

**Report to** Cabinet  
20 March 2013  
**Report of** Executive head of business relationship management  
**Subject** Discretionary Housing Payments policy

**Item**

**8**

## **KEY DECISION**

---

### **Purpose**

To review and approve an updated discretionary housing payments policy

### **Recommendation**

To approve the draft policy and proposed engagement with key stakeholders.

To delegate approval of changes within the first year of operation to the Executive Head of Service Business Relationship Management in consultation with the Deputy leader and portfolio holder for resources.

### **Corporate and service priorities**

The report helps to meet the corporate priority “A prosperous city”.

### **Financial implications**

The policy will determine expenditure against the budget set for discretionary housing payments. Subject to approving the approach there are no further financial consequences not already covered within existing risk and contingency mitigation.

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

### **Contact officers**

Anton Bull, Executive head of business relationship Management 01603 212326

Russell O’Keefe, Executive head of strategy, people and democracy 01603 212908

Phil Shreeve, Policy and Performance Manager 01603 212356

### **Background documents**

None

## Report

1. Since 2001 councils have had powers to make Discretionary Housing Payments (DHP) to help make good shortfalls between rents and housing benefit (HB) or to help with one off payments such as removal costs or rent in advance. In all cases applications have only been allowed for those in receipt of housing benefit or council tax benefit and where additional support has been identified. DHP can be made to tenants of council, registered provider or private sector properties, but not owners or where there is no rental liability as defined by legislation.
2. Payments are presumed to be temporary in nature to help people over particular circumstances to enable them to adjust their costs and / or lifestyles to make their rent payments achievable. There are also certain costs which cannot be covered by DHP (such as certain service charges or to make up for certain benefit sanctions or recovery).
3. Councils have been awarded money from the Department of Work and Pensions (DWP) to cover DHP. Councils can if they wish use their own funds up to 150% of the DWP sum to augment these payments. However that money has to come from the General Fund. It is illegal to spend in total, however it is funded, more than 250% of the DWP award in any one financial year. The general fund is already under significant pressure after a series of funding cuts. Further pressure has already been added by the council tax reduction scheme.
4. We have had a DHP policy in place for several years which sets out how claims can be made, decided and paid. All applications must be considered on their own merits and there should be neither blanket exclusions nor guaranteed acceptance criteria.

## Background to changes

5. The various welfare reform changes have meant that there will need to be changes to the policy as well as changes in the amount of money available, including
  - a) Abolition of council tax benefit, making DHP available to only those in receipt of HB (or Universal Credit once introduced)
  - b) Changes in benefit criteria and amounts such as the under occupation in social housing (the "bedroom tax") and the total benefit cap which will see changes in how much benefit households get toward their housing rental costs
  - c) An increase in the DWP award from approximately £40,000 in 2012/13 to £288,000 in 2013/14, predicated upon likely impacts of welfare reform changes in the short term.
6. To put this in some financial context it is estimated that approximately 2,800 council tenants alone will lose an average of £11pw in HB due to the new under occupation rules. Over a year this amounts to around £1.5M. There will also be similar changes affecting registered landlord tenants and tenants in the private sector will see HB capped at 1% increase each year. A number of other welfare reform changes may also impact on individuals and families depending on their circumstances.
7. Nationally current draft guidance from DWP suggests that in 2014/15 the national pot of money for DHP will reduce by 18%, although our allocation is not yet known.

The guidance also suggests that the increase in funds nationally in 2013/14 has been driven by changes in:

- a) local housing allowance (LHA) (which is the maximum amount payable in the private sector based upon households age and property size)
  - b) the overall benefit cap (which will cap the total amount anyone can get in benefits – estimated to impact about 100 households in Norwich when it is introduced)
  - c) the social sector size criteria (the “bedroom tax”).
8. In relation to the size criteria there is also an expectation in the guidance, although it cannot be guaranteed in policy, that priority will be given to “disabled people living in significantly adapted properties” and foster carers. For the purpose of the size criteria there is no room allowance for foster children, even during placement. It is also recognised that there may be households who need adapted properties (which may have had several thousand pounds spent making them suitable) who will lose HB as a result of the new size criteria and where moving them would neither support them nor make financial sense given investment in adaptations

## **Local considerations**

9. Given what we know about the likely impact of imminent changes it is considered important to maximise the take up of DHP where appropriate. It is possible to stop paying DHP once the budget is spent. However this could be inequitable for households who need support later in the year. Therefore there is a balance to be made to avoid creating demand over and above the levels supported by the DWP monies and hence putting the general fund under further pressure
10. It is also not known exactly how these various benefit changes will impact across tenures and household types. Given the changes there is an opportunity to reshape the primary objectives and priorities of the DHP policy and, whilst not fettering individual decisions, lay out some broad criteria should there be a need to ration payments during the year. There should also be a process within current guidelines for the use of contingency funds if absolutely necessary which does not place undue risk upon the budget
11. It is also accepted that with the movement of the benefits process to LGSS as well as the need to take a broad cross tenure perspective the housing options team should form an important part of the decision and appeals process
12. The budget agreed by Council in February authorised the establishment of a tenancy sustainment fund to specifically support council tenants impacted by these changes. DHP policy needs to fit with this (and other sources of funding as social fund replacement) in order to spread the support as widely as possible

## **Consultation**

13. Although being based upon existing policy this is a departure from the current position in that it seeks to set out objectives and priorities. Consequently there should be an opportunity to engage with key stakeholders including voluntary and statutory bodies working with and supporting some of those most affected

14. Rather than instigating a general 12 week consultation it is suggested that there is direct engagement with specific bodies (including the Norwich Access Group, Norfolk Coalition of Disabled People, landlords, county council social services and local cross tenure resident groups) to look at specific changes and implications in more detail
15. Given the changing nature of welfare reforms it is also recommended that the Executive Head of Service Business Relationship Management work with the Deputy leader and portfolio holder for resources to sign off changes as a result of both consultation and other as yet unknown changes during the year. It is also recommended that a review of the policy be brought to cabinet in early 2014/15 to assess its impacts and consider if changes are needed in the light of how welfare reforms change actually impacts residents

## **Draft policy**

16. The draft policy is attached as Appendix A. As there is a limited budget the policy attempts to strike the balance between need and available budget. However, there is already a complex picture and as the welfare reform changes progress this is likely to become ever increasingly complex.

## **Specifics**

17. When considering the recommendations, cabinet members are asked to specifically consider the following:
  - a) Norwich City Council will not in general supplement the DHP budget from the General Fund above the monies granted each year by DWP
  - b) the purpose of DHP funds will be across various forms of renting and will aim to alleviate short term financial need whilst working to secure longer term changes in personal or housing circumstances which make housing costs more sustainable
  - c) agree a principle of priority bandings along the lines outlined in the report, subject to consultation feedback
  - d) in principle all awards of DHP should be short term and have some review mechanism, although the periods of that review can be flexible
  - e) to further review this policy early in 2014 / 15 to assess its operation in the light of roll out of the various welfare changes during the year.

## **Monitoring**

18. Details of numbers and types of application will be monitored regularly to understand and profile the decisions and budget implications

## Integrated impact assessment



**NORWICH**  
City Council

The IIA should assess **the impact of the recommendation** being made by the report

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	20 March 2013
<b>Head of service:</b>	Anton Bull
<b>Report subject:</b>	Discretionary Housing Payments Policy
<b>Date assessed:</b>	5/3/2013
<b>Description:</b>	Discretionary Housing Payments Policy

	Impact			
<b>Economic</b> (please add an 'x' as appropriate)	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Finance (value for money)</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The aim of the policy is to provide support to those who need it but maintain a balanced budget.
<b>Other departments and services</b> e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>ICT services</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Economic development</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Financial inclusion</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The aim of the policy is to provide short term support to create the breathing space for the claimant to be able to make adjustments that are sustainable in the longer term.
<b>Social</b> (please add an 'x' as appropriate)	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Safeguarding children and adults</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b><u>S17 crime and disorder act 1998</u></b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Human Rights Act 1998</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Health and well being</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
<b>Equality and diversity (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Environmental (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>(Please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

## Recommendations from impact assessment

### Positive

The consultation and monitoring of the awards made using the policy and any amendments to the policy as a result will further contribute to the financial inclusion agenda.

### Negative

### Neutral

### Issues



## Discretionary Housing Payments Policy

### **Legal background**

1. Under powers within the [Discretionary Financial Assistance Regulations 2001](#) (as amended – the “Regulations”) Norwich City Council has the ability to authorise discretionary housing payments (DHP) to those who may “require some further financial assistance...in order to meet housing costs”.
2. These powers are also supported and guided by the DWP “[DHP Guidance Manual](#)” (draft guidance from April 2013 and subject to update – the “Guidance”).
3. From April 2013 these funds will only be eligible to those who are in receipt of housing benefit (or universal credit) **and** have a rental liability. Eligibility has been removed for those receiving support under the localised Council Tax Reduction Scheme if they do not receive housing benefit (or universal credit) as well.
4. These powers are entirely discretionary and as such any decisions to award (or not) cannot be appealed to a Social Security Tribunal. However as with all functions there are general duties “to act fairly, reasonably and consistently<sup>1</sup>”.

### **Funding**

5. Each year funds are granted from the Department of Work and Pensions (DWP) to support the payment of DHPs. These awards are cash limited and will not be topped up during the year by DWP.
6. However we are able to supplement the DHP budget from the general fund so long as we do not exceed an overall cash limit. “By cash limit we mean two and a half times your government contribution.<sup>2</sup>” Any payments above this amount are illegal<sup>3</sup>.

**Policy decision** – given the pressures on the council’s budgets and the changes which have been implemented from national government which affect benefit entitlement Norwich City Council will not in general supplement the DHP budget above the monies granted each year by DWP

---

<sup>1</sup> Guidance – paragraph 1.7

<sup>2</sup> Guidance – paragraph 1.8

<sup>3</sup> For the year 2013 / 14 the DWP award is approximately £288,000. Consequently the total budget cannot exceed approximately £720,000 in total. Whilst this is a large increase from monies awarded previously, in recognition of the likely impacts of national changes, the national budget is set to drop by 18% in 2014 / 15 and it is anticipated that there will be further reductions in subsequent years

7. We do understand that decisions need to be equitable over the year and therefore regular monitoring of the budget will take place. If the policy needs to be amended in the face of demand or the budget needs short term support from the general fund in exceptional circumstances then such decisions will need to be made through the appropriate governance framework.

### **Purpose**

8. The purpose of the DHP policy is to provide short term financial support for those most in need whilst working with and supporting those receiving DHP to find longer term solutions to reduce the gap between their housing costs and ability to meet those costs where no other financial support is available or appropriate. Other means of financial support include the council's homeless prevention fund<sup>4</sup>, designed to prevent homelessness for vulnerable clients and the council's tenancy sustainment fund<sup>5</sup>
9. Its purpose is to support tenants regardless of who their landlord is. However it does not (and by law cannot) support owner occupiers or other groups without liability for defined "housing costs"
10. The national context is to provide "further financial assistance...when an LA considers that help with housing costs is required<sup>6</sup>".
11. This policy on DHP also supports the 2012-15 corporate plan objectives of "**Prosperous city** – to support people on low incomes through advocacy and financial inclusion activity" and "**Decent housing for all** – to prevent people from becoming homeless through providing advice and alternative housing options"

**Policy decision** – the purpose of DHP funds will be across various forms of renting and will aim to alleviate short term financial need whilst working to secure longer term changes in personal or housing circumstances which make housing costs more sustainable

### **Objectives**

12. More specifically, in no particular order of priority, the policy will support the following objectives:
  - 12.1. alleviate poverty, prevent homelessness and supporting domestic violence victims trying to move to a place of safety
  - 12.2. keep families together
  - 12.3. assist people to obtain or retain employment
  - 12.4. keep residents in their own home, whether it be social housing or privately rented, provided the home is of realistic size at reasonable cost for the needs of the family and there are good reasons why it would not be possible to move
  - 12.5. support residents move to suitable alternative accommodation

<sup>4</sup> Currently approximately £40,000 pa

<sup>5</sup> Currently £100,000 pa

<sup>6</sup> Guidance – paragraph 1.5

- where that provides the best long term solution to better meeting their housing costs
- 12.6. support the vulnerable or elderly
  - 12.7. support household stability so that children and young people can receive good education and that vulnerable young people are supported in moving to adulthood
  - 12.8. make best use of a variety of sources of discretionary awards

<b>Policy decision</b> – to agree the objectives
--

13. In line with the funding policy in paragraph 6 there is also a key objective to neither underspend nor overspend the annual DWP allocation of DHP funding. This is designed to achieve the following objectives:
- 13.1. Maximise the use of available funding to support low income households,
  - 13.2. As far as possible base decisions on individual requests for DHP on need and broader criteria rather than the availability of funding, and
  - 13.3. Minimise the financial risk to the council more generally and therefore services provided across the city

### ***Eligibility***

14. Current guidance<sup>7</sup> states that requests must come from someone who is in receipt of housing benefit **or** universal credit **and** has a “rental liability” **and** requires “further financial assistance with housing costs”
15. Consequently applications will not be eligible for anyone who has **only** an entitlement under a local council tax reduction scheme
16. This policy will be reviewed as universal credit (UC) comes into force. At this stage any applications from those in receipt of UC will have their claims assessed in the light of their total UC entitlement and whether there is a housing component to that claim
17. Requests to back date claims will be allowed. However these can only be for a period where benefit was in payment i.e. cannot be backdated to a time before housing benefit was in payment

### ***Priority applications***

18. In order to manage demand for a cash limited fund and in order to be able to adjust payments during any financial year applications will be prioritised. As part of regular monitoring certain priority bands may be withdrawn / or additional ones added (temporarily or for the remainder of the financial year).
19. This decision will be taken by the Executive head of business relationship management in consultation with the Portfolio Holder for Resources

---

<sup>7</sup> Guidance – paragraph 2.0

**Policy decision** – to agree the prioritisation of groups in Appendix 1

20. This list is not exhaustive and does not guarantee acceptance for an award of DHP. All cases will be judged on their individual merits. In all cases paragraph 8 applies and that this should be seen as a short term solution to enable longer term alternatives to be pursued
21. Where applications are received and refused due to a lack of funding and they are in a lower classification, they will be kept on file for 3 months. Should funds become available at a later date that allow lower classifications to be awarded they will be assessed based on the date they were received.

### ***Duration***

22. By definition these payments are designed to be short term and temporary in nature. In some cases there may be an obvious duration period such as, for example, supporting a tenant in the final three months of an assured shorthold tenancy where relationship break down has impacted their income.
23. Others will appear to be much longer term. For example households in disabled adapted properties whose personal circumstances are likely to mean that the need for the adaptation is likely to be life long. However the policy should enable reassessment of personal circumstances such as income and expenditure which may change over time
24. Consequently each award will take into account both the reason for the application and the time period over which adjustment or personal and / or financial circumstances could be adjusted to meet the financial shortfall

**Policy decision** – to agree the primary aim should be for all awards to be short term with a review flexible mechanism to enable longer term payment if appropriate.

### ***Application and decision process***

25. A claim must be made using the claim form provided by NCC. These can be obtained by contacting the Customer Contact Team at Norwich City Council or completed on line on the Norwich City Council website. [www.norwich.gov.uk](http://www.norwich.gov.uk). However reasonable adjustment will be made where alternative forms of claim may be more suitable
26. Where potential for an award of a DHP is identified, a claim form will be issued to the person who appears to be eligible inviting a claim. Evidence and information to support the claim may be required and this must be provided within one month of the council asking for the information unless there are good reasons for the delay e.g. difficulty in obtaining written evidence from a third party. If the evidence and information is not provided within one month or a good reason for the delay is not provided

the application will be refused. A new application may be submitted once the evidence and information is available

27. The claim must be made by the person who is receiving the qualifying benefit or their "official appointee". An official appointee is a person who has been authorised by the DWP to act on a customer's behalf, or who holds a power of attorney or who is the official administrator of a deceased person's estate
28. The claim will be determined by staff of the Housing Options Team and LGSS Revenue and Benefits team who have been authorised by the LGSS Revenues and Benefits manager, in conjunction with the Executive Head of Business Relationship Management
29. Claims will be determined within 14 days, or as soon as practicably possible, of the date that all of the required information has been received from the applicant
30. All of the circumstances of the customer and their immediate household will be taken into account. The claimant may be required to provide documentary evidence to assist the determination of their claim
31. Reference may be made to other available evidence held by the council e.g. benefit claim records. Access to other benefits will be checked and, where appropriate, referral to other agencies will be recommended
32. Where necessary the council may contact third parties directly to verify the information provided by the applicant and by signing the claim form the applicant agrees to this
33. Applications will also be considered against other sources of support to find the most suitable source and to maximise the use of limited resources across differing needs and tenures
34. It is the responsibility of the claimant to submit a new application when an award expires. Up dated evidence will be required and may include confirmation of efforts to maximise income during the preceding DHP award period. A subsequent award may not necessarily be made even where the person's circumstances have not changed
35. As DHP awards are entirely discretionary there is no right of appeal to, for example, the Social Security Tribunal. However if an applicant does not agree with the initial decision then an appeal can be made within 28 days' of notification. That appeal must state reasons for disagreement with the decision and provide evidence of income or expenditure different to that considered at the first decision
36. The appeal will be determined within 14 days by staff more senior to those making the first decision drawn from the same groups of services
37. There will be no further appeal process

### ***Payments***

38. A DHP is a weekly amount. The amount awarded can never exceed the difference between the weekly HB already being paid and the weekly eligible rent. Where the DHP is a one off payment for rent in advance, a rental deposit or moving costs the amount awarded may exceed that difference figure
39. Payments of DHP for shortfall in rent will be paid with the existing HB or LHA payments. Where the landlord is Norwich City Council payments will be credited directly to the rent account; where the landlord is receiving direct payments (including social and private landlords) payments will be by BACS to the landlords bank account; where the customer is receiving Local Housing Allowance him/herself payments will be by BACS to their nominated bank account
40. A one off payment, for rent in advance or for a deposit for rent may be paid direct to the new landlord instead of to the applicant. In any event payment will be made by BACS directly to the applicable bank account, details and proof of which must be provided by the applicant
41. Payments will not be made by cheque.

### ***Changes of circumstance and recovery of DHP***

42. Where a DHP has been awarded and the recipient's circumstances change, they are required to inform NCC in writing within one month of the date of the change. For this purpose, a change of circumstances is defined in the same way as those requiring notification for HB purposes
43. The award of DHP can be reduced or ended when there is a change of circumstances
44. A DHP award can be ended when
- 44.1. the period of the award expires
  - 44.2. there is a change of circumstances
  - 44.3. if NCC decides that the award has been made on the basis of a misrepresentation or failure to disclose a material fact, fraudulently or otherwise
  - 44.4. it has been paid as the result of an error
45. A DHP payment, or payments, will be recovered where NCC decides that the award has been made on the basis of a misrepresentation or failure to disclose a material fact, fraudulently or otherwise; or it has been paid as the result of an error made when the claim was determined.
46. Civil Procedures may be used if necessary to enforce recovery

## **Appendix 1 – priority groups**

All decisions on the award of DHP must be based upon individual circumstances and assessment of key facts. In all cases there needs to be a verified need for “further financial assistance with housing costs”. However in apportioning the scarce funds available we aim to support the following broad priority groups:

### **Priority 1 (all of equal merit)**

- Applicants in need of and living in properties with significant disabled adaptations (and where that adaptation is still required) where an under occupation benefit charge or benefit cap is in place
- applications from households fleeing domestic violence
- households accepted by / registered with Norfolk County Council as foster families where an under occupation benefit charge is in place
- households who could move to cheaper accommodation but doing so would fall within six months of a key educational milestone for a child in that household aged between 14 and 18 (in particular taking exams)
- homeless households or those threatened with homelessness

### **Priority 2 (all of equal merit)**

- households with an under occupation benefit charge where that household contains a women due to give birth within six months **and** that birth will remove the under occupation charge
- households giving or receiving specific local support, for example for a child with a disability or older people, where a move would reduce the impact of that support
- households who are currently subject to an under occupation charge where the natural ageing of the children will remove that charge within six months (i.e. due to changes of eligible bedrooms under the appropriate benefit regulations)
- tenants of properties who are unable to regulate their heating charges to accommodate housing liabilities due to, for example, being on a district heating scheme or where “green deal” capital work has fixed the charges to pay for those works
- private sector tenants whose benefit entitlement has been reduced from one bedroom to single room occupancy subsequent to the start of their tenancy
- short term support for households who may experience a reduction in benefits or UC arising from being posted as part of the armed services, reserves or Territorial Army
- impacts of unforeseen change of circumstances which impact ability to meet housing costs (e.g. loss of job, relationship breakdown, reduction in earned income, total benefits cap)
- resettlement of offenders where short term support to secure accommodation will support a reduced reoffending
- households where the accommodation supports continued employment e.g. close location to work with unsociable hours or very difficult transport options

**Priority 3 (all of equal merit)**

- households with an under occupation benefit charge where that household contains a women due to give birth within six months and that birth will **not** remove the under occupation charge
- households who could move to cheaper accommodation but moving would result in a mandatory change in schools and where the child affected is aged 16 or under