

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	03 December 2015
DIRECTOR	Richard Ellis
TITLE OF REPORT	Discretionary Housing Payments
REPORT NUMBER	CG/15/134
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To request the committee to approve a Discretionary Housing Payments Policy for 2016/17 and the Discretionary Housing Payment award strategy for 2016/17.

2. RECOMMENDATION(S)

It is recommended that the Committee approve the Discretionary Housing Payments Policy and the Discretionary Housing Payment award strategy.

3. FINANCIAL IMPLICATIONS

The current award strategy is causing the DHP Budget to be overspent. The proposed award strategy is to keep the budget within DWP and Scottish Government funding.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

Funding

Discretionary Housing Payments (DHP) is a fund made available by the Department of Works and Pensions with extra money provided by the Scottish Government to help people struggling to pay rent and meet their housing costs. The Local Authority can also provide funding to DHPs.

DHPs are for people receiving Housing Benefit but still needing more help to pay rent or housing costs. A DHP may be awarded to help with some of or all the shortfall, e.g. the difference between housing benefit award and the actual rent.

Types of shortfall DHP can be used to help with:

- The Benefit Cap
- Social Sector Size Criteria (SSSC)
- Rent Officer Restrictions that make your maximum rent for Housing Benefit (HB) purposes lower than your actual rent.
- Local Housing Allowance restrictions, such as the maximum number of bedrooms your benefit can pay for.
- Where your income is above the level the Government says you need, but you are still struggling.
- Deposit/Removal costs.

A DHP is usually paid for a limited period of time, to give extra time for the claimant to take action to deal with the shortfall, e.g. try to renegotiate a lower rent with the landlord, seek financial advice for existing debts, move to a more affordable property, find paid employment or increase their working hours.

Funding has increased dramatically since 2012/13 where £94,240 was received to approximately £1.3m for 2015/16. The additional funding received from DWP is to help people with the impact of Welfare Reforms whilst Scottish Government Funding is to mitigate SSSC.

Award Strategy

To claim DHP, a claimant has to complete an application form. The application form requires details of their circumstances and details of their income and expenditure. A decision to award DHP is then taken against set priorities as per the Discretionary Housing Payment Policy and DWP guidance.

The Scottish Government provided funding for SSSC, as this was not to be means tested; a simplified form was introduced to make the claim process as simple as possible for the customer. Legislation required that a claim was made.

However, many SSSC claimants will also have a shortfall due to SSSC and another reason, e.g. low income. In these cases, it was decided to award a DHP for both the SSSC shortfall and the other shortfall as one award, e.g.

Claimant X has a shortfall due to SSSC of £500 and a shortfall of £500 due to low income. In this case a DHP award of £1,000 was made.

This was done for claimant ease to complete one claim form rather than completing two separate forms and for one assessment to be carried out. Local Authorities are only committed to paying the SSSC element.

In 2013/14 and 2014/15 there was sufficient funding for this award strategy. However, for 2015/16, it is estimated that the final spend will be over budget. This has been discussed with the Head of Finance.

Should this award methodology continue, the DHP budget will again be overspent for 2016/17.

Proposal

For 2016/17 it is proposed to:

- The SSSC will be paid as per Scottish Government Funding to mitigate the Social Sector Size Criteria. No new form will need to be completed for existing SSSC claims and the Housing Benefit Claim has been amended to include a claim for SSSC for any new claims. Any other shortfall would have to be applied for using a DHP Claim Form, e.g.

Claimant X has a shortfall due to SSSC of £500 and a shortfall of £500 due to low income. In this case a DHP award of £500 will be made and the remaining shortfall will require an assessment to be carried out. Customers are not guaranteed a payment for the non SSSC shortfall. Successful claims will require to meet set priorities and DWP guidance.

- The DHP Claim Form will be reviewed to ensure it is as simple as possible to complete.
- All customers currently receiving a DHP where there is both a SSSC award and another award will be written to advising of the change.
- A revised Discretionary Housing Payment policy has been created which is clear and concise. This document will be published on the Aberdeen City Council website. The proposed Discretionary Housing Payment Policy is attached at Appendix 1.

The aim of this proposal is to:

- manage the DHP budget spend to keep within budget allocated from DWP and Scottish Government.
- Make better use of the budget by taking each case of non SSSC on its merits.

6. IMPACT

Improving Customer Experience

A revised clear and simple to understand Discretionary Housing Payments Policy will help customers to claim DHP.

Improving Staff Experience

An agreed DHP Payment Strategy will provide staff with clear guidance when awarding a DHP.

Improving our use of Resources

The limited funding available will be better used by taking each claim for DHP on its own merits.

Corporate

As a recognised top priority the Council must take the necessary measures to balance its budget. The revised policy will also contribute to the delivery of high quality critical service with clearer communication of the service to the public.

7. MANAGEMENT OF RISK

A revised DHP policy and award strategy will mitigate the risk of the DHP budget being overspent. The revised policy and strategy will be fed into staff guidance, training and the existing budget monitoring process.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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Aberdeen City Council
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Discretionary Housing Payments Policy 2016/17

Discretionary Housing Payment Policy 2016/17

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Discretionary Housing Payments (DHP)

1. Introduction

The current legislation for Discretionary Housing Payments (DHPs) is The Discretionary Financial Assistance Regulations 2001. DHPs are administered by the Local Authority and are funded by money received from the Department for Work and Pensions (DWP), Scottish Government and an additional, optional contribution from the council.

The DHP scheme is available to assist council tenants, tenants of Registered Social Landlords, and private sector tenants who are having difficulty in meeting their housing costs.

All applications will be considered on a case by case basis and awards made at the discretion of the council. This policy document provides a framework for outlining circumstances under which DHP's may be awarded. The examples are not exhaustive and other circumstances will be considered.

2. Policy Aims and Objectives

The purpose of these guidelines is to specify how Aberdeen City Council (ACC) will operate the scheme and to indicate some of the factors that will be considered when deciding if a DHP can be made.

ACC will distribute equitably the DHP funding to claimants who meet the qualifying criteria and to promote the following Council objectives to: -

- alleviate poverty
- support vulnerable young people in the transition to adult life;
- encourage residents to obtain and sustain people in employment
- tenancy sustainment and homelessness prevention
- safeguard residents in their own homes
- helping those who are trying to help themselves
- keeping families together
- supporting the vulnerable in the local community
- helping claimants through personal and difficult events, or
- supporting young people in the transition to adult life

3. Features of the DHP scheme

The main features of the scheme are that:

- The scheme is purely discretionary, a customer does not have a statutory right to a payment;
- Awards will be made at the discretion of the council;
- Housing Benefit or the Housing Support element of Universal Credit must be in payment before a DHP payment can be awarded and there

must be a shortfall between the Housing Benefit or Universal Credit (housing support) award and the contractual rent;

- The abolition of Council Tax Benefit from April 2013 means that household costs associated with Council Tax liability are no longer eligible for a DHP award;
- Unlike Housing Benefit, DHP is not a demand led social security benefit. It is a cash-limited fund. Given that DHP's are made from a cash-limited fund they cannot, normally, offer long-term solutions to meeting housing costs. The main exception to this is for those affected by the size criteria restrictions in the social rented sector (see below).

4. Funding

DHP funding is allocated in four different ways:

The original temporary hardship scheme:

This funding allows the council to help people with non-welfare reform related matters such as issues with non-dependent deductions or, short term budgeting problems.

The Local Housing Allowance (LHA) welfare reforms:

This funding allows the council to help those who are renting in the private sector and have been affected by the changes to the Housing Benefit LHA scheme.

The Benefit Cap

This funding allows the council to help those affected by the Benefit Cap. Under the Benefit Cap all relevant benefits that a customer receives are added together, by the DWP, who then inform local authorities where the total amount exceeds the cap. At the moment the cap is set at £350 per week for single people and £500 per week for families. Local Authorities are then obliged to deduct any excess from the claimants Housing Benefit.

Social Sector Size Criteria restrictions

This funding allows the council to mitigate the effects of the size criteria. Additional funding from the Scottish Government means that for 2016/17, DHP will fully mitigate the effects of the rent shortfall caused by the Social Sector Size Criteria (SSSC). This means that the application and assessment procedures for this particular element of DHP will be different from those of the other three DHP elements.

5. Eligibility

In order to be considered for a DHP the claimant must:

- Be in receipt of Housing Benefit or Universal Credit (with housing support) and have a rental liability; and

- Have a shortfall between the amount of benefit being received and the amount of rent that is due to be paid; and
- Having difficulty in meeting the shortfall in their rental liability; or
- Having difficulty in meeting rent deposit or rent in advance payments

6 When DHP will be paid

DHP awards will be made to eligible claimants in the following circumstances:

- When the household is subject to under occupancy.
- Disabled people living in adapted accommodation or where they reasonably require this additional space as a result of their disability.
- Foster and Kinship carers whose HB is reduced because of bedroom(s) being used by, or kept free for, children in care.

7 When DHP may be paid

The following examples outline circumstances where DHP claims will be considered but not guaranteed. The list is not exhaustive and all applications will be considered on a case by case basis

- Where a claimant is chronically sick or disabled;
- Where a claimant is experiencing hardship;
- To prevent a household becoming homeless
- Where a household is affected by LHA welfare reforms
- Where a household is affected by the Benefit Cap

Other factors will be taken into account including:

- The claimants income and necessary expenditure
- The extent to which an applicant might reduce certain outgoings
- The extent to which a claimant can be supported in arriving at a long term solution to their rent shortfall.

8 When DHP will not be paid

There are elements of a person's rent and shortfalls in benefit that cannot be met by a DHP. These are:

- Ineligible service charges
- Increases in rent due to rent arrears
- Claims where Housing Benefit has been suspended
- Reductions in Housing Benefit due to overpayments
- Reductions in any benefit as a result of Job Seekers/Child Support/Universal Credit sanctions or sanctions following certain benefit related fraud offences.

9 Level and Period of Award

The DHP award must not exceed the difference between the weekly eligible rent on their home and the Housing Benefit award or the Housing Support element of Universal Credit.

An award of a DHP does not guarantee that a further award will be made at a later date even if the claimant's circumstances have not changed.

ACC will decide the length of the award depending on the claimant's circumstances however; will usually award a DHP for a period of one financial year for any new claim.

In 2016/17 the award of DHP will be determined as follows:

- Any shortfall caused by SSSC will be met in full by an award of DHP
- Any shortfall not as a result of SSSC will be based on the individual circumstances of the claimant.
- In the case of a claimant having a shortfall caused by SSSC and one or more factors. The SSSC shortfall will be met in full and the shortfall caused by other factors will be based on the individual circumstances.

10 The Claim Process

Regulations require that to make an award of DHP there must be a claim for DHP. In most cases, the person who claims a DHP will be the person entitled to HB, however, claims can also be accepted from someone acting on behalf of the person concerned, such as an appointee, if it is considered reasonable to do so.

A claim for DHP can be made by completing the ACC DHP Claim Form which requests additional personal information required to determine whether a DHP can be awarded.

However, if the shortfall is solely caused by SSSC the ACC shortened DHP claim form should be completed. For new Housing Benefit claimants affected by SSSC the claim for Housing Benefit will be used as a claim for DHP.

ACC may request any reasonable evidence/information in support of a DHP

11 Payee and Method of Payment

ACC will decide the most appropriate person to pay based upon the circumstances of each case. This could include: -

- the claimant;
- an appointee;
- the claimant's landlord (or an agent of the landlord).

ACC will pay an award of DHP in line with how their Housing Benefit is paid. This could include payment by: -

- cheque
- bank transfer
- crediting the claimant's rent account

12 Notifying the Claimant of the Decision

ACC will notify the claimant the outcome of their application in writing as soon as practically possible.

Where the claim is successful, ACC will advise the claimant of: -

- the weekly amount of DHPs awarded;
- the period of the award;
- how, when and to whom the award will be paid;
- the requirement to report a change in circumstances;
- the right to request a review.

Where the claim is unsuccessful the claimant will be notified of:

- the reasons for the decision
- The right to request a review

13 Change of Circumstances and when DHP can be stopped

All DHP claimants are required to immediately report to ACC, in writing, any changes in their circumstances that may be relevant to their DHP award.

Information regarding changes of circumstances will be looked at to decide the level of the DHP award or whether the award should continue at all.

When a change of circumstances means that an award of HB is reviewed, the DHP award will be reviewed at the same time, as the change of circumstances may mean that the criteria for DHP are no longer met.

There are instances other than a change of circumstances when DHPs can be stopped.

- ACC decides that DHPs are being, and/or have been, made because someone has misrepresented or failed to disclose a material fact, fraudulently or otherwise
- they have been paid as a result of an error

14 Disputing Decisions

DHP is not subject to any statutory appeal procedure, however, a claimant (or their appointee or agent) can ask for a review of a DHP decision. The request for an internal review shall be made in writing, within one calendar month of the date of the DHP decision. Any such request should be addressed to the Appeals Officer, Revenues and Benefits, Corporate Governance, Hub 16, 3rd Floor West, Marischal College, Broad Street, Aberdeen, AB10 1AB.

The review will be carried out by someone other than the person who made the original decision. All the evidence/information available will be reviewed. ACC may request the claimant to provide further evidence/information in support of their internal review.

Notifying the claimant

A decision will be made as soon as practicable, of the request for an internal review or receipt of additional information.

The claimant will be notified of the review outcome in writing, setting out the reasons for the decision.

This decision is final and binding and may only be challenged via the judicial review process or by complaint to the Local Government Ombudsman.