

To: Scrutiny Committee

Date: 2 November 2015

Report of: Executive Director for Organisational Development & Corporate 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: n/a

Policy Framework: Efficient, Effective Council

Recommendation(s): To note the spend on Discretionary Housing Payments to 30 September 2015

APPENDICES:

Appendix 1 – Legislative background and process

Appendix 2 – Data tables

INTRODUCTION

1. On 12 March 2015 The City's Executive Board (CEB) agreed a new Discretionary Housing Payment (DHP) policy. This policy was reviewed by the Scrutiny Committee at its meeting of 2 March 2015. CEB agreed that a monitoring report on DHP expenditure should be provided at the end of quarter two of the current year. This report provides the position for the end of September 2015.
2. The aim of the new DHP policy is to support people to find long term solutions to the reduction in their benefits. By applying conditions to awards that are made, recipients work towards finding a sustainable solution so they do not require on-going DHP payments in the longer term. The new policy prioritises families and people who are unable to change their circumstances for the better. This focus was introduced in response to the reduced government grant for 2015/16.

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

SUMMARY OF EXPENDITURE

- Oxford City Council's DHP grant for 2014/15 is £288,092, a 44% reduction from the 14/15 grant of £514,496. The government grant is based on their assessment of each Local Authority's need, and is not linked to previous levels of expenditure, as it was in previous years. The Council has made an additional £230,000 available (£150,000 from Homelessness Prevention funding, and £80,000 from the Housing Revenue Account) to increase the total amount to £518,092.
- At the end of September 2015, there had been 195 DHP awards made from 328 applications received, resulting in expenditure of £144,053.63. As many of these awards run beyond the end of September the amount of committed expenditure is £164,295.50. The projected expenditure for the end of the year is £300-320,000. The table below shows the breakdown of these awards by the different welfare reforms, and also shows expenditure for the same period last year.

Reason for claim	2014/15			2015/16		
	Apps	Awards	Amount	Apps	Awards	Amount
Benefit Cap	169	155	£166,208.80	58	34	£70,000.60
Bedroom Tax	267	223	£47,767.06	111	66	£20,256.95
Local Housing Allowance	176	141	£38,812.72	129	77	£44,510.10
Combination	3	3	£4,295.22	3	3	£1,174.01
Other*	39	22	£3,410.28	27	15	£8,111.97
Totals	654	544	£260,494.08	328	195	£144,053.63

* "Other" relates to cases where the reason for application is not due to the reform of the benefits system.

- The main reason for the reduced expenditure in the current year is the reduced demand from Benefit Cap customers. Since the Benefit Cap was introduced in 2013, it has affected 227 households in Oxford. However currently there are only 61 households who are still affected. DHP's have been used effectively to help customers who have been capped, with 73 being supported into work. This has reduced DHP expenditure in this area by nearly £100,000 for the first six months of the year.
- Demand for DHP's has also reduced in other areas. There are currently 579 customers affected by the Bedroom Tax compared to a peak of 724 in 2014/15. The Benefit caseload has reduced in Oxford from 12,240 in April 2014 to 11,561 in September 2015. The number people renting privately and in receipt of Housing Benefit (called Local Housing Allowance) has reduced from 3,106 to 2,627 over the same period.

However DHP expenditure for people affected by reductions to LHA has increased due to the increasing gap between rental costs and LHA rates in Oxford.

LONG TERM AWARDS

8. DHP is a short term measure to assist customers whilst they are supported to find sustainable solutions to their Housing Benefit shortfall. However, there are a number of customers who have been in receipt of DHP for longer periods. For example, some people affected by the Benefit Cap are a long way from the job market, with multiple barriers to work, and for some people impacted by the Bedroom Tax, work may not be a realistic option and there is little suitable alternative accommodation. There are 76 households which have been in receipt of DHP for over a year, with 26 of these cases being in receipt of DHP for over two years. The current cost of maintaining these cases for a year is £80,000. At the same time last year, maintaining our long term recipients of DHP was £205,000. The main reason for the reduction is the successful progression of Benefit Cap customers.

DECLINED APPLICATIONS

9. There have been 133 unsuccessful applications so far this year, compared to 110 at the same point last year. The top three reasons for turning an award down are:
 1. The customer doesn't have a plan to reduce reliance on DHP.
 2. The customer's income exceeds their outgoings.
 3. Awarding a DHP wouldn't sustain the tenancy (e.g. the landlord plans to evict them for historic rent arrears)

A full list of reasons why applications are turned down is included in Appendix two. Where a DHP is turned down, the customer is still offered the same level of support as any other customer.

CONDITIONALITY

10. Nearly Every DHP award which is made has one or more conditions attached to it. The conditions which are applied are intended to support the customer to reach a position where they do not require a DHP, and are agreed with the customer by a Council officer. The three most common conditions are as follows:
 1. Seek employment
 2. Obtain debt advice
 3. Apply for a benefit

A full list of conditions applied to awards this year is included in Appendix two. Support is always available for customers to meet their conditions, either from Council officers or partner organisations. Where conditions are not applied to a DHP award, it is usually because the customer's situation is temporary (e.g. a pregnant customer is under occupied by one room).

Name and contact details of author:

Paul Wilding
Revenues & Benefits Manager
01865 252461
pwilding@oxford.gov.uk

Appendix One

Legislative framework and Internal process

Legislative background

1. 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.
2. 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.
3. 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

4. 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 officer assessing the application will go back to the customer with any queries about the income and expenditure before making a decision.
5. 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.
6. 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 Prospect (formerly known as 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.
7. 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.

8. 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.

9. 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 have an interview with the person assessing their application. More repeat awards have been made in the second half of the year as initial awards have expired. Many customers have multiple support needs, and for such people short awards of 4-6 weeks are typically made. This is to allow them to deal with one issue at a time. Earlier in the year, providing such people with multiple actions to undertake in one go, led to a failure in many of the actions being achieved.

Appendix Two – DHP Statistics

Conditions applied to DHP awards

Conditionality applied:	Totals
Downsize	39
Find work	98
Debt Advice	69
Apply for another benefit	54
Find cheaper accommodation	29
Reduce expenditure	19
Get a lodger	6
Other	6
Prepare for work	26
Engage with support service	31
Pay towards arrears	20
Plan to mitigate need for DHP	8
Provide information	19
Short term support	8
Transition to independent living	2
Sustain Employment	3
No Conditions	12

Reasons for turning down DHP applications

This data has only been collected since July, as it had previously been thought that the Benefits computer system would provide this information.

Reason for refusal	
Can now afford shortfall	6
DHP would not sustain tenancy	9
Didn't satisfy conditions of previous award	4
Doesn't meet DHP policy criteria	2
Expensive rent	5
Failed to supply requested information	8
Home Choice paying top up	0
Income exceeds	14
Ineligible rent costs	5
Means tested shortfall only	3
No HB entitlement	0
No long term plan to reduce DHP reliance	18
No longer affected by welfare reform	0
No rent shortfall	3
Other	7
Support offered but without DHP	7
Unwilling to accept conditions of award	1

