

**Title:** Discretionary Housing Payments Policy Review 2023

**Report authorised by:** Jess Crowe, Director Culture, Strategy and Engagement

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**Ward(s) affected:** All

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

## **1. Describe the issue under consideration**

- 1.1 The Department for Work and Pensions (DWP) makes an annual allocation of grant available to local authorities for Discretionary Housing Payments (DHP).
- 1.2 The objective of the DHP policy is to sustain existing tenancies and prevent homelessness. DHP is used to help people with a shortfall in their benefits to cover their housing costs including those affected by the benefit cap, bedroom tax (removal of the spare room subsidy), and shortfalls in Local Housing Allowance (LHA) rates.

## **2. Cabinet Member Introduction**

- 2.1 The Council uses Discretionary Housing Payments (DHPs) to support residents with unmanageable rent or housing costs. These payments are an important safety net in the context of London's escalating housing crisis, which is having a devastating impact on our most vulnerable residents. For instance, in November 2022, the Ministry of Justice reported that, in the last year, landlord possessions had doubled, landlord orders had increased by 174%, and mortgage repossessions had grown by 94%.
- 2.2 In London, recent data from Rightmove showed an average rent increase of 16% over a one-year period. This is the highest ever annual rate of growth in any region. Even this average figure conceals the extent of the challenges facing many London renters, with members of the London Renters Union reporting immense and unsustainable rent hikes of 30-50%. This is why DHPs are so important. They provide temporary financial support to residents whilst they secure their finances or find more affordable accommodation. This can protect residents from eviction and potentially from becoming homeless. However, DHPs do nothing to remedy the structural issues in the rental market. What our residents really need are interventions from central government like rent controls, an increase in Local Housing Allowance and an end to Section 21 'no fault' evictions.

- 2.3 Instead of these much-needed interventions, the Government has halved our DHP allocation, even as rents, evictions, and homelessness increase. This paper is an annual procedure to agree to accept the DHP allocation, though at the time of publication we do not yet know what our allocation will be.
- 2.4 We seriously hope that the Government listens to Shelter and other Housing Charities by increasing DHP allocations in line with the rising demand for support. This paper also acknowledges the good work that has commenced with our partners on the Debt and Financial Inclusion Board to address the housing crisis with our House Building programme, tackling under-occupancy, and assisting residents hit by the benefits cap.

### **3. Recommendations**

- 3.1 It is recommended that Cabinet approves Haringey's Discretionary Housing Payments Policy 2023 (see Appendix A) as the methodology to determine the award of individual Discretionary Housing Payments having regard to the Equalities Impact Assessment (set out in Appendix B).

At the time of writing this report the DWP have not confirmed the DHP allocation to Haringey for 2023/24. If notification arrives after this Cabinet meeting, Cabinet will be notified of the figure in the Quarter One budget monitoring report.

### **4. Reasons for Decision**

- 4.1 Funding for DHP is allocated annually by the Department of Work and Pensions (DWP). The DWP awarded Haringey the sum of £1.6m each year in both 2018/19 and 2019/20. This increased to £2.1m in the pandemic year 2020/21, but reduced again to £1.68m in 2021/22, and then again to £1.17m in 2022/23. This represents a reduction in funding of 44% over two years.
- 4.2 It is recognised that with these depleting funds over the last two years from DWP we need to do more to work collaboratively across our services, such as Housing, to maximise the efficient use of DHP and other similar funding streams. For example, 11% of DHP awards so far in 2022-23 (data up to November 2022) are to help residents pay the 'Bedroom tax' caused by under-occupancy of properties. If the Council can work proactively to help residents identify alternative housing options, this will remove the need for DHP to be paid out for this purpose. Discussion with Housing colleagues has already begun to ensure we make best use of the funds that will be provided to us by DWP.
- 4.3 The new Corporate Delivery Plan commits the Council to: "A review of all services providing welfare advice and support, including commissioned services, with a view to better coordinating these and maximising their impact". Ensuring efficient

use of DHP and coordination of Housing and Welfare funding streams will be addressed and improved as part of this review.

- 4.4 The Council has had wide-ranging discussions on the management and administration of DHP with partners representing residents' interests through the Debt and Financial Hardship Board.

## **5. Alternative Options Considered**

- 5.1 None

## **6. Background Information**

- 6.1 DHPs are short-term awards administered by Local Authorities to help people with housing costs. They play a key role in sustaining tenancies, preventing homelessness, and enabling tenants to move to more affordable accommodation. Increasingly, DHPs are awarded to assist those affected by welfare reform. They are also used to help the disabled where Housing Benefit is reduced because they have other adults living with them and Foster Carers who require more bedrooms.

- 6.2 The award of a DHP is discretionary and must be made in accordance with the Discretionary Financial Assistance Regulations 2001 and with the ordinary principles of good decision-making. The Council has a duty to act fairly and consistently.

- 6.3 The DHP policy supports this decision-making process, enabling fair and consistent decisions to be made in a timely manner.

- 6.4 The Council co-ordinates the use of DHP with other funding such as the Homelessness Prevention Fund to guide residents to the most appropriate support and to maximise the effectiveness of these awards in line with the Corporate Delivery Plan commitment to review and align such funding streams. Discussions with Housing colleagues have already begun to consider how best to align and coordinate different but related funding streams to ensure residents can access the support they need in the simplest way possible.

- 6.5 Haringey has elevated levels of deprivation and several factors which affect the type and number of requests for DHP including:

- 6.5.1 Over 11,000 people are on the housing waiting list.

- 6.5.2 Over 9,000 households are in receipt of the highest rates of disability and sickness benefits.

- 6.5.3 Haringey ranks 8th highest in London with 37,215 Universal Credit claimants. DWP statistics (October 22)
- 6.5.4 The Low-Income Family Tracker (LIFT) data shows a reduction in households in work amongst low-income households. Economic status data on LIFT shows 66% or 22,787 of low-income households were out of work, the highest proportion since August 2019.
- 6.5.5 The Cost-of-Living vulnerability index, an aggregate measure factoring in Fuel Poverty, Food Insecurity, Child Poverty, Claimant Count, Economic Inactivity and Low Pay, places Haringey as the London borough with the 5th highest level of vulnerability and within the topmost vulnerable quintile of UK local authorities.
- 6.5.6 Poverty rate after housing costs in Haringey was 35% compared to London 27% and England 21%.
- 6.6 The budget for 2022/23 is £1.17m which is on track to be spent in full So far this year we have awarded DHP to 512 claimants and this is expected to rise to about 780 claimants by the end of the year. In 2021/22, £1.69m was awarded to 981 claimants.
- 6.7 The reasons for DHP claims for the past two years are broken down as follows (the figures for 2022/23 are for the period to 24<sup>th</sup> November 2022, rather than a full year):

|                               | Haringey Spend 21/22 | Haringey Spend 22/23 |
|-------------------------------|----------------------|----------------------|
| Benefit Cap                   | 66%                  | 70%                  |
| Bedroom Tax                   | 6%                   | 11%                  |
| LHA                           | 13%                  | 12%                  |
| Award not for welfare reforms | 14%                  | 8%                   |
| Total                         | 100%                 | 100%                 |

- 6.8 The tenure type breakdown is recorded for Housing Benefit cases but is not recorded for Universal Credit claims. The following table sets out the proportion of DHP spend from April to November 2022 for each reason, broken down by tenure type.

|                    | Council | Housing Association | Private | Temporary Accommodation | Unrecorded / Universal Credit |
|--------------------|---------|---------------------|---------|-------------------------|-------------------------------|
| Benefits Cap       | 1%      | 2%                  | 9%      | 43%                     | 45%                           |
| Bedroom Tax        | 15%     | 18%                 | 6%      | 0%                      | 62%                           |
| LHA                | 0%      | 0%                  | 32%     | 0%                      | 68%                           |
| Multiple Reason    | 0%      | 0%                  | 3%      | 0%                      | 97%                           |
| Not Welfare Reform | 1%      | 8%                  | 11%     | 10%                     | 70%                           |
| Total per tenure   | 3%      | 4%                  | 11%     | 31%                     | 52%                           |

## **7. Contribution to Strategic Outcomes**

7.1 The policy supports delivery of Theme 4 Adults, Health & Welfare from the new Corporate Delivery Plan 2022-24. The policy supports our corporate priorities, including:

- Sustaining tenancies and preventing homelessness
- Supporting the vulnerable and elderly to live independent lives
- Creating a fair and equal borough by tackling the underlying factors of poverty and disadvantage
- Early help and intervention

7.2 The co-production of the DHP review has been through the Debt and Financial Hardship Board which has considered the trends in funding from the DWP and reviewed the options to manage the DHP scheme within the statutory framework and the changing budgets. The Debt and Financial Hardship Board comprises a broad section of partners, providers, and advice agencies. It provides a forum to share information between the council and partners and supports a strategic approach to tackling debt and financial inclusion. It is designed to share information and identify how we can work better as a system to increase social security, financial resilience, and access to the right support.

## **8. Statutory Officers Comments**

### **Legal**

8.1 The Head of Legal Services has been consulted in the preparation of this report.

8.2 The Department of Work & Pensions Discretionary Housing Payments (DHP) Guidance Manual which includes the Local Authority Good Practice Guide was updated in May 2022. This manual provides guidance and advice on good practice when a DHP is being considered.

8.3 The legislative framework for Discretionary Housing Payments (DHPs) is set out in sections 69 & 70 of the Child Support Pensions and Social Security Act 2000, Discretionary Financial Assistance Regulations 2001, and the Universal Credit Regulations 2013 (SI 2013/630).

8.4 The Council has power to make Discretionary Housing Payments by virtue of section 69 of the Child Support Pensions and Social Security Act 2000 and regulation 2 of the Discretionary Financial Assistance Regulations 2001. The Council may make a DHP to persons who are entitled to housing benefit or an award of universal credit which includes housing costs towards rent and appear to the Council to require further financial assistance (in addition to the benefit to which they are entitled) in order to meet their housing costs. The regulations

provide the circumstances in which discretionary housing payments may be made and a limit on the amount that may be paid.

- 8.5 The regulations give local authorities a broad discretion in framing a policy for administering DHPs. Subject to the provisions of Regulations 3, 4 and 5 of the Discretionary Financial Assistance Regulations 2001, the Council has a discretion whether to make a DHP in a particular case, the amount of a payment, and the period for or in respect of which they are made. The Council may also review any decision it has made with respect to DHPs and, in certain circumstances, seek to recover overpayment.
- 8.6 Decisions about DHPs must be made in accordance with ordinary principles of good decision making and administrative law. There is a requirement to exercise discretion in individual cases, act fairly, reasonably and to apply a consistent approach in dealing with applicants for DHPs. Each case must be assessed on its own merits and the policy must allow for unusual cases to receive proper consideration.
- 8.7 Under section 70 of the Child Support Pensions and Social Security Act 2000, the Secretary of State has a discretion to give authorities such as the Council such payments as s/he thinks fit in respect of the cost of making DHPs and the expenses involved in the administration. In addition to this central government contribution, local authorities can top up their DHP funding. In accordance with Article 7 of the Discretionary Housing Payments (Grants) Order 2001, the Council's total expenditure on DHP cannot exceed the limit of two and a half times the government contribution. To exceed the limit would be breaking the law.
- 8.8 The DHP (Grants) Order 2001 requires Local Authorities to keep records relating to DHP expenditure.
- 8.9 Any unspent DHP funding must be returned to the DWP at the end of the financial year.
- 8.10 This policy acknowledges the legal framework and the guidance and takes account of public law duties when setting out how decisions about DHPs will be made.

### **Equalities**

- 8.11 The Council has a public sector equality duty under the Equality Act 2010 to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act
  - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.12 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/belief, sex, and sexual orientation. The first part of the duty also applies to the protected characteristic of marriage and civil partnership.

The purpose of Discretionary Housing Payments is to support residents who are facing housing problems and are vulnerable to becoming homeless. The 2023/24 DHP Policy is largely a continuation of previous policy, though with a decrease in overall funding coming from central government there will be less funding available to award to applicants.

8.13 Individuals who share certain protected characteristic are more likely to make a DHP claim and are therefore more likely to be affected by a reduction in available funding. However, eligibility criteria are applied in every case to ensure that the most vulnerable residents receive DHP funds, regardless of the group they belong to. See the attached EqIA for more information.

8.14 The DHP application process is online for Haringey residents, with paper application forms available on request from Haringey's Customer Service Centres. This does not pose any equalities challenges, provided that the offline option is well signposted and remains easily accessible to those who do not have access to, or do not know how to use, the internet. If this were not the case, there would be a risk that this could exclude some residents from applying for funds, particularly older residents and those with a disability who experience higher rates of digital exclusion.

### **Finance**

8.15 At the time of writing this report the DWP have not confirmed the DHP allocation to Haringey for 2023/24. If notification arrives after this Cabinet meeting, Cabinet will be notified of the figure in the 2023/24 quarter one budget monitoring report.

8.16 As set out in paragraph 8.7 above local authorities can top up their DHP allocation with their own funds. The Council is not intending to spend more than its DWP allocation and therefore additional funds have not been set aside in the 2023/24 Budget and 2023-2028 MTFs Report. Should this position change then it will be raised in the relevant quarterly budget monitoring report.

## **9. Use of Appendices**

- Appendix A – Haringey's Discretionary Housing Payments Policy Review 2023

- Appendix B – EQIA

## **10. Local Government (Access to Information) Act 1985**

10.1 N/A