

FAREHAM

BOROUGH COUNCIL

Report to Housing Policy Development and Review Panel

Date **24 May 2018**

Report of: **Head of Housing 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 2018.

RECOMMENDATION

It is recommended 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.
2. All Local Authorities are allocated a ring-fenced sum by the Department for Work and Pensions each year to provide customers with additional 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 the government contribution by an additional 150%.
3. Prior to 2011, national funding for DHPs was in the region of £20 million per annum. This funding has increased over recent years, enabling Local Authorities to provide support to claimants as they transition to their new entitlements resulting from the various Housing Benefit welfare reforms. The funding was increased most significantly in 2016/17 to £150 million and then again in 2017/18 to £185 million. The funding for 2018/19 has been reduced to £156 million.
4. The funding is allocated to Local Authorities based on 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
2018/19	£119,053

5. This report provides information and details about the use of the DHP funding for the year ending 31 March 2018.

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 mean 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*"..... The Council's 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. The policy can be seen at Appendix A to this report.

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. DHPs 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. 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 2017-18

15. During 2017/18, 304 applications for DHP were received by the Benefits Service, with 297 awards made, resulting in a total expenditure of £153,431. The Government grant for 2017/18 totalled £153,931 therefore the Council incurred no additional expenditure during this financial year.

16. The awards are broken down as follows:

REASON FOR AWARD	NUMBER OF AWARDS	AMOUNT
Benefits Cap	33	£19,515
Removal of the spare room subsidy	57	£16,692
Local Housing Allowance restriction	28	£13,447
Financial hardship	125	£43,240
Rent deposit/advance	54	£60,537

APPLICATIONS REFUSED

17. During 2017/18, 7 applications for DHP were turned down. In each 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.
18. All customers that have made a claim for DHP but have been turned down have remained in their properties.

REPORTING MEASURES

19. 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 16 above.

RISK ASSESSMENT

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

CONCLUSION

21. Having reviewed the applications for DHP, it is clear that all were considered against the Council's DHP policy.
22. 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.

Appendices:

Appendix A – Discretionary Housing Payment Policy 2018/19

Background Papers

None

Reference Papers:

None

Enquiries:

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