

Birmingham City Council

Report to Cabinet

11 December 2018



Subject: Discretionary Housing Payment Policy

Report of: Angela Probert, Chief Operating Officer

Relevant Cabinet Member: Deputy Leader Councillor Brigid Jones
Councillor Sharon Thompson
Councillor Tristan Chatfield

Relevant O &S Chair(s): Councillor Penny Holbrook

Report author: Tim Savill, Assistant Director Revenues and Benefits

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|--|---|---|
| Are specific wards affected? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No – All wards affected |
| If yes, name(s) of ward(s): | | |
| Is this a key decision? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If relevant, add Forward Plan Reference: 005441/2018 | | |
| Is the decision eligible for call-in? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, provide exempt information paragraph number or reason if confidential : | | |

1 Executive Summary

1.1 Discretionary Housing Payments (DHP) are funded through an annual grant from the Department for Work and Pensions. The broad intention is to support tenants that need extra help to meet their housing costs e.g. where there is a shortfall between their housing benefit (or Universal Credit) and their contractual rent. DHP can be claimed by those claiming housing benefit or Universal Credit with housing costs towards rental liability.

- 1.2 Up until now the Council has operated DHP through procedures within the Benefit Service. The funding position has changed over the years, increasing from £1.5 million in 2012/13 to £5.3 million in 2017/18. The increase was in respect of the significant welfare reforms which have been implemented – in particular: the social sector size criteria ('bedroom tax'); benefit cap; and the freezing of Local Housing Allowance (LHA) rates in the private sector – and now the introduction of Universal Credit.
- 1.3 The DWP reduced the DHP funding for Birmingham in 2018/19 (part of a national reduction due to lower numbers of people subject to the Benefit Cap), to £4.8 million. This has put greater pressure on the limited funding. Whilst a discretionary policy should ensure each case is considered on its own merits, the Council needs to use the funding so that it is prioritised for those who most need help. This will help to limit any impact on homelessness as part of the Council's approach to the Homelessness Reduction Act 2017. There is currently no policy on how cases are assessed.
- 1.4 This report outlines the background for the new DHP Policy attached.

2 Recommendations

- 2.1 To approve the attached Discretionary Housing Payment (DHP) policy for the remainder of 2018/19 and future years. The Policy will be reviewed if there is a significant change to the Government's DHP funding allocation or further major welfare reforms and a report will be submitted to Cabinet for approval where necessary.

3 Background

- 3.1 Discretionary Housing Payments are not payments of benefit. They are freestanding payments made at the Council's discretion. They are made in addition to Housing Benefit or Universal Credit and do not form part of either. The legislation gives Local Authorities broad discretion in awarding DHPs. The new policy outlines situations where DHP's may and may not be awarded, taking into account the guidance provided by the Department for Work and Pensions (DWP).

Current process

- 3.2 DHPs have to be considered on an individual basis in line with the discretionary purpose of the support. Income and expenditure form a key part of assessing an individual's need. The Benefit Service has worked closely with housing colleagues (internally as well as with social and private landlords). It has helped to support people subject to the welfare reform benefit restrictions.

- 3.3 There is some current conditionality placed on the awards. However there is no process to confirm that the citizen has taken responsibility and steps to change his or her circumstances and thus to be no longer dependent on a DHP. This has resulted in repeat awards and a dependency on DHP in many cases which is not sustainable. The new Policy looks to address this.
- 3.4 Around 34% of awards are in relation to the social sector size reduction ('bedroom tax'). The lack of any consistent conditionality has meant there has been little incentive for a tenant to 'downsize' to a more suitable (and affordable) sized property. It is recognised that for some (exceptional) cases there may be no option but to remain (e.g. for adapted properties) in a property with continued DHP support.
- 3.5 The DHP fund for last year was spent in the following areas (all tenancy types):
- Benefit Cap – 41%;
 - Social Sector Size Criteria ('bedroom tax') – 34%;
 - General Hardship – 17%; and
 - Local Housing Allowance (Welfare Reform) – 8%.
- 3.6 Awards for tenants under-occupying their properties have tended to be made without conditions attached. This has led to some people being dependant on DHPs for long periods. The guidelines to support the policy have therefore been strengthened to provide greater conditionality to award of DHPs as it is not sustainable for the fund to continue to be used in this way.
- 3.7 DHP is in high demand. The following table outlines the number of applications, awards and refusals over the last 17 months:

| Period | No, of awards | Refusals | Total Applications | Average No. of applications each month |
|------------------------|---------------|----------|--------------------|--|
| 2017/18 | 11,261 | 2,216 | 13,477 | 1,123 |
| April 18 – August 2018 | 5,314 | 1,628 | 6,942 | 1,388 |

- 3.8 The DWP issues guidance on how the DHP budget they award to councils should be administered. The guidance makes specific reference to allocation of awards around Welfare Reform measures. The guidance is attached for reference within Appendix 2.

Best use of housing stock

- 3.9 Through its' strategic housing partnerships the Council is working with partner Registered Providers to develop a shared approach to making best use of stock. This also includes work around homeless prevention, eviction prevention and access to registered provider housing.

3.10 The current work will help reduce demand for DHP. It includes identifying under occupiers in both sectors who are in receipt of DHP and matching with suitable properties both within the Council and Registered Providers stock. A working group is in place to connect departments and assist people who wish to downsize, and support them through the process. This includes offering increased incentives such as an improved 'wise move' offer and a dedicated allocations officer, who assists with the bidding process.

3.11 To work in a targeted and proactive way, dedicated visiting (housing) officers have been visiting identified households in receipt of DHP and other households who are under occupying. They are offered financial advice, discussing their housing options and ascertaining if downsizing is required. Over 200 visits have been completed. As a result of these visits, 115 households have expressed a wish to move, and 15 households are either 'on offer' or have moved. A breakdown of the 115 who wish to move shows:

| Property Type | Household Number |
|------------------|------------------|
| 2 bed House | 7 |
| 3 bed Flat | 8 |
| 3 bed House | 81 |
| 3 bed Maisonette | 4 |
| 4 bed House | 12 |
| 5 bed House | 2 |
| 6 bed House | 1 |
| Total | 115 |

3.12 Phase 2 of the project will embed this approach in day to day delivery and staff across rents, housing, and older persons service will be trained to support people through the downsizing process. The tenants that have been visited as part of the process have welcomed the approach and the majority are older people, who if we had not visited would not have completed the process to transfer. The overall position for tenants moving to smaller accommodation shows totals of:

- April 2017 to March 2018 – 207; and
- April 2018, to date – 117.

3.13 This proactive work means the DHP funding can be reallocated to other cases in need. The social housing tenancies released for re-allocation have been re-let to families in the most urgent housing need, including acutely overcrowded and homeless households.

4 Options considered and Recommended Proposal

- 4.1 To continue with the current approach to DHPs, with a reduced budget and more pressures (as Universal Credit continues to roll-out) is unsustainable. The attached new DHP Policy will help to re-enforce the conditionality on payments and encourage independence. It will also help with consistency of decision making. Overall it will ensure this limited funding supports sustainable tenancies and is maximised to those most in need.

5 Consultation

- 5.1 Statutory consultation is not required as the DHP policy is a discretionary power granted to the Council from the DWP. Nonetheless, consultation has taken place with key internal and external stakeholders.

5.2 Internal

- 5.2.1 Internal consultation has been through a number of forums, including the Homelessness Partnership Board, Adult Services, Finance, Temporary Accommodation and the Rent Service.

5.3 External

- 5.3.1 A draft of the policy has been shared with a number of local partners, mainly through the Housing Birmingham Partnership Board, the CAB and the Financial Inclusion Partnership. The comments have been supportive of the general principles of the policy and the need for reinforced conditionality to ensure the funding is maximised to those most in need.

6 Risk Management

- 6.1 The spending is closely monitored by the Benefit Service to ensure the budget is maximised and not overspent. Birmingham has always used all the DHP funding without incurring any overspends. The new policy will help to minimise some of the risks around additional homelessness.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

The DHP policy is important and provides vital support where people have a shortfall between their benefit payments and their contractual rent. It supports the Homelessness Reduction Act (HRA) 2017 and the priority themes across all four priority areas:

Children – The negative implications of homelessness upon child health, disruption to their education and development is recognised. The purpose of the Homelessness Reduction Act (HRA) drives the need for ensuring children and families have sustainable, affordable and suitable homes. Thus providing more suitably sized and affordable accommodation can help to sustain tenancies and improve outcomes for children.

Housing – DHPs support the provision of sustainable, suitable and affordable housing solutions as part of preventing homelessness and supporting the recovery of people that are homeless.

Jobs and Skills –DHPs contribute to the clear link between affordability and housing and people’s employment aspirations and their housing choices and how this avoids people presenting as homeless or incidents of repeat homelessness. The prevention element of the HRA 2017 is heavily focussed on ensuring that we support citizens in a more holistic manner to ensure that current issues are addressed and any future risk of repeat homelessness are minimised.

Health – The HRA recognises the health implications of homelessness during a person’s lifetime and also considers the need for housing advice and support tailored to vulnerable groups. DHPs are an important tool to assist with prevention initiatives.

7.2 Legal Implications

7.2.1 The Council has a statutory duty to administer DHPs on behalf of the DWP, as detailed in Discretionary Financial Assistance Regulations 2001, as amended.

7.3 Financial Implications

7.3.1 The Government (DWP) funding for Discretionary Housing Payments in 2018/19 is £4.8m, a reduction of £0.5m from 2017/18. DHPs are fully funded from this grant. The Benefit Service ensures that this funding is maximised each year and that there is no additional spending which would cause pressure on the General Fund. Funding for 2019/20 is not yet known – DWP normally advise councils towards the end of January. DHP payments will be rationalised in line with the overall funding allocation whilst ensuring that we are acting fairly, reasonably and consistently.

7.4 Procurement Implications (if required)

7.4.1 None

7.5 Human Resources Implications (if required)

None

7.6 Public Sector Equality Duty

7.6.1 The initial equality assessment screening (reference (EA002940) – see Appendix 3).

8 Background Documents

8.1 None