

Discretionary Housing Payments

Report of Cllr Andy Smith Cabinet member for Customer Services and Innovation

Date:	12 November 2019
Agenda Item:	7
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Key Decision?	YES
Local Ward Members	None



CABINET

1. Executive Summary

- 1.1 Discretionary Housing Payments (DHP) provide additional financial assistance for recipients of housing benefit or housing costs within universal credit. (UC)
- 1.2 Regulations provide a framework to operate within but this gives councils a very broad discretion; however the council should use this funding to help the most vulnerable people to maintain their tenancies, alleviating poverty and preventing homelessness.
- 1.3 Grant funding for DHPs is provided by the Department for Work and Pensions (DWP) and councils are encouraged to have a policy to distribute the funding in fair and consistent manner.
- 1.4 The funding is administered and distributed by the housing benefit team.
- 1.5 The last version of the DHP policy has been in place since 2017 and has improved take up; however, due to the roll out of UC, it is the appropriate time to conduct a further review.
- 1.6 The policy revision aims to make it simpler for applicants to understand and encourage more people to access it. The evidence required to support the application has been reduced making it easier for applicants and the officers making the decision. Overall the changes should assist a greater number of customers and distribute more of the grant funding.

2. Recommendations

It is recommended that:

- 2.1 Cabinet approves the policy attached at Appendix A.
- 2.2 Delegated authority to amend the DHP policy is granted to the Cabinet Member for Customer Services and Innovation and the Head of Customer Services, Revenues and Benefits.

3. Background

- 3.1 DHP's have been available for many years to support claimants of housing benefit and latterly the working age claimants who are getting housing costs included in their universal credit.
- 3.2 Funding from the DWP is provided to distribute to recipients of DHP and councils are permitted to grant up to 2 ½ times this amount. However anything above the DWP grant must be funded by the council.
- 3.3 In 2013, following the introduction of welfare reforms, the amount of grant funding given to councils increased significantly. A DHP policy was implemented to ensure that all the people who were adversely affected by the welfare reforms were given assistance to maintain their tenancies

or move to affordable accommodation. DHP can cover a rent shortfall, clear arrears or provide support with moving costs such as deposits or rent in advance.

- 3.4 The council has consistently not used all the grant funding provided by the DWP and any unallocated monies are returned. Data on the number of forms submitted, the reasons for the requests, successful/unsuccessful applications and amount of awards has been analysed to determine the reasons for this.
- 3.5 Since the introduction and roll out of universal credit, people of working age who would have claimed housing benefit, must now claim help with their rent via universal credit. As a consequence the numbers of people claiming housing costs via UC has steadily grown.
- 3.6 The original policy was revised in February 2017, to make it easier for people to claim, especially for those people in receipt of UC, and increase the grant claim for DHP expenditure.
- 3.7 The 2017 policy includes a section specifically to assist UC claimants who are at or below the basic income available via UC. Living Cost Allowance Thresholds (LCAT) are used to give an automatic award to such applicants without the requirement to provide further evidence of income and expenditure. This part of the policy was developed in conjunction with a local Registered Provider. However this has not been used by applicants.
- 3.8 The policy overall showed some positive results with better quality applications and an increase in the number of approved applications. Using 'standard' figures for utility bills, for instance, negated the need for evidence to show expenditure. The table below shows the increase in successful applications and spend.

Year	Number of applications	Number paid	Grant funding £	Grant funding Spent £	Percentage of total grant funding available %
17/18	265	146	136,254	47,100	35
18/19	285	172	118,002	81,500	69
19/20 up to 30.9.19	130	88	108,751	43,300	40

The decrease in grant funding allocated between 18/19 and 19/20 is around 8%, compared to 13% between the years 17/18 and 18/19, and is likely to be linked to the increase in spend. It is anticipated that the funding for 20/21 would not be any less than £100,000.

- 3.9 The housing options team work with customers who may need financial assistance to either maintain a tenancy or move to more affordable accommodation. This assistance has been in the form of a loan from the Fusion Credit Union, which is underwritten by LDC. The housing options team have worked with the benefits team assisting applicants with the DHP applications, to ensure that DHP funding is fully utilised. This has reduced the requirement for the loans as shown in the table below.

Year	Number of loans	Value of loans
2017-18	18	£22,747.12
2018-19	7	£8,817.42

The effect of this is that customers are not incurring debts and also any future liabilities to the council in respect of defaulted payments on loans is reduced.

The need for further revision

- 3.10 UC has been rolled out across the country and more applications are being made by recipients of UC. Whilst the 2017 revision to the policy overall has had a positive impact, the LCAT section has proven fairly ineffective with a minimal number of awards at this point, as applicants have chosen to complete the income and expenditure part of the application for a maximum award. In these circumstances, simplifying the application removing the LCAT will not be detrimental to UC claimants.
- 3.11 The standard figures have been developed using the expenditure that applicants have told us about, which will negate the requirement to ask for evidence in most cases.
- 3.12 A revised policy seeks to simplify the application process, encouraging more people to apply without having to supply unnecessary evidence, and ease administration. Overall the changes should assist a greater number of customers and distribute more of the grant funding.

Alternative Options	<ol style="list-style-type: none"> 1. Not to have a policy, but this would go against DWP guidance. 2. To continue with the existing policy but this is more complex for applicants to understand.
Consultation	<ol style="list-style-type: none"> 1. Citizens' Advice South East Staffordshire. 2. Landlords at the private landlord forum. 3. Registered providers <p>Comments from the above organisations are as follows:</p> <ul style="list-style-type: none"> • A point of contact should be clear on the form • The aims should be clear and understandable • There should be limitations on awards where people are relocating. Awards should not be given to applicants who choose to live abroad unless there are compelling reasons to do so, for example they need care from family members • It should be clear about who is eligible to claim i.e. people who are in receipt of housing benefit and universal credit including housing costs • It should be emphasised that each case is considered on its own merits • The Local Cost Allowance Thresholds may be too complex for customers to calculate. <p>All of the above points have been considered in drafting the latest policy.</p> <p>Feedback from customers has also been taken into account. It reflects the comments above but applicants do see it as a benefit rather than a discretionary award.</p> <p>Community Housing and Health (Overview and Scrutiny) Committee also considered the revised policy. It was agreed that it should achieve its aims but there was a recommendation that there should be some additional publicity around it.</p> <p>The scheme is currently publicised on the website, housing benefit claim forms and on decision notices. We have assurances that our colleagues in the job centres make UC claimants aware of the scheme and this is borne out by the numbers of applications from UC claimants that we get.</p>
Financial Implications	<ol style="list-style-type: none"> 1. There are no direct financial implications to the authority unless it exceeds the DWP grant allocation. 2. The grant allocation for 2019/20 is £108,751.

Contribution to the Delivery of the Strategic Plan	1. This policy contributes towards the theme of Healthy and Safe communities, assisting people to stay in their homes and prevent homelessness.
Equality, Diversity and Human Rights Implications	1. An equality impact assessment has been undertaken and there is no impact on people with protected characteristics.
Crime & Safety Issues	1. Supporting people to keep their homes will prevent homelessness and rough sleeping.
GDPR/Privacy Impact Assessment	1. None identified.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	DHP expenditure exceeds the DWP grant	Expenditure is carefully monitored	Green
B	Failure to allocate the grant may result in a reduction in it in following years	Expenditure is monitored and the trend is showing that more of the grant is already being allocated	Green
C	We grant unmerited applications	Applications are dealt with by managers in the housing benefit team to ensure some consistency	Green
D	The application process is too cumbersome	We monitor the applications and will review the forms and the process as appropriate	Green
E	The grant is reduced further	The DHP funding is firmly established and it is unlikely to change unexpectedly, which would give the council time to prepare for alternatives.	Green

Background documents

Relevant web links https://www.gov.uk/government/publications/discretionary-housing-payments-guidance-manual

Discretionary Housing Payments Policy

November 2019

Approved by:	
Approval date:	
Author/owner:	Pat Leybourne Head of Customer Services, Revenues and Benefits
Review frequency:	
Next review date:	September 2020
Location:	

1. Introduction

- 1.1 Discretionary Housing Payments (DHPs) may be awarded by a local authority (LA) to Housing Benefit (HB) or Universal Credit (UC) claimants where it is considered that they require further financial assistance towards their housing costs.
- 1.2 The regulations covering DHPs are the Discretionary Financial Assistance Regulations 2001¹. The regulations give the council a very broad discretion, however decisions must be made in accordance with ordinary principles about good decision making and in particular local authorities have a duty to act fairly, reasonably and consistently. Each case will be considered on its own merits.
- 1.3 The Department for Work and Pensions published a Discretionary Housing Payments Guidance Manual, including a Local Authority Good Practice Guide which is updated regularly and has been followed in developing and reviewing this policy.
- 1.4 Each LA has an overall cash limit restricting the award of DHPs and it is supported by a government contribution.

2. Purpose of policy

2.1 The purpose of this policy is to provide temporary assistance with housing costs with the aims of:

- Alleviating poverty
- Preventing homelessness and assisting people to maintain tenancies
- Encouraging and sustaining people in employment
- Safeguarding residents in their own homes
- Helping those who are trying to help themselves
- Keeping families together
- Supporting domestic violence victims who are trying to move to a place of safety
- Supporting disabled people to remain in adapted properties
- Supporting the vulnerable or the elderly in the local community
- Helping applicants through personal and difficult events
- Supporting young people in the transition to adult life
- Promoting good educational outcomes for children and young people
- Supporting the work of foster carers
- Supporting care leavers

3. Scope of policy

3.1 Anyone in rented accommodation who needs further financial assistance with their housing costs and is claiming:

- Housing Benefit or
- Universal Credit that includes a housing element

Will be eligible to apply for a DHP.

- 3.2 Further financial assistance is defined as additional financial help that is needed where an applicant is unable to meet their housing costs from their available household income, for example because they have a shortfall as a result of welfare reforms or need help with rent arrears.
- 3.3 Housing costs generally means rent but can be interpreted more widely to include rent in advance, rent deposits, storage/removal costs or other lump sums associated with a housing need.

¹ As amended by the Welfare Reform Act 2012 (Consequential Amendments) Regulations 2013.

- 3.4 DHP can only be awarded to someone who is in receipt of housing benefit, or universal credit that includes a housing cost element, **but** cannot help with:
- Ineligible service charges²
 - Increases in rent payments due to outstanding rent arrears
 - Sanctions, reductions and suspensions in benefit. For example, a reduction in another primary benefit or shortfalls caused by HB/ UC overpayment recovery or a restriction in benefit due to a breach of a Community Service Order
 - Rent arrears where housing benefit or housing costs (in UC) have been paid for the period that the rent arrears are for.

4. How it relates to our strategic ambitions

The policy underpins our priority of being a clean, green and welcoming place to live, by supporting people who want to make their home in our district, stay in their homes.

5. Policy details

- 5.1 Each case will be considered on its own merits and in accordance with the purpose and scope of this policy.
- 5.2 Where a one off payment is required, for example a deposit or rent in advance, the applicant must demonstrate that they do not have any capital or immediate access to monies that they could put towards the payment.
- 5.3 Where the DHP is a 'top up' of the existing housing benefit or housing costs within UC the council will take into account the applicant's ability to contribute towards their rent.
- 5.4 No award will be made to an applicant who had taken a tenancy for a property which at the outset they were able to afford unless they can demonstrate that they have a realistic plan in place that will result in a reduction of DHP required in the future.
- 5.5 An assessment may be made of the income and expenditure of the applicant. All income, with the exception of disability living allowance, attendance allowance and personal independence payments, and capital will be taken into account. Evidence may be requested of any income and expenditure if deemed necessary.
- 5.6 When considering income and expenditure, priority debts will be taken into account first. Other debts may be taken into account of a case by case basis. Priority debts are;
- Court fines
 - Rent
 - Utilities (gas, electricity, council tax)
 - Maintenance/child support
 - Income tax/VAT
 - TV licence
- 5.7 Standard figures will be used for utilities, TV licence and food; if the actual expenditure is higher than the standard figures, the applicant will be required to provide evidence of their actual expenditure. The standard figures are at Appendix 1.
- 5.8 If an applicant requests a further award, it may not be at the same level as any previous award. In addition, the applicant will be required to demonstrate that they have made significant efforts to improve their circumstances. This may be seeking financial advice, looking at alternative accommodation or reducing other debts.

6. Application procedure

Application and award

- 6.1 A request for a DHP must be made by the applicant. A third party may request a DHP providing they have Power of Attorney or the applicant's consent.

² As specified in Schedule 1 of the Housing Benefit Regulations 2006 and Schedule 1 of the Housing Benefit (Persons who have attained the qualifying age for pension credit) Regulations 2006

- 6.2 Applications may be made online via the council's website
<https://www.lichfielddc.gov.uk/Residents/Benefits/Need-extra-help-about-discretionary-payments.aspx>
- 6.3 They can also be made by telephone or in person at Lichfield District Council House, Frog Lane, Lichfield.
- 6.4 All applications will be dealt with by the benefits section and will be processed within 10 working days of receiving all the information needed.
- 6.5 The applicant will get the decision in writing and this will confirm the amount and period of the award and the review procedures.
- 6.6 Where the DHP is a 'top up' of housing benefit or housing costs (paid in UC) the award will be for a maximum period of 26 weeks within a financial year unless there are exceptional circumstances such as
- To prevent homelessness
 - To enable homeless households to take on a new tenancy where the local authority has a continuing statutory duty
 - Where the applicant has had their property adapted for disablement needs and it would be unreasonable to expect them to move
 - Where the applicant has demonstrated they have made significant efforts to improve their circumstances, such as seeking employment or training.
- 6.7 The award will be calculated by looking at the income of the applicant, reduced by all reasonable expenditure (using figures as referred to in paragraph 5.7) taking into account the applicant's ability to contribute towards their rent.
- 6.8 Backdated awards will be considered but will be limited to the current financial year.

Payments

- 6.9 If a one off payment of DHP is required, including a backdated award, it will be paid within 2 weeks of a successful application.
- 6.10 A DHP will be made directly to a landlord where it is appropriate.

Reviews

- 6.11 DHP's are discretionary and administered outside HB and UC legislation, so they are not subject to the same rights of review or appeal process.
- 6.12 Any request for a review must be made in writing within one calendar month of the date of the decision letter and include the reasons why the decision is not satisfactory.
- 6.13 Where the request for the review is made outside of one calendar month, the time limit may be extended if the applicant can show compelling reasons for the delay.
- 6.14 A panel of officers independent of the benefits team will consider the review request and the applicant will be notified of the decision in writing.

Changes in circumstances

- 6.15 The applicant must inform the council of any changes in their circumstances promptly.
- 6.16 If a change in circumstances increases or decreases the amount of HB or UC, the DHP will be amended accordingly.
- 6.17 If HB or UC stops, the DHP will end from the same date.
- 6.18 If DHP is overpaid, the local authority will recover the overpayment from the person who received the payment.
- 6.19 If a landlord has received the DHP, the local authority will consider recovering it from the applicant if the landlord could not have reasonably been aware of the change.

Standard weekly figures for utilities/food

These standard figures will be used for utilities, TV licence and food. If the actual expenditure is higher than the standard figures, the applicant will be required to provide evidence of their actual expenditure.

Gas	£10.00
Electric	£10.00
Water	£5.00
Phone	£10.00
TV licence	£2.80
Food	£30 - £40 per person