

**TELFORD & WREKIN COUNCIL**

**CABINET - 19 MARCH 2015**

**DISCRETIONARY HOUSING PAYMENT AND COUNCIL TAX SUPPORT  
HARDSHIP ASSISTANCE**

**REPORT OF ASSISTANT DIRECTOR: CUSTOMER SERVICE**

**LEAD CABINET MEMBER – CLLR BILL McCLEMENTS**

**PART A) – SUMMARY REPORT**

**1. SUMMARY OF MAIN PROPOSALS**

- 1.1 The Council receives a budget from the Department for Work and Pensions each year from which to pay Discretionary Housing Payments to further assist those in receipt of Housing Benefit with their Housing Costs. The budget is not enough to assist every person in receipt of Housing Benefit and so the purpose of this policy is to determine the instances when a DHP can be paid with the aim of preventing homelessness of those residents who are most financially vulnerable.
- 1.2 With effect from April 2013 when Council Tax Support replaced Council Tax Benefit the Council has provided a budget from which to grant Council Tax Support Hardship Assistance. This fund has been invaluable over the last two years in assisting us to award help to the most financially vulnerable customers. Funding of Council Tax Support Hardship is considered annually as part of the Council Tax Support Scheme.
- 1.3 Over the past two years of operation we have strived to find innovative uses of the DHP fund that maximised residents choices regarding housing mobility and enabled them to move to more appropriate accommodation. As a result we forecast that in 2014/15 all of the funding will be allocated.
- 1.4 The current Discretionary Housing Payment and Council Tax Support Hardship Assistance Policy took effect from April 2013 and so we are seeking approval of a refreshed policy. This new policy will take effect from 1 April 2015 and includes best practice based on the experience the Benefit Service has gained since the government Welfare Reforms were introduced in April 2013.

**2. RECOMMENDATIONS**

- 2.1 **That Cabinet approve the revised Discretionary Housing Payment and Council Tax Support Hardship Assistance Policy attached in Appendix A.**

### 3. SUMMARY IMPACT ASSESSMENT

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Priority Plan objective(s)?	
	No	
	Will the proposals impact on specific groups of people?	
	Yes	The DHP section of the policy may potentially affect people claiming Housing Benefit or the Housing Element of Universal Credit. The CTSHA section of the policy may potentially affect working age claimants in receipt of Council Tax Support. DHPs and CTSHA are extra assistance to help the most financially vulnerable residents to meet their Housing costs and Council Tax.
<b>TARGET COMPLETION/DELIVERY DATE</b>	The Discretionary Housing Payment and Council Tax Support Hardship Assistance Policy needs to be approved by Cabinet before 31 March 2015.  This refreshed policy will take effect from 1 April 2015.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	
<p><b>FINANCIAL/VALUE FOR MONEY IMPACT</b></p> <p>The DWP allocation for Discretionary Housing Payments is £465k for 2014/15 with expenditure levels at the end of period 9 being £366k. The 2015/16 allocation is slightly lower at £405k. It should be noted that the impact of Universal Credit on DHP's is not yet known. There is no provision within the Council's budget to meet DHP awards that exceed the DWP allocation, however in previous years payments of DHP have been managed within the funding received from DWP. It is a requirement of the grant that any unspent funding is returned to DWP.</p> <p>£30k has been earmarked in 2015/16 to provide for Council Tax Support Hardship Assistance. The £30k will be granted in the form of additional Council Tax Support awarded to residents so will effectively reduce the amount of Council Tax collected. This is managed through the Council Tax collection fund. Amounts awarded in 2013/14 and 2014/15 to date have been below the £30k allocation.</p> <p>MLB 04.02.15</p>		
<b>LEGAL ISSUES</b>		The Child Support, Pensions and Social Security Act 2000 provides arrangements which allow authorities to make DHPs to claimants in receipt of Housing

		<p>Benefit or the housing element of Universal Credit. DHPs are payable in addition to Housing Benefit, where certain criteria is met. The regulations covering DHPs 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. Section 13A of the Local Government Finance Act 1992 enables authorities to reduce the amount of Council Tax payable for an amount and period that they deem fit.</p> <p>The policy has been updated to include best practice based on the experience gained since the government Welfare Reforms were introduced in April 2013</p> <p>TS 16 January 2015</p>
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>		<p>Universal Credit is being rolled out nationally from February 2015. We do not know what impact this will have on our DHP fund. Universal Credit will be administered and paid by the Department for Work and Pensions. Where appropriate it will contain a Housing Cost element. This will replace Housing Benefit. Universal Credit claimants who have a Housing Cost element included in their calculation will be able to make a DHP application to the Council if they are unable to afford their rent. Universal Credit will typically be paid monthly in arrears directly to the claimant. It could result in additional applications to the DHP fund but it is impossible to predict. We don't know if people will be better off under Universal Credit or how many people in the first stages will receive Universal Credit.</p>
<b>IMPACT ON SPECIFIC WARDS</b>	No	Borough wide impact.

## **PART B) – ADDITIONAL INFORMATION**

### **4. INFORMATION**

#### **4.1 Introduction and Background**

4.1.1 The Council has a Discretionary Housing Payment and Council Tax Support Hardship Assistance Policy which was approved by Cabinet in February 2013. As it is now two years since Council Tax Support was introduced and the Benefit Service has two years experience on the impact of the government Welfare Reforms including the Social Sector

Size Criteria and overall Benefit Cap it is appropriate to refresh the policy based on current best practice.

4.1.2 Through the work of the Discretionary Awards Team, assisted by the Housing Options Team, Housing Associations, Private Landlords, Citizens Advice Bureau, other Council Teams and agencies the Council has been able to use its DHP budget to successfully mitigate some of the impact on residents of the government's Welfare Reforms.

4.1.3 All applicants are contacted to discuss their claim and for advice to be given before a decision is made. The decision is then followed up by the award letter. We have found that this has worked well. However, in many cases the applicant is already being supported by their landlord or support worker with whom the Discretionary Awards Team will liaise regarding the customer's situation and possible solutions.

## **5. DISCRETIONARY HOUSING PAYMENTS**

5.1 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.

5.2 The Child Support, Pensions and Social Security Act 2000 provides arrangements which allow authorities to make DHPs to claimants in receipt of Housing 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.

5.3 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.

5.4 DHPs are free standing payments; that is, they are not part of the statutory Housing Benefit scheme. DHPs 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

5.5 Funding for DHPs has been increased significantly year on year since 2012, as can be seen in table below, to recognise the additional demand caused by the government's welfare benefit reform programme. The exception to this is that the funding the Council has been allocated for 2015/16 has reduced by just under £60k compared to 2014/15. The number of DHP applications has started to reduce and so it is believed that the allocated amount should be sufficient. However the impact of Universal Credit on the DHP fund is unknown.

Year	DWP Allocation	Actual DHP Spend (to nearest £)
2010/11	£27,148	£27,662
2011/12	£50,859	*£34,236
2012/13	** £102,000	£107,877
2013/14	£356,911	£356,290
2014/15	£465,023	***£366,153 Figure as at 8 January 2015
2015/16	£405,451	-

\* 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.

\*\*\* The Council forecasts that all funding will be awarded by the end of the year.

5.6 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.

5.7 The increased funding has allowed us to help more individuals and families. In 2013/14 we granted 1,178 DHP awards. In the first 9 months of 2014/15 we have made 921 awards, which has helped 732 different households. The Council has received fewer applications in 2014/15 but this in part is because the Council has made more 12 month awards which has resulted in less repeat applications.

- 5.8 As with the previous policy the basic overriding principle of the scheme is 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 DHP.
- 5.9 During 2014/15 we have piloted a number of schemes to expand the use of the DHP fund to assist tenant mobility and help prevent homelessness:
- Help with deposits
  - Payment of rent arrears in certain circumstances to help a resident remain in their current property
  - Payment of rent arrears in certain circumstances to enable customer to be able to access an offer of Social Housing
  - Removal costs

The Benefit Service works closely with the Council's Housing Options Team and local Housing Associations at regular Welfare Reform meetings to develop new initiatives to ensure the best use of the DHP funding.

- 5.10 The impact of the Social Sector Size Criteria has resulted in it being necessary for some tenants of the Social Sector to seek more affordable accommodation. This has included sourcing accommodation in the Private Sector. One of the issues with this is the requirement to pay a deposit to secure a tenancy. We have therefore undertaken a pilot working closely with the Council's Housing and Telford Homefinder Teams to provide deposits. The Council has paid £21,012 towards deposits in the first nine months of 2014/15, helping prevent 46 individuals and families from becoming homeless.
- 5.11 The decision taken by The Wrekin Housing Trust in 2014 to ask new tenants to pay two weeks rent in advance is in some cases acting as a barrier to financially vulnerable customer securing affordable social housing. Our DHP policy has always been that in most cases we will not meet payments of rent in advance as the financial impact on our scheme would likely be greater than we could manage. Housing Benefit is always paid in arrears, so the liability for the rent will ultimately be paid in most cases but not in advance as some landlords now demand. If the Council were to use DHP to pay the rent in advance pending the award of Housing Benefit it would mean that the Council would be paying twice for the same period and would be extremely difficult for the Council to recover the sums. It remains the Council's intention not to pay rent in advance; however in very exceptional cases the Council may consider making an award for example where someone is being discharged from hospital and need to move to specific supported accommodation. All the usual DHP criteria will still apply.
- 5.12 Not having the money to pay removal costs can be barrier for some people moving to more suitable accommodation. It can also result in

people moving but leaving behind some of their belongings. This can result in further expense for them, either because they have to purchase new items or face an invoice from their former landlord to clear the property. The Council will therefore pay removal costs in certain circumstances where the applicant cannot afford the removal costs and the move is essential and to more appropriate accommodation. In the first nine months of 2014/15 we assisted 21 people to move costing £4,150.

- 5.13 It remains the intention not to use our DHP budget to cover shortfalls in rent caused by the overall Benefit Cap. The Government has introduced 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 Government's policy intention and we have insufficient funds from Government to provide support in this way. However to reflect that there may be the need in exceptional cases to assist with a short term award the policy has been updated. Such exceptional cases may include where the person is at extreme risk of being evicted from a property that is suitable for their housing needs, they are awaiting for a benefit decision which will exempt them from the Benefit Cap or whilst they take urgent budgeting advice.

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

- 6.1 From 1 April 2013 Council Tax Support replaced the national Council Tax Benefit scheme. The qualifying criteria for the Council Tax Support Scheme are 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.
- 6.2 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. Working age customers in receipt of Council Tax Support receive 21% less than they would have under the previous national scheme.
- 6.3 Section 13A of the Local Government Finance Act 1992 gives Billing Authorities the power to reduce the amount of Council Tax payable for an amount and period that they deem fit.
- 6.4 As part of Telford & Wrekin Council's Council Tax Support scheme approved on 22 January 2015, members committed to funding £30,000 of support for 2015/16 from which to award Council Tax Support Hardship Assistance (CTSHA) to aid and assist the most impoverished claimants.
- 6.5 The amount awarded under CTSHA in 2013/14 and so far in 2014/15 can be seen in the table below.

Year	Fund	Allocated
2013/14	£65,000	£29,830
2014/15	£35,170	£13,785 Figure as at 8 January 2015
2015/16	£30,000	-

In 2013/14 a fund of £65,000 was made available but as this was the initial year of Council Tax Support it was impossible to predict the impact of the scheme. For 2014/15 approval was granted for unspent funding to be rolled forward to enable the scheme to continue for a second year.

- 6.6 In 2013/14 the Council has provided 390 awards of CTSHA and in the first 9 months of 2014/15 we have made 224 awards. Within these figures a small number of applicants will have received more than one award where a subsequent application has been successful.
- 6.7 Due to increased DHP funding from DWP in 2013/14 and 2014/15 the Council has been able to assist people with their rent shortfalls which has allowed them time to budget and pay their other bills including Council Tax.
- 6.8 As with the previous policy the basic overriding principle of the scheme is 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 CTSHA.

## **7. IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

- 7.1 The Benefit Service remains satisfied that the Equality Impact Assessment (EIA) undertaken on 31 January 2013 on the previous policy remains relevant to this revised policy. This policy does not have a negative effect on any group and has been developed to help support those most disadvantaged by the government's Welfare Benefit Changes. The updated EIA can be seen at **Appendix B**.

## **8. PREVIOUS MINUTES**

- 8.1 Minute CB-107 of the Cabinet meeting of 28 February 2013 (Discretionary Housing Payment and Council Tax Support Hardship Policy).
- 8.2 Minute 47- i) of the Council meeting of 22 January 2015 (Localised Council Tax Support Policy 2015/16).

9. **BACKGROUND PAPERS**

Appendix A - Discretionary Housing Payment and Council Tax  
Support Hardship Assistance Policy

Appendix B – Equality Impact Assessment

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