

Discretionary Housing Payments (DHP) Policy 2018-19

Responding to Housing Benefit Changes including the Benefit Cap

Introduction

1. DHP Government funding has been made available to assist customers with the Housing Benefit (HB) welfare reforms. This document sets out the Council's Discretionary Housing Payments Policy in response to the Government's welfare reforms. These reforms include changes made to:

- Benefit Cap where total benefits exceed
 - £20,000 per year/£384.62 per week for families
 - £13,400 per year/£257.69 per week for single people
- Removal of the Spare Room Subsidy (RSRS) in the social rented sector
- Local Housing Allowances

2. Nationally, the Government has decreased Discretionary Housing Payment funding by £32m. Leeds allocation for 2018-19 is £2,186,047.

3. The amount of Government funding for Discretionary Housing Payments will not compensate for the loss of benefit income to tenants in Leeds. It recognises the Government's intention for tenants to have to make hard choices and that Discretionary Housing Payments will not be a substitute for these hard choices.

4. This Discretionary Housing Payments Policy should not be seen in isolation. It is part of a broad range of services available as part of a developing integrated local welfare assistance provision. Its aim is to protect the vulnerable but at the same time being realistic about the financial means available.

The Aims of the Discretionary Housing Payments Policy

1. The overall aim of this policy is to provide help, within the funding levels provided by the Government, to vulnerable tenants that will enable tenants to secure or maintain stable and affordable housing solutions.

2. In most cases Discretionary Housing Payments will be used for short term needs to enable tenants to take the appropriate actions in order to change their personal situation. There will be exceptions where longer term support may be valid due to individual circumstances and for economic reasons. Examples of instances where longer term support would be considered are:

- People with a disability who have had substantial adaptations to their home
- Foster carers affected by the size criteria in the social rented sector and
- Housing that offers a stable tenancy and affordable rent

3. The Council expects an increased number of Discretionary Housing Payments claims as a result of Government reforms. However, due to the limited Discretionary Housing Payments funding available it is not possible to help everyone who applies.

4. Applications for Discretionary Housing Payment will normally be subject to an income and expenditure review. Discretionary Housing Payments will not normally be considered where:

- Suitable alternative more affordable housing is an option. This will include accommodation in the private rented sector. The issue of whether the accommodation is suitable will take into account whether it is reasonable to expect the tenant to move having regard to the impacts on health and schooling where children are present
- Alternative income sources are available. This will include unclaimed benefits and tax credits, income from other adults living in the household and savings over an agreed level
- Alternative and more relevant options exist. This includes tenants facing shortfalls because of sanctions applied by Jobcentre Plus, tenants with disproportionate expenditure on debts and loans where debt restructuring provides a realistic alternative and tenants with disproportionate expenditure on non-essential items
- The shortfall in rent payments is expected to last for only a short time pending a change in circumstances. This recognises that some tenants will be under-occupying a property for only a short time until, for example, a baby is born, a child reaches a significant birthday or a tenant reaches pension-age. In these instances, housing providers would normally be expected to agree a rent payment schedule that recognises the imminent reinstatement of full Housing Benefit

From April 2017 the HB rules changed to allow an extra bedroom for a disabled child or disabled non-dependant adult who requires and has overnight care from a non-resident carer (or group of carers); and also for couples unable to share a bedroom because of their disabilities. In these cases there will be no DHP and HB will be increased accordingly.

5. Claims are welcome from everyone affected by the changes but given the limited funding available to deal with the impacts of the changes, priority will be given to households with children and households where there is significant disability.

Support for tenants subject to the Benefit Cap

1. The Benefit Cap impacts mainly on families although can affect single people. The impact for affected families can be significant and the majority will live in private rented accommodation although a number live in social sector accommodation.

2. The Benefit Cap does not apply to families who are working enough hours to get working tax credit even if not claiming it. The longer term aim is to help families make the move into work. In the meantime support will be targeted to those families where:

- Financial support is required to facilitate a move to more affordable accommodation
- The shortfall in rent is too great to cover from other household income
- Alternative more affordable accommodation is not appropriate
- A lower rent cannot be negotiated
- There is a real risk of the family becoming homeless
- Lone parents with children under 2 years
- Older people approaching pension age where work is not a realistic option

Support for tenants subject to the Removal of the Spare Room Subsidy (RSRS)

1. The RSRS impacts on around 5,300 tenants in Leeds and it is necessary to limit support to those most in need or at risk of eviction. The funding from Government is aimed at supporting tenants living in homes where the home has been adapted for disability and foster carers who will not be allowed an extra room for a foster child under the benefit rules.

2. These are not the only groups who will need to be supported. Parents living apart with child access arrangements will need additional support as well as tenants faced with exceptional hardship. It will not be possible to protect all tenants in these groups within the Government's funding contribution and additional considerations will need to be taken into account.

3. The criteria set out in this policy will apply with support for the remaining tenants to be targeted to the following:

- Tenants where a member of the household is disabled and the property has undergone significant adaptation because of the disability
- Foster carers and supported Kinship Care arrangements
- Parents requiring an additional room under child access arrangements where alternative housing options, including options in the private sector, are not appropriate
- Older people approaching pension age where work is not a realistic option
- Families expecting a first child where housing allocation has been made in this basis
- Any other bedrooms used for overnight care

- Adults unable to share and who are not in receipt of a qualifying benefit for an extra room

Support for tenants subject to Local Housing Allowance restrictions

1. The Local Housing Allowance affects tenants in the private-rented sector and have been in force since April 2011. However, tenants already getting benefit at the time the changes came in received transitional protection for a while. The impact of the changes depend on:

- Whether rents are reduced to reflect the new LHA rates and
- The levels at which LHA are set by the VOA.

2. In the first instance landlords should be encouraged to reduce rents in exchange for direct payments of HB. Where this is not appropriate, Discretionary Housing Payment support will be targeted to those private sector tenants where:

- It is unlikely there would be alternative more affordable accommodation
- The tenant is subject to the Shared Accommodation Rate but requires an additional room under child access arrangements or
- There are exceptional circumstances that mean it is not appropriate for the tenant to move to more affordable accommodation

3. Discretionary Housing Payments will not normally be made to tenants entering into a new tenancy. Local Housing Allowance rates are made public and most landlords are aware of the rates for the types of accommodation they provide. An exception to this will be where a tenant has had to move quickly, perhaps because they are fleeing domestic violence or there is another compelling reason

Support not related to Local Housing Allowance changes, Benefit Cap or Removal of the Spare Room Subsidy

1. The Discretionary Housing Payments scheme has been in operation since 2001 to provide additional help to tenants facing a shortfall in their housing costs. The scheme has tended to focus on tenants facing exceptional hardship such as debt, unavoidable additional short-term expenditure or high housing costs caused by the need to live in a particular area.

2. Typically, this support went to private rented sector tenants. This is because tenants are required to have a shortfall in their rent support and far fewer social sector tenants had a shortfall in their rent. The changes brought about by the Benefit Cap and Social Sector Size Criteria mean that more social sector tenants have a shortfall in their rent support. This in turn means more applications for support.

3. It is intended to continue with the policy of targeting this support on tenants facing exceptional hardship such as debt, additional short-term expenditure or other exceptional circumstance that requires short-term support.

Administration

1. The Discretionary Housing Payment Scheme is administered by the Welfare and Benefits Service. Claims are made online by applying at www.leeds.gov.uk/dhp

2. Decisions will normally be made within 10 working days of getting the required information.

3. It is not intended to allocate Discretionary Housing Payment budgets for each category of expenditure. Instead a single DHP budget will apply with expenditure monitored in relation to

- Total spend
- Spend by reason (Benefit Cap, Size Criteria, LHA, other)
- Spend by tenure type
- Spend by tenants' circumstances (disabled, foster care, UC etc.)

4. Disputes on Discretionary Housing Payments decisions will be dealt with through local arrangements and will involve an officer led review.

What Discretionary Housing Payments cannot cover 1

1.0 Legislation precludes the following elements of rent, and shortfalls in HB or UC, from being met by a DHP.

1.1 **Ineligible charges:** service charges which are ineligible for HB cannot be covered by a DHP. These are as specified in Schedule 1 to the Housing Benefit Regulations and Schedule 1 to the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations. Nor can a DHP cover charges for water, sewerage, and environmental services – as defined and calculated under the HB provisions. The service charge rules for UC can be found in the UC Regulations 2013, Schedule 1.

1.2 **Increases in rent due to outstanding rent arrears:** under Regulation 11(3) of the Housing Benefit Regulations and Regulation 11(2) of the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations, where a claimant's rent is increased on account of outstanding arrears owed by the claimant in respect of their current or former property, the shortfall cannot be covered by a DHP.

1.3 **Sanctions and reductions in benefit:** DHPs cannot meet these because to do so would undermine the effectiveness of the sanctions or reduction in benefit. These are any:

- reduction in Income Support (IS) or income-based Jobseeker's Allowance (JSA(IB)) due to a Reduced Benefit Direction (RBD) for failure to comply with the Child Support Agency in arranging maintenance.
- The RBD is a reduction in benefit of 40% of the personal allowance and only applies to IS or JSA(IB);
- Reduction in benefit as a result of non-attendance at a work-focused interview. This applies both where the person's HB is reduced and when any other benefit that the person is receiving (such as IS) is subject to a sanction;
- Reduction or loss of benefit due to a JSA employment sanction. JSA is not payable for the period of sanction if they have contributed towards their unemployment status, for example, by leaving employment voluntarily or failing to attend a prescribed training scheme. In such cases it may be possible for a reduced rate of JSA to be paid under the JSA hardship provisions;
- Reduction in benefit due to a JSA sanction for 16/17 year olds – for certain young people who receive JSA under a Severe Hardship Direction. JSA is not payable for the period of the sanction if they have contributed towards their unemployed status, for example, by leaving employment voluntarily or failing to attend a prescribed training scheme;
- restriction in benefit due to a breach of a community service order, or
- reduction in UC due to a sanction as specified under regulations 100 to 114 of the UC Regulations 2013

1.4 Benefit suspensions: HB or UC can be suspended either because there is a general doubt about entitlement or because a claimant has failed to supply information pertinent to their claim. In such cases, a DHP cannot be paid. One of the intentions of the suspension provisions is to act as a lever to ensure that the claimant takes the necessary steps to provide the authority with the required information/evidence - paying a DHP could reduce the effectiveness of this lever.

1.5 Rent, when the person is getting Council Tax support but not HB or help with housing costs in UC: in other words, when a person is only getting local Council Tax support, you cannot award a DHP towards a rental liability.

1.6 Shortfalls caused by HB or UC overpayment recovery: when recovery of an HB or UC overpayment is taking place, such shortfalls should not be considered for a DHP.

1 From Annexe A of DWP Discretionary Housing Payments Guidance Manual 2016