

To: Scrutiny Committee

Date: 5th September 2013

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 monitoring arrangements that have been put in place, and expenditure to date.

APPENDICES:

Appendix 1 – Summary of DHP Expenditure

Appendix 2 – Example of Income & Expenditure form

INTRODUCTION

1. On 12 June 2013 The Council's Executive Board agreed a new Discretionary Housing Payment (DHP) policy. This policy was inspected by the Scrutiny Committee at its meeting of 4 June 2013. One of the recommendations of the Committee was that they be included in the on-going monitoring arrangements for the DHP policy, and that reports be brought back to the Committee on a quarterly basis. This report seeks to provide an update on DHP activity.
2. Discretionary Housing Payments (DHP's) are monies allocated by local authorities under legislation set out in the Child Support, Pensions and Social Security Act 2000 and The Discretionary Financial Assistance Regulations 2001 (SI2001/1167). In summary, the funds can be used

to meet eligible rent for people already in receipt of housing 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 covered by the national Housing Benefit scheme.

3. DHP is not a sustainable solution for people who have a shortfall between their Housing Benefit and rent costs. To this end the policy provides for awards to be: a) limited to three months in duration in most case and b) for conditionality to be applied to the majority of awards.
4. The policy also makes provision for awards to be withdrawn if conditionality is not met. It is intended that any conditionality is designed to promote effective financial management, help support people into work, or assist with reducing rental liability. Examples provided in the policy include attending work related coaching and seeking assistance to manage debts.

DHP PROCESS

5. Discretionary Housing Payments (DHP's) are currently handled by the Benefits Team and the Welfare Reform Team. The Welfare Reform Team process applications from people with shortfalls caused by the Benefit Cap or under occupancy regulations. The Benefits Team process applications from people with shortfalls caused by the changes to Local Housing Allowance Rates, or with shortfalls as a result of people not being entitled to full Housing Benefit (this will usually be as a result of having excess income)
6. To ensure consistent application of the new DHP policy, it is intended that the Welfare Reform team will process all applications going forward.
7. To facilitate this a one year post is being created in the Welfare Reform Team to deal exclusively with DHP applications. The post will be responsible for dealing with all applications including determining repeat applications and be responsible for monitoring the budget and reporting progress with DHP applications. The post will be funded from money provided by the Department of Work and Pensions to assist Local Authorities deal with the changes to Housing Benefit.
8. The key determination in making a DHP award is whether someone is able to afford their HB shortfall, and this is done with reference to a detailed income and expenditure form which the customer fills in. The person assessing the application will go back to the customer with any queries about the income and expenditure before making a decision
9. When making an award, one or more conditions will be applied requiring the customer to take some specific actions in order to find a sustainable solution to their problem. The conditionality will relate to

finding work, finding affordable accommodation and/or reducing expenditure.

10. Conditionality related to finding work usually requires engaging with one of our partners to deal with the barriers to work, provide access to training or ultimately find work. Our main partners are Skills (Training) UK, Jobcentre Plus, Aspire, Crisis Skylight and the CAB. They are helping customers overcome barriers of debt, security of tenure, lack of skills, perceived lack of employability and access to affordable childcare.
11. Conditionality relating to finding affordable accommodation involves registering on the housing list and bidding for properties, or actively participating in the mutual exchange scheme. Conditionality relating to reducing expenditure will involve obtaining debt advice, or taking action to reduce specific items of excessive expenditure identified on the Income & Expenditure form.
12. A spreadsheet pre-populated with details of expected household expenditure by household composition is used to assess people's expenditure. Areas of higher than average spend are immediately identifiable and used by the caseworker to start a conversation about how expenditure could be reduced. As well as discretionary expenditure such as television contracts, alcohol and tobacco, we also consider higher than average utility bills. The latter are often caused by the repayment of arrears, and we may be able to assist people with agreeing a more manageable repayment plan. An example of the spreadsheet used is attached at Appendix 2.
13. Customers are made aware that awards are for a short; defined period and may be cancelled if the agreed actions are not undertaken and that repeat awards will not be made if conditionality has not been met.
14. Awards are usually made for three months, but may be longer in some cases. Each case is determined on its own merits. A reason for making a longer award maybe where there has been administrative delay in assessing a claim.
15. Repeat applications may be made but will only be awarded if the conditions attached to the first award have been met. Customers requesting a repeat award must also attend an interview with the person assessing their application.
16. Consistency is achieved in two ways. Firstly there is a limited number of staff dealing with DHP applications and they are encouraged to discuss the more complicated cases with each other, or with a manager. Secondly a 10% check of cases is made by a manger to ensure the DHP policy is being followed.

DHP EXPENDITURE

17. The chart at Appendix 1 shows the monthly breakdown of DHP expenditure, together with the current position for the DHP budget.
18. As of the end of July £125,436.48 had been spent from our budget of £625,369.00. It is estimated that a further £325,000 will be spent on Benefit Cap cases during the year, a forecast has also been made for potential expenditure on repeat awards. Taking these into account, the DHP budget currently has a residual £80,351.40 available for brand new awards for non Benefit Cap cases.

BENEFIT CAP

19. Since the introduction of the new DHP policy, a lot of work has been focussed on those people who are expected to be subject to the Benefit Cap. The Cap was introduced on 15 July 2013, and is expected to account for approximately half of our DHP expenditure this year.
20. The DWP have to date notified us of 56 cases where they were seeking to apply the cap. 54 have actually been capped and of these 46 are currently engaged with the Welfare Reform team (we have not been able to contact the other cases).
Of the 46:
13 cases are Home Choice tenants
17 cases are Council tenants and 11 of these are in the Direct Payments Project
21. The loss of Housing Benefit across the 54 cases is split as follows:
6 are losing over £200 per week
8 are losing between £100 and £200 per week
16 are losing between £50 and £100 per week
24 are losing under £50 per week
22. Of the two cases where the cap wasn't applied, one case was because the claimant had taken on a Council tenancy which put them below the level of the Cap, and in the other the claimant's partner (who works full time) has moved in with them.
23. There are currently 16 cases who we think will be affected by the Cap who we have been unable to contact. For these cases, when the Cap is applied, a Benefits Visiting Officer will hand deliver their notification letter.
24. So far 16 DHP awards totalling £19.6k have been made to Benefit Cap claimants. In all cases conditionality has been set around finding work. Additionally 2 cases have been advised to apply for DLA, 2 cases have been told they need to reduce their spending, and 2 cases have been told to seek debt advice.

OTHER SCRUTINY RECOMMENDATIONS IN RELATION TO DHP

25. Scrutiny recommended that the new policy was publicised so that interested parties were aware of the short term nature of DHP awards,

and the requirement for applicants to engage in more sustainable solutions. Since approval of the Policy all customers requesting a DHP have had this message explained verbally, and where an award has been made this has been confirmed in writing. Liaison meetings with Voluntary Organisations and Housing Associations have also been used to convey the same message. In addition, all our partners working with us on our Universal Credit pilot have also had this message conveyed to them.

26. Scrutiny's second recommendation was to maximise benefit take up. In recent months work has been focussed on take up of benefits which would qualify people for an exemption from the Benefit Cap, i.e. Disability Living Allowance or its replacement, Personal Independence Payment. In addition to promoting such benefits, we have offered to pay Oxfordshire Welfare Rights' costs in representing a claimant at an appeal where an application is unsuccessful. This would only be for cases where there is a reasonable chance of success.

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