

To: City Executive Board
Date: 22 May 2018
Report of: Head of Financial Services
Title of Report: Review of Discretionary Housing Payment Policy

Summary and recommendations	
Purpose of report:	To seek approval to amend the current Discretionary Housing Payment policy and to note the trends in expenditure detailed in the report.
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.
Recommendations: That the City Executive Board resolves to:	
1. Approve the revised Discretionary Housing Payment policy.	

Appendices	
Appendix 1	Discretionary Housing Payment Policy
Appendix 2	Case Studies
Appendix 3	Risk Register
Appendix 4	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. National funding is now reducing again, and so Oxford's grant for 2018/19 is £405,010.
3. The Welfare Reform Team has reviewed the existing policy in light of the wider rollout of Universal Credit (UC) from October 2017, and from feedback obtained from customers who have received DHP's throughout the last year. The revised policy is 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 five 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	£494,566	97%

6. The table above represents the net DHP expenditure. For 2017/18, the gross expenditure was £530,326. This figure gets reduced where DHP overpayments are raised and repaid. Although such overpayments aren't actively recovered from recipients, where payment is made to a landlord, any DHP overpayment is automatically recovered from future payments.
7. In 2017/18, 789 applications for DHP were made by 357 separate customers, of which 631 (80%) were successful. Of the awards made in 2017/18, 39 were to customers who had been in receipt of DHP for more than a year. Of these customers 8 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. 158 applications were turned down in 2017/18, which is a reduction from the 194 which were declined in 2016/17, despite receiving 45 more applications this year. The most common reason for turning down applications over the two years was that applications did not meet the DHP policy criteria (55 cases) i.e. the customer's circumstances fell under section 2.4 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 5 provides the top 5 reasons for turning down a DHP in the last two years.

Table 2- Reasons for refusing DHPs from 2016-18

Reason for refusal	Totals 2017/18	Totals 2016/17
Doesn't meet DHP policy criteria	22	33
Customer's income is sufficient to pay shortfall	20	25
Customer has no rent shortfall	19	15
DHP would not sustain tenancy	18	25
No long term plan to reduce DHP reliance	14	35

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

Reason For Claim	2013/14	2014/15	2015/16	2016/17	2017/18
Benefit Cap	£213,065	£224,293	£128,180	£237,161	£418,410
Bedroom Tax	£124,386	£95,135	£40,860	£38,136	£31,037
Local Housing Allowance	£93,005	£121,441	£83,006	£92,370	£71,532
Combination of Above	£1,681	£5,410	£1,219	£636	£1,670
Other	£12,550	£29,870	£17,240	£10,812	£6,591

NB: The figures quoted in paragraph 6 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 640 households in Oxford. However 383 of these cases have only been impacted since the Benefit Cap was reduced from £26,000 to £20,000 in November 2016. Payment of DHP allows the customer the time and space to work with the Welfare Reform Team to obtain a benefit which qualifies them for an exemption from the Cap. Since November 2016, 215 customers have been supported to gain an exemption from the Cap, of which 98 have done so by moving into work or increasing their hours of work, so they become eligible for Working Tax Credit (or the equivalent element within Universal Credit). Appendix 2 contains a couple of case studies which show how the payment of DHP facilitates the Welfare Reform Team to support customers affected by the Benefit Cap.
11. DHP awards require action plans to be agreed so that customers are supported to manage their financial shortfalls themselves. The top five actions agreed 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 2017/18	Totals 2016/17
Look for work	210	202
Apply for another benefit	129	96
Engage with a specialist support service	100	63
Prepare for work	95	65
Obtain debt advice	81	78

Monitoring

12. The consistency of decision making will continue to be monitored by undertaking a check on 10% 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.

Policy Changes

13. The main objective of the DHP policy remains unchanged. This is to provide short term relief to applicants in order to give them time to find more sustainable solutions to their financial arrangements. The following paragraphs outline amendments that have been made to the policy.

14. The DWP have amended regulations relating to Universal Credit claimants who are moving to temporary accommodation or specified accommodation (formerly known as supported accommodation). In such circumstances, the UC award ends and a new claim for Housing Benefit must be made. In order to allow DHP to be paid, the DWP have created a concept called “underlying entitlement of DHP” which applies during this transition. The DHP policy has been updated to reflect this change.

15. Section 2.4 of the policy covers situations where the Council will not usually award a DHP unless to do so would strongly support the policy objectives. The following two criteria have been added to this section:

- Where the rent charged is of such an amount that the tenancy would still be unsustainable even if realistic steps to improve the household situation were achieved

- To cover the reduction to Universal Credit awards due to the imposition of third party debt deductions

16. Where references to Housing Benefit are made, the policy has been amended to reflect the equivalent conditions in Universal Credit. This includes the start date of awards, other effective dates and the maximum award that can be paid.

Financial implications

17. Oxford's DHP grant for 2018/19 is £405,010 which means a maximum of £1,012,525 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.

18. 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.

19. 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

20. 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

21. An evaluation of the risks associated with the DHP policy has been carried out. A detailed Risk Register is attached at Appendix 3.

Equalities impact

22. An initial impact assessment has been carried out and is attached at Appendix 4. 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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