

To: Scrutiny Committee

Date: 3 December 2013

Item No:

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

Policy Framework: Efficient, Effective Council

Recommendation(s): To note the monitoring arrangements in place, and expenditure to date.

APPENDICES:

- Appendix 1 – Summary of DHP Expenditure
- Appendix 2 – Demographics of DHP applicants
- Appendix 3 – Case Studies

INTRODUCTION

1. On 12 June 2013 The City'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 involved in the on-going monitoring arrangements re the implementation of the DHP policy, and that reports be brought back to the Committee on a quarterly basis. This report provides the second update on DHP activity under the new policy.
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 cases 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 The policy also makes provision for awards to be withdrawn if conditionality is not met.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, and or assist with reducing rent liability. Examples provided in the policy include attending work related coaching and seeking assistance to manage debts.

DHP PROCESS

5. 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.
6. When making an award, one or more conditions will usually 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.
7. 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.
8. 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.
9. 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. Awards are normally made for three months but each case is determined on its own merits.

10. 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.
11. 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 manager to ensure the DHP policy is being followed.

DHP EXPENDITURE

12. As at the end of October forecast expenditure to the 31.3.14 is £567,395 compared to a budget of £625,369 (including assumptions around repeat awards and benefit cap claimants). Appendix 1 attached provides further details.

DATA ANALYSIS

13. Appendix 2 provides a demographic breakdown of DHP applications. When taken with the data in Appendix 1, this provides a detailed picture of the type of people applying for assistance.
14. When looking at the demographic data it is encouraging to note that there is no significant divergence between the number of people who are successful or unsuccessful in any given group. This demonstrates a consistent approach to decision making based on the DHP policy and an individual's circumstances. The only exception to this is the number of standard cases that have made unsuccessful applications. However the reason for this is that such claims are likely to be above minimum income levels, and more likely to be able to afford the shortfall.
15. As can be seen, over half of all applications being made cite the Under Occupancy Regulations as the reason for the application. Approximately a third of residents (256) impacted by the Regulations have made a claim for DHP. In comparison, there have only been 167 applications due to the reduction in LHA rates, from a potential claimant population of 3,500. This may indicate a need for improved signposting for private sector tenants.
16. Analysis of applications by tenancy type (shown in Appendix 2), shows that we have received 165 applications from Housing Associations, compared to 113 from Council tenants. Given that approximately two thirds of claimants affected by the Bedroom Tax are Council tenants, this suggests that Housing Associations are being more effective at

promoting DHP. The Welfare Reform team will work with Landlord Services to plan take up work to our own tenants.

17. The average award period has increased during October to 16 weeks. This is largely as a result of backdating some awards to people applying for help who have been impacted by the Bedroom Tax, i.e. they have been trying to manage the additional payment themselves since April, but have not coped successfully.
18. There are more repeat awards being made now as initial awards start to expire. As at the end of October there are 60 cases where repeat awards have been made. 21 repeat applications have been unsuccessful. In addition there are 17 cases where two repeat awards have been made. This means in total there are 98 customers who have made repeat awards. The case studies in Appendix 3 provide examples of both successful and unsuccessful repeat awards.
19. Since the new DHP policy was approved in June this year, conditionality has been applied to nearly every successful DHP application. So far there have only been five cases where we have not been able to provide further support due to conditionality not being kept.

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Background papers:

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Appendix 2 - Breakdown of DHP Data

The following tables provide a breakdown of applications for DHP from claimants this year. The data is taken from the end of October and includes 331 successful applications and 172 unsuccessful applications. The numbers differ from the total number of applications made at the end of October due to the fact that the total number includes repeat applications. Percentages have been included as well as actuals for ease of comparison.

Household	Successful Awards	%	Unsuccessful Awards	%
Couple	68	20.5	41	23.8
Single Female	209	63.1	108	62.8
Single Male	54	16.3	23	17.4

Age of Claimant	Successful Awards	%	Unsuccessful Awards	%
Under 25	23	6.9	12	7.0
25-34	89	26.9	36	20.9
35-44	65	19.6	36	20.9
45-54	88	26.6	56	32.6
55-64	61	18.4	30	17.4
Over 65	5	1.5	2	1.2

No. of Children	Successful Awards	%	Unsuccessful Awards	%
0	156	47.1	75	43.6
1	69	20.8	34	19.8
2	36	10.9	33	19.2
3	20	6.0	12	7.0
4	15	4.5	10	5.8
5	20	6.0	3	1.7
6	9	2.7	3	1.7
7	5	1.5	0	0
8	1	.3	1	0.6
9	0	0	1	0.6

Tenancy Type	Successful Awards	%	Unsuccessful Awards	%
Local Authority	74	22.4	39	22.6
Housing Association	104	31.4	61	35.5
Private Rented Sector	153	46.2	71	41.7
Temporary	0		1	0.6

Claim Type	Successful Awards	%	Unsuccessful Awards	%
Income Support	82	24.8	38	22.1
Pension Credit	3	0.9	2	1.2
Jobseekers Allowance	65	19.6	22	12.8
Standard Case*	76	23.0	60	34.9
Employment & Support Allowance	105	31.7	50	29.1

*A standard case will normally be a claim from someone who is working.

Appendix 3 – DHP Case Studies

The following case studies have been grouped thematically. They are intended to provide an insight into the process of making a decision about whether to support someone in this way.

Successful Initial Applications

1. Claimant is a single mum on Income Support and affected by the Benefit Cap. She has 6 children with the youngest aged one, and rents from a Housing Association. She hasn't worked in 20 years but has been working with Skills UK to get work ready. She has participated in training courses, completed her CV and has a voluntary position lined up for work experience.
2. Claimant is a single mum with 5 children renting privately. She is affected by the Benefit Cap case and has a £266.98 per week shortfall in rent. A DHP was awarded as since the customer was told about the cap she has been working with Skills UK to try to find work, completed her Maths GCSE and started an English GCSE. She's currently looking for jobs in care and wants to qualify as a nurse.
3. Claimant is losing £130.94 as a result of the Benefit Cap. She is working with Women's Aid who are helping her secure a property and she is interested in becoming a child minder. She is looking for a course in child care.

Unsuccessful Initial Applications

1. Claimant is a couple on ESA with two children, affected by a 14% under-occupancy charge. They have applied three times but have been turned down due to excess income and also excessive spending. They are losing £15.01 per week, and their weekly income is nearly £500.
2. Claimant is a single mother with 4 children in a Housing Association property hit with a 14% under occupancy charge. Income and expenditure information showed that she has the money to afford to pay the shortfall herself. Furthermore during phone interview customer said she wasn't too worried about the award as her ex-partner would pay for it if we refused the award. She also refused to agree to any conditions saying she didn't want to move or find work.
3. Claimant is a couple affected by a 14% under occupancy charge. The wife due to give birth within next few weeks. Their Income and Expenditure showed excess income and they are in credit on their rent account. They have paid the 14% shortfall since July and only recently applied for DHP but there are no signs of hardship.

Successful Repeat Applications

1. Claimant is a single mum on Income Support with 6 children (the youngest aged 4) and is affected by the Benefit Cap. She rents from the council and hasn't worked for a long time as she has been looking after her children. A DHP was awarded initially for 13 weeks based on the condition that she would work with Skills UK to ultimately find work. In the first 13 weeks she has completed her CV, she has successfully attended training courses (a communication course is one that she attends weekly). She is really keen to find work as long as it fits in around childcare for the children and Skills are now helping her to apply for jobs. As such we have made a subsequent award.
2. Claimant is a single mother with 2 children hit by a 14% under occupancy charge in a Housing Association property. The DHP award was renewed for a further 3 months after initial 3 months as she is working with Skills UK to find work. She has started a placement at a local school and will be getting a qualification for working with children. She has also been working with Littlemore Job Club and with a CAB debt advisor to clear her catalogue debts with a debt relief order.
3. Claimant has been awarded another DHP as she is working successfully with Skills Training UK. She has visited Learn Direct to look at some higher qualifications and had a job interview this month for an administrative position. An application for disability living allowance has been completed for her daughter and has met the CAB for debt advice

Unsuccessful repeat awards

1. Claimant is a single person in a 2 bed property, on Employment and Support Allowance, and affected by a 14% under-occupancy charge. A DHP was awarded for 13 weeks but they were on the Direct Payment project and she never paid it in to her rent account so when she reapplied we didn't re-award. She has now moved to a one bed anyway so is now not facing a Housing Benefit shortfall.
2. Claimant is a single adult who was awarded an initial 6 month DHP and agreed to seek to downsize to a one bedroom property. He got a successful mutual exchange but swapped into another 2 bedroom property. Before the swap was completed he was called and warned that he will still be under occupied if he moved and that we could not carry on paying DHP in that event. He went ahead with the swap regardless of this information. Two months later he reapplied for DHP, this was turned down for failed conditionality as hasn't pursued downsizing.