

<b>Report to Cabinet Member for:</b>	Regulatory, Compliance and Corporate Services	<b>Date of Issue:</b>	11 <sup>th</sup> August 2022
		<b>Date of Decision:</b>	19 <sup>th</sup> August 2022
<b>Subject:</b>	Discretionary Housing Payments		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	All
<b>Is this a Key Decision?</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

## Summary

This report provides details of a review of the Council's policy and approach to making awards of Discretionary Housing Payments (DHP) in line with recent national guidance provided by the Department for Works and Pensions (DWP).

DHPs provide financial support towards housing costs and are paid by a local authority when they are satisfied that a claimant needs further financial assistance with housing costs and is in receipt of either Housing Benefit (HB) or Universal Credit (UC) with housing costs towards rental liability.

Owner -occupiers are not eligible to receive DHPs, with the exception of Shared Ownership properties which carry a rental liability.

## Recommendations:

That the Cabinet Member:

1. notes the content of the report, and
2. agrees that the approach established by Sefton Council for the award and allocation of DHPs, in line with national guidance, continues.

## Reasons for the Recommendation

The DHP scheme has been in place for many years; during this time, the Council has built up expertise and local knowledge enabling the government funding allocation to be profiled to meet demand over the course of the year to support local needs.

The review has established that Sefton Council's scheme continues to operate in line with national guidance ensuring that the annual funding provided by the DWP is fully spent to support local residents.

## Alternative Options Considered and Rejected: (including any Risk Implications)

Any recommendation to change the established policy may either:

1. limit eligibility and reduce the number of applications received meaning that the Council is unable to spend the government allocation and have to return funding at the end of the financial year, or
2. cause a significant increase in applications meaning that the Council has to refuse a greater number as well as managing the additional administrative burden.

## What will it cost and how will it be financed?

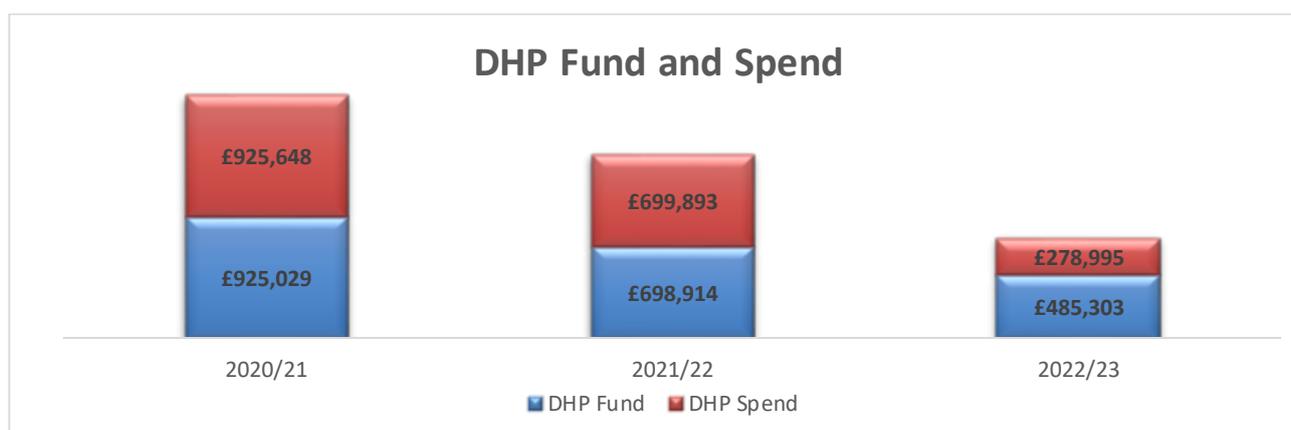
### (A) Revenue Costs

A DHP funding allocation is provided by the government each financial year. A local authority may choose to use their own funds to top up their government contribution by a maximum of two and a half times this figure. Once a local authority's overall cash limit is met, no additional DHPs can be awarded within that tax year. If awards are made above this limit, the local authority will be breaking the law.

Since 2011-12, additional DHP government contribution funding has been made available by the DWP to enable local authorities to provide transitional support to claimants as they adjusted to the Housing Benefit Welfare Reforms, i.e., introduction of the Benefit Cap, Removal of Spare Room Subsidy (widely known as Bedroom Tax), and Local Housing Allowance reform). Overall funding provided reduces year on year.

The table below shows the amount of funding for the past three-years. For the current financial year 2022/23, the government funding allocation to Sefton Council is so far £485,303. The Council has provided minimal top-ups each year to ensure that the fund has been fully spent, and there has not been a need to return any unspent funding to government.

Below is a table showing the annual DHP fund and the spend for that year; for the current year 2022/23 it should be noted that the spend figure is at 1<sup>st</sup> August 2022:-



### (B) Capital Costs

None

## Implications of the Proposals:

**Resource Implications (Financial, IT, Staffing and Assets):** DHP is managed and administered by the Benefits team within Customer Centric Services, Corporate Resources. Applications are handled and payments made through Revenues and Benefit software systems.

### **Legal Implications:**

The legislation governing DHPs is in the Discretionary Financial Assistance Regulations 2001 (S1 001/1167).

In addition, The Discretionary Housing Payments (Grants) Order 2001 (S.I. 2001/2340), amended by The Income-related Benefits (Subsidy to Authorities) and Discretionary Housing Payments (Grants) Amendment Order 2021 (S.I. 2021/2031), places a legal obligation on LAs to submit forms providing details of DHP expenditure to the DWP within a financial year.

**Equality Implications:** The Council considers DHP applications from all residents with responsibility for rent payments who are in receipt of either Housing Benefit or the housing support element of Universal Credit.

### **Climate Emergency Implications:**

The recommendations within this report will

Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

There are no Climate Emergency implications.

## Contribution to the Council's Core Purpose:

Protect the most vulnerable: DHPs are used to support people who have demonstrated to the local authority that they need further financial help to pay their housing costs, i.e., usually rent payments, deposits or removal costs associated with moving to another rental property.

Facilitate confident and resilient communities: N/A

Commission broker and provide core services: N/A

Place – leadership and influencer: - N/A

Drivers of change and reform: N/A

Facilitate sustainable economic prosperity: N/A

Greater income for social investment: N/A

## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 6892/22) and the Chief Legal and Democratic Officer (LD 5092/22) have been consulted and have no comments on the report.

### (B) External Consultations – N/A

## Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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## Appendices:

The following appendices are linked to this report:

- Appendix 1: Sefton Council, Discretionary Housing Payments Policy [appendix-1-dhp-policy-procedures-march-2018.pdf \(sefton.gov.uk\)](#)
- DWP Discretionary Housing Payments Guidance Manual, updated 31 May 2022 [Discretionary Housing Payments guidance manual - GOV.UK \(www.gov.uk\)](#)

## Background Papers:

- There are no background papers available for inspection.

## Introduction/Background

1. DHPs have been available for many years to provide financial support towards housing costs and are paid by a local authority when they are satisfied that a claimant needs further financial assistance with housing costs and is in receipt of either Housing Benefit or the housing-support element of Universal Credit. Owner-occupiers are not eligible to receive DHPs, with the exception of shared ownership tenants who have a rent liability.

2. For the purposes of DHP it should be noted that: -
  - i. "Housing costs" generally means rent, deposits and other costs associated with a housing need, such as removal costs, and
  - ii. "Further financial assistance" is not defined in law. Generally, local authorities interpret this point by taking into consideration the claimant's financial circumstances and any other relevant factors. In most cases, a claimant will need to demonstrate that they are unable to meet housing costs from their available income or that they have a shortfall in meeting their housing costs.
3. DHPs usually cover rent deposits, rent in advance, removal costs associated with taking up a new tenancy and, in most cases, a shortfall between housing support and the actual rent cost, for example where the Benefit Cap, or Removal of the Spare Room Subsidy (also known as Bedroom Tax) apply.
4. The level of the DHP award should not exceed the weekly entitlement to Housing Benefit, or the housing support element of Universal Credit.
5. Local authorities can use their own funds to top-up their government funding contribution, by a maximum of two and a half times this figure. If awards are made above this limit, then a local authority would be breaking the law.
6. Any DHP government contribution that is not spent should be returned to the DWP at the end of the financial year.
7. Since 2011-12, additional DHP government contribution funding has been made available to enable local authorities to provide transitional support to claimants as they adjusted to the Housing Benefit Welfare Reforms (i.e., introduction of the Benefit Cap, Bedroom Tax and Local Housing Allowance reform). Overall funding provided reduces year on year. Sefton Council's scheme is clear that due to limited funds, assistance cannot be provided to all those who have had a reduction in benefit as a result of Welfare Reform.
8. For last year, 2021/22, the DWP provided total DHP funding for England and Wales of £140Million. For this year, 2022/23, total DHP funding has reduced to £100Million; £98M has so far been allocated with the remaining £2Million reserved until later in the year with further information on how it will be allocated provided in due course. Sefton Council, and most other local authorities, receive the same proportion of the funding, minus the overall reduction in funding.

### **Sefton Council's Policy and Approach**

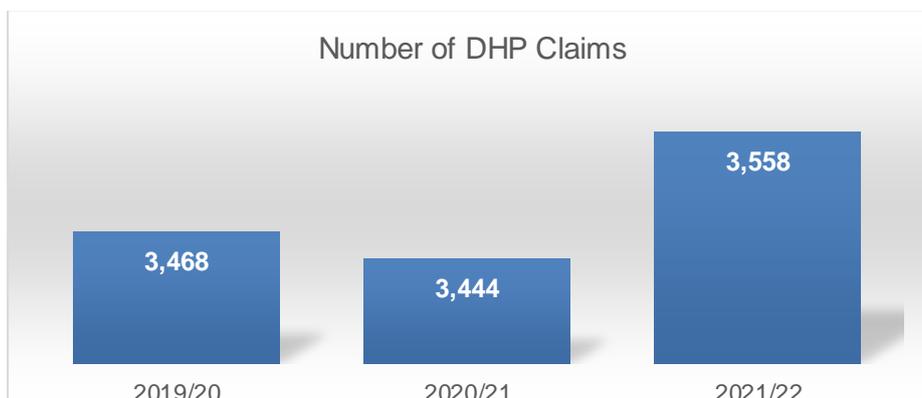
9. In line with DWP guidance, claimants in Sefton are required to make a DHP application before the Council can consider making a payment.
10. The claimant is asked to provide any information the Council needs to decide, for example, details of income, capital, and expenditure.
11. The Council notify the decision in writing, providing an appropriate explanation and/or reasons for non-payment.

12. The claimant can ask the Council to reconsider/review an earlier DHP decision.
13. The Council's Benefits team has built up considerable expertise and local knowledge in handling all aspects of DHP administration, including profiling the available budget to meet demand over the course of the financial year.
14. Staff considering DHP claims will review the Housing Benefit award to ensure that a claimant is in receipt of their maximum entitlement. In addition, claimants are signposted to other available support, such as budgeting/debt advice, housing options and the availability of financial support such as Council Tax Exceptional Hardship funding, Emergency Limited Assistance Support.
15. To manage the reduced DHP fund, staff are making reduced awards, periods of awards are shorter and a greater number of DHP claims are being refused, which is increasing the number of reviews that are being submitted.
16. The Council has made social landlords and Sefton Citizens Advice aware of the reduced DHP fund to help manage expectations and to reinforce that DHP awards must be limited to those who demonstrate that they are suffering severe financial hardship.
17. The Council's existing policy has recently been reviewed in line with recent DWP guidance, and objectives previously agreed when considering whether to make a DHP award remain valid and relevant. The objectives, listed below, are not mandatory but are at the Council's discretion and are not limited, include: -
  - a. Alleviating poverty
  - b. Encouraging and sustaining people into employment
  - c. Tenancy maintenance and homelessness prevention
  - d. Safeguarding residents in their own homes
  - e. Keeping families together
  - f. Ensuring that support is provided to domestic violence victims trying to move to a safe place
  - g. Supporting disabled people to remain in adapted properties
  - h. Supporting care leavers
  - i. Supporting the work of foster carers

## **DHP Annual Summary**

18. The tables below provide a summary for Sefton Council showing DHP claim volumes, the total amount of DHP awards made and reasons for awards.

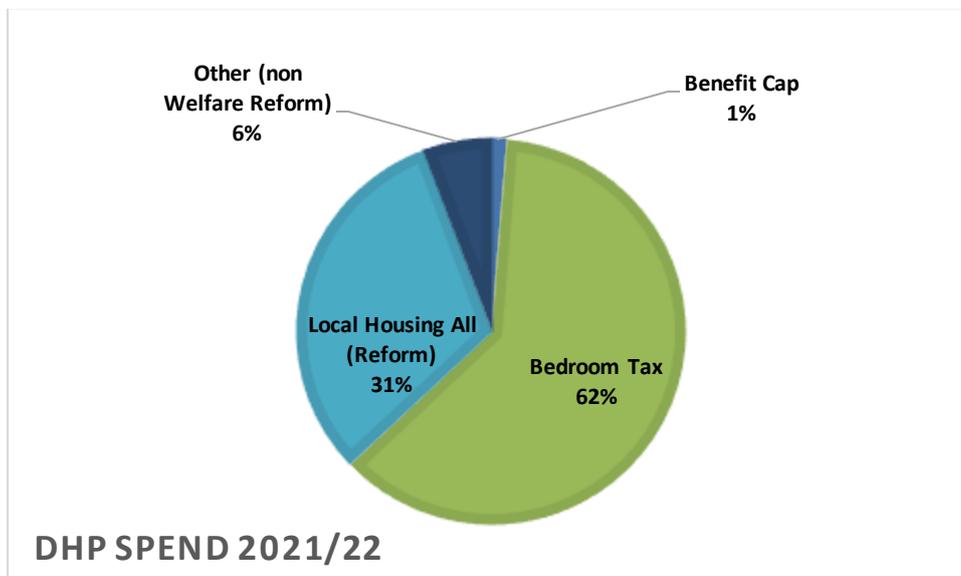
The following table shows the total number of applications received for each of the past three years: -



The following table provides an overview of the reasons the DHP award was made and the reason that the DHP claim was submitted.

	Benefit Cap (£)	Bedroom Tax (RSRS) (£)	Local Housing Allowance reform (£)	Combination (£)	Other (non-welfare reform) (£)
To help secure and move to alternative accommodation (e.g., rent deposit)	0	634.99	1237.73	0.00	3282.06
To help with short term rental costs while the claimant secures and moves to alternative accommodation	534.22	2472.66	1954.30	0	3267.63
To help with short term rental costs while the claimant seeks employment	0	4017.73	1843.54	0	3031.98
To help with repeated rental costs for disabled person in adapted accommodation	0	39.3	0.00	0.00	0
To help with repeated rental costs for a foster carer	0	464	0	0	0
To help with repeated rental costs for any other reason	8389.41	423982.08	214887.91	0.00	29853.46
<b>Total</b>	8923.63	431610.76	219923.48	0.00	39435.13

This can be further summarised as follows:



19. The Council has taken a robust approach to monitoring and profiling the government allocation to ensure that the funding is fully used to support Sefton residents in need of additional financial support.
20. The DWP asks the Council to provide monitoring information several times during each financial year to improve central government's understanding of how DHPs are being used. This includes level of expenditure, number of awards the number, and reasons for the award.

### **National DHP Picture**

21. Information and data recently published by the DWP provides an overview of how DHPs are allocated across the country.
22. The DWP reports that in the financial year ending March 2022, local authorities spent £142 Million on DHP awards. This varied between local authorities, with nearly half (47%) spending between 95% and 105% of their allocated funding. They also reported that 53% of local authorities failed to spend their allocation, totalling £4.7 million. Over the last 10 years, Sefton Council has fully allocated DWP funding and has not had any underspend to return.

### **Publicising DHPs**

23. The Council's Benefits team works closely with colleagues in the Communications, Housing Options and Welfare Rights teams, as well as with partners, such as registered social landlords, Sefton Citizens Advice to promote and publicise the availability of the DHP scheme.

### **Summary**

24. The review of the Council's DHP policy and procedures in line with recently issued DWP guidance indicates that it remains valid and relevant. Regulations continue to give Sefton Council very broad discretion when considering DHP

claims. As highlighted within this report, the government DHP funding allocation is reducing yearly and so the Council will continue to profile and monitor spend, and signpost claimants to other available options for support.