

## **TELFORD & WREKIN COUNCIL**

### **DISCRETIONARY HOUSING PAYMENT and COUNCIL TAX SUPPORT HARDSHIP ASSISTANCE POLICY**

**CABINET - 28 FEBRUARY 2013**

**REPORT OF: Assistant Director, Customers and People**

**LEAD CABINET MEMBER – COUNCILLOR BILL McCLEMENTS**

#### **1. Purpose of the report**

- 1.1 To seek approval for the Council's revised policy on Discretionary Housing Payments and new Council Tax Support Hardship Assistance.

#### **2.0 Recommendations**

- 2.1 That Cabinet approve the revised Discretionary Housing Payment and new Council Tax Support Hardship Assistance Policy (Appendix A).
- 2.2 Approve the delegated authority for decision making and appeals as outlined in both Policies attached.
- 2.3 Acknowledge the concerns outlined in 5.7 of this report raised by the Co-operative Scrutiny Committee that the £65k Council Tax Support Hardship funding set aside by the Council may not meet demand and that the position will be kept under review. If considered necessary, the Cabinet Member for Resources will be requested to approve use of part of the corporate budget contingency to supplement the resources available which will be reported to Cabinet as part of regular financial monitoring and the 12 month review of the new council tax support scheme.

#### **3. BACKGROUND**

- 3.1 The Council already has a Discretionary Housing Payment policy that was approved by Cabinet in July 2008. Due to the Governments Welfare Reforms which restrict the level of Housing Benefit payable that will be coming into effect from April 2013 it is necessary to update the current policy.
- 3.2 In addition, from April 2013 Discretionary Housing Payments can no longer help to fund a shortfall between the Council Tax Benefit a person is entitled to and the Council Tax they are liable for. Council Tax Benefit is abolished from April 2013 and is replaced by a local Council Tax Support scheme. Discretionary Housing Payments cannot fund a shortfall in Council Tax Support. At the full Council meeting on 22 November 2012 it was agreed to set up a Council Tax Support Extreme Hardship Fund of £65k. Due to the synergies with Discretionary Housing Payment decision making it has been decided to incorporate the Council Tax Support Hardship Assistance into this policy.

#### **4. DISCRETIONARY HOUSING PAYMENTS**

- 4.1 Discretionary Housing Payments (DHP) are free standing payments; that is, they are not part of the statutory Housing Benefit scheme. Discretionary Housing Payments provide customers with further financial assistance, in addition to any welfare benefits, when a Local Authority (LA) considers that further help with housing costs is required. Housing costs are not defined in the regulations and this gives Councils a broad discretion to interpret the term as they wish. In general, housing costs means rental liability and most commonly the payments can be used to top-up an existing Housing Benefit award but it can also be interpreted to cover:
- Rent in advance
  - Deposits
  - Other lump sum costs associated with a housing need such as removal costs
- 4.2 The Discretionary Housing Payment (DHP) scheme was introduced in July 2001 and is funded through an annual Department for Work & Pensions (DWP) cash limited grant.
- 4.3 The Child Support, Pensions and Social Security Act 2000 provides arrangements which allow authorities to make DHPs to claimants in receipt of Housing and/or Council Tax Benefit. DHPs are payable in addition to Housing Benefit, where certain criteria is met. The regulations covering DHPs are the Discretionary Financial Assistance Regulations 2001.
- 4.4 These regulations specify the basic requirements that must be met before an award can be made but thereafter, the regulations give authorities wide discretion on the operation of the scheme, including such matters as;
- the method of making a claim;
  - information requirements; and
  - the recovery of any overpayments.
- 4.5 The last DHP policy was approved in July 2008. However, for the following reasons the policy requires a substantial redesign to be fit for purpose for 2013 onwards:
- DHPs can now be considered for other Housing Costs and not just rent liability.
  - The abolition of Council Tax Benefit with effect from 1 April 2013 means that DHPs can no longer fund a shortfall between Council Tax Benefit and Council Tax liability.
  - Introduction of Social Sector Size Criteria which will see a reduction in the level of eligible rent used in the Housing Benefit of any person considered to be under occupying a property from 1 April 2013.
  - Introduction of the overall Benefit Cap which will be introduced in Telford & Wrekin between 1 April 2013 and 31 August 2013.
- 4.6 Demand on the DHP fund due to these changes is anticipated to increase significantly. Over the last two years demand has already increased, mainly due to reductions in housing benefit entitlement in the private rented sector rather than the economic climate.

- 4.7 In recent years the amount of Discretionary Housing Payment allocated to Council's has increased significantly due to reductions in Local Housing Allowance. Deeper cuts to the Housing Benefit scheme mean that the budget for 2013/14 will further increase. The table below shows the funding we have been allocated and the amount awarded.

Year	DWP Allocation	Actual DHP Spend (to nearest £)
2009/10	£31,844	£30,312
2010/11	£27,148	£27,662
2011/12	£50,859	*£34,236
2012/13	** £102,000	£72,410 Figure as at 24 January 2013
2013/14	£356,911	-

\*As a one off the DWP allowed the £16,533 not spent to be carried forward into the following year (as impact of LHA changes had been mitigated by transitional protection)

\*\* Excludes £16,533 carried over from previous year.

- 4.8 Any unspent allocation of DHP budget has to be repaid to the Department for Work and Pensions (DWP). Any overspend would have to be met by the Council but this cannot exceed 2.5 times the amount allocated by the DWP.
- 4.9 Between 1<sup>st</sup> January 2013 – 31<sup>st</sup> March 2013 with the support of the Cabinet Member we introduced an easement to the existing policy to enable us to make best use of the anticipated under spend to support customers affected by the Social Sector Room Restrictions to move to more appropriately sized accommodation before the benefit reduction came into force. The terms of the easement meant that where a tenant was prevented from moving to alternative accommodation because of existing rent arrears, we would consider paying a DHP to help them clear their arrears quicker, if their landlord was confident that by doing so they could be moved to an alternative property before the 1<sup>st</sup> April. Although this easement was welcomed by the local Housing Associations, to date there have been very few applications under this criteria.
- 4.10 Demand on the DHP fund in 2013/14 is likely to exceed the DWP allocation and so it is important that awards are made to those with the greatest need and who have limited ability to take steps to reduce their financial hardship.
- 4.11 As with the previous policy the basic principle remains that if a customer has sufficient income to cover their rent after all essential expenditure has been taken into account they **will not** be awarded a Discretionary Housing Payment.
- 4.12 One of the main changes to the DHP side of the policy are to give guidelines on the length of award and the acknowledgement that due to changes in legislation it may be necessary to make long term awards of up to 12 months. The guidelines include.;
- To award a DHP for up to 3 months before expected date of birth for pregnant women where they require an extra bedroom when their child is born.

- To make longer term DHP awards in certain cases where the applicant is considered by the size criteria rules to be under occupying but they are unable to find alternative suitable accommodation because of disability or illness.
- To award DHP's to foster carers when they are between placements for 3 months where they meet the basic DHP criteria. To award a longer term award to a foster carer when they have a foster child and are not able to afford the shortfall in their rent.

4.13 The previous policy only covered shortfalls in rent. However due to updated guidance from the Department for Work and Pensions the revised policy will allow consideration for one off housing costs such as deposits in exceptional circumstances. As such large payments could severely drain our DHP funding these will only be granted where a person is at severe risk of homelessness or is homeless or urgently needs to move to more affordable accommodation due to the accrual of rent arrears. Payments of rent in advance will not usually be considered again due to the burden on the fund and the fact that Housing Benefit will usually cover the period, albeit in arrears so it will only be extreme and unique circumstances when such a payment is awarded

4.14 It is not intended for Discretionary Housing Payments to cover shortfalls in rent caused by the overall Benefit Cap being introduced from April 2013 onwards. The Government are introducing this cap as they consider that families who receive over £500 per week in benefits (or single people with £350 per week) have sufficient income to cover their rent and living costs. Therefore to replace the benefit cap with DHP would undermine the Governments policy intention and we have insufficient funds from Government to provide support in this way

## **5. COUNCIL TAX SUPPORT HARDSHIP ASSISTANCE**

5.1 From 1 April 2013 Council Tax Support replaces the national Council Tax Benefit scheme. The qualifying criteria for the Council Tax Support Scheme is determined by each Council. Claimants or their partners who have reached pension credit age are covered by a default scheme which is based on the previous Council Tax Benefit scheme and so are not disadvantaged by the change.

5.2 Due to Government funding cuts the level of support for working age customers, with the exception of those with a severe disability, is reduced compared to the previous Council Tax Benefit scheme. It is estimated that customers in receipt of Council Tax Support will receive 21% less than they did under the previous national scheme.

5.3 It is estimated that there will be a £3.1 million funding shortfall and this will be found by reductions to the Council Tax Support paid to the 10,742 customers of working age who currently receive benefit in the borough. Approximately 7,957 customers currently receive full Council Tax Benefit and therefore pay no council tax at all.

5.4 The cut in support that individuals receive to help them pay their Council Tax will have a significant impact which will be exacerbated for those who will also be affected by the cuts to the level of Housing Benefit they are entitled to.

5.5 As part of Telford & Wrekin Council's Council Tax Support scheme approved on 22 November 2012, members committed to funding £65,000 of support through a

Council Tax Support Exceptional Hardship Fund to aid and assist the most impoverished claimants. The principals of the scheme were also approved by members and are now incorporated within the policy.

- 5.6 Clearly with a reduction in support of £3.1 million the Council Tax Support Exceptional Hardship Fund will only be able to help a very small percentage of the nearly 11,000 people affected by the reduction.
- 5.7 This is the first year of the local Council Tax Support scheme. This coupled with a number of Government cuts to Housing Benefit entitlement means that it is impossible to accurately forecast the impact of these changes and the demand that there will be for assistance. The Cooperative Scrutiny Committee has raised concerns that the funding may be insufficient to help those who meet the criteria for assistance. The Scrutiny Committee have commented that as the budget was difficult to project, there needs to be contingency plans in place should this funding run out. Furthermore population increases through the year may also have an impact on the funding. Consideration should be given to making contingency funds available so that if the fund runs out part the way through they year those making applications later in the year are not disadvantaged.

## **6. CONSULTATION**

- 6.1 The draft version of this policy was circulated to a number of partner and interested organisations including;  
Citizens Advice Bureau, Wrekin Housing Trust, Sanctuary Housing, Bournville Village Trust, Bromford Housing, Wrekin Landlords Association, Anchor, Maninplace, STAY, YMCA and Jobcentre Plus.
- 6.2 The following Council Services were also consulted;  
Family and Cohesion Services (Housing Options and Resettlement), Children Safeguarding (Children in Care and Fostering)
- 6.3 We also received comments from PODs (Parents Opening Doors) regarding the potential impact of the Welfare Reforms on the lives of parents with disabled children.
- 6.4 The Co-operative & Communities Scrutiny Committee have also given feedback on the draft policy and their comments have been incorporated within the policy and this report and are attached in full in **Appendix C**

## **7. SUMMARY IMPACT ASSESSMENTS**

### **7.1 Financial Implications**

- 7.1.1 Funding of £65k has been earmarked in the budget strategy for 2013/14 for the Council Tax Support Extreme Hardship Fund. Expenditure must remain within this funding and it will be closely monitored throughout the year.
- 7.1.2 The government grant allocated by the Department for Works and Pensions in respect of Discretionary Housing Payments for 2013/14 is £356,911. This is a cash limited grant and any expenditure incurred over and above this must be funded by the Council. Local Authorities are restricted to spending no more than 2.5 times the grant which is £892,278 for Telford & Wrekin. There is currently no additional funding identified to support Discretionary Housing Payments which means that

expenditure will need to be contained within the cash limited grant. Again this will be closely monitoring throughout the year. MLB 31.01.13

## 7.2 **Legal**

7.2.1 The Child Support, Pensions and Social Security Act 2000 allows authorities to make payments of DHP to customers in receipt of Housing Benefit. The regulations governing DHP are The Discretionary Financial Assistance Regulations 2001. These regulations provide only limited guidance on the administration of the scheme, with each Local Authority having to produce its own policy framework.

7.2.2 A review of the policy is now necessary following the introduction of the Governments Welfare Reforms which restrict the level of Housing Benefit payable. The policy will be known as the Discretionary Housing Payment and Council Tax Support Hardship Assistance Policy.

7.2.3 This is a Cabinet function.

## 7.3 **Equalities**

7.3.1 An impact assessment has been undertaken which can be seen at **Appendix B**. This policy does not have a negative effect on any group and has been developed to help support those most disadvantaged by the Governments Welfare Benefit Changes.

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