

Cabinet Member Report

Meeting or Decision Maker:	Audit and Performance Committee
Date:	17 July 2017
Classification:	General Release
Title:	Discretionary Housing Payment (DHP) – an overview of DHP applications decided at officer level including information on procedures and verification processes
Wards Affected:	All
City for All:	
Key Decision:	
Financial Summary:	
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1. Executive Summary

- 1.1 This report provides an overview of DHP applications received and decided in the period 1 April 2016 to 31 March 2017. The reason for the DHP application is shown so that the amount spent in different areas can be identified. The average weekly award and duration is shown for the different categories of DHP. The report also summarises the process for deciding claims and the verification measures undertaken.

2. Key matters for the Committee's Consideration

- 2.1 The report is for information and provided at the Committee's request.
- 2.2 Officers are, however, in the process of reviewing the DHP policy including the application form and any recommendations the Committee has in relation to improving procedures and verification measures will be taken into account.

3 Background and summary of procedure

- 3.1 DHP is potentially available to anyone receiving either housing benefit or the housing element of Universal Credit with an entitlement that is less than the amount of rent they are liable to pay. When a claim is made the Council must consider whether extra financial assistance with rent is required and decide if an award should be made based on the individual circumstances of the case. The Council has a policy setting out the framework for administering and deciding claims for DHP and the factors that will be taken into account. However, to avoid fettering discretion, ultimately each claim must be considered carefully on its individual merits. Most claims are either made direct to the Council's Benefits Service or via the Welfare Reform Team that are part of the Housing Options Service. It is also commonplace for welfare rights groups and social landlords, including CityWest Homes, to assist people in claiming DHP.
- 3.2 A specialist team of experienced housing benefit officers in the City Treasurer's Department make decisions on DHP claims in accordance with the Council's policy. Unsuccessful applicants have the right to request a review of the decision on their claim. When officers confirm the refusal, the DHP Review Advisory Panel considers the application for review and makes its recommendation to the Cabinet Member for a formal decision.
- 3.3 The current DHP policy was agreed in October 2015 and is attached as appendix A. Officers are currently in the process of reviewing the policy and will shortly make recommendations on amendments for the Cabinet Member to decide. The policy is reviewed on a regular basis. The current review is prompted by a reduction to the amount Central Government contributes to the Council's permitted budget for DHP. The government contribution was £2.6 million in 2016/17 and has reduced to £1.4 million for 2017/18.

4. Expenditure on DHP in 2016/17

- 4.1 In 2016/17 the Council's total spend on DHP was £2,557,092 which did not exceed the government contribution of £2,669,172. The under spend of £112,080 (4% of the total) is returned to government. Legislation sets an annual limit called the permitted total that individual local authorities are allowed to spend on DHP. The government then contributes 40% of the permitted total.
- 4.2 The total spend of £2,557,092 included £341,692 paid to landlords via the Housing Options Service in order to secure private sector tenancies at affordable rents for households either living in temporary accommodation the Council provides or who are under immediate threat of being made homeless. The DHP regulations give the flexibility to use DHP in this way and in total 124 households were assisted into affordable homes.
- 4.3 The information that follows is a detailed summary and breakdown of claims made and decided in 2016/17. The data source used is the records of awards officers made at the point when the DHP claim was decided. When recorded, information is provided on the tenure type of applicants and spend is analysed

under five different categories determined by the overall reason for the shortfall between benefit entitlement and rent. These are:

- households affected by the reform of local housing allowance (LHA) that is used to restrict private sector rents
- households affected by the social sector bedroom restriction
- households affected by the overall weekly Benefit Cap
- working households who qualify for some benefit because of low income
- other reasons. (Other reasons include for instance: non-dependant deductions; rent restriction under rules that pre-date LHA; rent deposits; and rent for a second home when dual liability is unavoidable.)

4.4 In 2016/17 1,619 DHP claims were received and 1,601 claims were decided. These two figures do not tally because some of the decided claims were received in 2015/16 and some received claims will be decided in 2017/18. The total of 1,619 also excludes claims for landlord incentive payments. Of the claims decided, 1,118 (70%) were successful and 483 (30%) unsuccessful. Of the successful claims, 224 resulted in lump sum awards to reduce arrears that were placing the household at risk of homelessness; and 894 resulted in on-going awards for a fixed period of up to 52 weeks.

Tenure type of agreed claims

Private sector	215
Social sector	333
Temporary homeless accommodation	462
Not recorded	108

Reason and total spend for agreed claims

Reason	Number of claims	Total spend	Percentage
Local Housing Allowance reform	129	£307,719	12%
Social sector bedroom restriction	109	£133,810	5%
Benefit Cap	391	£1,063,835	42%
Working households	379	£561,161	22%
Other reason	110	£148,875	6%
Landlord incentives	124	£341,692	13%

Tenure type of refused claims

Private sector	177
Social sector	106
Temporary homeless accommodation	79
Not recorded	121

Reason for the rent shortfall for refused claims

LHA	145
Social sector bedroom restriction	20
Benefit Cap	36
Working households	158
Other reason	124

Average weekly award for agreed claims

Reason	Weekly mean	Weekly median	Range
LHA	£75.30	£60.00	£9 - £340
Social sector bedroom restriction	£23.05	£20.95	£10 - £43
Benefit Cap	£112.80	£82.65	£5 - £470
Working households	£42.10	£35.00	£6 - £265
Other reason	£48.15	£23.10	£3 - £290

Average weekly duration for agreed claims

Reason	Mean average	Median	Range
LHA	34 weeks	31 weeks	3 – 58 weeks
Social sector bedroom restriction	45 weeks	48 weeks	5 – 156 weeks
Benefit Cap	29 weeks	26 weeks	1 – 106 weeks
Working households	24 weeks	26 weeks	2 – 69 weeks
Other reason	26 weeks	25 weeks	4 – 63 weeks

- 4.5 Spend is highest on cases affected by the overall Benefit Cap and for low income workers. For these types of awards more detailed information is shown for tenure.

Detailed tenure breakdown for some agreed claims

	Temporary accommodation	Private sector	Housing association	Council tenant
Benefit Cap	269	70	38	14
Working households	193	14	78	94

5. Verification

- 5.1 All DHP claims from housing benefit recipients will have gone through the Council's verification standard and provided original documents as proof of identity as well as evidence of rent, income, savings and non-dependant adults in the household. The Council is also responsible for administering and deciding DHP claims from Universal Credit recipients. When a Universal Credit recipient claims DHP, the Council relies on the Department for Work and Pensions (DWP) to undertake the verification required before an award of Universal Credit is made. Currently the number of DHP claims from Universal Credit recipients is very small but volumes will increase as more claimants transition on to Universal Credit.
- 5.2 In addition all DHP applicants are required to provide statements covering at least three recent and consecutive months for every bank, building society and Post Office account held. Officers dealing with DHP claims scrutinise the statements for any indication of undeclared income and further undeclared accounts where funds are being transferred to and from. The statements are also studied for signs of unusual spending patterns that suggest the applicant is living beyond their declared financial means. Any discrepancies are queried and referrals made to the DWP Fraud and Error Service where appropriate.
- 5.3 Since 1 April 2016 the Council's Benefits Service has referred details of 283 cases to the DWP's Fraud and Error Service to consider initiating an investigation. It is estimated only a handful of these referrals were triggered by suspicions relating to a DHP claim. Separate records of fraud referrals specifically related to DHP claims will be maintained for 2017/18. The referrals have resulted in 32 cases where an overpayment has been identified and 82 cases where the benefit award was confirmed as correct. There are 169 referrals the Fraud and Error Service are still dealing with and the Council will request a breakdown of the cases and detailed information on any prosecutions following on from a referral the Council made. On a national level the DWP is still working on the processes whereby the Fraud and Error Service reports back to local authorities on investigations involving housing benefit.
- 5.4 Further to the verification described in paragraph 5.2, DHP applicants who are working are required to provide a recent payslip that is carefully checked for any change in earnings. Further payslips are requested where a change is shown or earnings fluctuate. DHP applicants renting from a private landlord must also provide proof of the current rent being charged and the payments being made.
- 5.5 Verification requirements are set out on the DHP application form that is included as Appendix B. Officers will review the application form immediately after proposed changes to the DHP policy are agreed. For instance the application form needs to be updated to make reference to Universal Credit.

6. Financial Implications

- 6.1 There is no direct financial implication as the report covers expenditure for a past period. However, the reduction to the government contribution to the Council's permitted total for 2017/18 means it is very likely money from the Council's reserves, as agreed at the Full Council meeting in March 2017, will be used for the first time to top-up the government contribution. The Council has made £1 million available from reserves to top-up the government contribution if required.

7. Ward Member Comments

- 7.1 As the report relates to all wards, no Ward Member consultation was required.

8. Outstanding Issues

- 8.1 There are no outstanding issues other than as outlined in this report.

If you have any queries about this report or wish to inspect any of the background papers please contact: Gwyn Thomas on 0207 641 8707 or via email to

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Appendix A – Westminster’s DHP policy

Appendix B – Westminster’s DHP application form