

PART A

Report to: Cabinet
Date of meeting: 9th March 2015
Report of: Head of Revenues & Benefits
Title: Discretionary Housing Payments (DHP) for Housing Benefit

1.0 SUMMARY

- 1.1 The government provides funding, called Discretionary Housing Payments (DHP) on an annual basis to councils to help residents meet their rent liability where housing benefit does not cover the rental liability in full. The DHP is to provide short term financial support to residents who may have been impacted by welfare reforms, including the “Benefit Cap” and the “Spare Room Subsidy”.
- 1.2 The current policy has been effective since April 2013. Since then, we have achieved a better understanding of the impact of welfare reform so are better able to target limited resources. We have also been informed of the subsidy the government has allocated to Watford Borough Council for 2015/16. This shows a reduction of 31%, from £208,470 to £143,518, despite the Council forecasting 100% spend of this year allocation.

2.0 RECOMMENDATIONS

- 2.1 That the attached revised DHP policy is accepted
- 2.2 That the revised policy is effective for all DHP claims effective from 1/4/2015.

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Report approved by: Joanne Wagstaffe, Director of Finance

3.0 **DETAILED PROPOSAL**

3.1 Discretionary Housing Payments have been in existence for some time. Renewed focus was given to DHP's with the introduction of the "Bedroom Tax" and the "Benefit Cap" two years ago. The purpose of the DHP is to provide short term assistance to fund shortfalls in Housing Benefit, until a claimant moved to a more affordable property or satisfied stringent benefit rules.

3.2 The previous policy was introduced with the best available information at the time and as a result, is not as transparent about how DHP's are administered. Whilst in year 1 of the scheme, there was an underspend on the budget, this years budget is likely to be almost wholly spent.

3.3 As a result, although DHPs have been administered carefully and appropriately, there has been scope to allow claimants significant latitude in managing their financial affairs.

3.4 It is extremely likely that further welfare reform in the next Parliament will reduce levels of housing benefit further therefore putting added pressure on the DHP budget. Any overspends in the DHP budget would need to be funded from council resources.

3.5 **Main Changes to the current policy**

3.6 The revised policy provides greater clarity about to a DHP, including

- How income is to be treated
- What costs incurred by claimants are deemed to be non-essential
- Dates from when a DHP can be claimed for
- Introduction of an appeals process (though not statutory)

3.7 The revised policy also reflects those areas where it is evident that claimants are believing that they have an overriding entitlement to a DHP. For example

- Moving from one unaffordable property to another
- Applying for more than one rent deposit in a 12 month period

3.8 The over-arching aim of the revised policy is to ensure that the most needy claimants are properly supported whilst ensuring the councils exposure to financial risk is minimised.

4.0 **IMPLICATIONS**

4.1 The payment of a DHP may reduce the burden on the Homelessness budget by ensuring people can continue to afford to pay their rent and not go into arrears. However, claimants will also be told exactly why it is believed that they have sufficient income to cover any shortfalls in rental liability.

- 4.2 The significant fall in the DHP budget allocated for 2015/16 by government will mean that greater emphasis will be placed on claimants to either move to cheaper accommodation or satisfy the DWP that they should be exempt from the “Benefit Cap”
- 4.3 Revenues and Benefits will work even more closely with Housing to identify cases where a DHP may not be awarded so that there can be early intervention.
- 4.4 The purpose of the updated policy is to ensure that the decision making process for giving a DHP is transparent and that if we were to be challenged, we can demonstrate that our process is fair and consistent. Although the current policy is fit for purpose, given the pressures on the 2015/16 budget we are expecting, we could expect to receive challenges.

4.1 **Financial**

- 4.1.1 The Shared Director of Finance comments that it is important that there is a policy in place to ensure transparent decision making process in place for the awards of DHPs. This in turn will help the Council to best manage its resources.

4.2 **Legal Issues** (Monitoring Officer)

- 4.2.1 The Legal & Democratic Services Section Head comments that the legal implications are contained within the body of the appendices to this report.

4.3 **Equalities**

- 4.3.1 An equalities impact assessment form has been completed and is included as an appendix.

4.4 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
Legitimate claims outstrip the allocated budget by year end	3	3	9
Challenges to our decision making process	2	3	6
Budget being exhausted mid-year	3	3	9
Increased demand on Housing for people refused a DHP	3	3	9
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service’s Risk Register.			

4.5 **Staffing**

- 4.5.1 Not applicable

4.6 **Accommodation**

- 4.6.1 Not applicable

4.7 **Community Safety**

4.7.1 Not applicable

4.8 **Sustainability**

4.8.1 Not applicable

Appendices

- Appendix 1 – revised policy
- Appendix 2 – EIA

Background Papers

- DHP policy version 1 – April 2013

File Reference

- None