

**OXFORD CITY COUNCIL  
EXECUTIVE BOARD  
8<sup>th</sup> August 2005**

Report of Revenues and Benefits Business Manager

Title: **Discretionary Housing Payments**

Ward: All

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Key decision: No

Lead member: Councillor Dan Paskins

Scrutiny responsibility: Finance, Housing

**RECOMMENDATIONS**

**That the Executive Board agrees to:**

- 1. Adopt the policy and procedures laid out in this report for the allocation of discretionary housing payments**
- 2. Authorise spending of up to £107,722 on discretionary housing payments, with any expenditure above £57,722 to be met from the appropriate housing budget.**

**1. Summary**

- 1.1. Housing benefits can at its discretion allocate additional funding towards the cost of people's housing and council tax. This report sets out the conditions under which this funding can be used and recommends the policy under which this funding can be distributed.
- 1.2. This report recommends that a portion of the housing budget be transferred to the HB budget and be used to fund discretionary housing payments in the interests of preventing homelessness and increasing the security of housing for tenants in the city.

**2. Vision and strategic aims**

- 2.1. This policy will contribute to the Council's vision of making housing in the city more affordable and support the ongoing work of the council in tackling homelessness.

2.2. The recommended policy approach supports effective partnership working between the Housing and Revenues and Benefits Business Units and provides a more efficient use of resources corporately in support of the homelessness strategy.

2.3. This approach also supports the Council's improvement plan by tackling poverty and deprivation in the city.

### **3. Background and context**

3.1. Nationally, the government distributes £20 million in grants to councils for making discretionary housing payments.

3.2. These monies are allocated by local authorities under legislation set out in the Child Support, Pensions and Social Security Act 2000 and The Discretionary Housing payments Grants Order 2001 (statutory Instrument 2001 no. 2340.) In summary, the funds can be used to meet eligible rent or council tax costs for people already in receipt of housing and council tax benefit. The customer must make an application for the payment, and the council must consider the applicants financial need if an award is to be made. In effect, the fund allows some local discretion to meet the needs that are not adequately covered by the national scheme.

3.3. In the interests of administering the fund fairly and consistently, it is recommended that the council have a clear policy and criteria on which to base these decisions. This should take into account the local housing situation and other significant factors.

3.4. Benefits pay out £50 million per annum in benefits to around 10,000 households. Many of these households receive enough housing and council tax benefit to cover their rent and council tax in full. Those who do not fall into two main categories:

- 1) Those who are working or have other income above the basic minimum levels. Their benefit is reduced in proportion to their income.
- 2) Those who are in properties considered too large for the household or more expensive than the average for Oxford.

3.5. In 2004/5 Oxford spent £51,997 on DHPs. 210 applications were submitted of which 97 were turned down. Of those agreed the majority fell into group 2 above – those who were in properties considered too large or expensive under the normal rules for housing benefit, but had particular reasons for being there.

3.6. Oxford's grant for 2005/6 is £ 57,227. Any spending up to this level will be funded by central government. Any spending above this level needs to be met from council funding. There is also a ceiling on what

Oxford City Council is allowed to spend on DHP in total. For 2005/6 this ceiling is £143,070.

#### **4. Improvements to current policy**

- 4.1. The current DHP policy sets out clear criteria and guidelines for deciding on awards. It limits target expenditure to the level of the government grant.
- 4.2. Recent guidance from the Office of the Deputy Prime Minister (ODPM) and the Department for Work and Pensions (DWP) recommends using the DHP fund as one way of preventing and tackling homelessness. On occasions a small increase to Housing Benefit payments via the DHP fund can secure adequate housing at a much lower cost to the council than dealing with the same customers as homeless. More importantly this is also a much preferable option for the customers involved.
- 4.3. The current criteria for awarding DHPs have been reviewed and are considered clear and comprehensive in their current format. However, publicising and increasing the use of the DHP scheme beyond the current level will undoubtedly mean the government contribution is exceeded and there will be a cost to the local authority. In recognition of the effectiveness of DHPs in tackling homelessness, it has been agreed that the cost (up to £50K) will be met from housing budgets. As shown above, there will still be a saving to the council overall, as the alternative costs would be much greater.
- 4.4. Predicted level of expenditure is up to £107,722 a net cost of £50,000 (£107,722 minus the government grant) to the council budgets.
- 4.5. The current policy includes a means test for all who claim DHPs, in order to identify financial hardship. In reviewing the policy it is recommended that this test be removed for those already on minimum incomes (namely Income Support, Jobseeker's Allowance (income based) and Guarantee Pension Credit). Retaining a means test for this group is considered to be an unnecessary duplication of effort and invasion of privacy.
- 4.6. The current policy, which will be revised to incorporate the changes above, is presented at Appendix A.

#### **5. Financial and staffing implications**

- 5.1. There is a cost of up to £50,000 (see para 4.4) to the housing budget, although the reduction in homelessness is expected to offset this cost.
- 5.2. There is may be a possible impact on staffing in the benefits section as a result of having to process more DHP applications. This may be offset by the efficiency gains in reducing the means test (see para 4.5) but will be monitored for possible impact on the service.

## **6. Legal implications**

6.1. There are no legal implications.

## **7. Action**

7.1. If agreed, these policy changes will be enacted as soon as possible to allow for necessary changes to processes. Further work on DHP claim forms and possibly some publicity work will also be required and will be carried out by the Benefits team.

## **8. Recommendations**

That the Executive board agrees to:

1. Adopt the policy and procedures changes set out in this report for the allocation of discretionary housing payments
2. Authorise spending of up to £107,722 on discretionary housing payments, with any expenditure above £57,722 to be met from monies transferred to the DHP budget from the appropriate housing budget.

<p><b>This report has been seen and approved by:</b></p> <p>Councillor Dan Paskins, Portfolio Holder</p> <p>Finance Business Manager</p> <p>Head of Legal and Democratic Services</p>
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Background papers: None