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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b> 13 <sup>th</sup> August 2013
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b> FIN/56/13/AP/CM
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b> 01475 712223
<b>Subject:</b>	<b>Reduction in Discretionary Housing Payment Funding</b>	

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise Committee of notification received from the DWP that due to an error in its calculation for Discretionary Housing Payments the Council will be receiving reduced funding for DHP from 2014/15.

## 2.0 SUMMARY

- 2.1 Regular reports have been presented to the Policy and Resources Committee outlining the advised funding for Discretionary Housing Payments to meet the spare bedroom subsidy costs from 2013/14.
- 2.2 On the basis of the information provided by the DWP, the Council has agreed a payment policy designed to ensure the Council fully utilises the funding received from the DWP but does not overspend.
- 2.3 The attached letter in Appendix 1 advises that the DWP have made an error in the distribution of the funding of DHP support within Scotland and that six Local Authorities of which Inverclyde Council is one will receive a reduction in funding which will thereafter be distributed to the other twenty six Councils.
- 2.4 The letter advises that due to the lateness of the notification in 2013/14, the DWP will honour the payments in 2013/14 however the fact is that from 2014/15, the Council will receive a reduction of over £58,000 (29%).
- 2.5 At this point in time the purpose of this report is to simply advise Committee of the imminent reduction in funding but that the original funding commitment of £202,000 will be honoured during 2013/14. A further report will be brought to Committee before the end of the financial year giving options for the Committee to consider in respect of 2014/15 and beyond.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the error in Discretionary Housing Payment funding advised by the DWP and that a further report on this matter will be presented to Committee prior to the end of the financial year.

Alan Puckrin  
Chief Financial Officer



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for Work &  
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30 July 2013

Dear Chief Executive,

#### **Allocation of Discretionary Housing Payments 2013/14**

The Department for Work and Pensions has found that an error was made when calculating the distribution of 2013/14 Discretionary Housing Payment (DHP) for the removal of the spare room subsidy funding in Scotland. The problem affected the distribution of funding between local authorities in Scotland, but did not affect the amount allocated to Scotland as a whole, which is still based on the estimated losses from the removal of the spare room subsidy.

The error affected allocations for all Scottish local authorities. Six of the allocations were higher and twenty six were lower than should have been the case. We have made the necessary adjustments to individual local authority DHP allocations and included them in the revised subsidy tables in Circular HB S6/2013 which will be issued to local authorities today.

This is a Departmental error and as such it would not be appropriate to place undue pressure on the six local authorities whose DHP allocations are being downwardly adjusted mid-year. To ensure that this is not the case, we are making a one-off administrative funding payment to each of the six authorities equal to the value of the adjustment. This should mean that in-year planning will not be adversely affected for those authorities concerned.

The six local authorities that will receive administrative payments are:

- o Argyll and Bute
- o Comhairle nan Eilean Siar
- o Dumfries and Galloway
- o Glasgow
- o Inverclyde
- o Scottish Borders

We apologise for this error which occurred when an incomplete measure of Housing Benefit expenditure was used to calculate the percentage that each local authority was due to receive. This has now been rectified, systems have been put in place to ensure that it does not happen again and the revised calculations have been subject to a full quality assurance process.

**PETE SEARLE**