

Briefing Note – Corporate Resources

Subject: Discretionary Housing Payments

Date: 30th July 2013

To: DACHS Scrutiny Committee

From: Michele Darlington, Policy Officer Benefit Services Division.

Purpose of Briefing Note

To outline for Members of the DACHS Scrutiny Committee what Discretionary Housing Payments are and how they are used.

What is a Discretionary Housing Payment?

The Discretionary Housing Payment (DHP) scheme covers shortfalls between rental liability and payment of Housing Benefit and Universal Credit, and is used to support the most vulnerable customers who are in financial need.

Every claimant who is entitled to the minimum amount of Housing Benefit or Universal Credit and who has a shortfall is entitled to make a claim for help.

This is an interim scheme, as it is acknowledged that it will need to evolve and develop as welfare reform changes introduced by the Government start to affect the residents of the borough, and the level of ongoing Government funding after 2013/2014.

The main features of the scheme

- The claimant must evidence financial hardship
- The scheme is purely discretionary; a claimant does not have a statutory right to a payment
- DHP's are not a payment of Housing Benefit or Universal Credit
- For DHP to be considered there has to be a rental liability and Housing Benefit /Universal Credit must be in payment in the benefit week that a DHP is awarded
- Discretionary Housing Payments can be made to tenants in the private sector, who pay their rent to a landlord, and to people who reside in housing association or council owned properties.
- Discretionary Housing Payments cannot be made to cover the cost of fuel, water or food charges.
- The amount that can be paid out by an authority in any financial year is cash limited by the Secretary of State

Finance

Annually there is a central government fund allocated to the Council for Discretionary Housing Payments. On top of this there is an overall permitted limit that the Local Authority can contribute to if the need arises.

For 2013/2014 the Government contribution available in Dudley is £494,398.

The overall permitted total for the fund is £1,235,995.

Dudley can choose to top up the fund from budgets by £741,597.

Discretionary Housing Payments should be used to:-

- encourage claimants to seek other cheaper and appropriate accommodation
- help sustain tenancies and prevent homelessness
- alleviate poverty
- allow people to remain in their homes if it is practical to do so
- encourage residents of the Borough to obtain and sustain employment
- support vulnerable people in the local community
- Support domestic violence victims who are trying to move to a place of safety
- Promote good educational outcomes for children and young people
- Keep families together
- Help people who are trying to help themselves

DHP awards should generally be viewed as short-term emergency funds rather than an ongoing top up payment in addition to individual benefit entitlement, and should not be the solution to any future entitlement restrictions set out within Housing Benefit or Universal Credit legislation.

The DHP award is designed to give claimants time to take other action and make choices in their lifestyle which may assist their position. This may include looking for cheaper alternative accommodation, seeking budgeting or debt advice or adjusting to their changed circumstances.

Decision making process

All awards are made on their individual merits considering the income, expenditure, household and other circumstances of the applicant.

Current position in Dudley

In the first quarter of 2013-2014 we have received 832 applications for help. In contrast we received 766 in the whole of 2012-2013.

374 awards have been made, and 300 have been refused. 158 claims are still being processed.

Out of the 374 awards, 245 of these have been made because of the under-occupancy changes introduced in April. (Also known as 'the bedroom tax')

We have committed to spend £95,506 out of the Government contribution available to Dudley of £494,398.

The increased numbers of award requests and the emotional strain of dealing with applicants who are under considerable financial difficulty have resulted in considerable strain on staffing resources within the Division.