



To: Executive Councillor for Finance and Resources:  
Councillor Richard Robertson

Report by: Alison Cole: Head of Revenues and Benefits

Relevant scrutiny  
committee: Strategy & 20/3/2017  
Resources  
Scrutiny  
Committee

Wards affected: All

## **DISCRETIONARY HOUSING PAYMENT UPDATE**

### **Not a Key Decision**

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#### **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 2017/2018 of the unspent additional contribution (see paragraph 4(a) v).

#### **3. Background**

- 3.1 DHP is an extra payment to help people who claim housing benefit or Universal Credit 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 including Removal of the Spare Room Subsidy, the household Benefit Cap and reforms to the Local Housing Allowance (for claimants in private rented housing).
- 3.3 Working with colleagues in City Homes and Housing Advice, the use of DHP has protected many recipients from having increased rent arrears and has had the potential to prevent households from becoming homeless.

- 3.4 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.
- 3.5 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 available funding.
- 3.6 The breakdown of DHP awards during 2016/2017, 2015/2016 and 2014/15 for comparison are below.

	2016/2017*	Awards	2015/2016	Awards	2014/2015	Awards
Benefit Cap	20,714	33	2,509	2	1,781	4
Spare Room Subsidy	88,351	233	116,403	311	156,162	370
Local Housing Allowance	23,325	49	27,176	68	40,516	65
Other and one off awards	8,835	27	6,924	32	5,953	25

\* partial year figures April 2016 to end of January 2017

There are a small number of claims due to be determined at the time this report was written.

- 3.7 It is clear that there has been a marked reduction in the number and value 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 this trend may change as LHA rates have been frozen for the next four years but rents in the city continue to rise significantly.
- 3.8 LHA awards and awards for the Benefit Cap tend to be short term awards; on average 4-8 months, after which a review is done and the DHP may continue, reduce or cease.
- 3.9 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.
- 3.10 The most significant Welfare Reform during 2016/17 has been the reduction of the Benefit Cap with effect from 7 November 2016 from a national cap of £26,000 to £20,000. This reduces the maximum total

of benefits for certain working age households from £500 per week to £384.61 per week.

- 3.11 As at 1 February 2017, 89 households had their housing benefit restricted. This compares with the previous £26,000 cap, which saw approximately 20 households impacted at any one time in Cambridge.
- 3.12 In the first 3 months of the revised cap, 32 requests for DHP due to the Benefit Cap have been received and payments totalling £20,724 have been made. Only 3 requests have been refused due to the household having sufficient income to cover the shortfall.
- 3.14 As part of their scheduled audit plan, Internal Audit carried out an audit of the DHP process in the autumn of 2017 and they were able to give significant assurance to the procedure. Two minor observations were made and were quickly incorporated in to daily working practice before the report was published. The report is attached at appendix A.

## **4. Implications**

### **(a) Financial Implications**

- i DWP Circular S3/2017 issued in March 2017 gave details of the government contribution and overall expenditure limit for 2017/2018. The government contribution for Cambridge City is £243,719 and the overall limit is £609,298. An increase of £54,777 on 2016/2017.
- ii To help provide further support for DHP, in addition to the above 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. The budget carry forward at the start of 2016/2017 was £197,600.
- iii Demand is difficult to predict, due to a steep increase in demand by households affected by the Benefit Cap but there are signs of a steady decrease in the numbers impacted by the Removal of the Spare Room Subsidy. Cross section working within the Council and collaboration with external partners has delivered robust mechanisms to support households in the short term and to encourage them where possible to make changes that will offer longer term solutions.
- iv Based on estimates at 1 February 2017, total DHP expenditure for 2017/18 is estimated to be approximately £210,000. This exceeds the government contribution of £188,942 by £21,058. This is the largest

spend above the government contribution since DWP's were introduced and reflects the need within the City.

- v Approval is therefore sought to carry forward a projected underspend of £176,542 to the 2017/2018 financial year to continue the work to support households impacted by welfare reform.
- vi To put DHP awards in context, Housing Benefit expenditure for 2017/2018 is estimated at £36,250,000 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 at appendix B.

(d) **Environmental Implications**

Nil.

(e) **Procurement**

None.

(f) **Consultation and communication**

None.

(g) **Community Safety**

No impact.

**5. Background papers**

None.

**6. Appendices**

Appendix A – Internal Audit report

## 7. Inspection of papers

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

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