

WIRRAL COUNCIL

CABINET

10 OCTOBER 2013

SUBJECT	DISCRETIONARY HOUSING PAYMENT FUND 2013/14 POLICY - SUPPORTING TENANTS SHORTFALL IN RENT
WARD/S AFFECTED	ALL
REPORT OF	HEAD OF BUSINESS PROCESSES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR ADRIAN JONES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides information on the intended allocation of the Discretionary Housing Payment (DHP) Fund following the implementation of key aspects of the Welfare Reform Act from April 2013. It also details the general principles of how staff will assess each claim given the significant shortfall in funds available.

2.0 BACKGROUND AND KEY ISSUES

- 2.1. Central Government has for many years allocated a direct grant sum in order to help alleviate a shortfall in rent and this has been administered by the Council's Housing Benefits service. In light of the additional financial effects of the welfare reforms in 2013 on the most vulnerable claimants, the government significantly increased the amount of funding available.
- 2.2 Nationally, the total fund increased from £60m in 2012/13 to £155m in 2013/14 with the specific intention of addressing issues arising from the implementation of the social sector size criteria or "bedroom tax" and the benefit cap .The benefit cap will be rolled out and affect Wirral Residents from July 2013 whilst under occupation regulations were implemented in April.
- 2.3 Wirral's funding for DHP increased from £522,238 in 2012/13 to £917,214 in 2013/14.This is the government contribution and there is an overall limit of £2,293,035 which cannot be exceeded but of which, any expenditure above the government grant would fall to be met from the authority's own General Fund. Wirral has never exceeded the government grant limit in any previous year.
- 2.4. In August 2013 the government announced a £35m package of additional DHP support. This is split into three categories. Wirral does not qualify for the rural component of £5m and of the £10m pot Wirral receives £64,409 extra. The details of how the remaining £20m will be distributed are to be announced.

It seems likely to be via a bidding process and there is a suggestion that this will be linked to showing that the grant allocation is used in a fair, robust and

appropriate manner. Given the considerable shortfall all authorities face it is expected bids in excess of the sum available will be made

- 2.5. At the start of the financial year Wirral had 4,228 households deemed to be under occupying and have had their Housing Benefit restricted. Of these 901 were subject to 25% reduction (average £22 pw) in respect of two or more rooms, the rest are 14% reductions in respect of one bedroom (average £12 pw). The government made last minute provisions for households to be allowed a room for foster children, a disabled child or serving members of the Armed Forces to exclude from these reductions and officers continue to identify claimants who fall into these categories.
- 2.6. In 2012/13 Wirral spent £464,830 in respect of 1,210 awards all in respect of Private Tenant claims. The balance (or under spend) was able to be carried forward to this year.
- 2.7. Since April the Benefits service has received over 800 claims for DHP with over 50% of those as a direct result of this change in legislation. As at 1st September the number of awards made was £292,433 paid or committed based on 600 applications with a further 200 plus applications awaiting processing on the receipt of further information. Further applications are expected once recovery action is taken by landlords and it is still projected that this funding will be used within year.

3.0. **DISTRIBUTION OF THE FUND**

- 3.1. The DHP fund in 2013/14 is intended to assist those in both the private and social rented sector by helping to meet a shortfall in rent, to enable them to remain in their accommodation. When the fund was originally set up in 2001, awards were seen as a short term solution. Clearly given the range of situations seen that is not always appropriate and there are circumstances where someone does not have the ability to pay and either there is no suitable alternative accommodation or it would be unreasonable to expect them to move and DHP awards are more long term.
- 3.2. There are no rights of appeal against a decision whether or not to make an award or against the level of award. Wirral continues to operate good practice by having an internal review process available. The only legal route in relation to challenge is limited to Judicial Review should a policy be considered to fetter discretion or be unreasonable.
- 3.3. It is Wirral's practice to consider each case individually using the following criteria which will also be used this year:-
 - The claimant's circumstances - whether it is reasonable to expect them to move to more affordable accommodation. For example;
Have adaptations been made to the property to meet disability needs,
Is there a strong support network in place locally for those who need it
The effects on children's schooling
Supporting people in work, particularly if they live near to their place of work

- The level of disposable income – we will consider declared household income and acceptable levels of essential expenditure as well as whether there is sufficient household income remaining to meet the shortfall in rent.
 - Homelessness prevention – as trialled last year we have initially allocated £35,000 of the fund to the Housing Options Team who make decisions regarding awards for tenancy deposits, moving costs to enable people to take up sustainable tenancies.
 - The length of the award – Short term awards which bridge the gap until housing benefit increases due to a change in someone's circumstances are considered favourably and we will consider a mid term award to enable someone to find more affordable accommodation. Longer term awards are more likely to be given to those who are vulnerable and in exceptional circumstances.
- 3.4. In determining ability to pay the shortfall, some eligibility criteria may appear to have been disregarded. This is likely to be the case where the claimant and partner have a disability and receive a high level of disability benefits. Whilst we disregard disability benefits related to mobility expenditure, if there is a high level of disposable income remaining we may conclude that it is not unreasonable to expect the shortfall to be met from that income provided that in doing so, we would not create a situation of financial hardship. The need here is to balance sensitively those with disability and a level of disposable income available alongside those with no disposable income who also need to preserve residency at least whilst looking for alternatives.
- 3.5. Social Sector tenants have been protected from the changes which affected those in the Private Sector since April 2008 and there is a noticeable reluctance to accept that Welfare Reforms do affect all types of tenants receiving Housing Benefit.
- 3.6. The Welfare Reforms have undoubtedly affected most ,those of working age who are not considered vulnerable .Those who are affected by changes to Housing Benefit are also those affected by the introduction of Council Tax Support which is significantly less favourable than the old Council Tax Benefit scheme. In Wirral , those who previously received 100% Council Tax Benefit now only receive 78% benefit .For a Band A property this means a payment of £18.34 pm which is not eligible for benefit and which must be paid from existing benefits .
- 3.7. Job Seekers Allowance weekly benefits rates are :-
- single under 25 - £56.80
 - single over 25 - £71.70
 - couple - £112.55

This demonstrates a distinct lack of ability to pay any shortfall for those in these categories compared to those in receipt of higher levels of disability benefits with higher weekly income.

- 3.8. To award DHP to all those affected by the under occupancy sanction alone would cost around £3m a year. Last year's DHP expenditure was primarily in respect of claimants in the private rented sector. It is expected that call on this fund by private rented sector tenants will be largely unaltered so there is clearly still a need to give consideration to the requirements of this sector alongside considering those in the social rented sector. Added to that is the Benefit Cap regulations which begin in July 2013 and may also see these claimants looking to access this fund to assist their shortfall in rent and this is reflected in the attached matrix. Unless our criteria changes towards private sector this would leave less than £500,000 available for the RSL sector or policy or about £1 to use for every £5 shortfall.
- 3.9. As with any discretionary power the Council must show it has both an overall procedure as to how this fund will be distributed (which is set out above) while ensuring that each case is treated on its individual merits. To further assist attached to this report is the initial matrix to be used to look at cases and decide what evidence is required for each type of case, what will be the likely period of award and a current rank in priority given the sum available is less than the call on the fund. This matrix is for indicative purposes and will be kept under review.
- 3.10. We have enhanced the decision making process so there is a more focussed approach and expenditure is made in respect of those with the greatest need. Decisions are authorised by senior processing staff and expenditure is monitored monthly. Should trends indicate the funding will be insufficient to sustain current, committed and future awards, the criteria would need to be reviewed or this would impact on the Council's overall General Fund.
- 3.11. We are working closely with landlords to look at priority cases and where possible avoid them taking action regarding arrears. However that will be a decision for each landlord. Job Centre Plus are working specifically with Wirral Partnership Homes to actively place people in employment and to get help and budgeting advice for those not fit for work.
- 3.12. We will give consideration to the next stage of partnership working to facilitate a more holistic approach to issues around requests for DHP and, in particular, those claims which we have to refuse.
- 3.13. The authority (Cabinet 24 January 2013 minute 168) has committed to a six month review of its Local Welfare Assistance Scheme which is in its first year of operation and has an award fund of £1,345,925. This review will be concluded in the Autumn and an early consideration is how that fund may assist organisations to support people rather than as an ongoing direct cash support. Any corporate development in that field would easily link to supporting claimants who look to access this scheme as well. The Benefits service will work with corporate colleagues to develop any proposals in this regard.

4.0 RELEVANT RISKS

- 4.1 There are a number of key risks associated with the extension of this scheme to the Social Landlords Sector. These are:

- The value of eligible applications will exceed the allocated grant and a form of limitation will need to be utilised.
- The Council unless it diverts resources from other budgets will have to refuse applications once the grant has been spent which may cause hardship to claimants;
- The scheme is to be continuously monitored and scrutinised spending which may require adjustment of the eligibility criteria and this may mean that those cases with a lower priority will be the first to be excluded from the scheme if the budget cannot accommodate them.
- The number of applications for the scheme could escalate as other welfare reforms are rolled out. The Benefit Cap regulations begin in July 2013 and may also see these claimants looking to access this fund to assist their shortfall in rent.
- The impact on landlords and claimant could include recovery action by landlords and ultimately add to the already acknowledged overall increase in evictions and homelessness
- Whilst we are able to accurately estimate resources required to administer the scheme as demand levels rise staff resources could be insufficient to process applications within required timescales.
- Capacity of other service areas and external organisations to handle the outcomes of this limited scheme e.g. voluntary organisations receiving increased claimant referrals and landlords who face a decision over a rent shortfall.

5.0 OTHER OPTIONS CONSIDERED

- 5.1 The methodology set out in this report which is to be used in distributing this grant will be kept under review.

6.0 CONSULTATION

- 6.1 This has been undertaken internally with Housing and Regeneration colleagues. Externally we continue to work with both private and social sector landlords as well as advice organisations.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 The likely shortfall in available grant will see increased referrals to such groups where they have advice work or are a base for support and relief to those with financial hardship

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 8.1 Financial - Should the DHP expenditure exceed the Government contribution of £917,214 plus the new element of £64,405 then any excess would fall to be met from the authority's General Fund. There is no additional funding set within the Councils budget for any overspend. The authority may receive additional sums from the £20m additional DHP fund announced in August which is contingent on how that is to be awarded to authorities.

- 8.2 IT – our system already handles this type of application and will do so under this extended scheme.
- 8.3. Staffing – These applications require consideration by experienced assessors and given the increased numbers of applications this continues to place an increased pressure on the resources of the benefits service. While the shift to on line or self access continues this area of work requires a level of personal support from both benefits and customers services staff.
- 8.4. Assets – there are no implications arising from this report.

9.0 LEGAL IMPLICATIONS

- 9.1 The authority continues to act within the legislation and guidance available.

10.0 EQUALITIES IMPLICATIONS

- 10.1 The procedures identify the need to take account of protected groups and a revised EIA has been undertaken.

11.0 CARBON REDUCTION IMPLICATIONS

- 11.1 There are no implications arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 12.1 There are no implications arising directly from this report.

13.0 RECOMMENDATIONS

- 13.1 That the outline procedure for assessing applications for Discretionary Housing payment be approved and that officers keep the policy under review.
- 13.2. That Members receive periodic updates on the application of this procedure.

14.0 REASON FOR RECOMMENDATION

- 14.1 That Cabinet is aware of the overall situation with regard DHP's and can approve the procedures officers will use to handle these applications.

REPORT AUTHOR: Malcolm Flanagan
Head of Business Processes
telephone: (0151) 666 3260
email: malcolmflanagan@wirral.gov.uk

Discretionary Housing Payment – Priority Matrix from June 2013

Appendix 1

Claimant groups	Evidence required	Likely award period	Priority level
Foster carers if room requirement is > 1 room	Confirmation of number of rooms required Consider amount of disposable income	For up to 52 weeks from the date of last placement	1
Claimants who :- <ul style="list-style-type: none"> have adaptations to their property to meet disability needs need separate rooms for medical reasons it is unreasonable to expect to downsize due to a medical condition & do not meet criteria for additional bedroom 	Medical evidence Consider amount of disposable income	Long term	1
Expectant mothers over 20 weeks pregnant	Medical evidence of due date Consider amount of disposable income	Short term –to date of confinement	2
Housing Benefit claimants subject to the benefit cap	Consider amount of disposable income	Short term –until alternative accommodation found (may not necessarily be referred via/to Housing Options)	2
Room left vacant for child in temporary care of the LA	Evidence that child is in care . Consider amount of disposable income & take account of temporary absence rules	Short term	2
Households with significant birthdays within 12 months	Consider amount of disposable income	Medium term – to date of significant birthday	3
Private sector under 35s	Consider amount of disposable income	Short term	3
Care leavers –up to the age of 25 (protected from SRR up to age 22)	Consider amount of disposable income	Medium term	3
Claimants within 12 months of pension credit qualifying age	Consider amount of disposable income	Medium term – until significant birthday	3

Homelessness prevention – discuss with Team Leader	Confirmation of priority homeless status Consider amount of disposable income	Short term	3
Low income claimants who can demonstrate hardship . Consider favourably those who live near to their workplace .	Consider amount of disposable income .	Short term It may be appropriate to give a long term award to enable someone to remain in work .Discuss with Team Leader .	4
Claimants under 25 - on lower benefits rates until they are 25	Consider amount of disposable income	Short term	4

Term Period Guidance

Short term = 13 weeks

Medium term = until a relevant date in the future or 26 weeks

Long term = 52 weeks and subject to review.