

To: Scrutiny Committee

Date: 6th May 2014

Report of: Head of Customer Services

Title of Report: A report on the monitoring of Discretionary Housing Payments

Summary and Recommendations

Purpose of report: To provide an update on the monitoring and expenditure of the Discretionary Housing Payments budget.

Report Approved by:

Finance:

Legal:

Policy Framework: Efficient, Effective Council

Recommendation(s): To note the year end spend on Discretionary Housing Payments for 2013/14

APPENDICES:

Appendix 1 – Legislative background and process

INTRODUCTION

1. On 12 June 2013 The City's Executive Board agreed a new Discretionary Housing Payment (DHP) policy. This policy was reviewed by the Scrutiny Committee at its meeting of 4 June 2013. One of the recommendations of the Committee was that they be involved in the on-going monitoring arrangements regarding the implementation of the DHP policy, and that reports be brought back to the Committee on a quarterly basis. This report provides the outturn position for the end of the year.
2. The aim of the new DHP policy was to support people to find long term solutions to the reduction in their benefits. By managing the budget prudently we have ensured that everyone who applied for a DHP received one, providing they were able to show that they couldn't afford to pay the additional amount of rent required, and were willing to work to find a sustainable solution to their situation.

3. Appendix 1 details the internal process for dealing with DHP's as well as outlining the legislative background.

SUMMARY OF EXPENDITURE

4. The policy was significantly altered in June 2013 to help manage the increased need for support. This demand was as a result of the introduction of the Benefit Cap and the Social Sector Size Criteria (known as the Bedroom Tax). Demand for DHP's had already increased as a result of the reduction in Local Housing Allowance (LHA) rates from 2011 (LHA is the name for Housing Benefit paid to private sector tenants). By the end of the year we had spent £431,244.10 on 802 awards which was 82% of our grant. In 2012/13 we spent £196,371.81 on 373 awards, which was 85% of our grant.
5. The following tables show the details of DHP awards and expenditure related to each of the benefit changes referenced above. Please note that the category of "Other" relates to circumstances where an applicant is not entitled to full Housing Benefit. This will usually be as a result of having greater income than the minimum level which attracts full Housing Benefit, or due to deductions made in respect of non-dependant adults living at the property.

A	Gross DHP Expenditure	£449,563.20
B	Total DHP Overpayments*	£37,099.31
C	Unrecovered DHP overpayments	£18,780.21
	DHP Final Claim (A-B)+C)	£431,244.10
	DHP Grant	£525,369.00
	Underspend	£94,124.90

*DHP Overpayments occur when Housing Benefit claims are ended or when the amount of award changes due to a change in circumstances. Where Housing Benefit continues in payment the DHP overpayment is netted off by the new amount of DHP awarded. If the benefit award has ended the DHP overpayment remains, and such amounts can be claimed as legitimate DHP expenditure.

Reason for Claim	Applications	Awards	Amount of awards
Benefit Cap	226	215	£213,064.96
Social Sector Size Criteria (Bedroom tax)	474	379	£124,386.18
Local Housing Allowance	232	180	£93,005.42
Combination	7	3	£1,681.36
Other	67	25	£12,549.96
Totals	1006	802	£444,687.88

6. The total expenditure in the above two tables does not match as the data in the first table is taken from the Benefits system. The data in the second table is manually recorded as the Benefits system is not able to record all the data we wish to collect in respect of DHP expenditure.
7. In 204 cases we have turned applications down. In almost all instances the reason for rejection was that we determined that the customer could afford the shortfall. In a small number of circumstances applications were turned down because the customer was not willing to undertake activities to help them find a more sustainable solution.
8. The 802 awards have been made in respect of 498 individual customers. 168 customers received multiple awards during the year (ranging from two to seven repeat awards). Customers receiving a larger number of repeat awards tend to have complex needs. Earlier in the year giving such customers awards of three months with multiple items of conditionality led to them failing to undertake the actions. Providing short awards (of a month) along with one action to undertake has led to more successful outcomes.
9. The most significant change in the DHP policy last year was the introduction of conditionality. Recipients of DHP's had to undertake some action to find a sustainable solution to the reduction in their benefits. The table below shows the type of conditionality that was applied.

Take up of Conditionality

Take up work related support	232
Look for smaller accommodation	160
Apply for another benefit	77
Debt Advice	77
Reduce spending	59
Look for a lodger	8

CHANGES IN 2014/15

10. The DHP Policy is to be reviewed this year. It is on the Forward Plan to go to July's CEB. In revising the policy consideration will be given to how we could promote uptake of support, how expenditure will be monitored throughout the year and whether any process changes are required.
11. All DHP's are now dealt with by the Welfare Reform Team. Last year they were split between the Welfare Reform Team and the Benefit Team, so a greater degree of consistency in decision making should be achieved in 2014/15.

12. The Department of Work & Pensions has advised the Council that our DHP grant for 2014/15 will be £514,496, just over £10,000 less than 2013/14. The scope for increased support required from people affected by the Benefit Cap and private sector tenants means it will be important to manage the DHP budget as prudently in 2014/15 as it has been in 2013/14.

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Background papers:

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