

**To:** Cabinet

**Date:** 10 November 2021

**Report of:** Head of Housing Services

**Title of Report:** Review of Discretionary Housing Payment Policy

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To seek approval to amend the current Discretionary Housing Payment Policy and to note the trends in expenditure detailed in the report.
<b>Key decision:</b>	Yes
<b>Cabinet Member:</b>	Councillor Shaista Aziz, Board Member for Inclusive Communities
<b>Corporate Priority:</b>	Support thriving communities
<b>Policy Framework:</b>	Corporate Plan; Financial Inclusion Strategy, Housing and Homelessness Strategy.
<b>Recommendation(s): That the Cabinet resolves to:</b>	
<ol style="list-style-type: none"><li>1. Approve the revised Discretionary Housing Payment Policy; and</li><li>2. Note the trends in expenditure detailed in the report.</li><li>3. To approve the use of the £223,729 as the first call against any forecast DHP overspend</li></ol>	

<b>Appendices</b>	
Appendix 1	Revised Discretionary Housing Payment Policy
Appendix 2	Case Studies
Appendix 3	Risk Register
Appendix 4	Equalities Impact Assessment
Appendix 5	DWP FAQs

### **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. 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.
3. Government funding for DHPs has fluctuated in recent years to meet the Department of Work & Pensions' (DWP) assessment of need. As such, the policy sets out how the Council will work alongside applicants to ensure that a long term reliance on DHPs is not created that may not be possible for the Council to honour in the future.

4. The Council's DHP grant is £357,862 for this financial year, a decrease of £101,330 from our grant of £459,192 in 2020/21. The DWP's total DHP grant for 2021/22 is £140m, down from £179m in 2020/21.
5. As a result of Covid-19 the DWP have decided to allocate funds to Local Authorities in 2 separate payments; April and September 2021. According to a FAQ circulated by the DWP, it is explained that the funding reduction is because of the increase in Local Housing Allowance (LHA) levels and that the DWP wanted to retain some funding for the end of the furlough scheme and eviction ban to ensure funding reaches those most in need. A copy of the FAQs are contained in Appendix 5.
6. The Council also wrote to the Secretary of State in April 2021 to express its concerns about the impact on Oxford residents as a result of the Council's DHP grant for 2021/22, no response was received.

### **Expenditure**

7. The table below summarises the Council's DHP expenditure since 2013.

<b>Table 1 - Annual DHP Expenditure and Grant since 2013/14</b>			
<b>Year</b>	<b>Grant</b>	<b>Expenditure</b>	<b>Percentage of Grant*</b>
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%
2020/21	£459,192	£560,937	122%

\* Rounded to nearest whole number

8. In 2020/21 641 DHP applications were received from 411 individual residents. 546 (85%) applications were successful which matches the success rate for 2019/20. 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. In 2020/21, 141 residents received a second DHP award and 91 received three awards or more.
9. Although it is the Council's intention to award DHP for short periods, 41 residents last year were in receipt of DHP for over one year, and 20 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. The Council has also experienced customers spending longer with the team during 2020/21 due to the pandemic as customers had limited options available to them as a result of national lockdowns and other restrictions.
10. 95 applications were turned down in 2020/21 compared to 90 in 2019/20. The most common reason to turn down applications in the last three years has been that the application "doesn't meet DHP Policy criteria" and 87 cases were turned down over the 3 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 1).

<b>Table 2 - Top 5 reasons for refusing DHP 2020/21</b>		
<b>Reason for refusal</b>	<b>2020/21 Nos</b>	<b>2019/20 Nos</b>
Doesn't meet DHP policy criteria	27	23
Resident has no rent shortfall	25	17

Failed to supply requested information	17	7
Can now afford shortfall	11	8
Means tested shortfall only	4	12

11. 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.

12.

<b>Table 3 - DHP expenditure categorised by welfare reform type</b>					
	Benefit Cap	Bedroom Tax	Local Housing Allowance	Combination of reforms	Other
2013/14	£213,065	£124,386	£93,005	£1,681	£12,550
2014/15	£224,293	£95,135	£121,441	£5,410	£29,870
2015/16	£128,180	£40,860	£83,006	£1,219	£17,240
2016/17	£237,161	£38,136	£92,370	£636	£10,812
2017/18	£418,410	£31,037	£71,532	£1,670	£6,591
2018/19	£295,313	£40,996	£83,408	£2,584	£20,831
2019/20	£261,917	£52,624	£105,109	£9,849	£7,356
2020/21	£335,426	£57,681	£92,782	£62,357	£20,545

13. 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, 346 residents have gained an exemption from the Benefit Cap with the support of the Welfare Reform Team, 193 of whom have found sustainable employment. Payment of DHP allows a resident the time and space to work with the Welfare

Reform Team to obtain a welfare benefit which qualifies them for an exemption from the Benefit Cap. Appendix 2 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 Government's welfare reform agenda.

14. 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 temporarily under-occupying a property whilst pregnant. There have only been 22 awards made without conditions in the last two years.

<b>Table 4 – Top 5 conditions for DHP awards 2020/21</b>		
<b>Agreed action</b>	<b>Conditions Totals 2019/20</b>	<b>Conditions Totals 2020/21</b>
Look for work	165	256
Apply for another benefit	181	163
Look for smaller accommodation	66	89
Obtain Debt advice	75	78
Engage with another support service	62	54

### **Monitoring**

15. 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 budget pressures can be identified as early as possible.

### **Policy Changes**

16. 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 situation. The following paragraphs outline amendments that have been made to the policy.

17. Paragraph 1.2 of the policy outlines some specific objectives of the DHP policy. The revised version of the policy strengthens the links to the Council's Housing and Homelessness Strategy.

18. Paragraph 2.1 of the policy has been updated to reflect the development of an online application form that can be used to make DHP applications.

19. 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 strengthens the wording to make it clear that

creating a reliance on DHP is not practical due to the fluctuating DWP grants each year.

## **Promotion of DHPs**

20. 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 and until the pandemic were co-locating with them for two mornings per week.

21. 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.

22. In addition the Welfare Reform Team also use data from Housing Benefit and Local Council Tax Reduction recipients to identify households where we believe they may be affected by the Benefit Cap following a change in their circumstances. This work is carried out on a monthly basis and results in us proactively reaching out to customers to offer support. Since April 2021 we have identified 22 families, all of which are renting in the private sector. Of these 22, 3 have entered employment and 6 are in receipt of a DHP. The remainder have either chosen not to engage with us or have been contacted very recently,

## **Financial implications**

23. Last year's DHP grant was overspent by £101,745. This was mitigated by a £44,501 contribution from the Syrian Vulnerable Persons Resettlement Scheme (SVPRS) (funded by the Home Office), and £57,244 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 the Secretary of State's approval to cover the costs of DHPs paid to council tenants. These sources of funding would also be available to mitigate any overspend in the current financial year.

24. Oxford's DHP grant from central government for 2021/22 is £357,862 as detailed in paragraphs 3 and 4. Regulations permit local authorities to spend two and a half times their annual grant on DHPs and therefore in 2021/22 a maximum of £894,655 can be spent on DHP, provided the Council funds the difference. Where DHP provides financial support for council tenants, subject to approval by the Secretary of State, funds can be transferred from the HRA to offset this at the end of the financial year. Any underspent DHP grant funds are paid back to central government.

25. By making effective use of the Discretionary Housing Payment budget, and targeting awards effectively, the Council will save on the costs of placing people in temporary accommodation or supporting people who are homeless. Typically the cost of placing someone in temporary accommodation can be 18 times that of sustaining a tenancy using DHPs. To date this year the Welfare Reform Team have prevented homelessness for 80 households, 30 of which have gone into employment and continue to work with a further 171 households (it should be noted that not all of which are in receipt of a DHP).

26. DHP expenditure up to 31<sup>st</sup> August 2021 was £250,779 which is 70% of this year's DHP grant. Our forecasted expenditure as at the 31<sup>st</sup> August 2021 is indicated at circa £577k (although it is worth noting that this forecast is decreasing month on month and was £658k in June 2021 and £605k in July 2021).

27. Demand for DHP's has increased since June 2020 due to the economic impact of Covid-19, and whilst the restrictions have lifted the Council is still experiencing high levels of demand from customers approaching the Council with highly

complex issues where no real short term solution is available. It is believed that the continued increase in demand is a direct result of the furlough scheme ending/unemployment rising as well as the end of the eviction ban with no mitigation brought forward by the Government to support households forced into rent arrears. These pressures indicate a significant risk of overspending the DHP grant this year to circa £82,000.

28. In light of the potential overspend mitigations have been put in place, these include:

- The Council has successfully sought permission from the Secretary of State to transfer funds from the HRA to cover any DHP expenditure made to Council Tenants. Based on expenditure to date the forecast for this is £52,000.
- The Council has successfully bid into the Containing Outbreak Management Fund (COMF) for £50,000 to top up the DHP fund.
- The Council has made provision within the SVPRS budget to cover any DHPs made, it is anticipated this will be around £35,000 for 2021/22.
- Operational changes have been made to the amounts awarded to those renting in the private sector who are benefit cap. All operational changes are made on a case by case basis with each assessed on its unique merits.
- The Ministry for Levelling Up, Housing and Communities has announced funding for renters in the private sector who have accrued rent arrears as a result of the pandemic. The Council has received £223,729 so could choose to use this to offset any spending in excess of the Governments DHP grant.

29. These mitigations should enable the Welfare Reform Team to stick within the allocated budget. The Welfare Reform Team will continue to actively work with customers to reduce the value and length of DHP awards, so far this year, the number of cases in payment has reduced from 83 in April 2021 to 57 in September 2021 highlighting how the Welfare Reform Team are actively working to reduce DHP expenditure.

30. In 2020/21 the Council focussed heavily on sustaining tenancies but in 2021/22 a return has been made to the Council's model of working with people to find solutions through employment etc. This will result in a higher number of customers being refused a DHP or not having their DHP renewed if they haven't taken the actions agreed with them as part of their DHP decision.
31. DHP expenditure will continue to be closely monitored over the coming months to assess how the economic impact of the pandemic is influencing demand. The Welfare Reform Team have also considered how the £20 per week reduction in Universal Credit and the ending of the furlough scheme will impact DHP expenditure. It is not anticipated that these national policy changes will heavily impact the DHP scheme, this is because of the Benefit Cap which means that most people in receipt of a DHP didn't gain from the additional £20 per week. This also applies to the end of the furlough scheme and where DHP applications are received because of this this, the Welfare Reform Team offer will be of employment support rather than the award of a DHP due to the strong employment market.

### **Legal issues**

1. 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**

2. 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**

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

### **Carbon and Environmental Considerations**

4. No carbon or environmental impacts have been identified as a result of this proposal.

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