

Appendix 2

Discretionary Housing Payment Scheme: Draft Criteria/Policy Intentions

1 Background

- 1.1 Discretionary Housing Payments (DHP) provide claimants with **further financial assistance**, in addition to any welfare benefits, when a local authority considers that additional help with **housing costs** is needed.
- 1.2 The regulations governing the administration of the DHP scheme are the Discretionary Financial Assistance Regulations 2001. The specific provision that sets the limit on the amount of overall expenditure that a LA can spend on this provision is detailed in Article 7 of the Discretionary Housing Payment (Grants) Order 2001.
- 1.3 DWP has issued revised good practice guidance for LAs administering DHPs, which offers advice on how DHPs can be used to provide support to claimants affected by some of the key welfare reforms. To assist claimants through the transitional period of these reforms central Government has increased its funding towards DHPs from £20 million per annum to £155 for 2013/14 and £125 million for 2014/15. LAs have overall responsibility for how DHPs are administered and paid, taking into account the impact of the welfare reforms and any other relevant factors.
- 1.4 DWP provides each LA with a fixed amount of government funding to be used for making DHP payments. LAs can make further budget allocations from their own provisions up to a maximum of 2.5 times this amount. For 2012/13, Falkirk Council received a government contribution of £37,972 and members agreed to an additional, one-off, allocation to DHP of £35,000 from the Fairer Falkirk Fund which is expected to be spent by the financial year end and will result in an increase in the number of DHPs made to applicants. This means that the estimated total DHP spend in the current financial year will be £73,817.27

2 Discretionary Housing Payments

- 2.1 **Housing costs** generally mean rental liability but can include things like rent in advance, deposits or other lump sum costs associated with a housing need such as removal costs. Following the abolition of Council Tax Benefit and the introduction of its replacement, Council Tax Reduction from April 2013, DHPs can no longer be made towards Council Tax liability. Local Authorities are expected to set up their own Council Tax Discretionary Fund to provide support when the permanent scheme comes into place from 1st April 2014.
- 2.2 To qualify for DHPs, claimants must:
 - Require **Further financial** assistance with housing costs to cover all or part of a shortfall or assist with the cost of taking up a tenancy – they must also demonstrate that they are unable to meet housing costs from their available income; and
 - Be entitled to Housing Benefit (not maximum) or Universal Credit that includes a housing element towards rental liability.
- 2.3 The Revenues and Benefits Division administers the DHP arrangements.

3 Guidance

- 3.1 The Good Practice Guidance on DHP issued by DWP confirms that this is a discretionary scheme so each case should be considered on its own merits rather than on a set of rigid pre-defined criteria. It also confirms that decisions should be made in accordance with ordinary principles of good decision making i.e. administrative law. All LAs have a duty to act fairly, reasonably and consistently.
- 3.2 It is, therefore, up to each LA to determine its own process and objectives for awarding DHPs taking due regard of good practice guidance and the legislative framework. Given the likely demand on the DHP funding available, we estimate a very significant shortfall in the funding we will have available. For that reason, we have determined some key objectives for the award, which will help the Council to achieve its Poverty Strategy Aims and help mitigate the effect of the Welfare Reform changes on some of our most vulnerable residents.
- 3.3 When considering making an award of DHP, we will take account of the following anti-poverty objectives:
- Alleviating poverty
 - Tenancy sustainment and homelessness prevention
 - Supporting vulnerable people including, for example, domestic violence victims who are trying to move to a place of safety or the elderly in the local community or people experiencing personal and difficult events
 - Supporting young people leaving care
 - Safeguarding residents in their own homes, for example, families with social services intervention, ex homeless people being settled into the community or families with temporary child care arrangements
- 3.4 We have developed the following criteria specifically related to mitigating the effect of the Welfare Reform changes on vulnerable people:
- Size Criteria
 - Significantly adapted properties (to help disabled people remain in their home)
 - Foster Carers
 - Loss of DLA/PIP payments
 - Member of the household is disabled and claimant's household needs an additional bedroom because of this (the property has not been significantly adapted)
 - Caring for a member of the household who is severely ill and an extra bedroom is needed due to a medical condition
 - Temporary Accommodation or a shortfall in rent to prevent a household becoming homeless
 - People affected by the Benefit Cap
 - Changes to Local Housing Allowance Rates
 - Increase in non-dependant deductions
 - Rent officer shared room rate restrictions
 - Combined impacts
- 3.5 Our policy will, however, remain flexible and allow for deviation for other categories. The categories that we have paid DHP to so far include: single parents, medical cases, pregnant females, people with high debt-low income and people under 35 affected by the changes to the shared room rate in Local Housing Allowance (private sector).

- 3.6 Claimants cannot claim for:
- ineligible service charges;
 - increases in rent due to outstanding rent arrears; or
 - certain sanctions and reductions in benefit e.g. benefit fraud.

4 2013/14 Funding

- 4.1 Falkirk Council's DWP contribution for 2013/14 will be £136,698. Based on our estimates of demand and average payments it is clear that this amount will not be sufficient to cover all of the above categories. We will also have to set aside a sufficient amount to deal with other applications outwith these categories where the need for the award is great.
- 4.2 Councils can opt to top this budget up to a maximum figure of £341,745. We have recommended in the main report that Council agree to allocate an additional £35,000 from the Fairer Falkirk Fund.
- 4.3 Once we have met our overall cash limit we cannot, by law, award any more DHPs. Any unspent DHP funding will have to be returned to DWP at the end of the financial year although we do not anticipate this outcome.

5 Operating Principles/Processes

- 5.1 To cope with the expected demand for DHP payments, we will develop through further discussion, areas of priority and ranking while remaining flexible enough to make payments on individual assessments based on need.
- 5.2 For those disabled tenants affected by Size Criteria restrictions, we intend to define "significantly adapted" firstly, as properties that have had an extension built to make it suitable for a person with a medical condition or disability or where the Council has carried out structural work such as knocking two bedrooms into one to make it suitable for a person with a medical condition or disability. Our Allocation Policy describes an adapted property as one that "is suitable for a person with a medical condition or disability and has one or more of the following adaptations:-
- A low /level access shower or wet room
 - An external ramp or altered steps
 - A fully adapted or accessible kitchen"

For DHP purposes, we will consider properties with at least 2 of the above adaptations. For all cases, we will take into account the cost of the adaptation and the possibility of accommodating the tenant in suitable property elsewhere.

- 5.3 We will work with other services and partner organisations to target our resources to those in most need.
- 5.4 We will publicise the availability of DHPs, work with other services and partner organisations to target resources appropriately and to identify people that we will encourage to apply for DHP as a means of early intervention.
- 5.5 We will process applications within 4 working weeks of receipt.

- 5.6 If we award a payment it will be due from the date of the claim. Our policy will allow for backdated payments to be made only on an exceptional basis.
- 5.7 Payments will be awarded for different periods of time, dependant upon the individual need but for a maximum of 12 months when claims will be reviewed and circumstances confirmed.
- 5.8 We will profile our budgets over both monthly and annually and will record, monitor and report on:
- The amount & period of awards
 - Category, i.e. Benefit Cap, Size Criteria, LHA restrictions, combination of reforms
 - Reason for award
 - Claimant characteristics i.e. Household composition
 - Reason for refusal
- 5.9 There will be a cross panel review with representatives from council services to deal with appeals against decisions made.