

<b>Subject:</b>	<b>Discretionary Housing Payment Fund</b>		
<b>Date of Meeting:</b>	<b>2 May 2013</b>		
<b>Report of:</b>	<b>Executive Director for Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Susanna McLaren</b>	<b>Tel: 292465</b>
		<b>John Francis</b>	<b>Tel: 291913</b>
	<b>Email:</b>	<a href="mailto:susanna.mclaren@brighton-hove.gov.uk">susanna.mclaren@brighton-hove.gov.uk</a>	
		<a href="mailto:john.francis@brighton-hove.gov.uk">john.francis@brighton-hove.gov.uk</a>	
<b>Wards affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The Discretionary Housing Payment (DHP) is a fund which has been available since 2001 to provide benefit customers with further financial assistance, when a local authority considers that additional help with housing costs is required. In Brighton & Hove, it has historically focused on helping vulnerable households retain their accommodation to avoid homelessness.
- 1.2 This report sets out how applications to the DHP will be assessed in the future. The scale of the ongoing welfare reform changes mean that the council anticipates significantly greater demand for support from the Fund. Individual applications for support will be considered on a case-by-case basis by officers but it is important to be open and transparent about our local scheme.
- 1.3 In 2012/13 the council received £633,000 DHP funding from central government. In 2013/14, the council is due to receive an estimated £1 million although this remains subject to change. The further increase in funding has been made to help local authorities support people through the transitional period of welfare reform. In Brighton & Hove it is anticipated that in 2013/14, the reduction in the amount of housing benefit that people in the city receive will be £11-12 million less than it was in 2010/11. Guidance from the Department for Work and Pensions (DWP) states that the fund is not intended to compensate for changes to the benefit system, but instead to provide temporary financial assistance to people who are experiencing particular difficulties or hardship.

**2. RECOMMENDATIONS:**

- 2.1 That the principles for the administration of the DHP be agreed as set out in paragraph 3.12
- 2.2 That the proposed scheme for assessing applications to DHP as set out in Appendix 1 be agreed.

2.3 That the Executive Director of Finance & Resources, the Head of City Services and other appropriate officers exercising relevant functions be authorised to take all appropriate steps to administer the scheme.

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

3.1 Nationally, DHP has been administered by Housing Benefit department since 2001. Previous versions of the scheme have existed since 1996. The scheme's definition, nationally and locally remained unaltered between 2001 and 2010/11. The overall budget was also static during this period although Brighton & Hove's allocation has increased each year since then as the government has used it as part of its response to the welfare reform agenda.

3.2 Due to the increased total DHP budget and to make sure the council is using these funds to effectively respond to the local issues created by welfare reform, it is appropriate to review the local policy and guidelines used to administer DHP. The DHP will be administered alongside the Local Discretionary Social Fund (agreed by this Committee in December 2012) and alongside the Council Tax Reduction Discretionary Fund that Full Council agreed to set up. We can also signpost to the Brighton Fund. Consideration is also underway on whether to create a specific DHP fund just for council tenants which would operate alongside the main DHP fund (which council tenants are also able to access). The benefits of this joined up approach are that:

- customers can be directed quickly and easily to the most appropriate fund for their circumstances;
- the risks of duplication of application and award can be minimised;
- an overview of the types of requests being made to all three funds can be maintained and a picture may emerge of patterns of individual circumstances that can be used to understand the cumulative impact of the welfare reform changes and the appropriateness of the council's response;
- any of the three funds could be topped up by the £300,000 additional discretionary funding set aside in the council's budget, depending on the relative demands on each.

3.3 Equalities information has been drawn from the impact assessments undertaken for the Council Tax Reduction Scheme, the Local Discretionary Social Fund and the Financial Inclusion commission in addition to information specifically about shortfalls between rents and housing benefit. This information has fed into the design of the scheme and will be reviewed over the first six months of 2013/14 to take into account the actual impact of the changes as they occur. We will work with our public health and policy teams to review national research and to undertake high level reviews of local impacts.

- 3.4 This review is also drawing in information and expertise from partners within Housing Strategy and housing and advice agencies within the city. Meetings to review the use of DHP are held regularly between the Benefits Service and Housing. We also held a wider meeting with advice agencies. Views and feedback from this sector will also be sought when reviewing the performance of the scheme during the year.
- 3.5 The budget is cash limited and must be managed so that applications can be accepted throughout the year. In addition to the requirement to evenly profile the budget throughout the year, the Benefits Cap provisions are due to start mid-year (between July and September) as such the profiling will take into account an increase in demand part-way through the year.
- 3.6 The DWP have identified different areas of welfare reform and allocated specific funding amounts to these areas within the total budget for 2013/14. Despite these allocated amounts, councils are not obliged to proportion the expenditure of their own budgets accordingly, although it is helpful for us to understand how the total budget has been constructed.

### **Anticipated Demand**

- 3.7 In April 2013 the Social Sector Size Criteria came into force which will reduce housing benefit entitlement for working-age tenants who are deemed to have more rooms than they need. Tenants occupying by more than one room will have their housing benefit reduced by 14% and two or more extra rooms will attract a reduction of 25%. This change is estimated to affect 1,505 tenants in Brighton & Hove who will face an average weekly loss of £14.95, with the total equating to £1.2 million. 270 of those have dependent children and 528 of the households has a member of the family in receipt of Disability Living Allowance. In addition, there are a significant number of tenants with long term health problems who may find it difficult to share a bedroom.
- 3.8 At some point between July and September 2013, the Benefit Cap will be implemented in Brighton & Hove. This limits total benefit payments to £500 per week for working-age families and £350 per week for single claimants. Single people who work at least 16 hours a week and couples who work at least 24 hours a week are exempt from the Cap, as are households where a family member receives an applicable disability related benefit, such as Disability Living Allowance. The council estimates that there are about 300 families who will be affected by this with an annual loss of benefit totalling £1 million. The estimated average weekly loss for these households is £64.
- 3.9 The council estimates that out of a total of 12,455 Local Housing Allowance (LHA) claims (housing benefit for the private sector), 6,581 receive less LHA than the rent they pay. The total shortfall between the rent paid and the LHA received in these cases is £9.9 million. The estimated average weekly shortfall in these cases is £28.

## **Future Impact of Reduced Budget**

3.10 It is noted that the DHP funding to authorities will fall by £30 million in 2014/15 with the expectation that this reduction will continue year-on-year as the immediate and transitional impacts of welfare reform lessens. It is not the intention of the DWP that the DHP fund is used to directly replace reduced rates of benefit which are a consequence of welfare reform, but to assist tenants into long-term affordable outcomes. Given that the DHP budget will reduce in future years it will not be sustainable to support families in accommodation with large housing benefit shortfalls in the long term. As such, it is important the budget is used wherever possible to help people into sustainable, affordable accommodation. This will mean a shift for the council moving away from supporting households in the long-term in properties that are affordable only with a DHP, to assisting tenants to move into accommodation that is sustainable in the long-term without such support. This can be achieved with offering rent-in-advance, and where appropriate deposits and moving costs.

## **THE SCHEME**

3.11 The scheme is set out in appendix 1

3.12 The scheme principles are:

- The annual funding is cash limited, based on a ring-fenced central government grant (plus any additional allocation of the council's own un-ring-fenced discretionary funds set aside for 2013/14)
- The scheme is discretionary
- There is no statutory right to a payment
- Applications will be considered individually on their own merit. The level of payment will be decided by the council, fairly, reasonably and consistently
- There is no statutory right of appeal, although the council operates a review process

3.13 The scheme focuses on:

- enabling people to secure or retain appropriate and sustainable accommodation through temporary difficulties
- reducing the risk of homelessness
- supporting the stability of households where children may be at risk
- supporting foster carers who need more than one bedroom for their arrangements
- supporting disabled tenants whose home has been significantly adapted to meet their particular needs
- supporting other vulnerable households in exceptionally difficult circumstances

3.14 The scheme has been drawn up in conjunction with colleagues from the Housing Options team so that key housing strategy objectives are addressed. It has also been agreed by the Welfare Reform Programme Board which includes senior officers from Children's and Adults' Social Care.

## **Information and signposting**

- 3.15 The council anticipates it will be in a position where the demand, in terms of both the number of applications for DHP it receives and the financial amount requested in total, will significantly outstrip the budget it has to meet this demand. In cases where the council is unable to make an award it will signpost that customer to appropriate support and advice.

## **Review and monitoring**

- 3.16 The council will keep the fund fully under review and monitoring will be carried out on numbers of applications, the reasons for applications, numbers of successful applications and the value of those awards. In addition, details will be kept of unsuccessful applications and the reasons why they were unsuccessful.
- 3.17 A full review programme of all the council's related discretionary funds (DHP, Local Discretionary Social Fund and the Council Tax Reduction Social fund) is being undertaken throughout 2013/14. In addition to the review of specific awards referred to above, this review will undertake to examine how these funds are most effectively used in conjunction with one another and how they can be used in conjunction with other support and mitigations to provide the most sustainable outcomes for those affected by welfare reform.
- 3.18 We will be carefully profiling expenditure on this budget throughout the year. This will ensure that there is money available during the whole financial year.

## **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 The welfare reform programme has held a regular City-Wide Overview group over the last year with external stakeholders.
- 4.2 There has been a number of occasions when there has been cross-city information sharing and awareness, raising of all the impacts of the welfare reform agenda of which this is a part.
- 4.3 Current DHP use and expenditure is reviewed monthly in a cross-service meeting. A specific event inviting Housing and advice agencies has also fed into the consultation done for this report.
- 4.4 The Revenues & Benefits service will work with the Communications Team to refresh the publicity surrounding DHP. This area of work will take direction from the Equalities Impact Assessment (EIA). This work will need to strike a balance between reaching all the people who may be able to apply and receive payment from this fund and communicating the cash limited nature of the fund.

## **5. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 5.1 The Government's welfare reform programme is fundamentally changing the way welfare benefits are delivered. The provisions proposed in this report need to be seen in this context.
- 5.2 It is anticipated that the demand from tenants to cover increased housing costs in 2013/14 will be greater than the DHP funding available and so the fund will be closely monitored as part of the TBM process during 2013/14. The council reclaims eligible expenditure from government up to the total value of the DHP grant allocation. Any expenditure over this level would have to be separately funded by the council.
- 5.3 In addition to the DHP fund, the council is responsible for administering other discretionary funds including the Council Tax Discretionary Fund and the Local Discretionary Social Fund. To avoid duplication of payments and to make the most efficient use of these funds, awards must work in a way which complements but does not overlap with the others.
- 5.4 At Budget Council in February this year £300,000 one-off resources were set aside to augment discretionary funds to moderate the initial impact of welfare reforms. These funds will be applied to the appropriate discretionary funds to ensure the most efficient use of resources as part of the TBM process.

*Finance Officer Consulted: James Hengeveld*

*Date: 02/04/13*

### Legal Implications:

- 5.5 The relevant law is set out in appendix 2, but of particular note is the new guidance which has come in. Although not statute, the guidance should be followed wherever possible and until such time as it is challenged in Court.
- 5.6 It should also be noted that there have already been a number of legal challenges to the government policy which has led to changes in that policy (in relation to families with disabled children) and more can be expected. So it may be that the guidance and the policy will have to be changed and as such the scheme will have to be kept under review. A review process of the scheme would in any event be advisable.
- 5.7 As a discretionary scheme with limited statutory underpinning (intentionally as it is designed to be responsive to local need), it needs to be transparent, proportionate and reasonable.
- 5.8 There are, by extension, Human Rights Act issues. These are caused by virtue of the fact that people may lose their homes due to financial problems and this is clearly a 'right' under the act. Clearly audited decision-making and a flexible approach are critical in preventing successful challenges.

Additional legal comment is in appendix 2.

Equalities Implications:

- 5.9 An Equalities Impact Assessment has been undertaken as part of the design of the DHP policy. This assessment will be updated as we obtain further insight into the practical impact of welfare reform and the nature of the applications for DHP
- 5.10 Welfare Reform itself has wide ranging equalities implications and the increased funding provided nationally by the government for DHP is part of their response to the issues identified. Our EIA process has identified that the key groups significantly impacted by changes to Housing Benefit are:
- those of working-age
  - women, especially single parent women
  - families with children and foster children
  - disabled people are significantly impacted

This has been taken into account in the design of our DHP and who it will be focussed on. Decision makers will also take into account issues faced by any applicant who falls into a protected characteristic.

- 5.11 The EIA process has also identified a range of other actions including the need to ensure:
- ongoing equalities monitoring of the DHP caseload (successful and unsuccessful applications)
  - awareness of the DHP scheme with a particular need to communicate effectively with those from the BME community
  - accessibility of the service, including ensuring an ongoing home visits programme for those whose disability would preclude them from accessing the service otherwise
  - ongoing information sharing across council services, particularly with the Strong Families, Stronger Communities team, the Housing Options team and Adult Social Care, particularly disability services and mental health services.

Sustainability Implications:

- 5.12 There are no sustainability implications

Crime & Disorder Implications:

- 5.13 We have been in close liaison with the Police to share knowledge and understanding on Welfare Reform impacts. In addition, members of staff from the Welfare Reform Programme have met with Police analysts to discuss joint monitoring of the impact of Welfare Reform.

### Risk and Opportunity Management Implications:

- 5.14 This report on DHP is related to the work on Wider Welfare Reform for which there is a risk log.

### Public Health Implications:

- 5.15 Public Health is part of the Wider Welfare Reform Programme work.

### Corporate / Citywide Implications:

- 5.16 The application of DHP has a significant impact on housing advice and housing providers throughout the city.

## **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 The DHP policy could be left as it is. This would mean it would not take into account the changes from welfare reform. In turn this approach would lead to an increased risk that the council was not administering individual awards appropriately; as such the council may be at a higher risk of successful legal challenge against the administration of the scheme. For the reasons set out above, it is not recommended the council adopt the 'do nothing' approach in this instance

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The impact of the Government's reforms on those in receipt of Housing Benefit could potentially mean that many tenants will struggle to pay their rent. The additional funding for this financial year and for 2014/15 recognises this need for help, but the council anticipates that the level of funding is unlikely to be sufficient to meet it in full. However, the council considers that the provisions set out in this report are the best way to meet the needs of our most vulnerable residents.
- 7.2 A policy is required to ensure that the increased funding is used, as far as it is able to be, to support affected residents to move into a tenancy that will be sustainable in the long term and to support the transition into work.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. The DHP Scheme
2. DHP Administration

### **Documents in Members' Rooms**

None

### **Background Documents**

None