

**EXECUTIVE
COMMITTEE**

23rd August 2011

DISCRETIONARY HOUSING PAYMENT - REVISED POLICY

Relevant Portfolio Holder	Councillor Michael Braley, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas, Head of Finance & Resources
Wards Affected	All Wards
Key Decision	

1. SUMMARY OF PROPOSALS

This report proposes amendments to an existing policy.

Members are also asked to consider whether the permitted total is still the appropriate level of support and to update the working arrangements of the scheme in the light of new guidance and changes in how Housing Benefit entitlement is calculated.

2. RECOMMENDATIONS

2.1 The Committee is asked to RECOMMEND to the Council that

- a) the Discretionary Housing Payment Policy set out at Appendix 1 to the report be approved; and**
- b) the new working arrangements for Discretionary Housing Payments be agreed, as detailed in the report.**

2.2 The Committee is also asked to RECOMMEND that

the appropriate level of support be:

EITHER

- i) to continue to make payments up to the permitted total; OR**
- ii) to restrict payments to the Government grant; OR**
- iii) to set an expenditure limit between the grant and the permitted total; the amount to be reviewed from time to time to take into account demand and finance; and**

that the necessary budget (*to be determined*) be made available to support the chosen option.

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3. KEY ISSUES

Financial Implications

- 3.1 There may be an unbudgeted increase in expenditure. Reducing expenditure too much may lead to increased costs for the authority if more tenants make contact regarding assistance for accommodation.
- 3.2 The Head of Finance & Resources has been consulted with regard to the financial implications.

Legal Implications

- 3.3 No legal implications have been identified.

Service/Operational Implications

- 3.4 Discretionary Housing Payments (DHP) were introduced on 2nd July 2001 under the Discretionary Financial Assistance Regulations 2001 (SI2001/1167). The current arrangements were authorised on the 26th September 2001.
- 3.5 These awards are intended to provide additional financial assistance where the Local Authority considers that further help with housing costs is needed. Housing costs are not defined in the regulations but can include rent liability, council tax liability, rent in advance, rental deposits or other lump sum costs associated with a housing need such as removal costs.

Although the regulations give broad discretion DHP decisions must be made in accordance with normal good decision making – the authority must act fairly, reasonably and consistently.

- 3.6 There is also an expenditure cap that limits DHP spending in any one financial year to two and half times the grant received from central government. Any unspent government grant has to be returned. Article 7 of the Discretionary Housing Payment (Grants) Order 2001 (SI2001/2340) sets the overall expenditure limit.
- 3.7 Each year a DHP fund of £20 million pounds has been distributed by the Department of Work and Pensions (DWP). Each authority's allocation is based on the mid-point between its DHP spend for the latest year for which the DWP have reliable data and the authority's contribution for that year.

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3.8 In order to partially mitigate some of the expected reductions in Housing Benefit (HB) following changes to Local Housing Allowance rules the national DHP fund is being increased to £30 million for 2011/12 and to £60 million from 2012/13. For 2011/12 the additional £10 million has been allocated based upon the DWP estimate of the total gross HB reductions expected for each authority.

3.9 The table below gives local details for the last three years regarding the DHP grant received, amount spent and the total benefit expenditure for that year.

	2008/09	2009/10	2010/11	2011/12
Grant	£9,569	£14,120	£12,446	£23,013
Cap	£23,923	£35,300	£31,115	£57,533
Actual expenditure	£16,156	£20,197	£18,816	-
Number of awards	80	84	96	-
Total expenditure	£23,858,401	£28,752,816	£29,802,571	

3.10 As a consequence of these increases in grant the permitted total or cap will become a considerable sum, more than £57,000 in 2011 and perhaps more than £100,000 in 2012. In view of this, the Committee is requested to re-consider whether the current arrangements, where payments up to the permitted total are allowed, should continue or whether to consider alternative arrangements. There are three main options:

3.11 Option 1. Continue to allow payments up to the permitted total. This would enable the greatest amount of support to local households affected by the changes to Housing Benefit but may not be affordable or sustainable.

3.12 Option 2. Restrict payments to the Government grant. This would reduce direct cost but may increase indirect costs. The next few years will see constant change in how Housing Benefit entitlement is calculated, mostly leading to reductions in awards, which may lead to increased demand for housing assistance. This option may also lead to a reduction in the grant received as the DWP distribute the grant based on a mid-point between an authority's grant and their actual expenditure on these payments.

3.13 Option 3. An expenditure ceiling is agreed, somewhere between the grant and the permitted total. The actual amount could be reviewed periodically to take into account demand and finance. This option offers a balance between supporting local households through a period of uncertainty and controlling the cost. Additionally the expenditure could be increased or decreased to reflect the impact of the changes and any changes

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in the authority's financial position.

- 3.14 This report proposes amendments to the existing policy. To consider whether the permitted total is still the appropriate level of support and to update the working arrangements of the scheme in the light of new guidance and changes to how HB entitlement is calculated.

Customer / Equalities and Diversity Implications

- 3.15 Discretionary Housing Payments will be made to some of the more vulnerable residents in the Borough to support them to either remain in their home or assist in moving to amore sustainable tenancy.

4. RISK MANAGEMENT

- 4.1 There is a risk that expenditure will increase at a time when budgets are being reduced.
- 4.2 Reduction in expenditure may lead to higher levels of homelessness with the associated costs.
- 4.3. Tenants that have reductions in Housing Benefit which are not helped with a DHP award may experience hardship and get into debt.

5. APPENDICES

Appendix 1 - Draft Discretionary Housing Payment Policy 2011

6. BACKGROUND PAPERS

DHP policy 2001 / Best practice March 2011 - DWP guidance.

7. KEY

CTB	Council Tax Benefit	DWP	Department of Work and Pensions
DHP	Discretionary Housing Payment	HB	Housing Benefit
		LHA	Local Housing Allowance.

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