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| REPORT FOR: | CABINET |
| Date of Meeting: | 18 July 2013 |
| Subject: | Discretionary Housing Payment |
| Key Decision: | Yes |
| Responsible Officer: | Tom Whiting, Corporate Director of Resources |
| Portfolio Holder: | Councillor Thaya Idaikkadar, Leader of the Council and Portfolio Holder for Business Transformation and Communications, Finance, Performance, Customer Service and Corporate Services, Property and Major Contracts |
| Exempt: | No |
| Decision subject to Call-in: | Yes |
| Enclosures: | Appendix A - Consultation Booklet  Appendix B – Consultation Report  Appendix C - Policy  Appendix D - EqIA |

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| Section 1 – Summary and Recommendations |
| This report sets out the changes to the Discretionary Housing Payment Policy in the light of increased funding from central government in response to Welfare Reforms. Recommendations:  1. Agree and adopt the new Discretionary Housing Payment Policy for 2013-14 as recommended by officers 2. Agree that the policy will remain in place for future years unless a substantial change in legislation or funding results in a need for review. 3. Agree that the policy will be reviewed in any event after a period of three years if it remains unchanged.  Reason: (For recommendation) The Discretionary Housing Payment policy has incorporated feedback from consultation with internal services, the public and voluntary agencies. It has been shaped to target £1.2m between those households identified as in greatest need following the implementation of welfare reforms to Housing Benefits. |

# Section 2 – Report

## 2 Introductory paragraph

1. The Discretionary Housing Payment fund (DHP) is a ring-fenced grant allocated from central government to enable local authorities to provide additional financial assistance for housing costs to Housing Benefit households. Historically this has been paid in exceptional circumstances to support residents in financial hardship, normally on a short-term basis. Since 2011/12 the grant has increased in response to the welfare reforms to help mitigate the impacts for households receiving Housing Benefits.

**Background**

1. Since 2011 a broad programme of welfare reforms has begun implementation and will continue into 2013-14. These reforms include the following changes which affect Housing Benefit entitlement:

* Changes to Local Housing Allowance:
  + Capped to a four bed rate
  + Restricted to a shared accommodation rate for single people under 35 years
  + Set at the 30th percentile in place of 50th percentile
* Social Sector Size Criteria – a limit to the number of bedrooms a working age household in the Social Rented Sector is entitled to for the purposes of Housing Benefit
* Benefit cap – a cap on benefit payments for working age, starting with Housing Benefit, to £350 for single people, £500 for others. Exemptions are in place for households in receipt of Disability Living Allowance and Working Tax Credit.

1. The DHP grant has been specifically increased to mitigate against the impact of the above reforms. However we must also note that residents may be impacted cumulatively by other changes which include

* Council Tax Benefit has been reduced and localised, local authorities having been instructed to introduce local council tax support schemes with effect from 1/4/2013 which added additional financial pressures to working age households in receipt of Benefits. This is due to funding cuts in this area by Central Government, which means awards are on average 20% less than under the previous national scheme.
* Personal Independent Payments will replace Disability Living Allowance for working age claimants as from April 2013. The impact of these changes is not known however it has been forecast that approximately 560,000 people will be impacted nationally
* Universal Credit will be introduced from October 2013 through to 2017 and will impact all working age households claiming benefits. The impact of these changes is not yet known.

1. In response to these reforms Harrow is implementing a mitigation package under the umbrella of the Help Scheme. Within this package sits the Emergency Relief Scheme, HRA Hardship Fund, Xcite Funding and Discretionary Housing Payments. The alignment of these schemes provides a single point of contact to the customer, enabling a simplified customer journey and prioritisation of spend within the Council’s discretionary hardship funds.
2. All discretionary hardship schemes under the Help Programme have been designed with reference to relevant corporate strategies, including Harrow’s Homelessness Strategy.
3. Discretionary Housing Payments have been in place for a number of years, providing additional support for Housing Benefit claimants. The scheme sits within a legislative framework which restricts use of the fund to the provision of financial assistance for the purposes of ‘housing costs’. The term ‘housing costs’ is not defined by law and there is no statutory requirement for the local authority to spend money. However, any unspent funds would have to be returned.
4. In anticipation of the migration of Housing Benefit into Universal Credit, legislation has been amended to extend statutory qualifying criteria to Universal Credit. Administrative responsibilities for Discretionary Housing Payment will remain with the local authority once Universal Credit is in place. Universal Credit will be administered by the Department of Work and Pensions.

**3 Financial Context**

1. The Discretionary Housing Payment allocation formula is based upon a number of factors including the Housing Benefit caseload makeup and the forecast impacts of Social Sector Size Criteria and Benefit Cap. The initial allocation was based on a national implementation date for the Benefit Cap of April 2013. When the date was put back to July, and now to August 2013, the grant has not been reduced to reflect the reduced impact in year.
2. In light of Harrow having nearly 600 households impacted by the Size Criteria and 700 forecast as restricted by the Benefit Cap, the Discretionary Housing Payment allocation has increased by 400% to £1.2m

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| 2011/12 | £150,295 |
| 2012/13 | £316,372 |
| 2013/14 | £1.2m |

3.3 While legislation allows the local authority to bolster this fund by up to a further 150%, this approach has not been adopted by Harrow in previous years and no additional funding has been allocated internally for 2013/14. The grant is ring-fenced for the purposes stated within statute and any unspent funds may not be carried forward and are actually returned to central government. Furthermore, the amount of Discretionary Housing Payment expenditure by the local authority will be taken into account in the Department of Work and Pensions’ (DWP) funding allocation calculation for the following year.

* 1. The national Discretionary Housing Payment funding pot for 2014-15 is not currently set but is forecast as £135m, compared to 2013-14 £165m. Discretionary Housing Payments may be paid across financial years, particularly where made as a long term payment or to support a family until the end of the academic year. However, the grant for the relevant year that the payment relates to must have sufficient funds to cover any future payments committed to.

**4 Options Considered**

1. Prior to Welfare Reform implementation of Harrow’s annual Discretionary Housing Payment, spend averaged £100,000 pa. Loss to households as a result of Social Sector Size Criteria is estimated at £700,000 pa and £3.8m pa from the Benefit Cap. With a potential total demand in excess of £4.6m, the policy needs to enable targeting of the available £1.2m.
2. With much uncertainty around real term impacts of welfare reform and unknown future funding, the Discretionary Housing Payment policy is required to be flexible enough to limit demand while being broad enough to maximise spend where additional financial assistance is required. Prior to consultation with the public and the voluntary sector, Elected Members, through the Welfare Reform Steering Group, and internal Council Services have had the opportunity to help shape the policy including Housing Benefits, Housing, Childrens, Community, Health & Wellbeing and Economic Development.
3. Legislation restricts opportunities for spending of Discretionary Housing Payment to ‘housing costs’. While ‘housing costs’ are not defined by statute the term is widely interpreted as:

* Eligible rent as defined by the Housing Benefit Regulations 2006 – used to top up the weekly shortfall between Housing Benefit and eligible rent
* Rent deposits
* Rent in Advance
* Removal costs.

1. In addition Harrow’s policy will include:

* Lump sum expenditure items that are essential to enable the property to be used as a home.

1. Discretionary Housing Payment cannot be used to pay Council Tax.

**5 Consultation**

1. Following input from Elected Members and internal Services, consultation was carried out with the public and voluntary sector between 20th May and 16th June 2013. Consultationbooklets were sent to 176 Discretionary Housing Payment applicants, both successful and non-successful, with an invitation to respond to the questionnaire and/or attend a workshop to be involved in face to face feedback. Opportunities to feed into the process were also given to the Welfare Reform Community Reference Group whose membership includes: This group includes membership from the Citizen’s Advice Bureaud (CAB), Harrow Association of Disabled People (HAD), Harrow Mencap, the Landlords Association, Harrow Law Centre, Age UK, Mind in Harrow, Harrow Carers, Harrow Association of Somalie Organisations (HASVO), Councillors, The Equalities Centre, Jobcentre Plus, Unions and representation from all Council Services.
2. Furthermore a workshop was held with Registered Social Landlords whose stock includes Housing Benefit properties in Harrow.
3. Consultation documents were made available online signposting to a variety of channels including:

* Telephone
* Face to face through a workshop
* Email
* Hard copy
* Online survey

The consultation booklet can be found at Appendix A.

1. In total twelve responses were received from the public, which included one from a voluntary advice agency and two that had been completed on the web. The CAB also provided an overarching response. Two workshops were also held, one with the public and one with Registered Social Landlords. Previous users of the scheme and voluntary sector agencies were invited to attend the public workshop however only one person attended. The consultation report is held in Appendix B.
2. All respondents were generally in support of the policy with minimal suggestions for change.

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| **Question** | | **Summary of Feedback** |
| **1.** | Do you agree with the principles of the  Discretionary Housing Payment policy? If no why? | Responses were generally positive with 11 respondents in full agreement with the principles. Comments made were:   * How can the applicant prove a risk to health and safety * Discretionary Housing Payments should apply to new applicants of housing * Ensure policy prevents duplicate provision of support |
| The Council’s response:   * *The principles remain as they are* * *The Policy enables new and existing claimants of Housing Benefit to access the Discretionary Housing Payment fund.* * *The Policy has been amended to clarify the scheme is available to new and existing claimants.* * *Evidence will be requested where appropriate to support the application, eg medical evidence* * *The Policy prevents duplicate payments as the applicant must ‘Not have received funds elsewhere for the rent/household item they are applying for’* | |
| **2**. | Bearing in mind that the policy has to sit within  the statutory framework and within the framework for  housing costs do you think any groups of people  have been missed within the qualifying criteria? | The majority of respondents made no further suggestions for groups to be included.  Comments made were:   * People provided with Social Housing due to past criminal should be an included group * Concern that the list of qualifying criteria will become the final definition by default * Concern that people who are not in receipt of Housing Benefit cannot get DHP assistance for a rent deposit or rent in advance. |
| The Council’s response:   * *Ex-prisoners are included within the list of qualifying criteria.* * *Policy states that households applying who do not meet the qualifying criteria will still be considered and in exceptional circumstances an award can be made* * *Operational guidance to clarify this approachand partnership working with Housing to provide most appropriate support to non-Housing Benefit households* | |
| **3.** | To help us to support as many households as  possible we will be looking at the financial  circumstances of the person applying for  Discretionary Housing Payment on a case by  case basis. Each applicant will be considered  so the Council can understand their financial need and whether the person could contribute to their housing costs themselves. Are there any issues that we need to consider when taking forward this approach? | Again most respondents supported this approach. Additional comment was made to ensure the approach was implemented on a case by case process and that various income and expenditure should be included in the assessment |
| The Council’s response:   * *The policy incorporates a case by case approach* * *Operational guidance will include key income and expenditure items to be taken into account in the affordability assessment* | |
| **4.** | Are there any circumstances that haven’t  been taken into account within the financial  criteria? | The majority either stated ‘no’ or left this answer blank. |
| The Council’s response:   * *Policy to remain as is with respect to financial criteria with operational guidance to support the assessment process* | |
| **5.** | Do you have any further  comments on the policy | Additional comments were generally positive stating that all aspects were covered.  Four further comments regarding the Discretionary Housing Payments policy were:   * Rent should be fully covered by the Council for the unemployed and old people * Help should be available for people who are trying to help themselves * People who have or are disabled should not be taken into account for Bedroom Tax * The policy is very clear |
| The Council’s response:   * *The Discretionary Housing Payment fund is not sufficient to meet the needs of all unemployed and elderly residents. Housing Benefit is a means tested benefit that provides a level of support that is set by statute. This can only be topped up in those exceptional circumstances identified by the policy.* * *The policy adopts a criteria that a successful applicant must ‘Be willing to adhere to opportunities for support to assist in becoming financially independent, eg work programmes as identified under the Harrow Help Scheme.’ It is anticipated that this will assist those residents who are in a position to help themselves become long-term financially independent.* * *Disabled households will be considered under the Discretionary Housing Payment policy on a case by case basis, including where Housing Benefit is restricted due to the Size Criteria rules.* | |

## 6 Discretionary Housing Payment Principles

1. The principles adopted within the Discretionary Housing Payment Policy can be found in Appendix C pages 1 – 2. Principles have been aligned to other discretionary hardship funding schemes and aim to result in long-term, sustainable financially independent living wherever this is a feasible outcome.
2. Relevant corporate strategies such as the Homelessness Strategy have also been considered in the drafting of the Discretionary Housing Payment principles.

**7 Qualifying Criteria**

1. Qualifying criteria have been brought together as a guide to applicants and decision makers to understand the type of scenarios a household must be experiencing for an award of Discretionary Housing Payment to be made. Falling within one of more of the criteria will not result in an automatic award, but each case will be considered on its own merits to enable an informed decision to be made.
2. All of the criteria reflect the policy intention of other hardship schemes including that an applicant must:

*Be willing to adhere to opportunities for support to assist in becoming financially independent, eg work programmes as identified under the Harrow Help Scheme.*

1. This enables the Discretionary Housing Payment fund to be managed alongside the Help Scheme which provides support to households affected by welfare reform to identify solutions that will enable them to become financially independent, such as through finding work, wherever this is a feasible option.

All of the qualifying criteria are listed on pages 3 – 5 of the policy in Appendix C.

**8 Financial criteria**

1. Discretionary Housing Payment awards must be made from the ring-fenced, grant limited fund. As such the key financial criteria will be that there is available funding remaining within the funding pot. To ensure funds are available for the whole year, awards must be made only to those households that are experiencing financial hardship.
2. Financial hardship is not defined in legislation and each case will be considered independently. The intention of the criteria listed is to ensure that households identify all other opportunities available to them before accessing the Discretionary Housing Payment fund, including the application of an affordability assessment to ascertain how much the household can afford to contribute to a shortfall in rent. This assessment will take account of the impact of all financial losses the household is experience as a result of welfare reform.
3. In all instances the outcome of an award must be to resolve the financial predicament for the household either in the short or long term.

**9 Administration of Discretionary Housing Payments**

1. The administrative process surrounding Discretionary Housing Payments remains largely unchanged from previous years and can be found in the policy under Appendix C pages 5 – 9.
2. Decision makers sit within the Emergency Relief Scheme & Hardship Scheme to enable both a holistic view of the customer and prioritisation of expenditure of discretionary funding. The funding for this resource has been transferred across from the Housing Benefit budget and merged with the Emergency Relief & Hardship Team.
3. Invitations to claim a Discretionary Housing Payment are offered to residents when a restriction to Housing Benefit is applied by the Housing Benefit Service. Applications may be made either by hard copy, electronically or in person with subsequent written confirmation.
4. If the customer is dissatisfied with the outcome of the decision they have the right to request the decision is reviewed. A review will be carried out by an officer who is in a more senior position to the first decision maker, whose decision will be final.

## 10 Legal Implications

1. The Council must comply with the Discretionary Financial Assistance Regulations 2001 as amended and take account of the Department for Work and Pensions best practice guidance. The policy acknowledges the legal framework and uses local discretion to clarify criteria where not defined by statute, while taking account of its public law duties when making this decision. This includes taking account of the equality implications, results of the consultation and other relevant material.

## 11 Financial Implications

1. This is a report of the Corporate Director of Resources and deals with financial matters throughout.
2. The Discretionary Housing Payment policy sets out a framework to ensure the spend of £1.2m grant meets the required outcomes to support residents affected by welfare reform and assists in sustainable, financially independent living.

## 12 Performance Issues

1. The Emergency Relief & Hardship Team consists of 4 FTEs who will administer Discretionary Housing Payments, Emergency Relief, HRA Hardship Fund and Xcite Hardship Fund. With a 400% increase in funding the number of applications is expected to rise with pre-emptive work taking place within the Council and supported by partners to minimise the reliance on the Discretionary Housing Payment fund.
2. In reality the volumes will not be known until the Benefit Cap is implemented August – September 2013.
3. Due to the reduction in resources, to both the Council and the voluntary sector, there is a risk that demand will outweigh the resources available for delivery of advice and support to residents signposted through the Harrow Help Scheme. Monitoring will be carried out and where gaps are identified the Hardship Fund will be used to help mitigate this.
4. Applications to the Discretionary Housing Payment Scheme will be monitored through quantitative data that will be captured through the Housing Benefit software already used for the assessments of Benefits and Discretionary Housing Payments. Data will be fed back through the Welfare Reform governance structure to provide an understanding of the impacts of reforms and effectiveness of mitigations including Discretionary Housing Payments.
5. The fund will be monitored on a weekly basis, particularly during the roll out of the Benefit Cap, to ensure there is no overspend and to enable most effective targeting of spend.

**13 Environmental Impact**

1. There are no direct environmental impacts.

**14 Risk Management Implications**

1. The programme of welfare reforms is broad and the impacts currently unknown. While extensive forecasting has been undertaken, the reality of the effects of the changes will not be seen until the reforms have been implemented. Analysis and prior Discretionary Housing Payments have been used to shape the policy but there are still many unknowns and it is not possible to understand demand until reforms are in place.
2. Funding is allocated on a yearly basis with uncertainty for future years. In specified circumstances the Discretionary Housing Payment policy supports residents medium or long-term, crossing financial years. If Harrow’s grant in 2014-15 is insufficient to meet these commitments then awards will have to be reviewed and potentially withdrawn.
3. The national Discretionary Housing Payment funding pot for 2013-14 is £165m. It is currently set at £135m for 2014-15. The policy has taken this into account and based on a proportionate reduction in Harrow’s allocation will be sufficient to meet the needs using the qualifying criteria.

## 15 Equalities implications

1. The Equalities Impact Assessment can be found in Appendix D. The proposed policy mitigates impacts of welfare reforms for residents receiving Housing Benefit. No adverse feedback or impacts have been identified through the development of the draft policy or through the consultation.
2. The groups affected by welfare reform and consequently more likely to receive assistance through the Discretionary Housing Payment scheme are working age, families.

**16 Corporate Priorities**

1. The Discretionary Housing Payment Policy supports and protects people who are most in need and as such reflects the aims of our corporate priorities.

# Section 3 - Statutory Officer Clearance

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|  |  |  |  |
| Name: Simon George | x |  | Chief Financial Officer |
| Date: 4 July 2013 |  |  |  |
|  |  |  | on behalf of the |
| Name: Sarah Wilson | x |  | Monitoring Officer |
| Date: 21 June 2013 |  |  |  |

# Section 4 – Performance Officer Clearance

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|  |  |  | on behalf of the |
| Name: Martin Randall | x |  | Divisional Director |
| Date: 25 June 2013 |  |  | Strategic Commissioning |

# Section 5 – Environmental Impact Officer Clearance

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|  |  |  | on behalf of the |
| Name: Andrew Baker | x |  | Corporate Director |
| Date: 24 June 2013 |  |  | Environment and Enterprise |

# Section 6 - Contact Details and Background Papers

**Contact:** Fern Silverio (Divisional Director – Collections & Housing Benefits),

Tel: 020-8736-6818 / email: [fern.silverio@harrow.gov.uk](mailto:fern.silverio@harrow.gov.uk)

**Background Papers:** Appendices as attached

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| Call-In Waived by the Chairman of Overview and Scrutiny Committee |  | **NOT APPLICABLE**  *[Call-in applies]* |