

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	21st MARCH 2013	CATEGORY: RECOMMENDED
REPORT FROM:	CHIEF EXECUTIVE OFFICER	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) HEAD OF CORPORATE SERVICES Kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/council tax support scheme/policies/DHP policy/Policy March 2013
SUBJECT:	GUIDANCE FOR AWARDING DISCRETIONARY HOUSING PAYMENTS	REF
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 12

1.0 Recommendations

- 1.1 That the Guidance for awarding Discretionary Housing Payments as detailed in **Appendix 1** is approved.
- 1.2 That the Guidance is implemented from 1st April 2013.
- 1.3 That demand and the impact upon available funding is monitored and reported to the Committee as part of quarterly financial monitoring reports.

2.0 Purpose of Report

- 2.1 The Council has been allocated a much greater Government grant in 2013/14 towards Discretionary Housing Payments (DHP) for local residents. This amount is cash limited and due to changes in welfare reform, the demand for financial support through this scheme is expected to be higher.
- 2.2 Therefore, the report sets out a proposed set of guidance notes for Council officers to ensure that future DHP are awarded on a fair, reasonable and equitable basis.

3.0 Detail

- 3.1 The Child Support, Pensions and Social Security Act 2000 allows local authorities to provide residents with further financial assistance in addition to welfare benefits, by way of DHP, when they consider that they need help with their housing costs.
- 3.2 Although DHP are governed by legislation, the associated regulations are fairly broad and effectively leave it to local authorities to make decisions. The regulations are supported by a Department for Works and Pensions (DWP) Guidance Manual; this has recently been updated to take account of changes

to welfare benefits, the abolition of council tax benefit, together with the impending introduction of Universal Credit.

- 3.3 The Guidance is designed to ensure that decisions are made in accordance with ordinary principles about good decision making, i.e. administrative law. In particular, local authorities have a duty to act fairly, reasonably and consistently.

Discretionary Housing Payments Guidance

- 3.4 The DWP first issued a Good Practice Guide in March 2011 for awarding DHP and this has subsequently become the Guidance Manual used by other councils. It provides local authorities with advice and guidance on administering DHP and clarification on how assistance can be given with such items as rent deposits and removal costs.
- 3.5 It also offers advice on how DHP can be used to provide support to people affected by the changes to some of the key welfare reforms such as:
- introduction of the benefits cap
 - reductions in local housing allowance
 - introduction of the room size criteria in the social rented sector
- 3.6 The Council does not currently have a formally approved DHP policy or guidance, mainly due to the historically low level of funding available, together with restricted eligibility rules.
- 3.7 The Council has granted DHP in 160 cases to-date in 2012/13. Housing benefit assessors currently work to a set of agreed principles, which are based on the DWP's Good Practice Guide, covering the circumstances under which a payment should be made.
- 3.8 Following recent changes in legislation and a substantial increase in government funding, it is recommended that there should now be formal approval of DHP Guidance to Officers, after consideration and agreement by the Committee.
- 3.9 The DHP Guidance Notes (**Appendix 1**) reflect the tenets of the Good Practice Guide and also pulls together the links between DHP payments and other payments made to residents who are experiencing financial hardship.

Financial Hardship Payments

- 3.10 The DHP regulations state that help can be given with housing costs to those who qualify, namely that the person is entitled to:
- Housing Benefit; or
 - Universal Credit; and
 - has a rental liability; and
 - Requires further financial assistance with housing costs.

3.11 However, “housing costs” are not defined in the regulations and this gives local authorities discretion to define these costs for themselves. The Good Practice Guide advises that housing costs should be interpreted to include the following:

- Housing benefit
- Rent in advance
- Rent deposits
- Lump sum costs associated with a housing need, e.g. removal costs

3.12 It should be noted that housing costs do not include Council Tax. A DHP can only be paid to people receiving housing benefit towards a rental liability – this does not generally include owner occupiers.

3.13 As previously reported, support for paying Council Tax will no longer be provided through the benefits system from April 2013. Assistance will be provided through a local discount as part of the Council’s local Council Tax Support Scheme.

4.0 Financial and Corporate Implications

4.1 The Council has been awarded a DHP contribution (grant) of £102,358 for 2013/14, compared with £44,076 in 2012/13, which included an amount carried forward from the previous year. In recent years, the grant has varied between £10,000 and £25,000 per year.

4.2 Any unused amount is normally returned to the DWP, except for 2011/12 when the unused sum was, exceptionally, allowed to be carried forward for use in the following year.

4.3 For 2013/4 and 2014/5, the government expects local authorities to utilise the increase in its contribution in roughly the same proportion as the four elements which make it up, i.e.

- Baseline (based on expenditure made in previous years) -12% of total grant)
- Local Housing Allowance - 24%
- Social size (accommodation exceeding size criteria) - 18%
- Benefit cap - 46%

4.4 DHP payments are currently administered by the housing benefits service alongside claims for Housing Benefit.

4.5 The grant is cash limited and represents 40% of the maximum expenditure limit of £255,895 allowable under the DHP regulations. The Council is not required to fund the additional 60% and could spend an amount in between the grant and maximum limit.

4.6 The Council has no provision in its current base budget above the grant to fund DHP.

- 4.7 The main issue could be that with the changes to Housing Benefits as a result of the Welfare Reform Agenda, demand is in excess of the cash limited amount. There is an expectation that this will be the case, but is still unknown.
- 4.8 Consequently, the grant could all be allocated by a certain time in the year, meaning that no further applications could be considered. It is therefore considered appropriate to introduce an element of rationing/budget profiling to avoid this as a potential issue.
- 4.9 When an application is received, it has to be dealt with quickly, especially if for example, the applicant is facing eviction or severe hardship. It is difficult to hold applications pending greater priorities that may be received – if an application is valid then the person needs to be allocated the appropriate funding quickly.
- 4.10 However, DHP is only a temporary arrangement to help people through a difficult situation. Usually, DHP is only allocated for a short period and it is for the authority to decide what this period should be given the potential call on the funding.

Homelessness Prevention Grant

- 4.11 The Council has also been awarded, as part of its financial settlement, a Homelessness Prevention Grant of approximately £64,000 in 2013/14. This is the continuation of a grant received in previous years.
- 4.12 This grant is used to fund initiatives aimed at preventing homelessness and includes funding for the Deposit Guarantee scheme and the Spend to Save Scheme, together with staff costs. This grant is designed to help homeless and potentially homeless applicants, to whom the Council has a statutory duty.
- 4.13 There is a minimal overlap between the housing costs which a DHP could meet and those which could be funded from the Homelessness Grant.
- 4.14 The proposed DHP Guidance aims to set out those areas where DHP funding is more appropriate to ensure that claimants receive the best advice and support in relation to their claim for financial help and that the Council makes best use of its resources (government grants).

5.0 Community Implications

- 5.1 DHP will provide support to local residents who face financial hardship by providing assistance with their housing costs. The proposed guidance will help to ensure that decisions on allocating the funding are made fairly, reasonably and consistently.

6.0 Background Papers

- 6.1 None