



Haringey Council

Report for:	Cabinet Member Signing -03/03/15	Item Number:	
Title:	Haringey's Discretionary Housing Payment Policy for 2015/16		
Report Authorised by:	Tracie Evans Chief Operating Officer		
Lead Officer:	Carla Segel Assistant Head of Service – Revenues, Benefits and Customer Services		
Ward(s) affected: All	Report for Key/Non Key Decisions: Key Decision		

1. Describe the issue under consideration

- 1.1 Each year, the Department for Work and Pensions (DWP) makes grants available to local authorities for Discretionary Housing Payment purposes.
- 1.2 Discretionary Housing Payments (DHPs) are administered by local authorities and provide financial assistance (outside of the Housing Benefit and Universal Credit regulations) to help tenants meet their housing costs. They can play an important role in sustaining tenancies, preventing homelessness and, where needed, enabling tenants to move to more affordable accommodation.
- 1.3 In 2015/16, the total DHP grant budget (shared between all local authorities in England, Scotland and Wales) is £125 million a 40% reduction from last year. Haringey's share is £1,485,882 – a 40% cut from last year (when our total was £2,465,556).
- 1.4 The purpose of this report is to recommend the annual approval of a Discretionary Housing Payments Policy. The policy has not been amended from 2014/15, however, there is 40% less funding available in 2015/16, so the Council will need to more carefully consider the merits of each application. The policy, at **Appendix A**, will ensure that, during 2015/16,



Haringey Council

these limited DHP resources are used in a way that is not only fair but also supports those households that are in most need of assistance.

2. Cabinet Member Introduction

- 2.1 The Government's pernicious welfare reforms continue to make the lives of Haringey's low paid families much harder. As the report notes, both the Benefit Cap and Social Rented Sector Size Criteria (more commonly known as the 'Bedroom Tax') are expected to reduce by more than £4 million a year the amount of Housing Benefit paid to households that are living in Haringey and/or in temporary accommodation. Such reforms inevitably are putting significant pressure on Haringey's DHP budget.
- 2.2 In that context, I believe the Government's decision to cut Haringey's grant to support these payments by 40% is impossible to justify. It further limits the Council's capacity to support residents at a time when many are struggling to make ends meet and the Council's budget continues to be hit by the Government's austerity programme. However, with the resources at our disposal, Haringey will ensure that the DHP policy for 2015/16 is administered in a fair and transparent way. We remain committed to doing everything we can to sustain tenancies, prevent homelessness and, where possible, ensure tenants secure more affordable accommodation.

3. Recommendations

- 3.1 It is recommended that the Cabinet Member for Resources and Culture:

Approves Haringey's Discretionary Housing Payments Policy 2015/16 (see **Appendix A**) as the means by which the Council will determine how the DHP funds will be allocated during the 2015/16 financial year having regard to the Equalities Impact Assessment set out in **Appendix B**.

4. Alternative options considered

- 4.1 Consideration has been given to the option of continuing with Haringey's existing Discretionary Housing Payment Policy. The policy needs to be reviewed each year in line with the new allocation of funding and as such this option was not viable. Whilst taking into account the funding changes it was deemed appropriate to review the way applications are dealt with in order to take into account the substantial increase in demand for DHPs, the severe impact that the Benefit Cap and the Social Rented Sector Size Criteria is having on many households, and the need for the Council to make best uses of the limited resources available.
- 4.2 In the course of developing Haringey's DHP Policy for 2015/16, officers have considered a wide range of options – including which claimants should be awarded priority and under what circumstances, whether or not claimants should receive DHPs for a period exceeding 12 months, and whether or not conditions should be attached to the award of a DHP – but have always been mindful of the fact that the Council must not fetter its discretion and



Haringey Council

needs to consider all applications (including those that are not listed as a priority) on their individual merits.

- 4.3 There has been an ongoing inclusion of conditionality in the Policy to make it clearer to claimants what the outcomes could be if they do not adhere to conditions around their award (such as engaging in work programmes). These changes have been made to support the following principles:
- To ensure it is clear for the customer what the expectations are around the activities they need to take to secure and keep a DHP award.
 - To support the work initiatives of the Council to ensure people engage in work and training activities
 - To support Haringey in making difficult decisions about who should get the money – the funds are limited and so we need to channel them appropriately
 - To give flexibility in relation to Temporary Accommodation and affordable accommodation rules.
- 4.4 Consideration has been given to the option of the Council 'topping up' the DHP budget using its own financial resources. However, taking into account the considerable demands of the Council's finances – and the fact that the full effects of the welfare reforms are not yet fully known – it is not possible to agree any further spend from Council funds.
- 4.5 It is noted that officers will have to be cautious when awarding DHPs in 2015/16, and cannot provide the same levels of assistance to claimants in 2015/16 as was possible in 2014/15.

5. Background Information

Discretionary Housing Payments

- 5.1 DHPs were introduced in 2001 and are used by local authorities to provide financial assistance to claimants in receipt of Housing Benefit or Universal Credit when the Local Authority considers that additional help with housing costs is required.
- 5.2 Housing costs are generally defined as rental liability, but can also include other costs such as a rent deposit. DHPs may be awarded as a one-off payment or periodically for a period the Local Authority considers appropriate.
- 5.3 The Discretionary Financial Assistance Regulations 2001 (as amended) provide the legal framework for DHPs. Although the DWP provides guidance to Local Authorities on how DHPs can be used, Local Authorities have a large degree of discretion over the scheme and there are few regulatory restrictions.
- 5.4 In 2015/16, the national DHP grant budget is £125 million, comprising a core amount of £15 million, a Benefit Cap allocation of £25 million, a Social Rented Sector Size criteria



Haringey Council

allocation of £60 million and a Local Housing Allowance (LHA) Reforms allocation of £25 million. Only the amount allocated against Social Rented Sector Size criteria has remained unchanged – all other areas have been significantly reduced.

Haringey's DHP Budget 2015/16

- 5.5 Haringey's share of the national DHP grant is £1,485,882. We have not received the breakdown of this from Central Government however have estimated using previous year's figures:

Area	Breakdown for 2015/16	Allocation for 2014/15
Core Amount	£178,306	£292,880
Benefit Cap	£742,941	£1,246,897
Social Rented Sector Size Criteria	£208,023	£343,143
Local Housing Allowance Reforms	£356,614	£582,636
Total	£1,485,882	£2,465,556

2014-15's grant was £2,465,556. In 2015-26 the allocation is £1,485,882, a £979,964 / 40% reduction.

- 5.6 Although the DWP provides an indicative breakdown of its grant allocation of £1,485,882, the way in which the overall DHP grant allocation is spent is at the Council's discretion. Each case must be considered on its individual merits and decisions must be consistent throughout the year.
- 5.7 Although the Council may 'top up' the DHP grant using its own resources, total expenditure on DHPs must not exceed £3,714,705 (2½ times the DWP grant) in 2015/16.
- 5.8 Due to the numerous competing pressures on its finances, Haringey has historically not provided any extra funding for its DHP budget over and above DWP grant.
- 5.9 Between them, the Benefit Cap and Social Rented Sector Size Criteria are expected to reduce, by more than £4 million a year, the amount of Housing Benefit paid to households that are living in Haringey or / and in temporary accommodation.
- 5.10 The problem is further compounded by the impact that the Local Housing Allowance reforms (including the LHA Caps, the Shared Accommodation Rate and the use of the 30th percentile to calculate LHA rates) and increases in the size of non-dependant deductions will have on the amount of Housing Benefit that claimants receive. These will place even more strain on Haringey's DHP budget which will be insufficient to replace the amount of Housing Benefit lost.



Haringey Council

- 5.11 The DWP has made it clear that the DHP funding is not intended to replace lost benefits but to provide, instead, extra resources that local authorities can use to assist those most affected to adjust to a long-term, affordable approach.
- 5.12 The proposed DHP Policy (see **Appendix A**) seeks to allocate these resources in a way that is not only fair but also supports those in most need of assistance. This policy is reviewed annually and amended as appropriate in light of any legislative changes, trends or other factors that impact on its effectiveness.

6. Comments of the Chief Finance Officer and Financial Implications

- 6.1 Experience of the last two years has shown that the Authority has been able to manage the administration of DHP spend within its overall DWP allocations. Our analysis of DHP spend to date in 2014-15 suggests that, if the spend to date were to continue at the same rate, it would reach circa £2,419,000 by the end of the year (i.e. within the overall allocation of £2,663,309 which includes the core grant £2,465,556 and an additional one off grant of £197,753).
- 6.2 However the DWP notification in February highlights a large reduction to its DHP Funding for Local Authorities nationally, with Haringey's 2015/16 share falling to £1,485,882. This potentially presents a significant challenge to the Council. The on-going demand pressures brought about by the continuing Welfare Reform changes will need to be carefully managed, within the requirements of the scheme. The Service have provided assurance that (supported by Finance) it will continue to monitor spend throughout the year against the allocation received, to minimise any demands on the Councils funds.

7. Comments of the Assistant Director of Corporate Governance and Legal Implications

- 7.1 The Assistant Director of Corporate Governance has been consulted in the preparation of this report.
- 7.2 The Discretionary Financial Assistance Regulations 2001 (as amended) ("the Regulations") provide the legal framework for DHPs.
- 7.3 The Regulations give the Council a very wide discretion to determine a local scheme for DHPs. However decisions must be made in accordance with public law principles and the duty to demonstrate fair, reasonable and consistent treatment between applicants. Further, the Council must not act in a way which 'fetters' its duty to properly exercise its discretion, and each case must therefore be considered on its own merits.
- 7.4 In accordance with Article 7 of the Discretionary Housing Payment (Grants) Order 2001 the Council's total expenditure on DHP cannot exceed the overall cash limit of



Haringey Council

two and a half times the government contribution. To award DHP above this level would be unlawful. Any unspent DHP funding must be returned to the DWP at the end of the financial year.

- 7.5 The Council must ensure that it has due regard to its Public Sector Equality Duty in formulating its DHP policy and the Lead Member will need to consider the Equalities Impact Assessment at **Appendix B**.

8. Equality and Community Cohesion Comments

- 8.1 The Policy described in this report will be administered by the Council to provide financial assistance not covered by the Housing Benefit and Universal Credit regulations in order to help tenants at risk of homelessness to meet their housing cost. It is therefore an additional tool to enable the Council to play an important role in helping to sustain tenancy, prevent homelessness and where applicable, by helping tenants to move to more affordable accommodation.
- 8.2 The policy is an integral part of how the Council will administer the Welfare Reform Act 2012 while at the same time ensuring that the most vulnerable are afforded effective protection and the impact on groups protected by the Equality Act are identified and mitigated.
- 8.3 Other Haringey policies relating to the administration of the Welfare Reform Act include the Council Tax Reduction Scheme, which was agreed by Full Council in November 2013 (for the 2014/15 Scheme) and Implementation of the Support Fund approved by Cabinet in April 2013.
- 8.4 In compliance with the Council's public sector equality duty, all of these were subjected to a full equality impact assessment to identify how they would impact on existing benefits claimants who have the characteristics protected by section 4 of the Equality Act 2010 as well as other vulnerable groups such as homeless people not specifically identified in the Act.
- 8.5 The results of those assessments show that although in each case, the reforms would impact negatively on claimants in all protected characteristics, certain groups are at a higher risk of negative impact than others. A review of this Discretionary Housing Payments Policy has also identified the same groups to be likely to be disproportionately affected. The EQIA in **Appendix B** sets out potential mitigation measures for these impacted groups, however it is noted that any changes in funding allocation will have a detrimental affect.

9. Head of Procurement Comments



Haringey Council

9.1 N/A

10. Policy Implication

10.1 The 2015/16 DHP Policy includes information on eligibility, award durations and conditionality that may be attached to an award.

10.2 The process will continue to be run by Haringey Council and remains separate from the Department of Work and Pension's (DWP) Housing Benefit and Universal Credit awards.

11. Reasons for Decision

11.1 Each year, the Department for Work and Pensions (DWP) makes grants available to local authorities for Discretionary Housing Payment (DHP) purposes. DHPs can play an important role in sustaining tenancies, preventing homelessness and, where needed, enabling tenants to move to more affordable accommodation.

11.2 In 2015/16, Haringey will receive a DHP grant of £1,485,882. Although the DWP provides guidance to local authorities on how DHPs can be used, local authorities have a large degree of discretion over the scheme and there are few regulatory restrictions.

11.3 A new Discretionary Housing Payments Policy is needed to ensure that, during 2015/16, Haringey's limited DHP resources are used in a way that deals fairly and effectively with the substantial increase in demand for DHPs, the severe impact that the Benefit Cap and the Social Rented Sector Size Criteria are having on some households, and helps sustain tenancies and prevent homelessness.

11.4 It is also needed to enable tenants to make a successful transition into employment and/or to move to more affordable accommodation.

12. Use of Appendices

12.1 Appendix A – Haringey's Discretionary Housing Payments Policy 2015/16

12.2 Appendix B – EQIA Screening Tool

13. Local Government (Access to Information) Act 1985

13.1 N/A