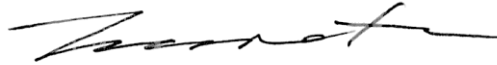


Report for: Cabinet Member Signing, 15th March 2016

Item number: 3

Title: Haringey's Discretionary Housing Payments Policy for 2016/17



Report

Authorised by: Tracie Evans, Chief Operating Officer

Lead Officer: Amelia Hadjimichael Head of Benefits

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key

1. Describe the issue under consideration

1.1 Each year the Department for Work and Pensions 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 As part of the report on local welfare assistance presented to Cabinet on 19th January, it was agreed that the Council would review and update its DHP policy by the end of 2015/16 to take account of the Local Government Financial Settlement allocation and the changes that are due to come in through the Welfare Reform and Work Bill. The report noted that as part of this review we would take steps to ensure that systems are in place to deliver support in line with agreed policies in a fair and consistent manner.

1.4 In 2015/16 the Council's DHP grant was reduced by 40%. The Council's DHP allocation for 2016/17 is £1,726,627 – a 16.2% increase on 2015/16. However, welfare

reform changes due to come in during 2016/17 are expected to greatly increase the demands on Discretionary Housing Payment funds for transitional support.

1.5 The purpose of this report is to recommend the annual approval of a Discretionary Housing Payments Policy. The policy, at Appendix A will ensure that, during 2016/17 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 Welfare reform continues to make the lives of Haringey's low paid families much harder. As the report notes, proposed welfare changes due to take effect in 2016/17, including the lowered benefit cap and a freeze in working age benefits, will significantly reduce the amount of Housing Benefit paid to households that are living in Haringey and/or in temporary accommodation. Such reforms will put significant pressure on Haringey's DHP budget in addition to the ongoing impact of previous welfare reform.

2.2 It is clear that a 16% increase in our DHP allocation will be insufficient to meet the scale of demand especially at a time when the Council's budget continues to be hit by the Government's austerity programme. In the face of these challenges it is important that our DHP budget is aligned with an overall more strategic approach to welfare reform focussed on increasing financial resilience and reducing demand for crisis support. 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:

3.2 Approves Haringey's Discretionary Housing Payments Policy 2016/17 (see Appendix A) as the means by which the Council will determine how the DHP funds will be allocated during the 2016/17 financial year having regard to the Equalities Impact Assessment (set out in Appendix B)

3.3 Notes recommended changes to the policy for 2016/17 taking account of the review of DHP policy as follows:

I) Reprioritised objectives of the policy to emphasize that funds are used in a preventative way towards homelessness and sustain tenancies in correlation with the Council strategy. (Para 6.11)

II) Emphasis to be placed on the contribution that applicants need to make to their rent shortfall, with a reasonable underlying principle that all claimants make some contribution unless there is a clear reason why they should not do so. (Para 6.12)

III) Strengthened conditionality as set out in the policy to be monitored to ensure consistency. The service will monitor any set conditions given to a household; this will be

taken in consideration in determining future awards, which may result in withdrawal of the DHP. (Para 6.17)

3.4 Notes recommended proposals for introducing improved monitoring of the outcomes of the DHP policy during 2016/17 (Para 6.23 and 6.24)

3.5 Notes recommended proposals to ensure our DHP procedures align with our overall strategic response to welfare reform (Para's 6.19 to 6.21 and Para 7)

4 Reasons for decision

4.1 The DHP Policy has to be reviewed each year.

4.2 Changes to the policy for 2016/17 are being proposed to ensure the policy aligns with the Council's strategic approach to welfare reform as set out in a report to Cabinet on 19th January and to improve the fairness and consistency of the policy.

4.3 Changes to the procedures which underpin the policy are proposed to ensure the policy aligns with the Council's strategic approach to welfare reform and is able to respond to increased demand arising from further welfare reform in 2016/17.

4.4 Changes to monitoring arrangements are proposed to ensure that the policy is delivered in a fair and consistent manner and supports the policy aims outlined in this report.

5 Alternative options considered

5.1 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. Taking account of welfare changes due to come in during 2016/17 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 welfare changes are having on many households, and the need for the Council to use its limited resources fairly and efficiently.

5.2 In the course of developing Haringey's DHP Policy for 2016/17, officers have considered a wide range of options, including which claimants should be awarded priority and under what circumstances and what conditions should be attached to the award of a DHP – but have always been mindful of the fact that the Council must not limit its discretion and the need to consider all applications (including those that are not listed as a priority) on their individual merits.

6 Background information

6.1 Discretionary Housing Payments (DHP) are short-term awards provided by local authorities to help people with housing costs. They can play an important role in sustaining tenancies, preventing homelessness and, where needed, enabling tenants to move to more affordable accommodation. They are increasingly being used to assist those affected by welfare reform.

6.2 A Council's decision to award a DHP is discretionary but it must be made in accordance with the regulations which cover DHPs (the Discretionary Financial Assistance Regulations 2001) and with the ordinary principles of good decision-making i.e. administrative law. In particular, local authorities have a duty to act fairly, reasonably and consistently. The Discretionary Housing Payment policy should support the decision-making process, enabling fair and consistent decisions to be made across the year.

6.3 Discretionary Housing Payments are not intended to be used as a long-term solution to a claimant's financial difficulties but provide short-term assistance to ease transitions and allow households time to find a way of resolving their difficulties.

6.4 Our allocation for 2016/2017 is £1,726,627 as confirmed in Subsidy Circular- HB S1 2016. This is a 16.2% increase on our funding allocation in 2015/16. The Government has increased the DHP allocation nationally in line with proposed changes within the Welfare Reform and Work Bill which will increase the need for transitional support for those affected by changes. The DHP policy has been updated to reflect this new funding allocation (page 1 Appendix A). The policy now also notes the Council's ability to top up the fund by a total of 150% of its allocation (page 1 Appendix A).

6.5 It is difficult to get an accurate model for how further welfare reform changes will impact on future demand for DHP. However, our welfare reform impact analysis has identified that proposed changes will put additional pressures on residents' ability to meet their rent commitments beyond the pressures arising from existing welfare reform and the ongoing impact of the private sector housing market. This includes:

I) A freeze on working age benefits including the LHA rate impacting from April 2016 - An additional 1700 private tenants would be affected by the LHA cap if rents in Haringey continue to increase at current rates with an average weekly shortfall of these households of £55 per week

II) Extension of the benefit cap impacting from autumn 2016 – 1571 new households affected by the cap and existing capped households would be further capped. The average weekly shortfall of all capped households will be £76.78.

III) Extension of the LHA rate to new tenancies impacting on rent from April 2018 – 1112 households in the social rented sector currently pay rent above the applicable rate. The average difference between their monthly rent and their applicable LHA rate is £167.44 per month

6.6 Haringey's current DHP policy was approved through Cabinet Member signing in March 2015. The Revenue and Benefits service has completed a review of the Discretionary Housing Payments policy aimed at ensuring the policy is delivered in a fair and consistent manner. The review has drawn on a range of evidence including service monitoring data and a recent cumulative impact analysis of proposed welfare reform changes. The review has considered a number of aspects of the existing policy including prioritisation of DHP resources, the length of awards, the size of awards and the use of conditionality.

6.7 Changes to the Policy for 2016/2017 (Para 3.3)

6.8 The Council's Discretionary Housing Payments policy must be an aid to fair and consistent decision-making on awards but at the same time offer sufficient flexibility so as not to fetter the Council's discretion. The review concluded that our existing DHP policy by and large does provide this framework but that changes to some areas of the policy would help to improve consistency and fairness in decision-making and align our policy with a more strategic and preventive approach to welfare reform.

6.9 The first change we are proposing to the existing policy is to reprioritise the objectives of the policy to emphasize that funds are used in a preventative way towards homelessness and sustain tenancies in correlation with the Council strategy.

6.10 Currently the majority of DHP support goes to households affected by the benefit cap, especially those with a large shortfall in rent and those in temporary accommodation, with 77% of DHP awards (and three quarters of funding) going to capped cases. This reflects the significant impact of the cap compared to other welfare reforms. The circumstances of applicants, and in particular their vulnerability, also plays a considerable part in award decisions, which is consistent with the aims of the policy. (Para 3.3, I)

6.11 However, given the significant demands on our front door services as a result of homelessness and the limits of our homelessness prevention budget to address the quantum of need, it is important that DHP funds do more to support our broader aims around homelessness prevention. It is therefore proposed that there is greater alignment in the use of DHP funds with homelessness prevention funds and development of a more collaborative decision-making mechanism between benefits and the housing service.

6.12 The second area of change to the existing policy is around the size of awards made to applicants. Amendments have been made to the policy for 2016/17 to emphasise is that applicants need to make a greater contribution to their rent shortfall, unless there is a clear reason why they should not do. (Page 2 of policy Appendix A)

6.13 The key reason for this change is in order to improve the consistency of award of DHP. The existing DHP policy notes that the amount awarded may be below the difference between the rental liability and payment for Housing Benefit/Universal Credit and that assessment will take account of the size of any shortfall that exists and the financial circumstances of the claimant and others within their household. The policy also notes that all other options available to a claimant, including reducing household expenditure, will be taken into account when the Council assesses the merits of an application. However, there is a current inconsistency in the rent shortfall covered for different applicants, with benefit capped cases likely to be getting their entire rent shortfall covered whilst other applicants do not. (Para 3.3, II)

6.14 This aspect of the policy will also need to link to our overall strategy for improving financial resilience, looking to reduce reliance on forms of crisis assistance.

6.15 The third area of proposed change to the existing policy is around reference to conditionality

6.16 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. Conditionality is ultimately about improving the resilience of claimants and ensuring that they are taking responsibility for resolving their situation to reduce long-term reliance on welfare assistance. It is therefore a key part of a more preventive approach to welfare reform and must be used robustly and consistently

6.17 The existing policy notes that failure to meet the conditions stated in the award may lead to initial reduction of up to 25% of the amount paid during the period of the award. This is amended in the policy for 2016/17 to note that the service will monitor any set conditions given to a household; this will be taken into consideration in determining future awards, which may result in withdrawal of the DHP. The reason for this amendment is to strengthen use of conditionality within the policy. In order to further emphasize the role of conditionality as part of a preventative approach to DHP the following wording has also been added to the policy 2016/17: (Para 3.3, III)

I) It is expected that the vast majority of people will have to face and resolve their difficulties with the understanding and support of their social landlords, Jobcentre Plus and the voluntary sector, without requiring a DHP in the long term. The Council understands that DHP has a vital role in providing short term assistance during periods of crisis and in giving vulnerable applicants adequate time to cope with changes, such as moving to a cheaper property, increasing income or decreasing expenditure.

II) DHPs may be conditional on a household taking reasonable steps to resolve their situation e.g. working with The Welfare Reform or Benefit Team to improve their employability skills and seek employment. If these steps haven't been taken, or actions recommended by The Welfare Reform or Benefits Team have not been followed without good reason, this will be taken into account in determining future awards. (Para 3.5)

Compliance with conditions has also been added as a factor that will be taken account of in deciding whether or not to award a DHP as follows

I) The extent to which the claimant has complied with previous conditions.

6.18 Aligning our DHP policy with a more strategic approach to welfare reform

We are recommending a number of changes to current procedures in 2016/17, to take account of proposed welfare reform changes and better align Discretionary Housing Payments with our overall strategic approach to welfare reform.

6.19 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. Haringey's DHP policy emphasises that assistance is intended to be short-term, easing transitions and enabling claimants to find a way of resolving their difficulties with the ultimate aim of reducing reliance on crisis support. As such, the policy must operate in tandem with other support mechanisms, such as housing and employment advice, linking to our overall policy aims for early help and prevention.

6.20 On January 19th a report was brought to Cabinet which set out proposals for developing a more strategic approach to supporting those affected by welfare reforms. The paper highlighted a number of key principles for our approach going forward:

I) Our approach needs to maximise the use of our existing resources and ensure that financial assistance is more strategically targeted to have the maximum impact

II) If we are to improve the effectiveness of local support to those facing financial hardship then we need to strengthen collaboration across a number of services areas and with our partners

III) We need to develop a more preventive approach which develops resilience within our communities to welfare reform changes and reduces reliance on crisis support

6.21 Welfare reform changes proposed to take effect during 2016/17 are expected to have a significant impact on demand for financial assistance, including applications for DHP. There is some evidence that existing support mechanisms have been successful in reducing demands on DHP by resolving the presenting issues of DHP claimants. For example the Welfare Reform Team has helped to move 68% of capped cases off the cap. However, there are also a number of underlying factors which are barriers to us being able to resolve the housing and employment issues claimants are facing quickly and early engagement is crucial. In implementing the DHP policy in 2016/17, it is therefore proposed that:

I) Consideration is given to what resources are needed within support services to resolve the issues faced by DHP claimants and ease transitions to welfare reform, as part of our development of a more strategic approach to welfare assistance.

II) The Welfare Reform Team and Financial Inclusion Team work with the Benefits Team to develop a plan for early engagement with those affected by welfare reform changes. The cumulative impact analysis will be used to target resident communication and engagement.

6.22 Monitoring of our DHP policy in 2016/17 (Para 3.4)

6.23 Robust monitoring to be introduced and implemented by the service as outlined in the recommendation aligned with other Council Services to ensure refusals do not negatively impact elsewhere.

6.24 The review of the existing DHP policy has highlighted the key challenge in the implementation of a process that delivers consistency, fairness and supports the resilience of some of the most financially disadvantaged residents within the borough whilst enabling the Council to manage its resources in a difficult budgetary environment. It is recommended that the service introduces a monitoring process in order to more effectively track throughout the year the consistency and fairness of DHP decisions made, to enable the service to respond to key issues more effectively, and to ensure the policy is supporting our overall aims to develop a more preventive approach to welfare reform. It is recommended that this should cover some of the key areas focussed on within the review, including:

- I) Use of conditionality
- II) Types of claimants receiving DHP
- III) Length of time on DHP
- IV) The amount that applicants are required to contribute towards their shortfall

7 Contribution to strategic outcomes (Para 3.5)

The stated aims of the policy support a number of our corporate priorities, including:

- I) Sustaining tenancies and preventing homelessness
- II) Ensuring residents can find and keep good quality employment
- III) Supporting the vulnerable and elderly to live independent lives
- IV) Creating a fair and equal borough by tackling the underlying factors of poverty and disadvantage
- V) Early help and intervention

8 Statutory Officers comments Assistant Director of Corporate Governance, Equalities)

8.1 The Assistant Director of Corporate Governance has been consulted in the preparation of this report.

8.2 The Discretionary Financial Assistance Regulations 2001 (as amended) (“the Regulations”) provide the legal framework for Discretionary Housing Payments (DHPs).

8.3 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.

8.4 Given the discretionary nature of the scheme, the Council is able to change its priorities and amend its scheme accordingly.

8.5 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 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.

8.6 The Council’s Public Sector Equality Duty has been considered and an equalities impact assessment has been carried out.

9 Chief finance Officer Comments

9.1 Whilst DHP Grant Allocation to the Authority for 2016/17 is to increase from that received in 2015/16, this is only by circa £241,000 (i.e. from £1,485,882 to £1,726,627). It is still too early to determine the full anticipated financial impact of the on-going Welfare reform changes for the Authority, although this will be significantly greater than the increase in the DHP Grant, with any such additional cost falling on the Authority’s General fund. In one area alone (i.e. new benefit cap cases), an estimation based on the spend on capped cases in 2015, suggested a possible additional demand of £955,800 on DHP funds over the last 6 months of 2016/17.

9.2 Although some of the proposed measures outlined in the report around the requirement upon claimants to make additional contributions and conditionality will mitigate some of the overspend against the grant allocation, this is unlikely to be significant, and is still expected to be far exceeded by the added demand pressures.

9.3 A broader piece of work around financial resilience is to be undertaken in 2016/17 to assess the likely financial impact and the future resources required, which will be the subject of a separate report to SLT.

10 Equalities Officer comments

10.1 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 costs. 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.

10.2 Discretionary Housing Payments support some of the most vulnerable members of our communities, including disabled residents, care leavers, and families in financial difficulties – a high proportion of which share the protected characteristics. Any changes to this scheme therefore has a high relevance for our equalities duty. A full EqIA has therefore been completed in relation to the proposed changes and is attached as Appendix B to this report.

10.3 DHP funds will increase by 16% in 2016/17 but the increase is not anticipated to be sufficient to meet increased level of demand arising from proposed reforms in the Welfare Reform and Work Bill. The EqIA notes that the Council may have to decide to apply funds less generously and this is likely to have a financial impact on claimants which may impact on their ability to remain in their current home and/or on their disposable income. The EqIA proposes that claimants should continue to be signposted to relevant advice and support services in order to address the underlying issues relating to their claim.

10.4 The Council is proposing to put greater emphasis on conditionality within the policy during 2016/17 and to require all claimants to make some contribution to their rent shortfall unless there is a good reason why they should not do so. This may have a disproportionate impact for some groups with the protected characteristics as they may face greater barriers to resolving the underlying issues affecting their claim or may have greater difficulty managing on a reduced income. It is therefore noted that the decision-making process will still need to consider cases on their individual merits and will take account of individual circumstances, including the vulnerability of the claimant, in deciding what conditions to attach to awards and the size of the award.

10.5 The impact of the policy for protected groups will be closely monitored during 2016/17 to ensure that the policy is being implemented fairly and consistently for these groups.

11 Use of Appendices

11.1 Appendix A Haringey's Discretionary Housing Payments Policy 2016/17

11.2 Appendix B EQIA

12 Local Government (Access to Information) Act 1985