

**Report To:** Policy & Resources Committee      **Date:** 26 March 2013  
**Report By:** Chief Financial Officer      **Report No:** FIN/26/13/AP/FB  
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**Subject:** Discretionary Housing Payments

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise Committee of the allocation of Discretionary Housing Payments funding from the Department for Work and Pensions and to seek approval for prioritisation proposals.

## 2.0 SUMMARY

- 2.1 Members have received reports from Officers in respect of the wider Welfare Reform and the impacts on the Inverclyde area. This report confirms the increase in allocation of the Discretionary Housing Payment budget from £55,072 in 2012/13 to £212,068 in 2013/14. The DWP increased the budget for 2013/14 with the expectation that it is used to support households affected by welfare reforms, specifically Social Sector Size Criteria and Benefit Cap.
- 2.2 Discretionary Housing Payment (DHP) is available to recipients of Housing Benefit to provide additional support to help meet the shortfall between Housing Benefit entitlement and rent charge. DHP may be granted for a minimum period of one week and will not exceed one year. It is not part of the normal Housing Benefit scheme but is a payment that may be made where extra financial support is needed in the short/medium term.
- 2.3 The Council has a finite DHP budget and as such the Council requires to prioritise applications. In addition the Council requires to ensure that applications from landlords to amend the number of bedrooms are justifiable and properly authorised.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the increased Discretionary Housing Payment budget allocation for 2013/14.
- 3.2 It is recommended that the Committee approve the Discretionary Housing Payment priorities and review process detailed in Appendix 1 and Appendix 2.
- 3.3 It is recommended that the Committee note that overall Discretionary Housing Payments should not exceed available budget and that progress on the allocation of the budget will be reported to the May Committee.
- 3.4 It is recommended that the Committee approve the Council's approach to assessing the number of bedrooms in a property outlined in Section 7.

Alan Puckrin  
Chief Financial Officer

## 4.0 BACKGROUND

- 4.1 The Westminster Government is progressing significant changes to the Welfare System and as previously reported to the Council there will be significant impacts on the wider Inverclyde Community.
- 4.2 The DWP recognised the pressure changes will have on household budgets specifically the Social Sector Size Criteria applied to Housing Benefit from 1 April 2013 and the Benefit Cap by September 2013. The Discretionary Housing Payment budget was increased to mitigate some of these demands. As previously reported the Social Sector Size Criteria, commonly known as the Bedroom Tax, will affect in the region of 1600 households within Inverclyde and the Benefit Cap while affecting a relatively low number of households will have a significant impact on household budgets for those affected.
- 4.3 The Discretionary Housing Payment budget expenditure for 2012/13 is approximately £55,000. The awards have assisted those demonstrating significant financial hardship and those aged under 35 years renting in the Private Rented Sector whose Local Housing Allowance is limited to the market rental cost of renting a room in shared accommodation.
- 4.4 The Social Sector Size Criterion is projected to reduce the Housing Benefit of approximately 1600 working age households in Inverclyde by £11 or £20 each week. The projected reduction in Housing Benefit due exclusively to the implementation of the Social Sector Size Criteria in Inverclyde is estimated to be in the region of £1 million in 2013/14.
- 4.5 There is clearly a considerable shortfall between even the significantly increased budget allocation and the projected reduction in Housing Benefit payments therefore a Discretionary Housing Payment prioritisation policy requires to be operated.
- 4.6 The Council and Registered Social Landlords have taken steps to inform tenants expected to be affected by the Social Sector Size Criteria of the financial pressure they will face and the options available to them, one of the options being application for Discretionary Housing Payments.

## 5.0 NATIONAL DISCRETIONARY HOUSING PAYMENT DISTRIBUTION

### 5.1 DHP 2013/14

Inverclyde allocation £212,068

Inverclyde upper limit £530,170

It should be noted that the Council would need to fund any spend over £212,068 but even if it had the resources could not spend more than £530,170. No allowance to spend beyond £212,068 was agreed as part of the 2013/16 budget.

Distribution is based on:

	<u>National Allocation</u>
2010/11 mid-point (allocation and spend)	£20m
LHA reforms – national addition:	£40m
SSSC – national addition	£30m*
Benefit Cap - – national addition:	£65m**
Total	<u>£155m</u>

\* aimed specifically at two groups; disabled people who live in significantly adapted accommodation; and foster carers

\*\* 10% of budget spread equally across all authorities remaining with the remaining 90% distributed based on anticipated volume of Benefit Cap cases as at April 2013 weighted according to the value of the cap amount.

- 5.2 The DWP recognises that it is for LAs to apply discretion as to which claimants will receive payments.

## **6.0 PROPOSALS**

- 6.1 Consultation with Registered Social Landlords, support providers, Housing Benefit and Customer Service Centre staff has resulted in a list of priority groups and their respective level of assistance. While there was acknowledgement that there are options available to absorb or avoid reductions in Housing Benefit such as finding work, increasing hours of employment or moving to smaller accommodation, it was agreed that vulnerable groups will be more limited in their choices and require particular consideration.
- 6.2 In addition it was acknowledged that whilst the vulnerable are recognised, account should be taken of the award of particular welfare benefits and the fact that they are awarded to support the additional living costs encountered by the recipient. An example of this is Disability Living Allowance, a tax-free contribution towards the extra costs of disabled people designed to ensure individuals continue to lead independent lives, further examples being Veterans in receipt of disability related pensions and carers in receipt of Carers Allowance.
- 6.3 Discretionary Housing Payments tend to be awarded for a limited period of time to allow individuals time to consider options and make adjustments to improve their position. Payments can however be paid over an extended period of time or even for the duration of the financial year if circumstances are considered to merit the payment and the budget available.

The proposed priorities are attached as **Appendix 1**

- 6.4 There is no legislative appeals process however the Council will review a DHP decision in the event of a dispute or where the claimant asks for a decision to be re-considered. A proposed review process is outlined in **Appendix 2**.

## **7.0 ASSESSMENT OF NUMBER OF BEDROOMS**

- 7.1 Due to the absence of legislation which defines what is a bedroom there have been a number of media articles on what constitutes a bedroom and whether this is a route which could be used to reduce the number of affected households. Whilst this option may appear attractive it is important that the Council does not expose itself to challenge from the DWP with the associated potential for significant penalties.
- 7.2 The Council based its assessment of 1600 households being impacted by the "Bedroom Tax" on information received from the Landlords and cross referencing this with existing Housing Benefit data. It is proposed that this remains the approach.
- 7.3 If an Landlord seeks to review/reduce the number of bedrooms in a property then this will require to be substantiated by a duly authorised lease prepared by the Landlord. Officers will need to consider this application in light of the information the Council holds and ask for further details as appropriate.
- 7.4 If following these checks the Council accepts the reduction in bedrooms, it will need to be on the basis that, if in the future the DWP rule that the reduction in bedrooms was not appropriate, then penalties will need to be met by the Landlord.

## **8.0 NEXT STEPS**

- 8.1 Discretionary Housing Payment applications for 2013/14 will be accepted and assessed by the Discretionary Payment Team in Finance Services. Considerable demand on the

budget is anticipated at the start of the financial year although applications will continue throughout the year. Clear priorities are needed to demonstrate transparency and furthermore to control application levels by providing applicants, support and advice workers with an indication of the expected outcome of applications.

8.2 Discretionary Housing Payment decisions will be monitored to ensure consistent decision making and the impact on the budget will be closely managed to ensure ongoing affordability.

8.3 It should be noted that Registered Social Landlords (RSLs) report that the majority of tenants consulted plan to absorb reductions in the Housing Benefit entitlement and other welfare benefit reductions within their household budget. This cannot be certain and for that reason the task of estimating the level of applications and demand on the budget has been difficult. The result of a high level of applications will result in the refusal of applications received from lower priority groups. Close contact will be maintained with the RSL's and other support providers through the Financial Inclusion Partnership and other formal liaison to monitor developments.

## 9.0 IMPLICATIONS

### 9.1 Financial

It is intended that Discretionary Housing Payment expenditure will be contained within the DWP allocation of £212,068. Regular updates on spend v budget will be given to Committee.

### 9.2 Recurring Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Other Comments
Benefits	DHP Payments	2013/14	£212,068	Awards to be contained within DHP funding.

### 9.3 HR Implications

The Discretionary Payment Team will administer applications also responsible for the administration of the Scottish Welfare Fund. Training of the new team will be delivered by staff already delivering this service from within the wider Benefits Team.

9.4 Legal Implications – There are no specific legal implications arising from this report.

## 10.0 EQUALITIES

10.1 Equalities Impact Assessment has been prepared. Equalities outcomes will also form part of the action plan which will be developed over the summer months.

## 11.0 REPOPULATION

11.1 It is clear that this specific issue may result in individuals and families moving home and in the absence of suitable accommodation within Inverclyde could result in depopulation. It is therefore important that limited DHP resources are targeted effectively.

11.2 It should be borne in mind that the pressures highlighted in this report are replicated throughout the country and it is not believed that Inverclyde will be any more at risk than other Scottish Councils to population migration.

## APPENDIX 1

\* Likely to be exempt. Formal confirmation awaited.

DHP Budget Category Priority	Circumstances	Maximum Duration of Award/ Award to be reviewed	Amount of DHP (up to stated % of shortfall between HB and rent charge)	Examples of Supporting Evidence
1	Property significantly adapted to meet tenant or a member of their household's needs	Until the end of the tenancy	100%	Statement confirming property's adaptations from RSL and confirmation of health needs
1	Foster carers *	Until the end of the foster care arrangement with CHCP	100%	CHCP records
1	Kinship Care arrangement	Until the end of the kinship care arrangement	100%	HB records in consultation with CHCP
1	Children leaving care (LAC) and other vulnerable adults at risk	Up to the end of LAC status 12 months (adults)	100%	CHCP
2	Absent parent – requires bedroom for access to child	6 months	100%	Support provider/ RSL statement
2	End of Life Care	6 months after date of death	100%	Customer statement & HB records
2	Carer – lives close to person for whom care is provided	6 months	50%	Carer's Allowance records
2	Employed with caring responsibilities - tenant lives close to person for whom care is provided/ available childcare	6 months	50%	Claimant statement, HB records and in consultation with CHCP
3	Tenant/ partner within 6 months of reaching Pension Age	Until tenant/ partner reaches pension age	25%	HB records
3	Households requiring additional bedroom for medical reasons	Review depending on nature of illness	25%	Statement confirming circumstances from RSL
3	Health conditions - tenant benefits from local support network/ CHCP	Review depending on nature of illness	25%	Support provider statement
3	Tenant victim of harassment at previous property (and tenant is protected under the Equalities Act - eg.	6 months	25%	Police report

APPENDIX 1 \*Likely to be exempt. Formal confirmation awaited.

	disability, sexual orientation, ethnicity)			
3	Aged under 35 years – private rented sector tenant (max - 2 bedroom LHA rate)	3 months	25%	HB records
3	Service widows and ex-service personnel (including non-dependents)	6 months	25%	Self declaration, HB records
3	Benefit cap	6 months	25%	HB records

## **APPENDIX 2**

### **Discretionary Housing Payment**

#### **Dispute Resolution Process**

##### **Introduction**

- 1.0 The local authority can review a Discretionary Housing Payment decision in the event of a dispute or where the claimant asks for a decision to be re-considered.
- 1.1 DHPs do not carry a right of appeal to a Social Security Tribunal. The route of judicial review is available, and the local government ombudsman if there is an allegation of maladministration.

##### **Reviewing the decision – First Tier**

- 2.0 Applications for review should be made in writing clearly stating grounds for review.
- 2.1 The original decision will be looked at again within the Discretionary Payment Team taking account of the representations made by the claimant and any other new and related information.
- 2.2 Disputes about the refusal of an application or the level of award will firstly be tested against the scheme's eligibility criteria then the agreed DHP priorities and budget available at the time of the decision.

##### **Notifying the claimant**

- 3.0 The claimant will be notified of the review outcome in writing with reasons and the second tier review process as soon as is reasonably practical. Information relating to Money Advice services or other appropriate agencies will be provided.

##### **Reviewing the decision – Second Tier**

- 4.0 Applications for second tier review should be made in writing clearly stating grounds for review.
- 4.1 The original decision and the outcome of the first tier review will be looked at again by the Discretionary Payment Supervisor, Benefits & Customer Services Team Leader and Revenue & Customer Services Manager taking account of the representations made by the claimant and any other new and related information.
- 4.2 Disputes about the refusal of an application or the level of award will firstly be tested against the scheme's eligibility criteria then the agreed DHP priorities and budget available at the time of the decision.



## APPENDIX 2

### Notifying the claimant

- 5.0 The claimant will be notified of the second tier review outcome in writing with reasons as soon as is reasonably practical. The claimant will be informed about the options should they still disagree with the decision to seek judicial review or report to the local government ombudsman.