

To: Cabinet
Date: 9 September 2020
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
Cabinet Member:	Councillor Marie Tidball, Board Member for Supporting Local Communities
Corporate Priority:	Support flourishing communities and foster an inclusive economy
Policy Framework:	Council Strategy 2020-24
Recommendations: That Cabinet 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 regularly 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 to meet the Department of Work & Pensions' (DWP) assessment of need. This has ranged from a peak of £514,496 to a low of £288,092. The Council's DHP grant is £459,192 for this financial year, an increase from £336,825 in 2019/20.
3. The Welfare Reform Team has reviewed the existing policy in light of the anticipated increase in demand for support as a result of the economic impact of the Covid19 pandemic. The revised policy is set out in Appendix One to this report.

Expenditure

4. The table below summarises the council's DHP expenditure since 2013.

Year	Grant	Expenditure	Percentage of Grant*
2013/14	£525,369	£431,244	82%
2014/15	£514,496	£476,147	92%
2015/16	£288,092	£270,505	94%
2016/17	£376,792	£379,009	101%
2017/18	£509,495	£494,566	97%
2018/19	£405,010	£377,039	93%
2019/20	£336,825	£409,108	121%

* Rounded to nearest whole number

5. In 2019/20 602 DHP applications were made by 383 individual residents. 512 (85%) applications were successful. DHP awards are typically made for short periods to facilitate close joint working between residents and caseworkers but can be renewed, with each renewal counting as a new application, leading to the difference between the number of applications and residents. 121 residents received a second DHP award and 59 a third award in 2019/20.
6. Although it is the Council's intention to award DHP for short periods, 42 residents last year were in receipt of DHP for over one year, and 9 residents for over 2 years. This is a significant reduction on the equivalent figures for 2015/16 when 149 awards were made to residents who had been in receipt of DHP for over a year. This reflects the positive outcomes that residents 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 residents with more complex needs, or those with no practical options to change their circumstances.

7. 90 applications were turned down in 2019/20 compared to 154 in 2018-19. The most common reason to turn down applications in the last two years has been that the application “doesn’t meet DHP Policy criteria” and 60 cases were turned down over the 2 year period for this reason. The cases will typically fall within section 2.4 of the DHP Policy, which outlines the circumstances where an award of DHP is not normally intended (see Appendix One).

Reason for refusal	2019/20 Nos	2018/19 Nos
Doesn't meet DHP policy criteria	23	37
Resident has no rent shortfall	17	30
Means tested shortfall only	12	14
Failed to supply requested information	7	11
Can now afford shortfall	8	7

8. Table 3 compares the details of the council’s DHP awards and expenditure by benefit category for all years since 2013/14, when the Benefit Cap and Bedroom Tax were introduced. 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. The total expenditure for each year in Table 3 doesn’t match the yearly expenditures in Table 1, this is because Table 1 presents expenditure after overpayments of DHP are collected.

Reason For Claim	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Benefit Cap	£213,065	£224,293	£128,180	£237,161	£418,410	£295,313	£261,917
Bedroom Tax	£124,386	£95,135	£40,860	£38,136	£31,037	£40,996	£52,624
Local Housing Allowance	£93,005	£121,441	£83,006	£92,370	£71,532	£83,408	£105,109
Combination of Above	£1,681	£5,410	£1,219	£636	£1,670	£2,584	£9,849
Other	£12,550	£29,870	£17,240	£10,812	£6,591	£20,831	£7,356

9. Clearly the main driver of DHP expenditure for the Council is the Benefit Cap. Since the Benefit Cap was reduced from £26,000 to £20,000 in November 2016, 301 residents have gained an exemption from the Benefit Cap with the support of the Welfare Reform Team, 179 of whom have found work. Payment of DHP allows a resident the time and space to work with the Welfare Reform Team to obtain a benefit which qualifies them for an exemption from the Benefit Cap. Appendix Two to this report contains a couple of case studies which illustrate how the payment of DHP facilitates the Welfare Reform Team to support residents affected by the Benefit Cap.
10. Each DHP award requires an action plan to be agreed so that residents 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 22 awards made without conditions in the last two years.

Agreed action	Conditions Totals 2019/20	Conditions Totals 2018/19
Look for work	165	156
Apply for another benefit	181	144
Engage with a specialist support service	66	88
Obtain Debt advice	75	73
Look for smaller accommodation	62	60

Monitoring

11. 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 tracked on a weekly basis. On a monthly basis expenditure is reported to management, and a forecast for the annual expenditure is made so that pressures can be identified as early as possible.

Policy Changes

12. Views on policy changes were sought from frontline teams within the Council, as well as the advice sector. 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.
13. Paragraph 1.2 of the policy outlines some specific objectives of the DHP policy. The revised version of the policy adds the objective of supporting the transition into permanent accommodation for people housed temporarily as part of the Covid19 pandemic emergency response.
14. Paragraph 2.4 of the policy covers situations in which the Council will not usually award a DHP unless to do so would strongly support the policy objectives. The revised version of the policy adds the situation of overlapping tenancies, where the current tenancy would not be at risk, if the rent for the previous tenancy was not paid.
15. Paragraph 3.3 includes examples of conditions that can be made on DHP awards. The revised version of the policy adds the condition of applying for any other relevant

benefits which would reduce the impact of, or provide exemption from any of the welfare reforms.

Promotion of DHPs

16. The majority of DHP applicants are now in receipt of Universal Credit (UC) which is administered by DWP, instead of Housing Benefit (HB), which is administered by Oxford City Council. This makes it harder to identify people likely to be entitled to a DHP because DWP does not share this data with the Council. The Welfare Reform Team has worked closely with DWP locally, in the form of the Oxford Jobcentre to promote DHPs.
17. The Jobcentre refers residents where a benefit shortfall is identified, or where a household is struggling to pay its rent. A relationship has also been established with the service centre which processes UC claims for Oxford. Service centre staff directly message residents affected by the Benefit Cap to signpost them to the Welfare Reform Team. DHPs are also promoted through partners including the advice sector, and providers of housing support.

Financial implications

18. Oxford's DHP grant from central government for 2020/21 is £459,192. Regulations permit local authorities to spend two and a half times their grant on DHPs and therefore a maximum of £1,147,980 can be spent on DHP, provided the Council funds the shortfall. Where DHP provides financial support for council tenants, subject to approval by the Secretary of State, funds can be transferred from the HRA to fund this. Any surplus grant funds are repaid back to central government at the year end.
19. 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.
20. DHP expenditure up to 20 July 2020 was £137,795 which is 30% of this year's grant. As this is almost a third of the way through the year, expenditure so far this year is within the monthly budget profile of the grant. However demand for DHP's increased in June due to the economic impact of Covid19, and this could increase yet further as the furlough scheme ends and unemployment rises, leading to a significant risk of overspending this year's grant. This new demand is mitigated by the fact that people who were previously in work are protected from the Benefit Cap for nine months.
21. DHP expenditure will continue to be closely monitored over the coming months to assess how the economic impact of the pandemic is changing demand. The new DHP policy objective to support move-on from Covid19 emergency accommodation, outlined in paragraph 13, will be monitored to ensure it has the desired effect in supporting these residents to move into secure accommodation. However, for the majority of residents approaching the council for DHP support not in Covid19 related accommodation it is not possible to reliably determine which have been directly impacted by the economic effects of the pandemic or not, with residents often facing a range of issues impacting on their ability to afford their housing costs. Instead the overall impact of the pandemic on DHP demand will be measured by monitoring the increase in expenditure and number of awards over the period compared to past periods.
22. Last year's DHP grant was overspent by £87,000. This was mitigated by a £60,000 contribution from the Syrian Vulnerable Persons Resettlement Scheme (SVPRS)

(funded by the Home Office), and £27,000 from the Housing Revenue Account (HRA). The SVPRS scheme was able to contribute due to households on the scheme receiving DHP awards, with several families significantly impacted by the Benefit Cap. Local Authorities can use funding from the HRA subject to Secretary of States approval to cover the costs of DHPs paid to council tenants. In 2019/20 £89,000 was spent on DHPs within this group. These sources of funding would also be available to mitigate any overspend in the current financial year.

Legal issues

23. The draft policy is 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.

Risk

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

Equalities impact

25. An initial impact assessment has been carried out and is attached at Appendix Four. No undue, adverse impacts have been identified.

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