

Corporate Policy and Strategy Committee

10am, Tuesday 14 May 2013

Discretionary Housing Payments (DHP) Policy

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Report number

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Executive summary

Discretionary Housing Payments (DHP) Policy

Summary

The Council has discretion under Section 2(1) of the Discretionary Financial Assistance Regulations 2001 to provide financial assistance (discretionary housing payment) to persons who require financial assistance (in addition to benefit to which they are entitled) in order to meet housing costs.

Housing costs are not defined in the regulations but can be interpreted as a claimant's eligible rent and council tax liability.

The Welfare Reform Act 2012 has introduced a range of reforms including a benefit cap, a reduction in housing benefit for under-occupation in social housing and Universal Credit, which will impact on the Discretionary Housing Payment scheme.

A DHP policy has been drafted in response to the Welfare Reform Act 2012 and this is attached at Appendix 1. The policy incorporates the Department for Work and Pensions DHP good practice guidance.

The key aims of the DHP policy are to prevent hardship and to protect families and vulnerable people by sustaining tenancies and to prevent homelessness.

Recommendations

It is recommended that the Corporate Policy and Strategy Committee:

1. Approve the DHP policy attached at Appendix 1.

Measures of success

The success of the DHP policy will be measured through:

- customer satisfaction with awareness of availability, advice and advocacy services provided by the DHP team through application of the DHP policy. This includes increased benefit take up and minimised losses by ensuring people get their full entitlement under the new arrangements.

Financial impact

The increasing numbers of people experiencing hardship is expected to lead to a significant increase in demand for DHP. There is a risk that the DHP budget is insufficient to meet the demand welfare reform creates.

Equalities impact

The UK Government has prepared Equalities and Human Rights assessments for the welfare reform proposals. The Council will undertake an EHIRA when necessary for any of its proposals.

Sustainability impact

Welfare Reform is expected to have general implications for environmental and sustainability outcomes, for example in relation to fuel poverty.

Consultation and engagement

The draft policy has been circulated for comment to Council officials within Services for Communities and Housing Associations within the Edinburgh area and amended accordingly.

Background reading / external references

Recent reports to committee:

[Welfare Reform – further update](#) – Corporate Policy and Strategy Committee, 16 April 2013

[Welfare Reform - Scottish Welfare Fund arrangements](#) – Finance and Budget Committee, 21 March 2013

[Welfare Reform – further update](#) – Corporate Policy and Strategy Committee, 22 January 2013

[Welfare Reform – update](#) – Corporate Policy and Strategy Committee, 4 December 2012

Discretionary Housing Payments (DHP) Policy

1. Background

- 1.1 The report entitled “Welfare Reform – further update” presented to the Corporate Policy and Strategy Committee on 16 April 2013 stated that a DHP policy would be drafted to ensure that DHP is distributed equitably to benefit recipients who meet the qualifying criteria.

2. Main report

- 2.1 The Department for Work and Pensions (DWP) increased its UK DHP baseline funding of £20m by £40m in 2012-13 to cover welfare reforms in the private rented sector. For 2013-14 the DWP has increased funding by a further £30m to cover under-occupation in social housing and a further £65m for the benefit cap. The funding is aimed specifically at two groups:
- where the property has been significantly adapted for disabled people within the household; and
 - kinship carers, whose Housing benefit is reduced because of a bedroom being used by , or kept free for, kinship children.
- 2.2 The Council’s DHP allocation from the DWP for 2013/14 is £1,347,299, substantially more than for 2012/13. Local authorities are able to increase the DWP allocation by up to 1.5 times from their own resources. This is known as “matched funding”. It has not been possible to provide “matched funding” in the Council’s 2013/14 budget and therefore the Council will operate within the DWP allocation stated above increase. Demand on this fund will be closely monitored to ensure the most vulnerable customers can be supported throughout the year. Future updates to Committee on welfare reform will report on the demand for and allocation of DHP funds.
- 2.3 3,886 tenants currently under occupy their property. It is estimated that approximately £3.9m of rental income will need to be collected directly from tenants as a result of reductions in Housing Benefit due to under occupation. There are also significant implications for the Council’s registered social landlord (RSL) partners. It is estimated that there are currently 1,861 RSL tenants under occupying their property. This will require RSLs to collect approximately £1.5m of rental income directly from tenants.

- 2.4 Early indications are that around 50 families in mainstream Council, Housing Association and Private Sector tenancies within the Council area may be affected by the benefits cap. The DWP will identify the tenants affected and will provide a list in advance of when those claimants will be affected. It is anticipated 450 tenants living in temporary/supported accommodation will be affected by the benefits cap.
- 2.5 The overarching objective of the DHP policy is that each application is considered on its own merit and it is ensured that the principles of fairness, reasonableness and consistency are adhered to in all cases.

3. Recommendations

3.1 It is recommended that the Corporate Policy and Strategy Committee:

3.1.1 Approve the DHP policy attached at Appendix 1.

Alastair D Maclean

Director of Corporate Governance

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SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health

Appendices

Appendix 1 - Discretionary Housing Payment Policy

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City of Edinburgh Council **Discretionary Housing Payment Policy**

1 Introduction

Discretionary Housing Payments (DHP) were introduced as a result of the Discretionary Financial Assistance Regulations 2001. DHPs are not payments of benefit but payments to be made at the discretion of the City of Edinburgh Council (the Council) for those that are having difficulty in meeting their housing costs. However DHPs cannot meet expenditure which is not eligible for benefit.

The amount of funding available for DHPs is strictly limited by legislation and the Council has to manage applications within the maximum budget set out each financial year. The Council cannot exceed the maximum budget.

All applications will be considered on a case by case basis and awards will be made at the discretion of the Council. This policy document provides a framework for outlining circumstances under which DHPs may be awarded. The examples given are not exhaustive and other circumstances will be considered.

2 Policy Aims and Objectives

To distribute equitably the DHP funding to benefit claimants that meet the qualifying criteria, and to promote the following Council objectives:

- Prevention of homelessness;
- Alleviating poverty;
- Sustaining tenancies and safeguarding residents in their homes;
- Preventing hardship;
- Supporting vulnerable young people in the transition to adult life;
- Supporting young people to achieve good educational outcomes;
- Encouraging residents to seek and sustain employment;
- Keeping families together;
- Supporting domestic abuse victims who are trying to move to a place of safety;
- Supporting the work of foster and kinship carers; and
- Support disabled people remain in adapted properties

The City of Edinburgh Council will ensure that as far as possible all customers are made aware of the availability of DHP and that all agencies supporting customers are made aware of the funding available and how it can be utilised to support their client group.

The DHP policy will be published on the Councils website

3 Eligibility

In order to be considered for a DHP the claimant must:

- Be in receipt of Housing Benefit or Universal Credit (with Housing Element) and have a rental liability; and
- Have a shortfall between the amount of benefit being received and the amount of rent that is due to be paid; and
- Be having difficulty in meeting the shortfall in their rental liability; or
- Be having difficulty in meeting rent deposit or rent in advance.

4 When DHP will be Paid:

DHP awards will be made to eligible claimants in the following circumstances:

- Where the property has been significantly adapted for a disabled person or people within the household;
- Where kinship carers, Housing Benefit is reduced because of a bedroom being used by, or kept free for, a kinship child or children;
- Where a child will have a significant birthday within one year from 01 April 2013 which would entitle the household to an extra bedroom;
- Where a claimant or their partner is within one year of pensionable age from 01 April 2013;
- Where a member of the household requires an overnight carer;
- Where a household is affected by the benefits cap and in mainstream accommodation;
- Where the claimant or their partner is pregnant and the birth of the child will increase the household's bedroom entitlement.

5 When DHP may be Paid:

The following examples outline circumstances where DHP applications will be considered but not guaranteed. The list is not exhaustive and all applications will be considered on a case by case basis:

- Where a claimant is chronically sick or disabled;
- Where a claimant is experiencing exceptional hardship;
- To cover the reasonable costs of renting a particular type of accommodation to suit a particular need;
- Where a member of the household moves out of the property and this reduces the household's bedroom entitlement;
- Where a parent does not have full time custody of children but has regular overnight access visits. Regular access will be considered to be 1 night per week;
- Where a household is affected by the benefits cap and in temporary accommodation;

- To facilitate a move to a different area where support is available from family members or friends and it is clear the support is essential to the household;
- To cover the rent shortfall of accommodation which is either too big or too expensive, where the tenancy started at a time when the claimant could easily afford the rent without help from Housing Benefit;
- To facilitate a move to a smaller or more affordable home that would allow the household to cover their housing costs.

6 When DHP will not be Paid

DHP will not be paid to a claimant under the following circumstances:

- Where a tenancy was not affordable when taken on (except in exceptional circumstances where no other reasonable alternative was available);
- Where benefit fraud has been committed;
- To reduce water and wastewater charges;
- Where a benefit is in payment is subject to a reduction direction, sanction or suspension;
- To cover a reduction in Housing Benefit resulting from a Housing Benefit overpayment which is being recovered from ongoing entitlement;
- To cover service charges which are ineligible for Housing Benefit;
- Where an increase in rent has been made by the landlord to cover rent arrears;
- Where non dependant deductions that are not being paid by the non dependant (except in exceptional circumstances);
- DHPs will not be awarded simply because a claimant is in debt. However a view will be taken on the type, reason and level of debt and the actions that the claimant has taken to repay the amounts outstanding. Claimants will be expected to take a reasonable attitude towards debt and only borrow what they can reasonably repay. Claimants must be seen to be making regular payments before help from the DHP fund would be considered appropriate and should take Money Advice;
- Where the tenant is entitled to another benefit that they are not already claiming.

7 Level and Period of Award

- The level and period of award will be based on the individual circumstances of the applicant;
- In the case of a shortfall the amount of DHP will not exceed the weekly eligible rent;

- In the case of lump sum payments, no period will apply but due regard will be given to the DHP funding available, for example a rent deposit;
- Payment may be made to the applicant, agent, appointee, and landlord or directly into the rent account;
- Payment of DHP will stop if an applicant fails to disclose a material fact or obtained the funds under false pretences or the payment was made in error;
- Claimants are required to notify the Benefits Service of any change in their circumstances. The level and period of award of DHP will be reviewed if there is a change in the circumstances of the claimant and payments will be reduced or stopped if no longer required.

8 Backdating an Award

- Each backdated claim will be reviewed on its own merits and the claimant should explain the reason for the delay in making the DHP claim;
- DHP can only be considered for a period when the claimant was in receipt of Housing Benefit or Universal Credit.

9 Recovery of Overpaid DHP

- The City of Edinburgh Council will recover all overpaid DHP unless the award was due to Local Authority error.

10 How to Apply for DHP

- Requests must be made on an application form. The form can be obtained online at www.edinburgh.gov.uk, by telephoning 0131 469 5000 or collected at the local office situated at 249 High Street, Edinburgh, EH1 1YJ;
- No application is required for any claimant that falls under Section 4 (When DHP will be Paid).

11 The Right of Review

- There is no statutory right of appeal against a DHP decision. The applicant (or their appointee or agent) who disagrees with a DHP decision may request a review of that decision from the Benefits Service;
- A request for a review must be made in writing within one calendar month of the written decision about the DHP being issued to the benefit claimant;
- An officer from the Benefits Service who was not involved in the original decision will consider the request for the review;
- The reviewing officer will notify the customer of their decision in writing;

- If on receipt of the decision the claimant continues to feel aggrieved, then they can make a complaint under the Councils Corporate Complaints Procedure;
- A claimant may also have recourse to a judicial review.

10 Monitoring Arrangements

The Benefits Assessor when making a decision to award DHP will record the following information about the award:

- Has the claimant been affected by one of the key welfare reforms, namely: the benefit cap, social sector size criteria, Local Housing Allowance reforms or a combination of the reforms;
- The total amount paid to the claimant;
- The intended outcome of the award, for example, to help with short term rental costs until the claimant secures alternative accommodation or to help with ongoing rental costs for a disabled person in adapted accommodation;
- A monthly report detailing the level of DHP applications received, the decisions made and the level of DHP committed for the financial year will be forwarded to the Benefits Manager for monitoring purposes, and to ensure that the statutory limit is not exceeded;
- The level of spend will form part of the Councils monthly budget monitoring of Housing Benefit and will also be included in the bi monthly report on Welfare Reform to the Corporate Policy and Strategy Committee.

11 Policy Review

- The City of Edinburgh Councils DHP policy will be reviewed annually or sooner if appropriate by the Benefits Manager and the Councils Corporate Policy and Strategy Committee will be asked to approve any material changes.

Appendix

Examples of how DHP can be used

1)

Mr and Mrs Smith rent a three bedroom property for £340.00 per week. They have two children and receive the following benefits:

Jobseekers Allowance - £111.45

Child Tax Credit - £88.07

Child benefit - £33.70

Housing Benefit - £340.00

Total welfare benefits - £573.22

The benefit cap for Mr and Mrs Smith is £500.00 per week. Therefore, their award of Housing Benefit is reduced to £266.78 per week (reduction of £73.22).

Mr Smith has been unemployed for one year and has had difficulties finding employment in his usual vocation. He is currently attending his local Work Programme provider for support to find work.

In addition, Mr and Mrs Smith's oldest child is 15 years old and in the process of completing her GCSE's at school. Mr and Mrs Smith have found a cheaper property that would take them below the benefit cap in another area but it would mean their oldest child would have to move schools. They believe this would have a negative impact on their child's education.

DHP of up to £73.22 could be awarded until Mr or Mrs Smith move into work or their eldest child completes her GCSE's.

2)

Mr and Mrs Collins have recently become kinship carers for their three grandchildren after the children's parents were no longer able to take care of them. The local authority has re-housed the family from their one bedroom flat to a three bedroom property

This change in circumstances has caused an increase in the amount of benefits that the household receives meaning that the benefit cap will now be applied to the household.

Mr and Mrs Collins don't believe it would be appropriate to move into employment straight away as the children need time to adapt to their new circumstances.

DHP could be paid until Mr and Mrs Collins are able to move into employment or adapt their circumstances so that the benefit cap no longer applies.

3)

Mr and Mrs Thom rent a four bedroom house from a registered housing provider. They have two children, a girl aged seven and a boy aged five. They receive Housing Benefit to cover the full rent of £90 per week.

Under the new size limit rules, they are considered to be under-occupying the house by two bedrooms as the children are both under ten years old and would be expected to share a bedroom. As they are under-occupying by two bedrooms a 25% reduction of £22.50 would be applied to the eligible rent meaning they would now receive Housing Benefit of £67.50 per week.

Mrs Thom is in a wheelchair and significant adaptations have been made to the house to make it more accessible. If the family moved to a smaller property, it would need to be adapted at considerable expense. DHP of £22.50 per week would therefore be awarded to enable the family to remain in their current adapted house.

4)

Harry has to move from his bed-sit in central Edinburgh as his Housing Benefit no longer meets his rent. His only income is from a part-time job with his net pay amounting to £100 per week.

With the assistance of the Council, he finds a bed-sit in another area within the LHA rate with a rent of £101 per week. He now has bus fares of £20 per week instead of being able to walk to work. This leaves him struggling to pay his rent and meet his day- to-day living expenses.

He discusses his problems with the Citizen's Advice Bureau and they suggest he applies for DHP. One of the Council's objectives is to use DHPs to help people maintain their employment and it will consider disregarding fares to work in deciding on the amount of a DHP.

The Council awards a DHP of £13 which is the difference between his Housing Benefit award and what the award would be if the fares to work were included in the disregard.