

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 5 MARCH 2019

Title of report	DISCRETIONARY HOUSING PAYMENT
Key Decision	a) Financial Yes b) Community Yes
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Purpose of report	To present to members the budgetary position on the Discretionary Housing Payment (DHP) fund and seek member approval around the future options.
Reason for decision	To ensure effective budget management of the Discretionary Housing Payment fund.
Council priorities	Spend Money Wisely
Implications:	
Financial/Staff	DHP is used to support those in financial hardship with their housing rent costs. It does not support mortgage payments. DHP expenditure will be contained within the existing Department for Work and Pensions grant.
Risk Management	N/A
Equalities Impact Screening	DHP is a is used to support those who are in financial hardship with housing rent costs.
Human Rights	N/A
Transformational Government	N/A

Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	The report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	Report has been drafted in conjunction with the Management Team of the Leicestershire Revenues and Benefits Partnership.
Background papers	Discretionary Housing Payment Guidelines (Enc) Cabinet Report 'Changes to Discretionary Housing Payments (DHPs)' – March 2016 Cabinet Report 'Changes to Discretionary Housing Payments (DHPs)' – October 2016
Recommendations	<p>THAT CABINET:</p> <ol style="list-style-type: none"> 1. NOTE THE BUDGETARY POSITION ON THE DISCRETIONARY HOUSING PAYMENT BUDGET. 2. SUPPORT THE USE OF DIMINISHING TAPERS IN THE AWARD OF DHP TO PREVENT BUDGETARY OVERSPEND FOR FUTURE YEARS. 3. DELEGATE POWERS TO THE STRATEGIC DIRECTOR OF HOUSING AND CUSTOMER SERVICES TO MAKE DECISIONS ON HOW TO IMPLEMENT DIMINISHING TAPERS IN FUTURE YEARS IN CONSULTATION WITH THE CORPORATE PORTFOLIO HOLDER.

1.0. BACKGROUND

- 1.1. Discretionary Housing Payments (DHPs) provide extra help to claimants in receipt of Housing Benefit who need further financial assistance with housing rent costs. This will be usually because there is a shortfall between the amount of Housing Benefit (HB) or Universal Credit (UC) that they receive and their rent liability.
- 1.2. To qualify claimants, need to meet certain conditions:
 - They must be receiving HB or in receipt of UC that includes a housing element.
 - There must be a shortfall between the amount of HB / Housing Element of UC that they receive and their rent liability.
 - They must demonstrate that they need extra help to meet their housing costs.
- 1.3. The guidelines are enclosed with this report.

- 1.4. Funding for DHP comes primarily from a Department for Work and Pensions (DWP) grant, which for 2018/19 was £145,351. This grant is determined annually and decreased from £173,364 in 2017/18. The funding for 2019/20 has been confirmed as £126,679. This funding is ring fenced and any underspend must be returned to the DWP at year end.

2.0. CURRENT AWARD LEVELS

- 2.1. As at January 2019, we have made a total of 352 awards of DHP, of which 186 (52.84%) are Council tenants and 166 (47.16%) are private sector tenants. The average weekly award for cases in this financial year currently stands at £23.98.

Award breakdown (by reason for award):

Benefit Cap	£24,053
Under occupancy	£27,765
Local Housing Allowance reforms	£3,573
Combination of reforms	£17,692
Legislation change	£3,216
Rent restrictions	£22,956
Income tapers	£5,130
Disability	£15,413
Baby due	£38
Reduction in Housing Benefit	£1,696
Other	£28,160
Rent in Advance	£91
Non Dependant Deduction	£1,047
Total	£150,830

- 2.2. It is important to note that the scheme is a discretionary one and each case must be considered on its own merit rather than on a set of rigid pre-defined criteria.
- 2.3. A policy that is too rigid would prevent proper use of discretion. It is important that cases are considered on individual merit and with a level of human decision making. The absence of discretion would leave decisions vulnerable to challenge by judicial review.

3.0. BUDGETARY POSITION

- 3.1. Any underspent funding must be returned to the DWP at the end of the financial year and any spend above the funding levels is met by the local authority. The predicted spend at the current rate of expenditure for 2019/20 is £195,000, which is an overspend of the DWP Grant (£145,351) of £49,649. This will be met through the utilisation of DWP 'new burdens funding'. New burdens funding is provided to support any additional administration expenses arising from the migration to UC and implementation of the welfare reform changes. There is unspent 'new burdens funding' funding of £52,932 available.

- 3.2. Current DHP awards are based on the actual spend of claimants on essential expenditure and the DHP budget spend is monitored weekly.

Historic DHP Expenditure Against Funding

Financial Year	DWP Grant (£)	Spend (£)	(Grant exceeded)/Returned
2015/2016	£103,678	£117,842	(£14,164)
2016/2017	£114,966	£89,947	£25,019
2017/2018	£173,364	£117,846	£55,518
2018/2019	£145,351	£195,000	(£50,000)

4.0 UNIVERSAL CREDIT

- 4.1. Local Authorities are responsible for the administration of Discretionary Housing Payments for those who have a Housing Cost Element within their Universal Credit awards.
- 4.2 With Universal Credit extending for postcodes in the North West Leicestershire District from February and July 2018, this has resulted in a marked increase in the number of these claims being received and processed. Notably as at January 2019, a total of 87 Universal Credit DHPs had been processed, with an expenditure totalling £40,379 (26% of the total spend to date) as opposed to 30 cases received in 2017-2018 at a cost of £14,296 (11.9% of the total spend for the full financial year)

5.0. FUTURE DEMAND

- 5.1 Forecasting future spend is notoriously difficult because of the unpredictability of future demand. Therefore, a default scheme was created when the Revenues and Benefits Partnership came together, which retained the ability to modify in-year awards when too much or too little of the budget was being spent.
- 5.2 Because of the volatility of demand, it is not always feasible to apply rigid guidelines before the beginning of the financial year. This is evidenced by the fact that in March 2016 revised guidelines were implemented (after an overspend in 2015/16) for the following financial year following a Cabinet decision.

These were:

- 100% of the DHP award to be paid for 6 months
- 50% of the DHP award to be paid for 3 months
- 50% or 0% paid for 3 months depending on the claimant's circumstances.

However, the guidelines were changed again in October 2016 when it was realised that the Council would have to return a proportion of the grant due to underspend of the DWP grant.

This revised decision meant that DHP would now be paid:

- 100% of the DHP award to be paid for 9 months
- 50% or 100% paid for 3 months depending on the available funding.

Thereafter the budget has afforded DHP to be paid at 100% for the full 12 months, with no further adjustments of the scheme proving necessary until now.

6.0. MANAGING FUTURE BUDGETS

- 6.1. To ensure that the level of DHP award remains within budget (which has been reduced for 2019/20) and there is continued flexibility to ensure that the appropriate level of support is given, it is recommended that in-year diminishing tapers of award of DHP may be used, as granted in 2016, such as the example below (assuming the circumstances of the claimant remain unchanged):
 - 6 months full award
 - 3 months 50% award
 - 3 months 0% award
- 6.2. As it is not possible to predict the future level of applications and subsequent awards, a decision on how and when to apply any taper decision should not be made proactively in advance. Therefore, it is recommended that members delegate the power to the Strategic Director of Housing and Customer Services, in conjunction with the Corporate Portfolio Holder, to apply appropriate tapers in year for future years to ensure the budget remains viable.
- 6.3. Where budget affords, including utilisation of any new burdens funding available, the council will continue to seek to award the maximum amounts viable. However, the flexibility will ensure that the awards can continue to be made to those in genuine financial hardship, whilst not placing increased pressure on other council budgets.