

FAREHAM

BOROUGH COUNCIL

Report to Housing Policy Development and Review Panel

Date **25 May 2017**

Report of: **Head of Housing, Revenues and Benefits**

Subject: **ANNUAL REVIEW OF DISCRETIONARY HOUSING PAYMENTS**

SUMMARY

This report provides information and details about the use of the Discretionary Housing Payment Scheme for the financial year ending 31 March 2017.

RECOMMENDATION

That the Panel notes the information contained in this report.

INTRODUCTION

1. The Discretionary Financial Assistance Regulations 2001 provide the legal framework that allows Local Authorities to pay Discretionary Housing Payments (DHPs). Amendments have since been made to the regulations to include Universal Credit and the abolition of Council Tax Benefit. These amendments are contained within the Council Tax Benefit Abolition (Consequential Amendments) Regulations 2013 and the Universal Credit (Consequential, Supplementary, Incidental and Miscellaneous Provisions) Regulations 2013.
2. All Local Authorities are allocated a ring-fenced sum by the Department for Work and Pensions each year to provide customers with further financial assistance towards their housing costs. This is generally where the level of Housing Benefit or Universal Credit (housing cost element) is lower than the actual rent liability and the customer is unable to make up that shortfall from their income. Local Authorities can use their own funds to top up their government contribution by an additional 150%.
3. Prior to 2011, Government funding towards DHPs was £20 million per year. Following the introduction of welfare reforms, this funding was increased to help Local Authorities extend transitional assistance to customers affected by the changes, and to make long term awards for those with on-going needs. The overall funding was increased in both 2015/16 and 2016/17 (£125 million and £150 million respectively). The funding for 2017/18 has increased again to £185 million.
4. The funding is allocated to Local Authorities on the basis of anticipated losses to Housing Benefit claimants as a result of the welfare reforms. The allocations are calculated by the Department for Work and Pensions using the official caseload statistics supplied by all Local Authorities. The following table shows the allocation of funding to Fareham Borough Council since 2011:

2011/12	£23,076
2012/13	£37,431
2013/14	£89,833
2014/15	£88,542
2015/16	£60,382
2016/17	£96,821
2017/18	£153,931

5. This report provides information and details about the use of the Discretionary Housing Payment funding for the financial year ending 31 March 2017.

BACKGROUND

6. DHPs provide additional financial assistance towards housing costs. They are not payments of Housing Benefit or Universal Credit, however in order to receive a DHP, there must be an entitlement to either Housing Benefit or the housing cost support element within Universal Credit.
7. 'Housing costs' are not defined in the regulations, therefore giving Local Authorities broad discretion to interpret the term. In general, housing costs means rental liability, but housing costs can be interpreted more widely to include rent in advance, rent deposits and other lump sum costs associated with a housing need such as removal costs.
8. Similarly, there is no definition of the phrase 'further financial assistance' in law. It is up to the Local Authority to interpret it, however in most cases a customer will need to demonstrate that they are unable to meet their housing costs from their available income or have a shortfall as a result of welfare reforms. The level of a DHP may cover all or part of a shortfall in rent or assist with the cost of taking up a tenancy.
9. There is no limit to the length of time over which a DHP may be made. A time-limited award is appropriate when an impending change of circumstances will result in an increase in benefit or to give a customer time to find alternative accommodation or gain employment. Long-term or indefinite awards are generally made where it is apparent that the customer's circumstances are unlikely to change – for example, a disabled customer who lives in significantly adapted accommodation but is subject to the removal of the spare room subsidy.

THE POLICY

10. The Council's DHP policy was agreed by Members in April 2006 and has been subject to regular review and minor amendments to ensure it continues to meet current legislation and national guidance.
11. A decision of the High Court in *R v. Sandwell MBC, ex parte Hardy* led to the most recent review of our policy. The judgement draws attention to how incomes from disability-related benefits, such as Disability Living Allowance or the Personal Independence Payment, are treated when considering DHP applications. The Department for Work and Pensions has updated the DHP Guidance Manual with reference to the judgement and states "*.....you should consider each DHP claim on a case by case basis having regard to the purpose of those benefits and whether the money from those benefits has been committed to other liabilities associated with disability*"..... Our policy already meets the requirement of the revised guidance as each application is treated individually with no blanket approach to decision making that could fetter our discretion.
12. Our policy can be seen at [Appendix A](#).

REASONS FOR AWARDING DHPS

13. The types of shortfalls that a DHP can cover include (but are not limited to) are:
 - Reductions in Housing Benefit or Universal Credit where the Benefits Cap has been applied

- Reductions in Housing Benefit or Universal Credit due to the maximum rent (social sector) size criteria
- Reductions in Housing Benefit or Universal Credit as a result of Local Housing Allowance restrictions
- Rent Officer restrictions such as local reference rent or shared accommodation rate
- Non-dependant deductions in Housing Benefit, or housing cost contributions in Universal Credit
- Rent shortfalls to prevent a household becoming homeless whilst we explore alternative options

14. DHP's can also be awarded for a rent deposit or rent in advance for a property that the customer is yet to move into (only if they are already entitled to Housing Benefit or Universal Credit at their present home). When awarding DHPs for a rent deposit or rent in advance, consideration is given to the reason for the move and the long-term affordability of the property.

15. The regulations also allow for awards of DHPs on two homes when someone is temporarily absent from their main home, for example because of domestic violence.

APPLICATIONS AND AWARDS 2016-17

16. During 2016/17, 222 applications for DHP were received by the Benefits Service, with 213 awards made, resulting in a total expenditure of £96,119

17. The Government grant for 2016/17 totalled £96,821 therefore the Council incurred no additional expenditure during this financial year.

18. The awards are broken down as follows:

Reason for award	Number of awards	Amount
Benefits Cap	29	£12,719.78
Removal of the spare room subsidy	66	£16,629.83
Local Housing Allowance restriction	27	£13,542.55
Financial hardship	59	£15,553.39
Rent deposit/advance	32	£37,673.70

APPLICATIONS REFUSED

19. During 2016/17, 9 applications for DHP were turned down. In 8 of these, the application was made as the level of Housing Benefit did not fully meet the customer's rent liability, however on investigation of the household income and expenditure, it was determined that there was sufficient income to meet the shortfall. In the remaining case, DHP had been paid for preceding periods of time but the customer had not taken appropriate steps to improve their situation so the temporary assistance ceased.
20. All customers that have made a claim for DHP but have been turned down have remained in their properties.

REPORTING MEASURES

21. From April 2013, Local Authorities have been required to provide data twice yearly to the Department for Work and Pensions detailing the information shown in point 18 above.

RISK ASSESSMENT

22. There are no significant risk considerations in relation to this report

CONCLUSION

23. Having reviewed the applications for DHP, it is clear that all were considered against the Council's DHP policy.
24. As in previous years, a significant number of customers have managed to improve their financial situations during the period of the DHP award. This is by way of taking debt management and/or budgeting advice, securing smaller, cheaper accommodation or moving away from claiming benefits all together. The additional financial assistance provided them with a period of time to take decisive action to improve their situation. For those customers who receive long-term or indefinite awards, such as disabled people living in significantly adapted accommodation, DHP has enabled them to remain in their current home which is more cost effective than moving to smaller accommodation that needs to be adapted.

Background Papers:

Reference Papers:

Enquiries:

For further information on this report please contact Caroline Newman (Ext 4645)