

**To:** City Executive Board  
**Date:** 16 October 2017  
**Report of:** Executive Director Organisational Development & Corporate Services  
**Title of Report:** Review of Discretionary Housing Payment Policy

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To seek approval to maintain the current Discretionary Housing Payment policy and to note the trends in expenditure detailed in the report.
<b>Key decision:</b>	Yes
<b>Executive Board Member:</b>	Councillor Susan Brown, Board Member for Customer and Corporate Services
<b>Corporate Priority:</b>	A Vibrant, Sustainable Economy, Strong and Active Communities
<b>Policy Framework:</b>	Corporate Plan; Financial Inclusion Strategy.
<b>Recommendation: That the City Executive Board resolves to:</b>	
1. <b>Approve the maintenance of the existing Discretionary Housing Payment policy.</b>	

<b>Appendices</b>	
Appendix 1	Discretionary Housing Payment Policy
Appendix 2	Risk Register
Appendix 3	Equalities Impact Assessment

## Introduction and background

1. On 12 June 2013 the City Executive Board (CEB) approved a new Discretionary Housing Payment (DHP) Policy. The policy made significant changes to the way the Council administered DHPs. The most significant change 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 DHPs 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 DHPs 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 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 and 2017/18 in response to the further lowering of the Benefit Cap from £26,000 to £20,000 in November 2016. Oxford's grant for 2016/17 was £376,792 and for 2017/18 is £509,495.
3. The Welfare Reform Team have reviewed the existing policy in light of the wider rollout of Universal Credit (UC) from October 2017, and in light of amendments made to the policy in prior years to take account of customers receiving their housing costs through UC, it has been determined that no additional changes are currently required. UC is however, continually evolving and the policy will be kept under review as it develops to ensure it continues to cater adequately for customers. It is therefore recommended that the existing policy is maintained as set out in Appendix 1.
4. One of the challenges of UC is that customers migrating to it will not receive a payment for a minimum period of six weeks. **Members should note that DHP cannot be paid in this period.** This is because DHP can only be paid where the customer is in receipt of either Housing Benefit, or the Housing Cost Element of UC.

## Expenditure

5. The table below summarises DHP expenditure since 2013.

**Table 1 – Annual Expenditure since 2013/15**

Year	Expenditure	Percentage of Grant
2013/14	£431,244	82%
2014/15	£476,147	92%
2015/16	£270,505	94%
2016/17	£379,009	101%
2017/18	£247,190	49%*

\*expenditure at the end of August

6. In 2016/17, 721 applications for DHP were made by 530 separate customers, of which 521 (72%) were successful. In 2017/18 to date, 388 applications have been made from 310 customers, of which 313 (81%) have been successful.
7. Of the awards made in 2016/17, 38 were to customers who had been in receipt of DHP for more than a year. Of these customers 17 have been in receipt of DHP for more than two years. This is a significant reduction on the equivalent figures for 2015/16 when 149 awards were made to customers who had been in receipt of DHP for over a year. This reflects the positive outcomes that customers have been able to achieve whilst engaged with the Welfare Reform Team. Those in receipt of DHP for longer periods of time tend to be customers with more complex needs, or those with no practical options to change their circumstances.
8. 194 applications were turned down in 2016/17 and 75 so far in 2017/18. The most common reason for turning down applications over the two years is that applications do not meet the DHP policy criteria, (43 cases), i.e. the customer's circumstances fall under section 2.3 of the DHP policy, which are instances where we do not usually intend to pay DHP, unless there are circumstances where paying the DHP would strongly support the policy objectives. Whenever a DHP application is turned down, the customer is still offered the support of the Welfare Reform Team.

**Table 2 Reasons for refusing DHPs from 2016-18**

Reason for refusal	Totals 2016/17	Totals 2017/18
No long term plan to reduce reliance on DHP	35	4
Doesn't meet DHP policy criteria	33	10
DHP would not sustain tenancy	25	11
Customer's income is sufficient to pay shortfall	20	9
Means tested shortfall only	17	7
No rent shortfall (new one)	15	6
Failed to supply requested information	14	6
No HB entitlement (new one)	12	6
No longer affected by welfare reform	5	4
Didn't meet conditions of previous award	4	1
Rent determined to be too expensive	4	6
Ineligible rent costs	4	2
In receipt of a top-up from the Home Choice scheme	3	3
Unwilling to accept conditions of award	3	1

9. Table 3 compares the details of DHP awards and expenditure by benefit category for all years since 2013/14, when the Benefit Cap and Bedroom Tax were introduced. 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 – Breakdown of DHP Expenditure by Welfare Reform since 2013/14**

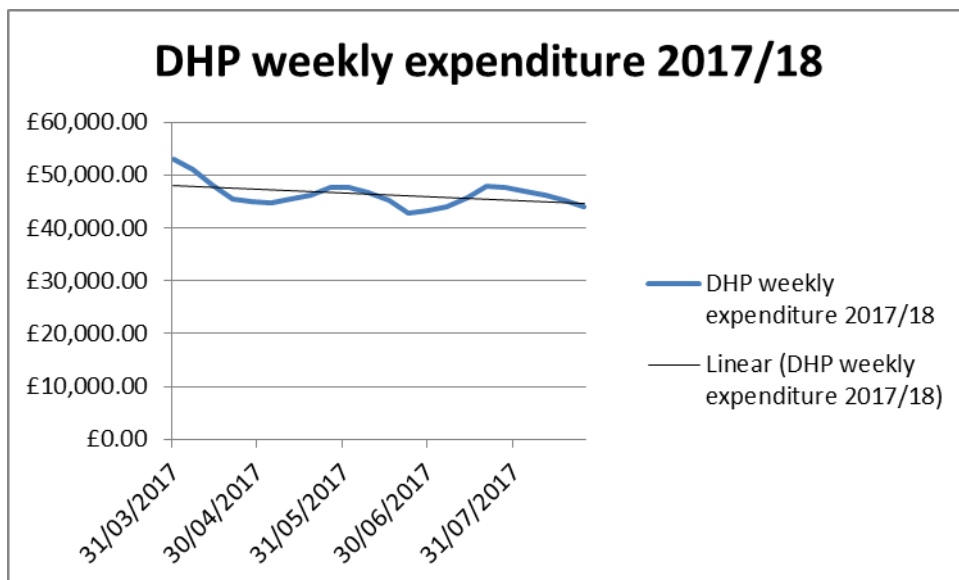
<b>Reason For Claim</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18 (to August 2017)</b>
Benefit Cap	£213,065	£224,293	£128,180	£237,161	£199,482
Bedroom Tax	£124,386	£95,135	£40,860	£38,136	£13,074
Local Housing Allowance	£93,005	£121,441	£83,006	£92,370	£29,388
Combination of Above	£1,681	£5,410	£1,219	£636	£321
Other	£12,550	£29,870	£17,240	£10,812	£2,682

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 table 3).

10. Table 3 shows that the main driver of expenditure is the Benefit Cap. Since the Benefit Cap was introduced in 2013, it has affected 554 households in Oxford. However 303 of these cases have only been impacted since the Benefit Cap was reduced from £26,000 to £20,000 last November.
11. Customers are supported to find exemptions from the Benefit Cap, and paid DHPs in the interim to safeguard their tenancy. However the total number of customers affected by the Benefit Cap remains high, as changes in circumstances mean that new customers become subject to the cap on a weekly basis. This is mainly driven by the birth of an additional child which increases entitlement to tax credits and child benefit, pushing households over the £20,000 annual benefit cap threshold. There have been 54 new cases since 1 April 2017.

This means that DHP expenditure on the Benefit Cap is likely to remain high for the rest of the year.

12. In previous years Housing Services have made additional funding available as a contingency in case expenditure exceeds the government grant. 2016/17 was the only year that this funding was required and only £2,217 was needed. Due to other funding pressures within Housing Services, this contingency was not provided for the current year. Expenditure is forecast to be around £500,000 this year as the weekly expenditure is gradually reducing (as shown in the graph below). However, due to the high level of expenditure the Council is making a request to DCLG to allow £25,000 to be transferred from the HRA to the General Fund to be used to top up the DHP grant. This provides a 5% contingency in the event of a change in the current trend. There is capacity within the HRA budget for this provision.



13. DHP awards require action plans to be agreed so that customers are supported to manage their shortfalls themselves. The top five actions for the last two years 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 only been 65 awards made without conditions in the last two years.

**Table 4 - Top 5 conditions for DHP awards from 2016-18**

Agreed action	Totals 2016/17	Totals 2017/18
Look for work	191	126
Apply for another benefit	94	82
Obtain debt advice	76	46
Prepare for work	62	50

Engage with a specialist support service	61	55
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## Monitoring

14. The consistency of decision making will continue to be monitored by undertaking a 10% check of all applications, whether successful or unsuccessful. DHP expenditure is also reported on a monthly basis and includes 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

15. Oxford's DHP grant for 2017/18 is £509,495 which means a maximum of £1,273,738 can be spent next year. Regulations permit local authorities to spend two and a half times their grant on DHPs. Any expenditure over and above the grant, up to the ceiling, is a direct cost to the Council. A request has been made to the DCLG to transfer £25,000 from the HRA to the General Fund to provide some contingency in the event of expenditure exceeding the government contribution. There is capacity within the HRA budget for this provision.
16. 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.
17. The government has confirmed the national DHP budget until 2019/20. However after 2020, with Universal Credit largely rolled out and the ending of the Revenue Support Grant to local authorities, it is possible 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

18. 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

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

## Equalities impact

20. 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.

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**Background Papers:** None

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