



City of Westminster

Cabinet Member Report

Decision Maker:	Councillor Tim Mitchell: Cabinet Member for Finance, Property and Corporate Services
Date:	5 October 2017
Classification:	General Release
Title:	Discretionary Housing Payment Policy
Wards Affected:	All
Key Decision:	Yes
Financial Summary:	<p>The overall forecast expenditure in 2017/18 is £2.1m whilst the DHP allocation from government is only £1.4m. On 1 March 2017 Council agreed to carry forward an unspent contribution from reserves balance of £1m into 2017/18 to support payments whilst options to absorb the reduction to the DHP allocation from government are considered.</p> <p>A reduced DHP budget in the longer term may result in increased homelessness approaches and acceptances. Currently 60% of households accepted as homeless by the Council live in the private rented sector. DHP currently allows vulnerable tenants who would otherwise be unable to afford their rent to remain in the private rented sector. Withdrawing DHP is therefore likely to result in increased acceptances that result in higher temporary accommodation costs, which already cost the Council £4.3m annually</p> <p>The new DHP policy aims to reduce long term reliance through increased emphasis upon achieving action plans. Progress will be reviewed and the budget adjusted accordingly in future in order to support both the policy but also to balance this against the need to consider and contribute towards the Council's anticipated funding shortfall. The</p>

government contribution to the Council's DHP budget for 2018/19 is expected to be announced in January 2018 and the Council will contribute up to £0.5m if required. The Council's contribution for 2019/20 will be nil thus allowing spending on DHP to be reduced over a two-year period.

Report of: City Treasurer

1. Executive Summary

- 1.1 Discretionary Housing Payment (DHP) helps people on housing benefit and Universal Credit to pay their rent if their entitlement does not fully cover it. The amount each local authority is able to spend annually is limited by the "permitted total" that government sets. Government contributes 40% of the permitted total with local authorities able to contribute up to 60% of the remainder if they choose to.
- 1.2 DHP is not a long term solution however and the new proposed policy reflects the Council's objective to help households to move towards being able to afford their rent without it. This approach is anticipated to provide households with more stability in the longer term as the rent they are paying becomes affordable.
- 1.3 The new policy also reflects the Council's objective to manage the DHP budget and be in a better position to run a scheme without additional funding from its resources. The new proposed policy follows a 47% reduction in the government contribution to Westminster, making an annual allocation for 2017/18 of £1.4m. For 2017/18 the Council has allocated a further £1m to the scheme with £0.5m potentially available in 2018/19 if required. The additional resource will allow the Council to manage the reduction in government funding with the aim of being in a position by April 2019 where a contribution from Council funds is unnecessary.
- 1.4 The new policy places greater emphasis on setting out actions the applicant needs to follow to avoid long term reliance on DHP. A range of Council services will be involved in supporting them where needed. In the main the actions will be looking for cheaper accommodation and looking for work. Where a longer period of time is needed to carry out the actions, awards will be renewed as long as they can be met through the DHP budget.
- 1.5 It is acknowledged that moving to cheaper housing will not be appropriate for some households due to their severe health and welfare needs and the policy recognises this and they might be supported by DHP in the longer term. The criteria to determine this has been aligned with the criteria set out in the Councils Accommodation Placement Policy for Homeless Households (which sets out

which households should be prioritised for accommodation in Westminster) and it was widely consulted on.

2. Recommendation

- 2.1 That the new Discretionary Housing Payment Policy in Appendix 2 is agreed.

3. Reasons for Decision

- 3.1 Discretionary Housing Payment (DHP) is not a long term solution and a new policy is proposed to better help households move towards not being reliant on DHP and to have more stability in their housing, as they are living in homes which they can afford. It is also proposed to reflect the Council's objective which is to manage the DHP budget and to run a DHP scheme by April 2019 without a contribution from its own resources. This follows a reduction in the government's contribution to the DHP scheme of 47% for 2017/18.

4. Background, including Policy Context

- 4.1 The Discretionary Housing Payments (DHP) scheme was introduced in 2001 to enable local authorities to make financial awards in addition to housing benefit (or the housing element of Universal Credit), where there is a shortfall between an applicant's benefit and their rent.
- 4.2 Local authorities receive a sum annually from government to run a DHP scheme, based on a formula, and are able to add to this sum subject to limits. Government sets an annual limit which can be spent on DHP (called the "permitted total"). Government contributes 40% of the permitted total and the Council can supplement the government contribution from its own funds.
- 4.3 Since 2011, government has made additional funding available for local authorities for DHP in order to mitigate the impact of welfare reforms on the most vulnerable. Westminster has historically had one of the highest allocations of DHP from government as households, particularly those living in the private rented sector, have been significantly impacted by welfare reforms such as the Local Housing Allowance restrictions and the overall household benefit cap for non-working households.
- 4.4 As table 1 shows the Council's allocation from government for DHP has been sufficient over the past three years and additional funding for the scheme from the Council's own resources has not been necessary. However, in 2017/18, the Council's allocation reduced by 47% from £2.67m to £1.4m. For 2017/18 the

Council has also made available £1m from its own funds to help mitigate the impact of the reduction because the extra financial assistance with rent that DHP provides is an effective contribution towards:

- Helping to prevent homelessness and supporting the most vulnerable
- Helping to contain temporary accommodation costs for homeless households
- Supporting low income households moving into work.

- 4.5 The Council's contribution to the DHP scheme will be reviewed annually. However, by April 2019 it is the Council's aim to manage the DHP budget without additional contributions and to give households more stability in the longer term. The policy has been updated to reflect these objectives.

Table 1: DHP allocation and spend				
	2014/15	2015/16	2016/17	2017/18
DHP allocation from government	£4.82m	£2.63m	£2.67m	£1.4m
Spend	£4.75m	£2.57m	£2.55m	

- 4.6 The new proposed DHP policy is shown at Appendix 2. In summary the main changes to it are:

- 4.6.1 There is a greater focus on awards being linked to actions that are required to avoid long term need for DHP and this will focus in the main on finding cheaper accommodation and finding work. . It is anticipated that this will lead to a reduction in repeat claims and repeat claims in future will only likely be agreed where an applicant needs more time to carry out the agreed actions. Currently around one third of applicants re-apply for DHP. (Also see 4.6 – 4.7. on repeat claims)
- 4.6.2. The new policy acknowledges that it is unreasonable for some households to find cheaper accommodation outside Westminster and in these circumstances they will be supported by DHP in the longer term. For example where they, or a member of their household, has very high health, social or welfare needs. The criteria on which this will be assessed replicate those in the Council's Accommodation Placement Policy for Homeless Households which prioritises certain homeless households for private sector accommodation in Westminster and central London.
- 4.6.3 The DHP policy no longer sets out explicitly that DHP will be available for rent deposits and rent in advance. Assistance with this type of expense is potentially available under the Local Welfare Support scheme and from the Housing Options Service.

- 4.6.4 DHP for low income workers has been refocused and in the main will only be available for those moving into work for the first time, or returning to work after a break of a year. The overall aim is to use DHP to help with the initial transition into work and awards will also taper off over time. Awards to other low income workers will only be available in exceptional circumstances and where the difficulties in paying the rent are temporary.

5. Financial Implications

- 5.1 The overall forecast expenditure in 2017/18 is £2.4m. The DHP allocation from government is £1.4m so this will be topped up from the Council's reserves by up to £1m if required. This will be reviewed under usual budget monitoring activities.
- 5.2 A reduced DHP budget in the longer term may result in increased homelessness approaches and acceptances. Currently 60% of households accepted as homeless by the Council live in the private rented sector. Increased acceptances may result in higher temporary accommodation costs, which already cost the Council £4.3m annually
- 5.3 As stated above the new DHP policy aims to reduce the number of repeat claims via the emphasis on achieving action plans. Progress will be reviewed and the budget adjusted accordingly in future in order to support the policy and also balance this against the need to consider and contribute towards the Council's anticipated funding shortfall over the medium term.

6. Legal Implications

- 6.1 The Discretionary Housing Payment Scheme is set out in The Discretionary Financial Assistance Regulations 2001 (SI2001/1167), and subsequent amendments. Whilst the regulations give local authorities a very broad discretion the Council must act in accordance with the ordinary principles of good decision making i.e. administrative law. In particular the Council has a duty to act fairly, reasonably and consistently. Each case must be decided on its own merits, and decision making should be consistent throughout the year.
- 6.2 The Council must also have due regard to the Public Sector Equality Duty in s149 Equality Act 2010. S149(1) provides that, in exercising its functions, a public authority must have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the 2010 Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. S149(3) provides that having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due

regard, in particular, to the need to (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. S149(4) provides that the steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities. Section 149(6) provides that compliance with the duties in section 149 may involve treating some persons more favourably than others. By s149(7) the relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 6.3 The Council is also under a general duty, pursuant to s11 Children Act 2004, to have regard to the need to safeguard and promote the welfare of children within their area.
- 6.4 As a public authority, the Council must take account of the provisions of the Human Rights Act 1998 and not act in a way which is incompatible with a Convention right. Under Article 8, any interference with the right to respect for a person's private and family life and home must be proportionate and Article 14 requires that there must be no unjustified discrimination within the scope of human rights on any grounds, such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth, or other status.

7. Equalities Implications

- 7.1 An initial assessment of the impact of the new policy highlighted that certain groups would be disproportionately affected by it as they were more likely to claim DHP. These groups included certain ethnic groups (Black, Arab, Asian, Other and Middle Eastern), people with disabilities, women, lone parents (who are more likely to be women), households with children and low income households. An initial screening found the new policy might have both positive and negative impacts, so the overall impact on these groups was unclear, and a full equalities impact assessment (EIA) was therefore completed.
- 7.2 The positive impacts identified included: that overall it would help to address the instability of relying on DHP to pay rent; that the greater focus on action plans would help applicants to become self-reliant; and it would enable them in the longer term to live in homes which are affordable. The negative impacts identified included that in order for some households not to rely on DHP would result in them having to move to an area where rents are more affordable and this might mean moving outside Westminster and possibly London. Although the policy has

been designed to ensure that applicants with high social, health and welfare needs might receive DHP for longer and subsequently will be enabled to pay their rent in Westminster, it is acknowledged that the policy could still have a negative impact on those that don't meet these criteria. Where this is the case certain groups such as lone parents, children, elderly people and disabled people might have greater difficulties with moving as they are more likely to rely on local support networks.

- 7.3 The policy was adjusted to help mitigate this potentially negative impact in that it highlights the support that will be available to move from Council services. It also stresses that every claim is assessed on an individual basis, which includes an assessment of the impact of the decision on households with children, the elderly, people with disabilities and people with other protected characteristics under the Equality Act. .

8. Risk Management Implications

- 8.1 The following table sets out potential risks of the new policy approach:

Risk	Mitigation
<ul style="list-style-type: none"> A reduced DHP budget in the longer term may result in increased homelessness approaches and acceptances. Currently 60% of households accepted as homeless by the Council live in the private rented sector. Increased acceptances may result in higher temporary accommodation costs, which already cost the Council £4.3m annually 	<ul style="list-style-type: none"> The amount the Council contributes towards the DHP scheme will be reviewed annually
<ul style="list-style-type: none"> High levels of repeat claims may continue due to difficulties in finding alternative affordable private rented housing 	<ul style="list-style-type: none"> The Housing Options Service will help households find alternative accommodation where needed
<ul style="list-style-type: none"> High levels of repeat claims may continue due to the barriers some households face when moving into work 	<ul style="list-style-type: none"> Every DHP applicant will be offered support by Westminster Employment Service where appropriate

9. Consultation

- 9.1 Key Council officers have been consulted with on the changes to the DHP policy.

**If you have any queries about this Report or wish to inspect any of the
Background Papers please contact:**

Cecily Herdman – Principal Policy Officer
cherdman@westminster.gov.uk

BACKGROUND PAPERS

2016/17 to 2019/20 Budget and Council Tax Report

<http://committees.westminster.gov.uk/documents/b12086/Budget%20and%20Council%20Tax%20Report%20Including%20Appendix%20A%2002nd-Mar-2016%2019.00%20Council.pdf?T=9>

Westminster Housing Strategy Direction of Travel Statement December 2015

<http://committees.westminster.gov.uk/documents/s16334/Cabinet%20Member%20report.pdf>

Westminster Draft Housing Strategy for Consultation 2015

<https://www.westminster.gov.uk/housing-strategies>

For completion by the **Cabinet Member for Finance, Property and Corporate Services**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: _____

State nature of interest if any

.....
(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation in the report entitled **Discretionary Housing Payment Policy** and reject any alternative options which are referred to but not recommended.

Signed

Councillor Tim Mitchell, Cabinet Member for Finance, Property and Corporate Services

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Bi-Borough Director of Law, the Head of City Policy and Strategy and, if there are resources implications, the City Treasurer and the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the relevant Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

Appendix A

Other Implications

1. Resources Implications

- 1.1 The new policy will be implemented within the identified resources.

2. Business Plan Implications

- 2.1 The new policy approach is in line with the Growth, Planning and Housing objective to prevent homelessness through early intervention.

3. Health and Wellbeing Impact Assessment including Health and Safety Implications

- 3.1 Some vulnerable households living in the private sector with high level health, social and welfare needs will continue to receive DHP in the longer term, if moving to cheaper accommodation is assessed to have a detrimental impact on them.

4. Crime and Disorder Implications

- 4.1 There are no Crime and Disorder Implications.

5. Impact on the Environment

- 5.1 There are no Environmental Implications.

6. Staffing Implications

- 6.1 There are no Staffing Implications.

7. Human Rights Implications

- 7.1 As a public authority, the Council must take account of the provisions of the Human Rights Act 1998 and not act in a way which is incompatible with a Convention right. Under Article 8, any interference with the right to respect for a person's private and family life and home must be proportionate and Article 14 requires that there must be no unjustified discrimination within the scope of human rights on any grounds, such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth, or other status.

8. Energy Measure Implications

8.1 There are no Energy Measure Implications.

9 Communications Implications

9.1 The updated policy will be communicated across the Council prior to implementation with the relevant officers. External stakeholders will be made aware of it through Westminster Advice Forum, and the social landlord forum. The new policy will be put on the Council's website