



To: Executive Councillor for Finance and Resources:
Councillor George Owers

Report by: Alison Cole: Head of Revenues and Benefits

Relevant scrutiny
committee: Strategy & 21/3/2016
Resources
Scrutiny
Committee

Wards affected: All

DISCRETIONARY HOUSING PAYMENT UPDATE

Not a Key Decision

1. Executive summary

This report is to provide an update on the funding and use of Discretionary Housing Payments (DHP) to support those affected by Welfare Reforms.

2. Recommendations

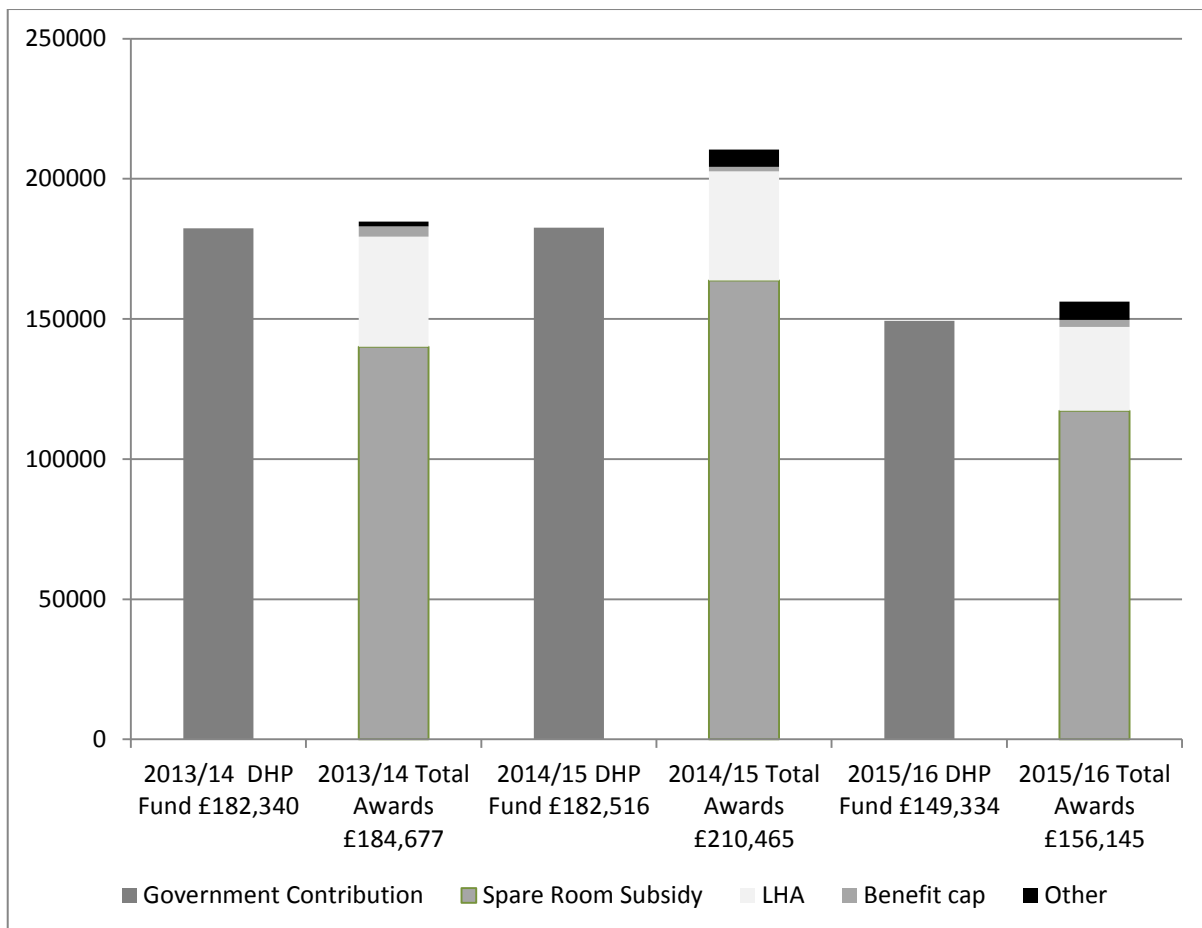
The Executive Councillor is recommended:

- To approve the carry forward to 2016/17 of the unspent additional contribution (see para 4(a) iii).

3. Background

- 3.1 DHP is an extra payment to help people who claim housing benefit and are struggling to pay their rent.
- 3.2 Increasing the level of funding for DHPs was one of the ways in which the Department for Work and Pensions (DWP) sought to mitigate the impact of some of the reductions to Housing Benefit entitlement introduced as a result of Welfare Reforms.
- 3.3 These reductions included the under-occupation deduction for working-age claimants in social housing (also referred to as the 'Removal of the Spare Room Subsidy' or 'bedroom tax'), the household Benefit Cap and reforms to the Local Housing Allowance (for claimants in private rented housing).

- 3.4 Working with partners in City Homes and Housing Advice use of DHP has protected recipients from having increased rent arrears and has had the potential to prevent households from becoming homeless.
- 3.5 The value of and the reason for awards is monitored on a monthly and quarterly basis to ensure consistency of decision making whilst retaining the discretionary nature of the award scheme.
- 3.6 Regular meetings with City Homes, Housing Advice and other support agencies have taken place over the last year and will continue to take place to ensure that providers are aware of the existence of DHPs and the funding available.
- 3.7 As of 1 February 2016, Cambridge City Council has helped 318 households during 2015/16 via a DHP payment with the total awarded at £128,625 with an additional £15,105 due to be paid up to the end of the financial year for February and March payments. There are a small number of claims due to be determined and it is anticipated that total awards will exceed the Government contribution amount of £149,334.
- 3.8 The breakdown of DHP awards during 2015/16 is below (figures in brackets are for 2014/15):
- 3 claims affected by the Benefit Cap - £2,509 (£1,691)
 - 242 claims affected by the Spare Room Subsidy - £97,576 (£163,665)
 - 49 claims affected by Local Housing Allowance - £22,461 (£38,949)
 - 24 other reasons including 12 one-off awards - £6,079 (£6,160)
- 3.9 It is clear that there has been a marked reduction in the level of DHP awards to mitigate the Spare Room Subsidy reforms. Awards of DHP for Local Housing Allowance (LHA) recipients have also reduced from 2014/15, but is expected to rise during 2016/17, as LHA rates have been frozen for the next four years with rents in the city continuing to increase significantly.
- 3.10 LHA awards tend to be short term awards on average 4-8 months, whereas Spare Room Subsidy awards are more likely to be for 7-12 months duration.
- 3.11 The following table shows DHP expenditure compared to the Government contribution for 2013/14, 2014/15 and 2015/16 (2015/16 is the estimated year-end position).



3.12 Many Spare Room Subsidy awards are for the full financial year and where the property has been specifically adapted to meet the needs of a disabled household member, these will be given for up to two years before a light touch review is carried out.

3.13 Further Welfare Reforms will continue for the remainder of this Parliament. The main change for 2016/17 is the reduction of the Benefit Cap from £26,000 to £20,000. Early estimates indicate that this may impact up to 200 households (the current Benefit Cap affects 20 claims).

3.14 The date the reduced cap comes into force is not yet known but is anticipated to be in Autumn 2016. We will continue to work with partners to support households affected by this measure.

4. Implications

(a) Financial Implications

- i DWP Circular S1/2016 issued in February 2016 gave details of the government contribution and overall expenditure limit for 2016/17. The government contribution for Cambridge City is £188,942 and the overall limit is £472,355.

- ii To help provide further support for DHP, in addition to the government contribution, the Housing Advice Service, via its Homelessness Prevention Grant (Department for Communities and Local Government funding), transferred funds in prior years towards the DHP's overall cash limit to help prevent homelessness via DHP payments.
- iii The additional contribution to DHP funding that is currently unspent is £198,340 and approval is sought to carry forward the final unspent allocation (as at 31 March 2016) to the 2016/17 financial year.
- iv This carry forward is requested as there is an anticipated increase in DHP spend for 2016/17 following further welfare reforms, such as the reduced Benefit Cap and a freeze to the LHA rate, which will impact during 2016/17 and 2017/18.
- v Whilst demand is difficult to predict, there are significantly more households affected by the new Benefit Cap, with greater financial impact, so demand for DHP is likely to be considerably greater in 2016/17 and 2017/18.
- vi Estimates forecast an additional £50,000 DHP expenditure for the six months of 2016/17 following the introduction of the reduced Benefit Cap (mid-year) and an additional £100,000 for 2017/18 financial year.
- vii To put DHP awards in context, Housing Benefit expenditure for 2016/17 is estimated at £37M for Cambridge.

(b) **Staffing Implications** (if not covered in Consultations Section)

None.

(c) **Equality and Poverty Implications**

- i Yes. DHP payments continue to be used effectively to mitigate the impact of Welfare Reforms by supporting the most vulnerable benefit recipients.
- ii Equality Impact Review has been undertaken and is attached.

(d) **Environmental Implications**

Nil.

(e) **Procurement**

None.

(f) **Consultation and communication**

None.

(g) **Community Safety**

No impact.

5. Background papers

None.

6. Appendices

None.

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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