



To: Executive Councillor for Customer Services and Resources  
Report by: Alison Cole, Head of Revenues and Benefits  
Relevant scrutiny committee: Strategy 14 October 2013  
and Resources  
Wards affected: All Wards

## **Discretionary Housing Payment & Welfare Reform Transitional Funding**

Non Key Decision

### **1. Executive summary**

- 1.1 This report provides an update on the use of Discretionary Housing Payment (DHP), current DHP funding and new additional funding to help with the housing needs of those affected by housing benefit reforms.
- 1.2 Details of awards of Discretionary Housing Payment are detailed in 3.2.
- 1.3 Information relating to the introduction of a transitional funding payment is at 3.12 and details of the current spending on Discretionary Housing Payment are at 3.8.

### **2. Recommendations**

The Executive Councillor is recommended to:

- acknowledge the impact of the welfare reforms and the support given to tenants affected by the changes,
- note the current levels of spend and continue to monitor this,
- approve the use of the additional transitional funding as set out in 3.12.

### **3. Background**

- 3.1 The welfare reform changes, including the introduction of the benefit cap, removal of the spare room subsidy in the social rented sector and reductions in local housing allowances has had a major impact on some claimants. The advice being given to claimants who find

themselves in need of additional financial assistance in relation to housing costs has been to claim a DHP.

- 3.2 A DHP can be claimed and awarded in addition to housing benefit where it is considered that there is a need for further financial assistance towards housing costs. There is an overall cash limit that cannot be exceeded without breaking the law, as shown in section 4 below. Although Government funding has been increased for 2013/14, there is still a limit on the amount that can be awarded.
- 3.3 A DHP policy was agreed at Strategy and Resources Committee on 9 April 2013. This policy set out the criteria for how DHP funding can be used and to what extent it could be used to cover the shortfall between housing benefit entitlement and the amount of rent charged for defined categories of claimants. In agreeing this policy statement, the Council is protecting the most vulnerable in the community.
- 3.4 The Department for Work and Pensions (DWP) informed the council via housing benefit Circular S/5 2013 that it is to be allocated a share of additional funding to ease the transition of housing benefit changes. It is the Government's intention that these funds are used to provide targeted support to help to meet the housing needs of claimants affected by housing benefit reforms.

#### Award Details

- 3.5 As of 28 August 2013, there were 290 claims for DHP, of which;
- 233 were successful and an amount of DHP was awarded,
  - 57 were unsuccessful and the top four reasons are listed below:
    - 24 had available income to fund shortfall
    - 11 were due to revision of bedroom requirements, so that a reduction no longer applied
    - 6 were deemed not to be vulnerable
    - 3 had high levels of capital/savings

The Discretionary Housing Payment procedure approved at Strategy and Resources on 9 April 2013, detailed a process for requesting a reconsideration of a decision and appealing a decision. There are currently no unresolved issues that would lead to challenges and appeals.

- 3.6 137 of those who received a DHP were due to the spare room subsidy changes, of these;
- 4 received help with moving costs to alternative accommodation,
  - 37 received help with housing costs pending a move to alternative accommodation,
  - 5 received support with housing costs until commencing employment,
  - 26 had additional needs as a result of a disability, and
  - 65 were for other reasons, the top four reasons being:
    - large debts – debt advice and applications to Homelink
    - short-term illness/disability – reviews carried out at appropriate stages
    - child/ren in short-term care and shared custody – reviews carried out at appropriate stages
    - additional room for carer, but still had too many bedrooms – referral to Homelink
- 3.7 A proactive approach is being taken to awarding DHP payments where data suggests compliance with the criteria or eligibility for an award. This work is carried out in compliance with the framework within the Discretionary Housing Payments (Grants) Order 2001.
- 3.8 Cambridge has so far this year, spent/committed 44% of the Government contribution. On this basis, it is estimated that the total spend for the financial year will be just under the Government contribution level of £182,340.
- 3.9 It must be stressed that, at this point in time, it is not possible to draw any final conclusions for the call on the DHP funding for the remainder of the financial year for a number of factors including:
- DHP for claimants receiving local housing allowance are typically only for 3 months before a review and possible renewal; that process is only just starting, and

- An anticipated increase in claims for DHP as City Homes and registered social landlords increase recovery action against those in arrears.
- 3.10 A review of housing benefit awards not currently affected by the spare room subsidy reduction is currently being undertaken to ensure that the correct household details are held. Where the correction of information leads to a reduction in housing benefit, it may in turn lead to an increase in the number of claims for DHP.
- 3.11 Revenues and Benefits are committed to making sure that no tenant is evicted unnecessarily by ensuring that housing benefit entitlement is correct, and that where appropriate a DHP has been claimed and awarded.

### Transitional Funding

- 3.12 The Government has provided extra funding to local authorities to help ease the transition of the housing benefit changes. Cambridge City Council has been allocated the sum of £21,667.
- 3.13 It is the Government's intention that these funds are used to provide targeted support to help to meet the housing needs of claimants affected by housing benefit reforms. For example, this could involve preventing homelessness, supporting people who need to move, and giving money advice.
- 3.14 This money can be used to provide the resources needed for the provision of advice services, and could also be used to provide additional awards of DHP over and above the Government contribution.
- 3.15 These funds are not intended to meet new administrative burdens arising from welfare reforms. The DWP has separately provided Cambridge City Council with the sum of £27,056 to support the costs of implementing welfare reform changes as announced in Subsidy Circular S4 2013.
- 3.16 Examples of potential use of funding include:
- support for housing options or homelessness teams to deal with claimants affected by the reforms,
  - obtaining services, such as money advice or help finding work, provided by partner organisations,
  - pooling resources for joint initiatives between different local authorities,

- lump sum costs associated with housing such as removal costs, rent in advance and deposits

3.17 The Government intends to monitor how the transitional funding is used by the Council. There are also new arrangements in place for feedback to the DWP on the use of DHP spending.

3.18 It is proposed that the additional transitional funding is targeted for use on advice services and in particular to provide the services of a visiting officer to call upon those in need in their homes to better ascertain the level of need.

## **4. Implications**

### Financial Implications

4.1 Each Local Authority receives a Government contribution and is notified of this by the Department for Work and Pension's Subsidy Circular. For 2013/14 this Government contribution for Cambridge City Council is £182,340.

4.2 There is a cash limit on the total amount an authority may spend on Discretionary Housing Payments, which is two and a half times the Government Contribution. For 2013/14, the overall total limit will be £455,850, including the Government contribution. The Council cannot exceed this amount without contravening the regulations.

### Staffing Implications

4.3 From 1 April 2013, Welfare Reforms have and continue to have an affect on a significant number of benefit claimants. It is inevitable that claims for DHP will increase as a result of these reforms increasing demand on existing resources. Training has been given to front line staff on how to identify and support claims for DHP. Dedicated staff within Benefit Assessment Teams consider applications for DHP and meet regularly to ensure a consistent approach to the decision making process.

4.4 The introduction of Risk Based Verification in April 2013 reduced staff time in verifying claims, which will alleviate some, but not all of the additional demands brought by the increasing number of claims for DHP.

## Equal Opportunities Implications

4.5 DHP may be claimed by anyone receiving housing benefit. An Equality Impact Assessment (EqIA) was carried out in relation to the DHP policy, which includes details of the possible negative impacts of the welfare reforms and the action that will be taken to mitigate these. This EqIA has been reviewed and is attached. Requests for DHPs and outcomes will be monitored and reported.

## Environmental Implications

4.6 There are no environmental implications from this proposal.

## Procurement

4.7 There are no additional procurement implications from this proposal.

## Consultation and communication

4.8 Claims for DHPs will be monitored to identify trends. Housing benefit decision letters sent to claimants encourage those in need of further financial support to enquire about additional help and details are also on the City's website.

## Community Safety

4.9 There are no additional implications from this proposal.

## **5. Background papers**

None

## **6. Appendices**

Appendix 1: Equality Impact Assessment

## **7. Inspection of papers**

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