

# **POLICY AND RESOURCES CABINET BOARD**

## **REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVE REES**

**3<sup>RD</sup> SEPTEMBER 2015**

### **SECTION A - MATTERS FOR DECISION**

#### **WARDS AFFECTED - ALL**

#### **DISCRETIONARY HOUSING PAYMENTS- REVIEW OF 2014-15 PERFORMANCE AND POLICY UPDATE FOR 2015-16**

##### **1. Purpose of Report**

- 1.1. The purpose of this report is to enable members to review performance in line with this authority's Discretionary Housing Payment Policy in the context of Government changes to welfare benefits which have reduced entitlement to Housing Benefit and increased demand for additional discretionary help through this scheme.

##### **2. Background**

- 2.1. The Discretionary Housing Payment (DHP) Scheme gives Local Authorities the power to award additional payments to Housing Benefit recipients. Payments are applicable to customers in receipt of Housing Benefit either where there is a shortfall between the rent charged (less any ineligible services such as heating and lighting) and the amount of housing benefit payable, or where the claimant is in receipt of Housing Benefit and merits a lump sum payment for a bond, rent in advance, or to clear "specific" arrears etc.
- 2.2. The Government provides funding for DHPs and the funding allocation for Neath Port Talbot CBC for 2014/15 was £372k. This is a very small amount in relation to the Council's total spend on housing benefit of circa £54 million.

##### **3. Applications and Spend 2014/15**

Spend on DHP awards is monitored on a monthly basis to ensure we do not exceed the fund limit. At the end of 2014/15, there had been 1162 claims for additional help under the scheme. There have been 802 awards made and 360 unsuccessful claims.

#### **4. Objectives of the Scheme**

4.1 Discretionary Housing Payments should not seek to undermine the purpose and nature of the UK Government Housing Benefit scheme, nor support irresponsible behaviour, nor assist in situations so common that a consistent approach to such payments would involve expenditure above the allocated funding. However through the DHP scheme the authority aims to –

- Assist in sustaining tenancies to prevent homelessness.
- Safeguard residents in their own home.
- Help customers financially through difficult circumstances or events.
- Support the most vulnerable households.
- Provide further financial assistance to those most affected by the welfare reforms.
- Assist in obtaining suitable affordable accommodation.
- To provide temporary financial support to tenants whose current accommodation is unaffordable whilst they either secure employment or move to more affordable accommodation.
- Protect those who we consider should not be affected by the Welfare Reforms (e.g. Bedroom Tax) taking into consideration, where appropriate, the guidance provided by Central Government.

#### **5. Outcomes**

5.1 Housing Benefits staff have worked closely with the Housing Options Service, RSLs generally and particularly NPT Homes.

5.2 The Housing Options service has looked specifically at those non RSL tenants who have been at risk of losing their home. They interact with the customer to look at their circumstances as a whole rather than simply the rent shortfall. There will possibly be remedies other than DHPs to assist the individual that the Options service may help with. Appendix one details the Housing Options Service approach to DHPs.

5.3 NPT Homes carry out a similar exercise as the Housing Options service. They, regardless of any DHP requirement, seek to assist their tenants who

have difficulty in sustaining their tenancy. In view of their relationship with their tenants NPT Homes are well placed to make judgements about any DHP help that is required and make recommendations to the Benefits office in order to assist in decision making. Appendix two details the NPT Homes approach to DHPs.

- 5.4 Other RSLs are also encouraged to follow the NPT Homes approach and actively do so.
- 5.5 In order to prevent disabled applicants from having to move to alternative accommodation decisions to provide additional assistance to this group is made more on the grounds of their personal circumstances than purely a rent shortfall decision. Particular consideration is given to those tenants in specially adapted accommodation as it is incongruous to move someone into alternative accommodation and then adapt it in the identical manner as the original property. Consideration is also given to the support which is available to the tenant at their current home as opposed to what would be available if they had to move to alternative accommodation.
- 5.6 Foster carers are offered protection by the “Bedroom Tax” regulations if they have one extra bedroom to their normal requirements. However where a foster carer has two extra rooms the authority awards a DHP to protect the foster carer from what is considered an unfair punitive situation. This aids the availability of foster carers within the Borough.
- 5.7 802 applicants have benefited from DHP awards during 2014/15. There were 935 awards made. Of these 740 awards were bedroom tax related (£306k) and 120 were Local Housing Allowance shortfall related (£45k). Of the 800 applicants who received assistance 222 received that help on the grounds of a disability.
- 5.8 There were no appeals received against DHP decisions made and there were no formal complaints received

## 6. **Policy Update for 2015-16**

- 6.1 Attached at Appendix 3 is the proposed Discretionary Housing Payments Policy and Procedure for 2015. Some additional procedural clarity is also incorporated. The changes proposed to the existing policy document are shown in *italics*.
- 6.2 The changes propose to clarify the aims of the authority in making awards, make reference to budget limitations when making awards, include reference to RSLs in making decisions and to exclude certain disability

benefit income when making financial determinations. The following summarises the main changes:

- Liaison with RSLs and NPT Homes in particular has made the decision process fairer and the support to the applicant more rounded and is proposed to continue.
- Awards of DHPs need to reach those most appropriate.
- Vulnerable tenants, especially the disabled receive the support they require.
- Foster carers to receive support where required in order to protect their ability to carry out their role without detriment as a result of Bedroom Tax charges.

## **7. Recommendations**

It is recommended that members:-

- Note the outcomes and financial support provided via Discretionary Housing Payments in 2014-15:
- Acknowledge and support the joint working arrangements between Housing Benefit, Housing Options and NPT Homes in relation to awarding DHP's.
- Approve the updated Discretionary Housing Payments Policy and Procedure (as set out in Appendix 3)

## **8. Reason for Proposed Decision**

To review performance information and update the Discretionary Housing Payment Policy and Procedures

### **List of Background Papers**

The Discretionary Financial Assistance Regulations 2001  
DHP Policy and Procedure Document

### **Appendices**

Appendix 1 - Housing Options Service approach to DHPs  
Appendix 2 - The NPT Homes approach to DHPs.

**Officer Contact**

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## **COMPLIANCE STATEMENT**

### **DISCRETIONARY HOUSING PAYMENTS- REVIEW OF 2014-15 PERFORMANCE AND POLICY UPDATE FOR 2015-16**

**(a) Implementation of Decision**

The decision is proposed for implementation after the 3day call in period.

**(b) Sustainability Appraisal**

**Community Plan Impacts:**

Economic Prosperity	Neutral
Education and Lifelong Learning	Neutral
Better Health and Well Being	Positive
Environment and Transport	Neutral
Crime and Disorder	Neutral

**Other Impacts:**

Welsh Language	Neutral
Sustainable Development	Neutral
Equalities	Neutral
Social Inclusion	Positive

**(c) Consultation**

There has been no requirement under the Constitution for external consultation on this item.

## APPENDIX 1

### **Housing Options Service approach to DHPs**

1. DHP applications are assessed and decisions recommended by the Housing Options Section. These are generally applications from tenants in the private sector not in RSL owned accommodation.
- 1.1. **Consistency of decision making**
  - 1.1.1. Decision making is based upon the individual's circumstances and need so will vary from applicant to applicant, though the logic of processing the application is uniform throughout. Initially based on calculating the financial income and outgoings of the applicant, exploring their family structure, health needs and their immediate risk of becoming homeless. With all these areas considered a decision is made regarding the amount and length of payment required and what additional support to input according to their immediate needs.
  - 1.1.2. On occasion the applicant's situation is barely redeemable and their circumstances will mean that they will have no access to alternative accommodation (due to excessive arrears etc.). It may then be necessary to provide financial assistance for up to a 12 month period to prevent eviction (this would normally only be families or those who would be a priority need case)
- 1.2. **Treatment of disabled applicants**
  - 1.2.1. Where an applicant is in receipt of DLA/PIP staff either conduct a Telephone interview or visit the client to establish precisely what disposable income they actually have (i.e. on the basis that any disability benefits are required to meet their needs as a disabled person). If the property is adapted then it generally is given that DHP will be paid in part or full as it is not realistic to expect the client to move.
  - 1.2.2 In certain cases if the shortfall is excessive and the property is not suitable for the individual any award would be limited to 8-12 weeks whilst alternative suitable accommodation is sought. Using the DHP in short periods encourages the applicant to engage with support so that hopefully in the future they will not need to re-apply.

### **1.3 Providing support generally and not just financial support:**

Support to those in need is not limited to the award of a DHP. Support is also provided such as assisting with benefit applications and budgeting advice( e.g.: Re-claiming of bank charges , negotiation with Landlords , referring on to relevant external agencies such as the Credit Union ) Tenancy Support is also provided if the need is identified.

### **1.4. Managing the budget**

1.4.1. Monthly spend is monitored to try and make the budget last to the end of the financial year. This is to ensure that those in similar need are able to be supported whether they require support at the beginning or the end of the year.

1.4.2. During 2014/15 163 applications were received , 55 were refused (either not eligible, unaffordable, withdrawn, lack of contact or they had already moved)

- 32 applications were for the Private rented sector
- 131 for Housing Associations ( NPT Homes cases were dealt with by them from October onwards )
- 4 Bonds/RIA were issued for affordable/suitable accommodation



**NPT Homes approach to DHPs**

1. DHP applications are assessed and decisions recommended by NPT Homes. These are for NPT Homes tenants.

**Background**

- 1.1. **NPT Homes tenants affected by the bedroom tax and the impact on the DHP budget.**

- 1.1.1. As at April 2014 there were 1700 tenants affected by the ‘bedroom tax’.

- 1.1.2. Discretionary Housing Payments (DHP) are an option for tenants affected by bedroom tax to claim to assist with the shortfall between their housing benefit and their rent.

- 1.1.3. Prior to the introduction of the bedroom tax very few NPT Homes tenants would have received a DHP.

- 1.1.4. Amount of DHP awards for 2014/15:

- 541 NPT Homes tenants were awarded DHP’s, receiving a total of £266,208.11.
- There are tenants affected by the bedroom tax who fall into priority groups, such as those living in adapted properties, those with medical needs requiring an extra bedroom etc. There were 122 tenants that fell into one of these priority groups who have received full DHP for 2 years from April 2013 to April 2015.

- 1.2. **Treatment of disabled applicants.**

- 1.2.1 The Local Authority maintains full responsibility for decisions on those tenants in substantially adapted properties. In 2014/ 2015 160 tenants received DHP for this reason, amounting to approximately £107,000.

- 2.1 **Providing support generally and not just financial support**

- 2.1.1 The Financial Inclusion team assist the Local Authority with DHP decisions for those in financial hardship; those tenants downsizing to NPT Homes properties requiring a ‘deposit’; and for those requests for help

with arrears payments for those unable to downsize because of the 'bedroom tax' due to their arrears levels.

### **3.1 Consistency of decision making**

3.1.1 In October 2014 NPT Homes' Financial Inclusion team took on a greater role in the decision making process for claims from NPT Homes' tenants for DHP. This arrangement has resulted in speedier decisions and more informed decision making (based on rent account; history of payments and knowledge of tenants' circumstances etc.). This arrangement therefore has continued into this financial year.

3.1.2 The length and amount of awards vary according to the tenant's circumstances and need. Some tenants receive full or partial year awards and some will not receive help towards their full shortfall of bedroom tax.

**DISCRETIONARY HOUSING PAYMENTS –POLICY AND  
PROCEDURE ( updated 2015)**

**1. Objectives of the Scheme**

1.1 Discretionary Housing Payments (DHP) should not seek to undermine the purpose and nature of the Housing Benefit scheme, nor support irresponsible behaviour, nor assist in situations so common that a consistent approach to such payments would involve expenditure above the allocated funding. However through the DHP scheme the Council will aim to –

- Assist in sustaining tenancies to prevent homelessness
- Safeguard residents in their own home
- Help customers financially through difficult circumstances or events
- Support the most vulnerable households
- Provide further financial assistance to those most affected by the welfare reforms.
- Enable relevant applicants to move to affordable and sustainable accommodation.
- Protect those who we consider should not be affected by the Welfare Reforms (e.g. Bedroom Tax) taking into consideration, where appropriate, the guidance issued by central government.

**2. Criteria for DHP's**

2.1 When considering a DHP you must be satisfied that:-

- There is a shortfall between the amount of weekly benefit awarded and the amount of weekly eligible rent the claimant is liable to pay (except in the case of help with tenancy start up or moving costs) and the shortfall must be shown to be causing hardship which would be alleviated if additional support were paid,
- The claimant requires further help with housing costs,

- Awards are made at a qualifying level which would result in the funds available not being overspent should all those meeting the criteria receive an award. A DHP **cannot** be made:
- To top up an award made under the Council Tax Reduction Scheme.
- To contribute to the cost of ineligible service charges (such as heating and lighting)
- To assist in paying for rent increases imposed as a result of incurring rent arrears
- To assist in paying for rent costs which arise from the imposition of sanctions or reductions in Housing Benefit

### 3. **Decision Making Process**

3.1 The decision to award/refuse a DHP lies *within the Benefits Office*.

3.2 When making the decision the *Benefits Office decision maker* will consider each application on its own merit having regard to the following –

- A request from an RSL based on personal knowledge of the claimants circumstances (NPT Homes being particularly active in this area)
- The shortfall between Housing Benefit and the liability
- Any steps taken by the claimant to reduce the rental liability;
- If a member of the household has a disability and has the accommodation been adapted to meet their needs;
- The medical circumstances (i.e. ill health and disabilities) of the claimant, their partner and any other occupants of the claimant's home;
- If the claimant moved to the address in order to assist with care;
- The income and expenditure of the claimant, their partner and any other occupants of the claimant's home. *It should be noted that*

*benefits received for specific expenditure (e.g. Disability benefits) should not be taken to be used for other purposes such as topping up rent shortfalls;*

- Any savings or capital that might be held;
- The level of indebtedness of the claimant or their family;
- The exceptional nature of the claimant and family's circumstances;
- If the applicant provides accommodation for foster children;
- Hardship suffered by the claimant;
- If the individual is fleeing domestic abuse or violence;
- If children are near the age limits, at which they would qualify for their own room;
- The possible impact on the Council of not making such an award, e.g. the pressure on priority homeless accommodation;
- Any other special circumstances.

3.3 After considering the above it must be remembered that it is likely that a large number of claimants still fall into the defined categories. Any cases meeting the required criteria for an award must be considered to be more deserving, with greater exceptional circumstances, than the majority of applicants to warrant granting an award. When considering the merits of hardship in any particular case there should be more than purely the obvious hardship caused by a shortfall in the benefit payment.

#### 4. **Claiming a DHP**

4.1 A request for DHP should usually be made in writing and should include reasons for the request (an application form is available). Details of the claimant's income and expenditure will be required in order to determine financial hardship. Details of personal circumstances must be included to determine exceptional circumstances.

4.2 Additional evidence may be requested to support an application as deemed necessary, for example proof of rents arrears, multiple debts, disability etc.

## 5. **Length of DHP Awards**

- 5.1 Awards are expected to last for a fixed period depending on the individuals' circumstances.
- 5.2 Awards may take into account the need to allow the claimant a short future period to adjust or take into account a family's circumstances, such as hardship caused by increased hospital visits while undergoing treatment.
- 5.3 Awards may be granted for a longer period of time if appropriate.

## 6. **DHP Decisions**

- 6.1 The Council endeavours to notify the decision on the DHP request within fourteen days of the date all the information needed to support the claim is provided.
- 6.2 The *Benefits Office decision maker* will record the decision and the reasons for the decision on the appropriate proforma for each case.
- 6.3 The *Benefits Office decision maker* will notify the customer, in writing, of the decision. Where a DHP claim is successful the letter will include the weekly award, period of award, and date the next payment will be made. Where the claim is unsuccessful, the decision letter will give detailed reasons for the refusal and the right for the applicant to request a review of the decision.
- 6.4 Review requests must be made in writing, contain sufficient information for the decision in dispute to be identified and state the reasons for the disagreement.
- 6.5 Any request for review will be referred directly to the Principal Officer or alternative Senior Officer. Where the original decision is changed and an award is made the officer will provide written notification to the applicant confirming the weekly award, period of award, and date the next payment will be made. Where the decision is unchanged, the decision letter will give reasons for the refusal. There is no further right of review.