

To: Scrutiny Committee

Date: 7 November 2016

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:

Finance:

Legal:

Policy Framework: Efficient, Effective Council

Recommendation(s): To note the spend on Discretionary Housing Payments to 30th September 2016

APPENDICES:

Appendix 1 – Data tables

Appendix 2 – Case Studies

INTRODUCTION

1. On 14 April 2016 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 5 April 2016. 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 2016.
2. The aim of the 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 internal process for dealing with DHP's and legislative background has previously been provided to the Committee.

SUMMARY OF EXPENDITURE

- Oxford City Council's DHP grant for 2015/16 is £376,792, an increase of £88,700 on the 15/16 grant of £288,092. 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 increase in the government grant is to take into account the impact of the lower Benefit Cap, which is being introduced from 7 November 2016. The Council has made an additional £150,000 available from Homelessness Prevention funding to increase the total amount to £526,792.
- At the end of September 2016, there had been 181 DHP awards made from 281 applications received from 246 individual customers, resulting in expenditure of £125,123.12. As many of these awards run beyond the end of September the amount of committed expenditure is £151,460. The table below shows the breakdown of these awards by the different welfare reforms, and also shows expenditure for the same period in the last two years.

Reason for claim	2014/15			2015/16			2016/17		
	Apps	Awards	Amount	Apps	Awards	Amount	Apps	Awards	Amount
Benefit Cap	169	155	£166,208.80	58	34	£70,000.60	28	27	£50,315.37
Bedroom Tax	267	223	£47,767.06	111	66	£20,256.95	71	58	£20,147.25
Local Housing Allowance	176	141	£38,812.72	129	77	£44,510.10	120	85	£50,216.07
Combination	3	3	£4,295.22	3	3	£1,174.01	1	0	£0.00
Other*	39	22	£3,410.28	27	15	£8,111.97	26	11	£4,444.43
Totals	654	544	£260,494.08	328	195	£144,053.63	246	181	£125,123.12 *

"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 252 households in Oxford. However currently, there are only 60 households who are still affected. DHPs have been used effectively to help customers who have been capped, with 84 being supported into work. This has reduced DHP expenditure in this area by over £125,000 for the first six months of the year.
- Demand for DHPs has also reduced in respect of people affected by the Bedroom Tax. There are currently 572 customers affected by this measure compared to a peak of 724 in 2014/15. The number of awards made to people affected by LHA restrictions has increased. This is because the current freeze in LHA rates means that the proportion of rent covered by Housing Benefit is reducing, placing households under increasing pressure.
- Although it may look as if there is an underspend in the DHP budget, we anticipate that the lowering of the Benefit Cap from £26,000 to £20,000 will create significant additional demand. On 7 November 2016, the existing 60 cases currently subject to the Benefit Cap, will have the lower cap applied. This will reduce the amount of Housing Benefit these customers receive by a further £116 per week. This will create a potential demand of nearly £150,000 for the remainder of the year. From 5 December 2016, any new cases subject to the new cap will have their Housing Benefit adjusted. Currently we are expecting there will be 273 new cases (although this figure fluctuates due to changes in

circumstances) losing between £0.01 and £116.00 per week. This will potentially create an additional demand of approximately £250,000.

8. If it materialises this potential additional demand (£400,000) would place the DHP budget under significant pressure. However, experience of the initial Benefit Cap was that many people resolved their situation themselves. Many people will be able to find work in the buoyant local labour market, whereas others will find that it is advantageous for a working partner to move in with them, whereas previously it would have reduced their combined income. Using this prior experience as a guide, as well as the existing level of engagement from customers due to be capped, it is estimated that no more than half of this additional demand will materialise. DHP expenditure on other cases should remain broadly in line with the first six months of the year which would result in an annual spend of £400,000.

LONG TERM AWARDS

9. 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 21 households which have been in receipt of DHP for over a year, with 10 of these cases being in receipt of DHP for over two years. This is a significant reduction from the same point last year, when 76 cases had been in receipt of DHP for over a year. This demonstrates the effectiveness of the current DHP policy, and shows that good results can be achieved even with more complex cases. Please see the case studies in Appendix 2 for examples.

DECLINED APPLICATIONS

10. There have been 100 unsuccessful applications so far this year, compared to 133 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 application doesn't meet the DHP policy criteria.
 3. The customer is considered to have the means to meet the shortfall.

In respect of bullet point one above, the DHP policy is clearly explained to customers, and they have a choice whether to accept the support on the terms it is offered. Some choose not to accept it, but they are always able to change their minds and re-engage with us. Bullet point two is where the customer's circumstances fall under section 2.3 of the DHP policy, which are instances where we do not intend to pay DHP unless to do so would strongly support the policy objectives. This would include cases where the tenancy was not affordable when it was taken on, or where a shortfall is due to a deduction in benefit made for another adult who is not a family member. Customers turned down under

bullet point three are judged to be able to afford the shortfall themselves. A full list of reasons why applications are turned down is included in Appendix 1. Where a DHP is turned down, the customer is still offered the same level of support as any other customer.

CONDITIONALITY

11. 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. Apply for a benefit
3. Obtain debt advice

12. A full list of conditions applied to awards this year is included in Appendix 1. Support is always available for customers to meet their conditions, either from Council officers or partner organisations. The number of awards made with no conditions has increased to 23, from 12 at the same point last year. The main reason for this is that a final DHP award is now made for customers moving into work. This can be a financially difficult period as benefits are stopped, but it maybe some time before the first salary payment is received. Supporting this transition increases the likelihood of employment being sustained.

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Background papers: none

Appendix One – DHP Statistics

Conditions applied to DHP awards (1 April 2016 to 30 September 2016)

Conditionality applied:	
Find work	46
Apply for another benefit	28
Debt Advice	23
No Conditions	23
Engage with support service	20
Downsize	18
Pay towards arrears	14
Find cheaper accommodation	13
Prepare for work	13
Seek budgeting advice	5
Other	4
Plan to mitigate need for DHP	4
Sustain Employment	3
Get a lodger	1
Provide information	1

Reasons for turning down DHP applications (1 April 2016 to 30 September 2016)

Reason for refusal	
No long term plan to reduce DHP reliance	21
Doesn't meet DHP policy criteria	16
Means tested shortfall only	12
DHP would not sustain tenancy	10
No HB entitlement	8
No rent shortfall	8
Income exceeds	7
Failed to supply requested information	6
Unwilling to accept conditions of award	3
Didn't satisfy conditions of previous award	2
Home Choice paying top up	2
No longer affected by welfare reform	2
Can now afford shortfall	1
Ineligible rent costs	1
Support offered but without DHP	1

Appendix Two – Case Studies

The names and circumstances of the people in the two case studies below have been changed, to protect their identity.

Laila (and Jasmin)

We met Laila, who has three children and is also a carer, in May 2015. She was in temporary accommodation and the high cost of this accommodation meant she had been benefit capped and was losing more than £25 a week from her housing benefit. We discussed Laila's options and agreed that looking for benefit cap exemption through working tax credit was the way forward, although Laila had no work experience and was not confident with her English. Laila told us she was interested in working in retail, and we referred her to a job club for help finding work. We also gave her a discretionary housing payment (DHP) to cover the housing benefit she had lost due to the benefit cap.

Laila was offered a council tenancy in July, and her lower rent costs meant that she was no longer benefit capped. When we caught up with her in August, she was looking for work experience through volunteering, and was also thinking about working in a school. Although Laila no longer needed a DHP, she agreed to continue working with us with the goal of finding a job.

Over a period of months, we continued to support Laila. We helped her to deal with a housing benefit overpayment, booked her on training courses to work in a school, provided character references to help her to get a voluntary position, and dealt with other enquiries to the council about energy advice and repairs on her behalf. Laila is now volunteering for a charity.

All this helped to build a relationship of trust with Laila, which meant that in February 2016, she asked us to help her daughter Jasmin to find work.

We met with Laila and Jasmin, who is studying for her A-Levels at City of Oxford College, and discussed how to apply for jobs effectively. We helped Jasmin with her CV and covering letter.

When the Oxford Mail held a job fair in Oxford Town Hall, we went with Laila and Jasmin, and coached Jasmin on how to approach employers on the day. She subsequently applied for a vacancy with one of the attending employers, and got the job. Jasmin has now gone through her induction and started working shifts in a restaurant in April.

Bruce

We regularly consult our customers about the service we offer and how we could improve the support we give them. This then forms part of our service planning. As a result of customer feedback, we are now providing more direct support for customers who are applying for jobs and who need help with job applications and in preparing for job interviews. As moving from benefits into work can be difficult and stressful, we also now offer advice and financial support to make this change as smooth as possible.

Bruce is a council tenant who asked us for help in February 2016. He had recently lost his job and claimed benefits, and he was having to pay a quarter of his rent himself because he was affected by the bedroom tax. He was also struggling with his other bills.

We made Bruce an appointment with a Citizens Advice Oxford money adviser and sent him an application form for a discretionary housing payment (DHP) to help with the bedroom tax.

When Bruce sent in his DHP application, we gave him a ring to discuss what he could do to improve his situation. Bruce told us that he was looking for labouring work and that he was thinking about taking in lodgers so he wouldn't be affected by the bedroom tax any more. He said that he didn't need any help looking for work. Because Bruce had a plan to cope with the bedroom tax and was getting help with his debts, we agreed to give him a DHP for three months so his rent was paid in full. Bruce reapplied for DHP in June. His plan to take in lodgers hadn't worked out, so he agreed to meet us for help in looking for work. Bruce told us that he applied for jobs using a CV, so we asked him to bring it to the meeting. We agreed to extend his DHP for another three months.

When we met Bruce, he told us that he only had a paper copy of his CV, and we helped him to set up an account on the National Careers Service website so he could create an electronic CV. We suggested a number of changes Bruce could make to his CV and asked him to get a memory stick so he would always have a portable version.

We met Bruce again a fortnight later and his CV was looking much better. He was worried about how he would cope going back into work on the sort of wages he would probably get, and we advised him that we could help him deal with benefit changes and keep paying his bedroom tax DHP for a while so he wouldn't lose out financially. Bruce told us he was happy with that.

We suggested changes Bruce could make to improve his CV and helped him to create an electronic version. Bruce then found a full time job and we are supporting him to move from benefits back into work

We rang Bruce two weeks later to invite him to the Barton job fair, and he told us that he couldn't talk as he was on a work trial with a landscaping company. We asked him to call us back when he was free. When we hadn't heard from Bruce within a week, we called him again.

Bruce had good and bad news. The bad news was that the work trial hadn't worked out because the landscaping company couldn't offer him enough hours. The good news was that in the meantime he had found a full time job with a different landscaping company.

We congratulated Bruce and asked him to ring Benefits with details of his hours and wages so he wouldn't get a housing benefit overpayment. Bruce has now done this and his claim is waiting to be reassessed.

As long as Bruce continues to get some housing benefit we will keep paying DHP to cover the bedroom tax for a limited period, until he is used to being back in work and is being paid again.

Many of our customers need long term and intensive support to get into or back into work. Bruce shows that sometimes all our customers need is a bit of targeted support at the right time, and the confidence to move off benefits knowing that we can support them to do this as smoothly as possible.

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