

## Discretionary Housing Payments Criteria and Administration

**EXECUTIVE MEMBER:** Councillor Gillian Troughton and Councillor George Clements  
**LEAD OFFICER:** Julie Betteridge  
**REPORT AUTHOR:** Linda Chippendale

WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS? A transparent approach to the allocation of discretionary housing payments, together with a multi-agency co-ordinated approach to providing support and advice to local residents.

**RECOMMENDATIONS:** That the Executive Committee notes and delegates the process for awarding Discretionary Housing Payments (DHPs) to both portfolio holders and the Heads of Regeneration and Community and Corporate Resources, for inclusion onto the Council's website.

### 1. INTRODUCTION

1.1 On 8 March 2012 the Welfare Reform Act received Royal Assent. The Act legislates for the biggest change to the welfare system for over 60 years.

It introduces a wide range of reforms that will deliver the commitment made in the Coalition Agreement and the Queen's Speech to make the benefits and tax credits systems fairer and simpler by:

- creating the right incentives to get more people into work
- protecting the most vulnerable in our society
- delivering fairness to those claiming benefit and to the taxpayer

1.2 These objectives will manifest in the following changes to the benefits system:

- The benefit cap for working aged individuals
  - £500 per week for couples (with or without children living with them)
  - £500 per week for single parents whose children live with them
  - £350 per week for single adults who don't have children or whose children don't live with them
- Working-age housing benefit reduction if the home is too big for the occupier's needs (colloquially referred to as the 'bedroom tax')

- The introduction of Universal Credit from October 2013 for all new claimants and existing claimants to be phased into the new system by the end of 2017.

### 1.3 Changes in context for the Copeland district:

- Over 1,600 households will be affected by the under-occupation benefit reductions
- 4,300 households have an annual household income of less than £10,000
- 5,700 households currently receive tax credits
- 1,635 currently receive Job Seekers Allowance
- 6,700 households live in fuel poverty
- 40% of individuals in receipt of Employment Support Allowance and Incapacity Benefit have now been deemed fit for work

When considering the above local statistics alongside the fact that many households claim multiple benefits, the effect of the changes will be cumulative for many households.

## 2 Discretionary Housing Payments (DHPs)

- 2.1 DHPs provide claimants with further financial assistance, in addition to any welfare benefits, when a LA considers that additional help with housing costs is needed. ***The level of payment and duration can be decided by the LA but it must not exceed the weekly eligible rent on the home.***
- 2.2 To qualify for consideration of a claim for DHP the claimant must already qualify for some Housing Benefit or be receiving Universal Credit (UC).
- 2.3 Funding available to provide DHP's is set on an annual basis by Central Government. The Council is limited to a maximum permitted total of expenditure for each financial year.
- 2.4 To help local authorities assist those households with the transition to the new benefits regime, central government has increased its funding towards DHPs from £20m per year to £155 million for 2013/14 and £125 million for 2014/15. Copeland's allocation for 2013/14 is £94,263.
- 2.5 The regulations covering DHPs are contained in the Discretionary Financial Assistance Regulations 2001. However LAs have overall responsibility for how DHPs are administered and paid, with a duty to act fairly, reasonably and consistent consideration of individual case merits.
- 2.6 It is anticipated that the Council's DHP allocation of £21,000 for 2012/13 will be spent with the majority of payments covering ongoing circumstances, e.g.

expenditure exceeding income for households in the private sector. The majority of these households are likely to re-apply from April 2013.

- 2.7 Local analysis indicates that should all those affected by the bedroom tax apply for DHPs the budget would only last 4 weeks, unless the Council uplifts the grant.
- 2.8 Given 2.6 and 2.7 above it is recommended that criteria for prioritisation and a process for the administration of DHPs are delegated to the Portfolio Holders, Head of Corporate Resources and Head of Regeneration and Community.

### **3. PROPOSALS**

- 3.1 As a general rule, DHPs are not intended to top up household income in perpetuity. Rather, they are to help towards housing costs, such as rent deposits, rent in advance and removal costs etc. However given the scale of households that will be affected by the under-occupation reductions, the proposed criteria would prioritise households affected by the new government regime under welfare reform.
- 3.2 The Council will need to carefully assess applications for on-going DHP claims and not automatically approve repeat applications. Households affected by the changes through no fault of their own shall be given priority instead.
- 3.3 The Council therefore expects payments to be made in unusual or extreme circumstances where additional help with the current rent will have a significant effect in alleviating hardship, reducing the risk of homelessness or assisting customers to overcome difficulties stemming from a move from long term benefit dependence into work. Examples may include:
  - Circumstances which are unusual / exceptional among customers in a particular tenure
  - Costs that are beyond their control and do not arise through the actions or failures of others.
  - Housing choices which are forced on the customer by urgency or significant health requirements.
  - Extreme and temporary situations which make it difficult to move in the short term or where decisions had to be made in an emergency
  - Imminent loss of the home where meeting some or the entire shortfall between entitlement to benefit and contractual rent will prevent the customer becoming homeless. In cases such as these the following regard should be given to;
- 3.4 This will place more pressure on the Council and its partner agencies, like CAB, CADAS, the Law Centre, support services and local landlords to work together to

provide advice and support for those who will not be awarded DHPs. Increased mediation with families and negotiations with landlords to *prevent homelessness* are vital to this.

### **3.5 Criteria for awarding DHP:**

3.5.1 Before awarding DHPs, LAs need to establish that the household is receiving HB or Universal Credit and is able to demonstrate they cannot meet their housing costs from their available income. Utilising a system like the CABs household budgeting template can help individuals through the assessment and gain a better understanding of managing their budget, specifically when assessing if a property is affordable and bills can be met.

3.5.2 The Council will need to carefully target DHPs to households who need it most, as there will not be enough funding to meet every shortfall as a result of the changes. The government has not prescribed but “expects” LAs to consider certain conditions:

- Prevention of homelessness
- Help with accessing employment
- Alleviating hardship

*All applications need to be considered on their own merits, on a case by case basis and just because someone meets the above conditions, does not guarantee they will automatically be awarded a DHP.*

### **3.6 Administrative process**

3.6.1 In the first instance applications for DHP will be assessed and determined by designated officers within the Revenues and Benefits and Housing Options Departments. Claimants will be asked to complete an application form in the first instance.

3.6.2 A DHP panel shall meet at least every month with members from Revenues and Benefits, Housing Options Manager and CAB Manager for Copeland. This panel shall consider the demand and outcome of applications as well as review the success of the process. Minutes of the panel shall be forwarded to Heads of Corporate Resources and Regeneration and Community.

### **3.7 Disputes Procedure**

3.7.1 There is no statutory right of appeal, but the guidance suggests it would be good practice for LAs to have a disputes procedure which may help reduce the probability of a legal challenge.

The suggested framework is as follows:

- Involve an officer other than the one who made the original decision
- Decision letter to clearly state reasons for negative decision
- Claimants know who, how long and various stages of dispute process

3.7.2 To reflect this, the Council's disputes procedure shall:

- i. Clearly notify applicants of the reasons their claim has been rejected detailing how to request a review of the decision
- ii. Initial reviews shall be considered by the Panel
- iii. Subsequent reviews, if the original decision is upheld

The only way this decision can be challenged further is in the courts using judicial review.

#### **4. CONCLUSIONS**

4.1 It's anticipated that the level of resources available to allocate DHPs will not meet potential demand.

4.2 The Council is conscious it can't help everyone financially, but it is working hard with its partner agencies to make sure that sufficient advice and support is available to help people manage the change themselves.

#### **5. STATUTORY OFFICER COMMENTS**

5.1 The Monitoring Officer's comments are:

The scheme will be mindful of the Council's statutory obligations in respect of the Equality Act 2010 Public Sector Equality Duty and reflect on equality and diversity implications and opportunities as appropriate. The report refers to a number of the protected characteristics at section 2.4 and it is advised that applicant data is monitored for equality and diversity purposes.

5.2 The Section 151 Officer's comments are:

Copeland Borough Council has been awarded £94,263 for DHP's in 2013/14. Although this is an increase over the 2012/13 allocation of £21,000 it will not be sufficient to provide assistance to everyone in need particularly those newly affected by the new welfare regime from April 2013. Prioritisation criteria will need to be set to target assistance to those most in need, in accordance with section 3 of this report. The budget will be monitored carefully each month.

- 5.3 EIA Comment: The scheme will be mindful of the Council's statutory obligations in respect of the Equality Act 2010 Public Sector Equality Duty and reflect on equality and diversity implications and opportunities as appropriate. The report refers to a number of the protected characteristics at section 2.4 and it is advised that applicant data is monitored for equality and diversity purposes.
- 5.4 Policy Framework Comment: The report refers to the national policy framework and proposes a local response.
- 5.5 Other consultee comments, if any:

**List of Appendices**

Appendix A - None

**List of Background Documents:**