

To: City Executive Board
Date: 14 April 2016
Report of: Executive Director Organisational Development & Corporate Services
Title of Report: Review of Discretionary Housing Payment policy

Summary and recommendations	
Purpose of report:	To seek approval of the revised Discretionary Housing Payment policy for 2016.
Key decision:	Yes
Executive Board Member:	Councillor Susan Brown, Board Member for Customer and Corporate Services
Corporate Priority:	A Vibrant, Sustainable Economy, Strong and Active Communities
Policy Framework:	Corporate Plan; Financial Inclusion Strategy.
Recommendation(s): That the City Executive Board resolves to:	
1. Approve the revised Discretionary Housing Payment policy.	

Appendices	
Appendix 1	Discretionary Housing Payment Policy
Appendix 2	Risk Register
Appendix 3	Equalities Impact Assessment
Appendix 4	Background information

Introduction and background

1. On 12 June 2013 the City Executive Board (CEB) approved a new Discretionary Housing Payment (DHP) Policy. The most significant change to the new policy was that awards would be subject to an agreed action plan to improve the applicant's financial sustainability. Against a backdrop of significant welfare reform and consequent reductions in benefit entitlement, this approach was introduced to ensure that people being supported with DHP's were taking steps to find more sustainable solutions to their situation. Since 2013 the policy has

been reviewed annually to help manage expenditure in line with changes to the DHP grant provided by the Government.

2. Government funding for DHP's has fluctuated in recent years. National funding was increased for 2013/14 and 2014/15 as a result of the introduction of the Benefit Cap and the Social Sector Size Criteria (known as the Bedroom Tax). In 2015/16 funding reduced significantly, which saw Oxford's grant reduce from £514,496 to £288,092. Funding has increased for 2016/17 in response to the further lowering of the Benefit Cap from £26,000 to £20,000, which will be introduced later in 2016. Oxford's grant for next year is £376,792. An Additional £150,000 is available from Homelessness Prevention Funding to top this up if required.
3. The DHP policy is reviewed on an annual basis to ensure it is fit for purpose in light of changes to government funding and customer demand. The main change is outlined in paragraph 12 below. Appendix 1 contains the revised DHP Policy. Appendix 4 provides some information on the background and purpose of DHP's.

Expenditure

4. The table below summarises DHP expenditure since 2013.

Table 1

Year	Expenditure	Percentage of Grant
2013/14	£431,244	82%
2014/15	£476,147	92%
2015/16	£270,000*	94%

*forecasted figure

5. 603 applications for DHP were made up to 1 February 2016 of which 374 were successful. Awards are typically made for three months, and 94 customers have received two or more awards during the year. 108 recipients have been in receipt of DHP for more than a year, and 38 customers for more than two years. These tend to be customers with more complex needs, or those with no practical options to change their circumstances.
6. 229 applications were turned down in the ten months to 31 January 2016. The main reason being that the customer had no realistic plan to reduce their reliance on DHP. 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. However, often in such cases, the customer changes their mind once they start to accrue rent arrears.

Table 2

Reason for refusal	Totals
No long term plan to reduce reliance on DHP	40
Customer determined to be able to afford rent shortfall	29
Not eligible for a DHP	20
DHP would not sustain tenancy	12
Failed to supply requested information	11
Other	10
Means tested shortfall only	8
Didn't meet conditions of previous award	6
Rent determined to be too expensive	6
Doesn't meet DHP policy criteria	3
Unwilling to accept conditions of award	2

NB This data has only been manually recorded since July, as it is unable to be retrieved from the Academy system.

7. The following table compares the details of DHP awards and expenditure by benefit category for the year to date with the previous two years. 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.

Table 3

Reason For Claim	2013/14	2014/15	2015/16 (at 1 February 2016)
Benefit Cap	£213,065	£224,293	£112,992
Bedroom Tax	£124,386	£95,135	£34,276
Local Housing Allowance	£93,005	£121,441	£67,785
Combination of Above	£1,681	£5,410	£1,174
Other	£12,550	£29,870	£13,787

NB: The figures quoted in paragraph 4 above, are taken from the Benefits system, and are different from those in the above table. This is because the benefits system takes account of awards for claims which end prematurely,

or where there are minor adjustments to the amount of benefit claimed, but cannot easily record the reason for the claim. Hence the reason for claims is recorded manually in a spread sheet together with the original award amount (the figure shown in the table).

8. Table 3 shows that 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 235 households in Oxford. However, currently there are only 65 households who are still affected. DHP's have been used effectively to help customers who have been capped, with 76 being supported into work. This is forecast to reduce DHP expenditure in this area by £100,000 this year.
9. Demand for DHP's has also reduced in other areas. There are currently 568 customers affected by the Bedroom Tax compared to a peak of 724 in 2014/15. From April 2014 to February 2016, the number of people renting privately and in receipt of Housing Benefit (called Local Housing Allowance) has reduced from 3,106 to 2,548. The Benefit caseload has reduced in Oxford from 12,240 to 11,472 over the same period. This is due mainly to the improved economic situation in Oxford, after benefit claims peaked as a result of the recession of 2008/09 and subsequent slow recovery.
10. DHP awards require action plans to be agreed so that customers are supported to manage their shortfalls themselves. Action plans have been agreed with applicants in 356 awards made this year. The top five actions are shown in the table below. An action plan would not be agreed for awards made for a short fixed period, such as supporting someone as they move into employment. There have been 18 awards made without conditions in the last year.

Table 4

Agreed action	Totals
Look for work	138
Obtain Debt Advice	102
Apply for another benefit	81
Downsize	64
Engage with a specialist support service	61

Policy Changes

11. In 2015/16 the DHP policy was narrowed in scope to take account of reduced government funding. This resulted in priority being given to families with children.

The increase in budget means that this narrowing of priorities can be removed. Although the lowering of the Benefit Cap will impact households with children, the DWP have announced that the measure will not be introduced until the Autumn. When it is introduced, it will be phased in, which means that affected households will require a DHP for less than six months in 2016/17. As such the increased government contribution for DHP's is sufficient to meet this demand. The amended policy also emphasises the intention to support people into work and people who are transitioning from hostel accommodation. This follows work carried out over the last year to provide additional support to people in these situations to help them through the change they are undergoing.

12. Following the rollout of Universal Credit (UC) in Oxford on 20 April 2015, and subsequent receipt of DHP applications from UC customers, the policy has been updated to be clear how their DHP claims will be treated. The Council's available budget will no longer be referred to as a consideration for a DHP application. A number of Upper Tribunal decisions have ruled that this is not a valid reason for declining support. Regulations cap the total amount of DHP that can be spent by Local Authorities to two and a half times the government contribution, so the amended policy references this limit instead.

Monitoring

13. The consistency of decision making will be monitored by continuing to undertake a 10% check of all applications, whether successful or unsuccessful. In recent years regular reports have been made to Scrutiny Committee on DHP expenditure, and it is anticipated this will continue in 2016/17. Such monitoring will include details of the amount of expenditure being made in respect of different Welfare Reform measures, and the number of cases receiving multiple awards throughout the year. Both actual and forecast DHP expenditure will be reported so that pressures can be identified as early as possible.

Financial implications

14. Oxford's DHP grant for 2016/17 is £376,792 which means a maximum of £941,980 can be spent next year. Any expenditure over and above the grant, up to the ceiling, is a direct cost to the Council. Housing Services have made £150,000 available from Preventing Homelessness funding in the event of expenditure exceeding the government contribution.
15. By making effective use of the Discretionary Housing Payment budget, and targeting awards effectively, the Council will save the costs of placing people in temporary accommodation or dealing with people who are homeless. Typically the cost of placing someone in temporary accommodation can be 18 times that of sustaining a tenancy using DHPs.
16. The government has confirmed the national DHP budget for the next four years. However after 2020, with Universal Credit largely rolled out and the ending of

the Revenue Support Grant to local authorities, it is likely that government funding for DHP's will also cease. As such it is important that DHP's continue to be used to help applicants become financially sustainable and reduce the long term reliance on this financial support.

Legal issues

17. The recommendations of this report are within the scope of the Child Support, Pensions and Social Security Act 2000 and The Discretionary Financial Assistance Regulations 2001 (SI2001/1167), and subsequent amendments. Whilst the regulations give a very broad discretion the Council has a duty to act fairly, reasonably and consistently. Each case must be decided on its own merits, and decision making should be consistent throughout the year.

Level of risk

18. An evaluation of the risks associated with the implementation of this policy has been carried out. A detailed Risk Register is attached at Appendix 2.

Equalities impact

19. An initial impact assessment has been carried out and is attached at Appendix 3. No undue, adverse impacts have been identified. However as the DHP budget is finite, and needs to be allocated within set guidelines, monitoring will be carried out to ensure there are no unintended consequences of the policy to any specific group of customers.

Report author	Paul Wilding
Job title	Revenues & Benefits Programme Manager
Service area or department	Welfare Reform Team
Telephone	01865 252461
e-mail	pwilding@oxford.gov.uk

Background Papers: None