded this should not happen at the present time. This should be considered as a key aspect of the suggested 6 month review to assess the impact the process changes have had in supporting the needs of Shropshire tenants.

Responsibility for DHP applications will transfer to the Support Team within benefits from 1st June. The Team will be made up of 6 advisors who will also deal with Social Fund applications. The Group support this development and believes it will give consistency to decision making, links to other available funds and ensure a quicker decision time on applications.

During the course of our work, concern was expressed at the bedroom size of 1 bed properties which could not accommodate 2 single beds that may be required due to medical needs. Though perhaps outside the scope of our

work, the Group feels this area needs to be considered in future developments.

What has the Task and Finish Group done?

From its five meetings and follow up information over a period of a month the Group has:

1. Understood the national legislative, policy framework and guidance on the operation of the scheme and how its discretion is used in Shropshire
2. Understood the performance of the scheme in 2013/14 and its implications
3. Considered and taken into account a raft of information to understand the wider context of Shropshire tenants in terms of demand, need and the development of improvements to the scheme to be implemented from 1st June
4. Held evidence sessions with Support Workers, Housing Associations, the Council's Benefits & Welfare Reform Manager and Charitable organisations on the operation of the scheme
5. Considered a number of case studies
6. Gave all Members of the Council the opportunity to contribute to the work of the review by sharing any experiences they have had from assisting constituents
7. Developed conclusions and recommendations based on the evidence presented to the Group and found during the course of its work

Though we made attempts, unfortunately we were not able to meet with individual tenants who had made applications for DHPs and their experience.

Recommendations

- 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 1st 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.

Background information

- One Page Strategy
- Minutes of meetings of the DHP Task and Finish Group [meetings held on 15th April, 24th April, 6th May, 12th May & 20th May]
- DWP Discretionary Housing Payments Guidance Manual
- DWP DHP Claimant Factsheet
- Shelter DHP Factsheet
- Shropshire Council's Customer Involvement – Member Information update – April 2014
- Shropshire Council Benefits Service – DHP Guidance Manual
- Shropshire Council Benefits Service – DHP Trigger Expenditure Guidance
- Shropshire DHP Applications – Example Cases
- Shropshire Council's DHP proposed process changes wef 1st June – including process map.