



**Corporate Policy and
Resources Committee**

Date 10 May 2018

Subject: Discretionary Housing Payments (DHP) Policy Review

Report by:

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Purpose / Summary:

The West Lindsey DHP policy has been updated to take account of Full Service Universal Credit and a copy of the proposed policy is shown at Appendix A.

RECOMMENDATION(S): That members;

Adopt the new Discretionary Housing Payment Policy – Option 2

IMPLICATIONS

Legal:

None – there is no requirement to have a policy but given the budget and the likelihood of challenge it is recommended we do have a policy.

Financial : FIN/161/18/CC

The cost of the scheme is borne by the Department for Works and Pensions who 100% subsidise the scheme payments to customers (up to the Local Authority grant threshold) and fund the administration of the scheme on an annual basis.

Staffing :

This policy will have no additional impact on staffing

Equality and Diversity including Human Rights :

Positive effects

Risk Assessment :

Having a DHP Policy makes the process of claiming and awarding a DHP transparent. The Policy supports the Council's aims and objectives and is aimed at reducing the risk of homelessness

Climate Related Risks and Opportunities :

None arising from this report.

Title and Location of any Background Papers used in the preparation of this report:

Department for Works and Pensions Discretionary Housing Payments Guidance Manual December 2016

<https://www.gov.uk/government/publications/discretionary-housing-payments-guidance-manual>

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

Yes

No

Key Decision:

Yes

No

Executive Summary

West Lindsey District Council receives an annual grant from the Department for Work and Pensions (DWP) to provide additional financial help in the form of a Discretionary Housing Payment (DHP) to households in receipt of Housing Benefit (HB) or the Universal Credit housing costs element and suffering financial difficulty.

The grant received from the DWP has risen over recent years following the Welfare Reform cuts to standard Housing Benefit in 2013 and beyond and whilst the current policy is still valid and flexible to allow DHP awards in the situations that DWP suggest, it makes no reference to Welfare Reform or Universal Credit and contains very little detail regarding scenarios where a DHP cannot be paid.

The DWP publish 'guidance' for the use of the DHP fund which is used by the West Lindsey Benefits Team when assessing eligibility for a DHP and the payments made under the scheme are closely monitored by the DWP.

The West Lindsey DHP policy has been updated to take account of Full Service Universal Credit and a copy of the proposed policy is shown at Appendix A.

1 Background and Statistics

- 1.1** The Council is provided with an annual Discretionary Housing Payment (DHP) grant by the Department for Work and Pensions (DWP) in order to provide additional financial support to that awarded through the housing benefit scheme and now Universal Credit.
- 1.2** DHPs operate outside the main benefit system but for ease of administration are normally paid alongside housing benefit where relevant. The payments are limited to providing support with housing related costs for residents in receipt of housing benefit or the housing element of universal credit. Support is restricted to those within the rental sector and cannot support home owners or to clear Council Tax liability.
- 1.3** The budget available to West Lindsey District Council in 2018/19 is £181,749. This represents a significant budget for the number of HB/ UC Housing Costs claimants we have and demand for DHP is high for the district but in the past five years the full budget has not been spent and any underspend each year remains with the DWP.
- 1.4** The following table shows the increase in the DHP allocation to West Lindsey and the amount spent over the last six years.

Year	DHP Funding	Amount Paid to Claimants
2012/13	£53,823	£44,012
2013/14	£114,798	£80,752
2014/15	£131,512	£71,168
2015/16	£115,593	£51,685
2016/17	£142,371	£86,422
2017/18	£182,508	£122,972

2018/19	£181,749	
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1.5 DHP support is targeted to help those households affected by welfare reform or who are homeless or at risk of homelessness and in 2018/19 it is expected that we will receive more referrals from the Home Choices team who have extended Homelessness responsibilities from April 2018.

1.6 Referrals for DHP assessments are encouraged from the WL Home Choices Team, DWP Jobcentres in Gainsborough, Lincoln, Grimsby and Scunthorpe, ACIS Group Ltd and all welfare organisations, landlords and housing associations who have concerns about tenants receiving Housing Benefit or UC housing element and not being able to meet their full housing rent. The following table shows the number of applications received and paid, refused or withdrawn over the last six years:

Year	Number of Applications Received	Number Paid	Number Refused	Number Withdrawn
2012/13	165	101	52	7
2013/14	385	262	82	36
2014/15	323	214	91	18
2015/16	231	149	67	17
2016/17	333	232	80	21
2017/18	389	276	76	37

The main reasons that awards are refused is if a customer has sufficient income to pay the shortfall in their rent and only needs referral for budgeting advice, they have made multiple applications for DHP funds, they have no shortfall in rent (their Housing Benefit award or UC housing element is paying their full rent) or they are not in receipt of HB or UC housing element. The main reason that applications are treated as 'withdrawn' is that the customer refuses to 'engage' with the DHP Officer after making the initial application or after an organisation has made the application on their behalf.

1.7 The Welfare Reform initiatives implemented since April 2013 have been well managed by the claimants affected and where DHPs have been awarded to help claimants acclimatise to the partial withdrawal of standard HB the DHP awards have been of a temporary nature in most cases. The table overleaf shows the 'reason' for DHPs awarded in 2017/18.

DHP Reason (2017/18)	Number of awards
Social Sector Size Restriction (Bedroom Tax)	80
Benefit Cap	29
Local Housing Allowance Reforms – Private Rents	87
Claimants not affected by Welfare Reform (eg Relationship breakdown, loss of	80

employment, reduction in income)	
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1.8 The DWP guidance to Local Authorities for paying DHPs recommends that every application is considered on its own merits and payment is at the discretion of the Local Authority BUT there are circumstances where an award of DHP cannot be made as follows:

- A DHP cannot be paid where HB or UC housing costs have been removed or reduced due to a DWP benefit sanction (penalty)
- A DHP cannot be paid in excess of the eligible weekly rent
- A DHP cannot be paid to cover a deduction from HB or UC housing costs that is being made to clear a previous overpayment of HB or UC housing costs.
- A DHP cannot be paid where rent liability has been increased to include past rent arrears
- A DHP cannot be paid to cover ineligible service charges

2 Options

2.1 Option 1 - No change, West Lindsey continues to award DHPs based on the current policy that makes no reference to Universal Credit or Welfare Reform

2.2 Option 2 - Members adopt the new policy updated to include details on Welfare Reform and Universal Credit

3. Recommendations

Given the benefit changes brought about by Welfare Reform and Universal Credit -Option 2 is recommended - the new West Lindsey DHP Policy is adopted.



Discretionary Housing Payments Policy

Introduction

Discretionary Housing Payments (DHPs) were introduced in July 2001. The general provisions for DHPs are contained within the Discretionary Financial Assistance Regulations 2001

Discretionary Housing Payments (DHP) provides additional financial assistance to people who are already in receipt of Housing Benefit (HB) or the Housing Element of Universal Credit (UC).

DHP's are not classed as payments of benefits. They are stand-alone payments and the awards are made entirely at the discretion of the Council, subject to a cash limited budget set by the Government.

A DHP can be claimed by every claimant who has entitlement to HB, or entitlement to the Housing Element of UC and there is a shortfall between their rent liability and the amount of HB or Housing Element of UC and they require additional financial help to pay this shortfall.

A DHP may be awarded to meet a shortfall in rent for any of the following:

- Reduction in HB/UC where the benefit cap has been applied
- Reduction for under-occupation in the social rented sector
- Reduction due to Local Housing Allowance (LHA) restrictions
- Any shortfall to prevent a household becoming homeless whilst the Home Options team explores alternative options
- Reduction due to Rent Officer restrictions
- Reduction due to the application of income tapers

Housing costs are not defined in the regulations and this gives LA's a broad discretion to interpret the term as they wish. In general, housing costs means rental liability. However, housing costs can be interpreted more widely to include;

- Rent in advance
- Deposits
- Other lump sum costs associated with a housing need/move such as removal costs.
- A reasonable payment to clear qualifying rent arrears if they are preventing a customer from moving to affordable accommodation, subject to no DHP award being made at the new address, unless affected by a relevant change of circumstances.

Payments are purely discretionary and nobody has the statutory right to receive a DHP. A DHP cannot be used for:

- Ineligible service charges included in the rent
- A reduction in benefit award following a sanction being imposed as a result of fraud
- An increase in rent liability due to rent arrears
- Rent because of the suspension of benefit payments

- A period for which there is no entitlement to HB or UC

The main features of the DHP scheme are:

- It is discretionary
- A claimant does not have a statutory right to a payment
- The amount the Council pay out in a financial year is cash limited by the Government
- The administration of the scheme is for the Local Authority to determine

Each DHP claim will be considered on its own merits and there will be no blanket policy or exemptions.

Scheme Objectives

The scheme objectives are to reduce inequalities by protecting the most vulnerable in our district and to:

- Safeguard people's housing/tenancies
- Sustain vulnerable households
- Prevent homelessness
- Alleviate poverty
- Help those trying to help themselves
- Keep families together
- Support the vulnerable in the local community
- Help people through personal crises and difficult events
- Support young people in the transition to adult life

Considering the application

The following list indicates elements which will be considered in the assessment of a DHP application (this list is not exhaustive)

- Any steps taken to reduce the liability
- The financial circumstances of the claimant and the family, including the ability to pay the shortfall themselves
- Any savings or capital held
- Any steps being taken to improve the claimant's financial situation
- The medical circumstances of the claimant and their family including adaptations to the property
- Length of time the circumstances are expected to last
- The prevention of homelessness and the Council's homelessness strategy
- The amount available in the DHP budget

Period of award

In all cases, the Council will decide the length of time for which a DHP will be awarded (usually a maximum 26 weeks) – this will be based on the facts known and the evidence supplied.

The start date of the award will normally be from the Monday following the date the DHP claim was made.

An award cannot be granted for a period for which there is no entitlement to HB or the Housing Element of UC .

Awarding a DHP

The Council will assess how much DHP to award based on all of the claimant's circumstances. A home visit or a telephone interview may be arranged to gather details of the claimant's circumstances. The award of DHP may be an amount lower than the difference between the liability and the rate of HB/UC being paid.

One award of DHP for a certain period of time does not guarantee that a further award will be made at a later date.

Changes in Circumstances

All customers receiving a Discretionary Housing Payment must report any change in their circumstances immediately. The Benefits Team may revise or withdraw the award following a change in circumstances, or at any other time it is practical to do so.

Method of payment

The Council will decide the most appropriate person to pay. This will include:

- Claimant
- Appointee
- Landlord or Agent

Payment will be made by BACS

Notification

The Council will inform the claimant of its decision and the letter will include the weekly award, the period of the award, how often it will be paid and to whom.

Where payments are to be made to a landlord or agent they will also be informed of the same.

Where the claim is unsuccessful the Council will provide an explanation of its reasons for refusing the claim.

Review of the Decision

As DHPs are not payments of benefit there is no right of appeal to be heard by an Appeals Tribunal. However in support of fairness to the customer the Benefits Team will carry out an independent internal review on the following decisions: -

- Not to award a Discretionary Housing Payment
- The level of a Discretionary Housing Payment
- Refusal to backdate a Discretionary Housing Payment
- Recovering an overpayment of a Discretionary Housing Payment

Customers or their appointees must make a request for a review in writing within one month of the original DHP notification giving their reasons for requesting a review.

The original decision will then be reviewed by a Senior Officer who has not been involved in the initial decision making process. The Senior Benefits Officer's decision will be notified in writing to the customer. No further requests for review will be accepted.

Overpayments of DHP

The Benefits Team will seek to recover any overpayment of DHP where the customer or their action has contributed to the overpayment. Recovery will involve the issuing of a Debtors Invoice.

Fraud

The Benefits Team is committed to the detection and prevention of fraud. Customers who deliberately make a false claim for a DHP will be investigated which may lead to criminal proceedings