

Discretionary Housing Payments – Review of the DHP policy and administration.

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1. Summary

- 1.1 This report provides Members with an update on the progress of the Discretionary Housing Payment (DHP) policy which will be put before July Cabinet. DHPs are short-term discretionary payments intended to help people whose Housing Benefit falls short of the amount of rent they must pay. DHP requests are increasingly also being received asking for help with rent in advance to secure a new tenancy.
- 1.2 The draft DHP Policy was examined by the Performance Management Scrutiny Committee on 28 January 2015, having been developed in response to the report of the Task & Finish Group which examined Shropshire's approach to the administration of DHP's. The policy addressed the issues raised by the Task & Finish Group during their investigation.
- 1.3 A small number of replies to the public consultation were received from Voluntary Sector and Housing Association support workers which broadly endorsed the policy and processes. The Task & Finish Group also reconvened during consultation and provided valuable input into the consultation process.
- 1.5 It is possible that pressures on the DHP budget will increase during 2015/16 as a result of external factors particularly around welfare reforms and we are therefore putting in place measures to mitigate the risk of overspending these limited funds and to live within our means whilst still meeting the needs of the most vulnerable citizens.

2. Recommendations

2.1 It is recommended that Members

- A. Endorse the implementation of the DHP Policy
- B. Note the expected financial pressures on the DHP fund and the measures brought into place to help mitigate the risk of overspending.

3. Risk assessment and opportunities appraisal

- 3.1 During 2014/15 the government increased funding to ease the transitions required by those affected by welfare reform, particularly those affected by the benefit cap which ceases to apply if work is found and those affected by the removal of the spare room subsidy who could be expected to seek more affordable property. Given that the increased funding was to support a transitional period, all councils have subsequently seen a reduction in the 2015/16 allocation. Shropshire's figure for the year of £325,939 is close to the level of spending we reached in the last financial year.
- 3.2 A recent High Court ruling published at the end of March 2015 will impact upon the administration of the DHP fund during 2015/16. The ruling judge held that Disability Living Allowance cannot be included as income when looking at a person's ability to meet any rent shortfall themselves. As a result we can expect more applications to result in awards so increasing spending and we also expect to have to revisit all historic disallowances affected by this ruling and pay any monies due to the applicant. We are working with Housing Associations to identify those affected by past decisions. We are seeking interest from other councils to share the costs of Counsel's advice on the requirement to revisit historic decisions and also for a collective approach to the Department for Work & Pensions for additional funding to meet the cost of revising historic decisions.
- 3.3 There has been an increase in DHP requests asking for rent in advance with which to secure social sector housing, reflecting the shift in some providers towards making this a requirement. Not all social sector providers ask for this but there is risk that other pressures upon them as a result of changes in the benefits system could see this policy adopted more widely. During 2014/15 requests for help with rent in advance increased to the value of £75,000.
- 3.4 Further changes to the benefits system during the financial year may also be a factor. These might include a further reduction in the benefits cap which limits the overall weekly amount of benefit paid to non-working households, this reduction is taken from the award of Housing Benefit so creating a shortfall. Changes to Housing Benefit itself may also potentially affect the DHP fund.

- 3.5 Refusing or limiting requests for help with rent shortfalls potentially increases the risk of homelessness where rent arrears accumulate. Refusal or limiting of requests for rent in advance potentially extends existing homelessness for those offered accommodation. The potential costs of such homelessness and the preventative value of investment in DHP funding is an important factor.
- 3.6 Close monitoring of the DHP budget on a monthly basis will aid financial control and will be supported by regular management checks on both expenditure and consistency of decision making. Senior staff with experience of discretionary decisions have been relocated to the administering team to provide additional guidance to staff. In this way we will continue to provide for the most vulnerable whilst still challenging expectations and addressing the underlying needs of those applying.
- 3.7 Working together with partner organisations able to help a person address their underlying issues has helped to strike a reasonable balance between using the available funds to the maximum extent whilst ensuring that the funding allocated by DWP is not exceeded. The appetite to challenge in order to bring about long term solutions varies and we are not able to control the required “transition” reflected in government funding. We acknowledge that in some cases the lack of suitable affordable property is a contributory factor.
- 3.8 An ESIIA report has been completed and is attached to the appendices of this report. Given the purpose of DHP’s and the Policy objectives, which include alleviating poverty and helping to protect the vulnerable, we expect that there will be an overall positive impact across the nine protected characteristics groups and on social inclusion.

4. Financial implications

- 4.1 The funding for DHP is allocated by central government and is a limited amount. The initial outlay comes from the council’s own funds and an equivalent figure is then reclaimed from government at the end of the financial year. Legally, councils can spend a maximum of 2.5 times the government allocation however any excess must then come from their own budgets.
- 4.2 The potential for an increase in DHP requests will in part depend upon how much of the expected transition foreseen in government allocation has been achieved during the two years over which funding increased. This in turn might depend upon the availability of smaller more affordable property for those who can reasonably be expected to move and also upon the appetite of the partner agencies with whom we work to accept the need to challenge the expectations of those applying.

- 4.3 The high court ruling on treatment of disability related income may be significant. Housing Benefit statistics suggest that over 25% of those claiming are in receipt of a Disability Living Allowance or equivalent. It does not necessarily follow that this will be reflected in those applying for DHP's nor that all of those in receipt of this income will receive an award but it is a potential indicator of the increase in spending we might expect in the worst case scenario. We are still identifying the numbers of unsuccessful applications that might have to be revisited and at this stage we are not in a position to calculate the final cost should we be required to make awards.

5. Background

- 5.1 Discretionary Housing Payments (DHP's) are available to people who are entitled to Housing Benefit. Good practice guidance for Local Authorities is produced by the Department for Work & Pensions and this suggests that DHP's are expected to be awarded in unusual or extreme circumstances and where additional help with rent or housing costs will have a significant positive impact in alleviating hardship and avoiding deprivation. Local Authorities have discretion over how they administer these payments, how much is awarded and over what period and in the decision making process they adopt but the requirement is for the latter to be consistent and to conform to good decision making practice.
- 5.2 There have been changes within the Housing Benefit system to the property size criteria and resulting help with rent for those in social sector housing. In addition, further restrictions were imposed on the allowable amount of private sector rents. Some working age people are affected by the benefit cap and recently other changes to Housing Benefit have restricted the amount of rent payable to most single people under 35. DHP's have existed for some time but we are now having to adapt to meeting these new pressures. In most cases DHP's are intended to be temporary payments and not a permanent solution to the effects of changes in the benefits system.
- 5.3 Administratively, in order to protect funding for those most in need, there is challenge built into the decision making process whereby the person applying may be required to address underlying issues that may contribute to their situation and to their inability to meet their outgoings. This might include challenging the person's choices over financial expenditure or in helping them to find more affordable property with an award of a DHP acting as a financial aid in the meantime. This approach was fully endorsed by all those replying to the consultation.

6. Conclusions

- 6.1 The administration of Discretionary Housing Payments has been a responsibility of Local Authorities for many years however the arena in which they are now required to operate, the needs that they are required to meet and the potential pressures that these will place on the available money are fundamentally different than in the past.
- 6.2 The Discretionary Housing Payments Policy reflects an administrative system that attempts to balance the needs of citizens at a vulnerable time in their lives against the risk of homelessness and the availability of supportive help with which to address underlying needs. There is an element of the unknown going forward given the potential for changes in the benefit system and changes have been made to the administering team in an attempt to mitigate these risks.

Background Papers
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 – New Draft DHP policy Appendix B – ESIIA for the DHP policy Appendix C – Report of the Task and Finish Group Appendix D – Summary of consultation replies