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**Meeting:** Executive  
**Date:** 15 July 2014  
**Subject:** Discretionary Housing Payment Policy  
**Report of:** Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources  
**Summary:** The report summarises the Council's Discretionary Housing Payment Policy and the results of the public consultation on the Policy.

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**Advising Officer:** Charles Warboys, Chief Financial Officer  
**Contact Officer:** Gary Muskett, Head of Revenues & Benefits  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Executive  
**Key Decision** Yes  
**Reason for urgency/  
exemption from call-in  
(if appropriate)** N/A

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

By protecting vulnerable people as well as providing incentives to work, the proposed Discretionary Housing Payment Policy is designed to support the Council's Medium Term Plan priorities of :

- Promoting health and wellbeing and protecting the vulnerable.
- Improved educational attainment.

### **Financial:**

1. The Department for Work and Pensions (DWP) provides local authorities with ring-fenced grant funding for the purpose of making Discretionary Housing Payments (DHP) and any grant funding not spent at the end of a financial year is normally required to be returned to the DWP. Historically the funding provided to the Council by DWP has proved sufficient to meet demand for DHP, however, regulations do allow local authorities to supplement the funding from their own resources should the need arise and resources be available.
2. In 2013/14 Central Bedfordshire Council received a grant of £280,944. This grant was topped up by an additional £54,200 following a successful bid to the DWP for additional funds, making a total grant of £335,144.

3. In 2013/14 656 DHP awards were made totalling £332,554.
4. The 2014/15 grant has been increased by 2.58% to £288,193.

**Legal:**

5. The Discretionary Financial Assistance Regulations 2001 (as amended) set out the legal framework empowering the Council to make discretionary awards to assist residents with their housing costs. The main regulatory requirements are that:
  - payments are discretionary - an applicant does not have a statutory right to a payment;
  - an application has to be made for payments, they cannot be awarded automatically by the Council;
  - the total amount of expenditure by a local authority in any financial year may not exceed the amount determined by the Department for Work and Pensions for that authority;
  - the administration of the scheme is for the Council to determine;
  - a minimum weekly amount of £0.50 in Housing Benefit **1** must be in payment in any week for which a DHP is awarded;
  - the amount of a Discretionary Housing Payment, calculated as a weekly sum, shall not exceed the net weekly rental liability; and
  - Discretionary Housing Payment can be made as lump sums for certain other housing needs such as deposits.
6. Council Tax Benefit was abolished from 1 April 2013 and Discretionary Housing Payments can no longer be used to assist households with meeting the cost of their Council Tax liability. In addition the law does not allow awards to be made for:
  - services or support charges which would not be eligible for Housing Benefit;
  - increases in rent to cover rent arrears;
  - reductions in Housing Benefit due to sanctions or overpayments;
  - for any week where there is no award of Housing Benefit; or
  - claims where Housing Benefit has been suspended.

**Risk Management:**

7. The funding available for DHP is limited and there is a risk that awards may exceed the allocated resources, or that awards may be made inconsistently and fail to benefit those residents most in need of assistance. Agreeing a Policy for the award of DHP will ensure that awards are made in a fair, consistent and transparent manner thereby mitigating the risk that awards will be made inappropriately or inconsistently or that awards will exceed the resources available.

**Staffing (including Trades Unions):**

8. The introduction of the Spare Room Subsidy has led to a significant increase in the number of customers who contacted the Council to make a DHP application. These contacts have been managed by the Revenues and Benefits teams and Customer Services.

**Equalities/Human Rights:**

9. Public authorities have a statutory duty to advance equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The impact of the new policy has undergone careful consideration throughout the drafting stage.
10. A thorough consultation and engagement process has been undertaken. A full Equalities Impact Assessment (EIA) has been prepared to identify the potential impact on different groups and to support the decision on the proposed Policy. The EIA concludes that;

National and local research indicates that the welfare reforms are affecting a large number of Central Bedfordshire residents such as

- loan parents on low income;
- families living in social housing;
- families living in private rented housing; and
- disabled residents of working age and families with disabled children living in their household.

11. Many of these residents are low-income working families. For some residents, a small change in their circumstances is having a big impact on family life and their ability to cope without additional support.
12. Discretionary Housing Payment provides an important mechanism to support people through these changes. The Council's DHP policy criteria are considered to be broad and inclusive. Data analysis and consultation findings indicate that a significant number of residents experiencing a wide variety of circumstances will be supported through the application of this policy.

**Public Health:**

13. None.

**Community Safety:**

14. Not applicable.

**Sustainability:**

15. Not applicable.

**Procurement:**

16. Not applicable.

### **Overview and Scrutiny:**

17. This matter was considered by the Social Care Health and Housing Overview and Scrutiny Committee on 23 June 2014 and the Committee recommended that the report and Policy on Discretionary Housing Payment be fully supported. The Corporate Resources Overview and Scrutiny Committee considered the matter on 24 June 2014 and also recommended that the new Discretionary Housing Payment Policy be fully supported by the Committee to the Executive.

### **RECOMMENDATIONS:**

#### **The Executive is asked to:**

- 1. approve the Discretionary Housing Payment Policy; and**
- 2. delegate authority to the Chief Finance Officer, in consultation with the Deputy Leader and Executive Member for Corporate Resources, to make minor amendments to the Policy where considered necessary.**

*Reason for Recommendations: To ensure that the Council has a clearly understood policy framework in place for the award of Discretionary Housing Payments; and to ensure awards are determined in a fair and transparent manner.*

*To ensure funding allocated to support vulnerable low-income households is utilised in the manner that is effective in providing support to those households.*

### **Executive Summary**

18. The Council receives annual grant funding from the Department for Work and Pensions for the purposes of awarding Discretionary Housing Payments to residents in need of additional assistance with meeting their housing costs. This report requests the Executive to approve a Policy for the Award of Discretionary Housing Payments, taking into account the outcome of public consultation, in order to ensure that awards are made in a fair and consistent manner and that the cost of the Discretionary Housing Payments scheme remains financially sustainable to the Council.

### **Background**

19. The Council has a discretionary power, conferred by the Discretionary Financial Assistance Regulations 2001, to make discretionary financial awards known as Discretionary Housing Payments (DHP) to assist residents with their housing costs.

20. The awards are administered by the Council's Revenues and Benefits service and there are established procedures in place to ensure that awards are only made where applications meet the legal requirements, that the merits of the applications are evaluated in an objective and consistent manner, and that awards are only made to those residents in need of financial assistance (in addition to Housing Benefit) to meet the cost of renting a home.
21. In recent years the procedures have been successful in ensuring that the grant funding received has been passed onto deserving households in the form of DHP awards.
22. The Council receives a grant from the Department for Work and Pensions annually to be used for the purpose of the award of DHP and normally the Council is required to repay any unused grant at the end of the financial year.
23. Regulations also allow the Council to supplement the DHP funding from its own resources by up to 250%, however, no provision has been made in the Council's agreed budget for 2014/15 for expenditure above the amount of direct grant funding provided for this purpose.
24. There is no specific grant funding for the cost of administering DHP, therefore, the cost of administration is absorbed as part of the base budget cost of benefits administration.
25. The Government's Welfare Reform programme introduced significant changes to Housing Benefit for persons of working age from 2013/14 onwards including;
  - Limiting the amount of Housing Benefit paid to tenants of social housing with spare bedrooms.
  - Imposing a cap on the total amount of benefits received by a household to £500 per week for a family and £350 per week for a single person.
  - Replacing Housing Benefit with a housing element contained within awards for Universal Credit.
26. These reforms have reduced the amount of financial assistance with the cost of rent received by many households in Central Bedfordshire. The Government has also recognised that these changes will affect the ability of some low-income households to meet the cost of renting a property, describing the DHP scheme as a key 'safety net' in the current process of Welfare Reform, and allocating additional funding to the DHP funding stream as funding has been withdrawn from mainstream Housing Benefit.
27. The grant funding for Central Bedfordshire Council in 2013/14 was £280,944 which represents a significant increase in comparison to the grant of £76,880 received in 2012/13.
28. The Government has indicated that the additional allocation in respect of the social housing sector restrictions is aimed specifically at two groups a) disabled people living in significantly adapted accommodation (including any adaptations made for disabled children); and b) foster carers, whose Housing Benefit is reduced because of a bedroom being used by, or kept free for, foster children. The expectation is that this additional funding will be prioritised for these groups.

29. The Department for Work and Pensions published a Discretionary Housing Payments Guidance Manual in April 2014 in view of the changes taking place to housing related benefits (<http://www.dwp.gov.uk/docs/discretionary-housing-payments-guide.pdf>).  
The proposed Policy takes into consideration the contents of this guidance.
30. In view of the considerable changes to Housing Benefit and the increase in DHP funding it is considered appropriate at this time to review the Council's arrangements for the award of DHP. Whilst the amount of funding has increased it remains limited and the funding available is not sufficient to assist all households experiencing a shortfall between Housing Benefit entitlement and rent liability. Therefore, it is considered to be essential that the funding available is awarded in a manner that benefits as many residents as possible whilst giving priority to those most in need of assistance with housing costs and that expenditure is controlled within the available funding. Establishing a formal Policy for awards is widely recognised to be good practice and will assist in these aims.

### **Public Consultation**

31. In order to ensure that the Council's final Policy for the Award of Discretionary Housing Payments properly reflects the needs of local residents and that the Council complies with its statutory equality duty a 12 week public consultation process was undertaken including consultation with organisations representing persons from groups with protected equality characteristics.
32. A consultation questionnaire was sent to all recipients of a DHP in 2013/14, as well as being sent to a number of stakeholders and major landlords including the Child Poverty Task Force Group, our Equalities Forum, Aragon Housing Association and our own Housing Services team.
33. The consultation ran from 22 January 2014 to 16 April 2014. The results of the consultation can be seen in full at Appendix C. There were 67 responses from residents, 42 of whom classed themselves as disabled.
34. Feed back from the consultation was generally very positive. In particular Aragon Housing Association either agreed or strongly agreed with the majority of the draft Policy and the Central Bedfordshire Council Housing team, on the whole, agreed strongly with the draft Policy.
35. We have received specific feedback from the Bedfordshire Clinical Commissioning Group asking us to ensure that our Policy identifies and supports applicants with mental health disabilities as well as those with physical disabilities. Such considerations are made in the draft Policy but we will ensure our application form and decision making matrix completed by officers are developed to highlight the specific issue of mental health disability.
36. It is worth noting that following proactive work by our Housing Teams in 2013/14, 45 of our Council tenants affected by the under occupancy benefit reduction have vacated their properties, with 24 transfers to other properties and 14 mutual exchanges. These moves have all helped to reduce the strain on our DHP expenditure.

37. The draft DHP Policy can be found at Appendix A.
38. A breakdown of the DHP awards made in 2013/14 by tenure type and the reason for the award can be found at Appendix B.

**Appendices:**

- Appendix A – Draft DHP Policy
- Appendix B – 2013/14 awards of DHP
- Appendix C – DHP Consultation response
- Appendix D – Additional Information about DHP's

**Background Papers:** (open to public inspection)

1. DWP Discretionary Housing Payments - Good Practice Guide (2011) – at <http://www.dwp.gov.uk/docs/dhpguide.pdf>
  2. DWP Discretionary Housing Payments - draft Good Practice Guide (2013) for consultation – at <http://www.dwp.gov.uk/docs/discretionary-housing-paymentsguide-draft.pdf>
  3. The Discretionary Financial Assistance Regulations 2001 (as amended) – at <http://www.dwp.gov.uk/docs/a8-2405.pdf>
  4. Equality Impact Assessment of the draft Discretionary Housing Payment Policy
- ❶ All references to Housing Benefit throughout this document also includes people in receipt of any rent housing element of Universal Credit.