



## **Discretionary Housing Payment Scheme Policy**

Effective from 1 April 2017

## SECTION 1

### POLICY

#### BACKGROUND

From 2 July 2001, exceptional circumstances and hardship payments were abolished and replaced by the Discretionary Housing Payment (DHP) scheme. This gave Local Authorities new powers to top up Housing Benefit.

The legislation governing DHPs can be found in the Discretionary Financial Assistance Regulations 2001 (SI 2001/1167).

The DHP scheme provides discretionary support for shortfalls between eligible rental liability and Housing Benefit/Universal Credit and help towards housing costs. Housing costs can be interpreted more widely to include rent in advance, deposits or other lump sum costs associated with a housing need such as removal costs.

The overall spending on DHPs is cash-limited by the Secretary of State under a Permitted Totals Order.

The main features of the DHP scheme are:

- The scheme is discretionary - a claimant does not have a statutory right to a payment;
- The Revenues & Benefits Service decides how the scheme is administered;
- The overall outlay on DHPs is cash-limited by the Secretary of State;
- DHPs are not a payment of Housing Benefit.

However, the claimant must be entitled to at least the minimum payment of Housing Benefit/Universal Credit in the benefit week for which it awards a DHP;

- DHPs should be seen as an emergency fund. They are not and should not be considered as a way round any current or future entitlement restrictions set out under Housing Benefit/Universal Credit legislation;
- DHPs cannot be used to offset overpayment recovery or to cover ineligible service charges.

The Department for Work and Pensions provides us with a specified Discretionary Housing Payments allocation that can vary each year as it is partly based upon our previous Discretionary Housing Payments spending.

We must return any unspent funding to the Department for Work and Pensions. During the year in question, we can only award Discretionary Housing Payments up to a cash limit of two and a half times this annual allocation. Any spending we make above the allocation and up to the legal limit has to be funded by us from our budget (and so in turn from our Council Tax payers).

## PURPOSE

This policy has been designed to ensure all people making an application for a DHP are treated in a consistent and equitable manner. This policy has been written to:

- Set guidelines for the factors to be considered in determining an application
- Set out the delegated authority to award a DHP in appropriate circumstances
- Establish an appeals procedure for applicants dissatisfied with a decision
- Safeguard the interests of the local taxpayers to ensure DHP awards are used effectively and economically
- Specify how the Revenues & Benefits Service will manage the DHP scheme and to suggest some of the factors we will consider when deciding to award additional help.

We will treat each case strictly on its merits and all eligible customers will receive equal and fair treatment. Principles of reasonableness will apply in all cases with the Council deciding each case on relevant merits.

The Revenues & Benefits Service is committed to working with the local voluntary sector, social landlords and other interested parties in the Borough to maximise claims for all available state benefits and will reflect this in running the DHP scheme.

The Revenues & Benefits Service is committed to the equitable operation of the DHP scheme. Where the evidence provided shows the customer is not claiming another state benefit they may be entitled to, we will advise them to make such a claim and provide details of other agencies in the District who may be able to help. Similarly, if a customer is not claiming a Council Tax Discount to which they may be entitled we will advise them to firstly make such a claim.

## STATEMENT OF OBJECTIVES

The Revenues & Benefits Service will consider awarding a DHP to all customers who meet the qualifying criteria set out in this policy. We will treat all applications on their individual merits, and will seek through this policy to:

- Alleviate poverty;
- Allow a short period of time for someone to adjust to unforeseen short-term circumstances and by providing a DHP to enable them to “bridge the gap” during this time;
- Support domestic violence victims who are trying to move to a place of safety
- Help people who live near their jobs because they work unsocial hours/split shifts or where there is inadequate public transport;
- Help people who as a consequence of a move have extra travel to work costs;
- Sustain tenancies to prevent homelessness;
- Support vulnerable young people in the transition to adult life;
- Encourage residents to get and keep employment;
- Safeguard residents in their homes;

- Help those who are trying to help themselves;
- Keep families together;
- Assist those with medical or health problems where they need access to medical services or support that would not be available elsewhere
- Act as a tool in supporting vulnerable people in the local community;
- Help customers through personal crises and difficult events.

This list is not exhaustive and we will consider any other relevant factors or special circumstances that may apply.

A DHP can help meet shortfalls in areas such as:

- Restrictions in Housing Benefit entitlement because the rent payable is more than the rent used to work out Housing Benefit/Universal Credit;
- Non dependant deductions;
- Income tapers;
- Increases in essential work related expenditure such as increased fares to work if a customer has had to move because they could not afford to live in proximity to their work following a reduction in their Housing Benefit.

The DHP scheme allows for payments to be made for rent deposits and rent in advance if the claimant receives Housing Benefit for their present home, however, budget limitations and increasing demand in the face of recent and on-going welfare reforms mean that SSDC is not able to make awards in these circumstances.

A DHP cannot help with the following:

(a) Certain elements of the rent:

- Ineligible service charges as specified in Schedule 1 of the Housing Benefit Regulations 2006 and Schedule 1 of the Housing Benefit (Persons who have attained the qualifying age for pension credit) Regulations 2006
- Increases in rent due to outstanding rent arrears;

(b) Suspensions

- Where a person's Housing Benefit or any other benefit has been suspended, it is not appropriate to pay a DHP. The aim of the suspension provision is to act as a lever to ensure the customer provides necessary information or evidence – paying a DHP could reduce the effectiveness of this lever.

(c) Sanctions

- Where a reduction has been applied to Income Support or income-based Jobseeker's Allowance due to a Reduced Benefit Direction for failing to comply with the Child Support Agency, the claim for a DHP should assume such a sanction has not been applied;

- Where a reduction has been applied because of absence at a work-focussed interview, the claim for a DHP should assume such a sanction has not been applied;
- Any restriction in benefit due to a breach of a Community Service Order Priority Groups.

We will prioritise DHPs for customers who are in our opinion, the most vulnerable. This will particularly include, although not be limited to:

- Claimants who have someone who is pregnant within their household
- Young adults who have recently left the care system
- Households containing adults or children with disabilities
- Households with children under 5 years of age
- Claimants who are carers
- People who are fleeing domestic violence
- The elderly who would find it particularly difficult to move house
- People accepted as homeless under homelessness legislation of the Housing Act 1996 and placed in temporary accommodation by the Council as described in regulation A13(3), because they are homeless or to prevent homelessness
- Customer classified as vulnerable in line with our Vulnerability Policy
- Being in one or more of the above groups does not guarantee a DHP award.
- For those applying for a DHP on the grounds of exceptional hardship we would expect the customer to demonstrate they have taken steps to try to address their financial difficulties by seeking money / debt advice from the CAB, National Money Advice Helpline or similar organisations.

## FRAUD

The Council is committed to the fight against fraud in all its forms. A claimant who tries to fraudulently claim a DHP or DCTA by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where we suspect such a fraud may have occurred, the matter will be investigated and this may lead to the instigation of criminal proceedings.

## PUBLICITY

The Revenues & Benefits Service will publicise the DHP scheme and will work with all interested parties to achieve this. A copy of this policy will be made available for inspection and will be posted on the South Somerset District Council web site.

Information about the amount spent will not normally be made available except at the end of the financial year.

## MONITORING DHP EXPENDITURE

The Revenues & Benefits Service will extract reports from the DHP software on a monthly basis to ensure expenditure is within budget and is correctly profiled to ensure no overspend at the end of the financial year.

## SECTION 2

### ADMINISTRATION

#### CONDITIONS THAT MUST BE MET

A claim for a DHP must be in writing and signed by the customer. A letter or signed statement received by the Council's Revenues and Benefits Service will be sufficient if the following conditions are met:

- On request the customer supplies any relevant supporting evidence.
- The Revenues & Benefits Service may ask for any (reasonable) evidence in
  - support of an application for a DHP. The Revenues & Benefits Service will make such requests in writing. The customer will provide the evidence within one month of our letter, although we will extend this in appropriate circumstances.
- If the customer is unable to or does not provide the evidence, we will still consider the application and take into account any other available evidence including that which we already hold.
- The Revenues & Benefits Service reserves the right to verify any information or evidence provided by the customer in appropriate circumstances.

In considering an award for a DHP, the following criteria must be met:

1. The claimant is entitled to Housing Benefit/Universal Credit
2. The payment is for costs that are potentially eligible for Housing Benefit/Universal Credit
3. The sum of a DHP and the benefit does not exceed the overall liability (except for lump sum awards)

4. A DHP is not used to plug an income gap caused by sanction or suspension to Social Security Benefits

## CUSTOMER RESPONSIBILITIES

A person claiming a DHP must be willing to undertake all of the following:

- (a) Provide the Council with such information as it may require to make a decision;
- (b) Tell the Council of any changes in circumstances that may be relevant to their on-going claim; and
- (c) Satisfy the Council they are not able to meet their eligible housing costs;
- (d) Accept assistance from either the Council or third parties such as the Citizens Advice Bureau (CAB) or similar organisation to enable them to manage their finances more effectively including the termination of non-essential expenditure; renegotiate priority and non-priority debts, provide an income and expenditure statement or Financial Statement and if needed allow the Authority to seek for the claimant by completing a Common Referral Statement
- (e) Work with the Council in identifying potential changes in payment methods and arrangements to assist in alleviating their current circumstances;
- (f) Demonstrate they have taken all reasonable steps to meet their rental liability including applications for employment or additional employment, or alternative lines of credit;
- (g) Have no access to assets that could be realised and used to pay housing costs;
- (h) Maximise their income through applying for other welfare benefits, cancellation of non-essential contract and outgoings and identifying the most economical tariffs for the supply of utilities and services generally.

## AWARDING A DHP

The Council will be responsible for assessing applications against this policy and an officer will consider the following factors in applying this policy:

1. Current household composition and specific circumstances including disability or caring responsibilities;
2. Current financial circumstances and customers living in remote and isolated communities

3. Determine what action(s) the applicant has taken to alleviate the situation;
4. Consider alternative means of support may be available to the applicant by:
  - Re-profiling debts;
  - Applying for Discretionary Reduction in Council Tax Liability (where applicable);
  - Maximising other benefits
  - Determining whether in the opinion of the decision maker, the spending priorities of the applicant should be re-arranged
  - Determining what steps the customer plans to take in preparation for when the discretionary award ends.

In deciding whether to award a DHP, the Revenues & Benefits Service will consider:

- The shortfall between Housing Benefit/Universal Credit and the housing costs;
- If there is a real risk of eviction because of the shortfall, or will the landlord accept a reduced payment?
- The age of the customer
- The locality of the property and the demographic nature for rural communities
- Any steps taken by the customer to reduce their housing costs;
- The financial and medical circumstances of the customer, their partner and any dependants and any other occupants of the customer's home;
- The income and expenses of the customer, their partner and any dependants or other occupants of the customer's home (ignoring any income from Disability Living Allowance (DLA) or Personal Independence Payments (PIP));
- Any savings or capital that might be held by the customer or their family;
- If the customer or anyone in the household has any unusual or unusually large expenses, that make it harder than normal for them to meet the shortfall?
- The indebtedness of the customer and their family;
- The exceptional nature of the customer and their family's circumstances;
- The amount available in the DHP budget at the time of the application (in accordance with the Permitted Totals Order);
- If this is a repeat request for a DHP? If so what action has the customer taken to alleviate the problem since the last application?
- The possible impact on the Council of not making such an award, for example the pressure on priority homeless accommodation;
- Any other special circumstances brought to the attention of the Revenues & Benefits Service.

The Revenues & Benefits Service will decide how much to award based on all the circumstances. This may be an amount below the difference between the housing costs and the Housing Benefit/Universal Credit award.

Granting a DHP does not guarantee or imply a further award even if the customer's circumstances do not change.

To ensure a consistent approach when determining a discretionary award the Authority will also follow guidelines as advised by "**The Office of National Statistics**". We have also consulted with a range of local partners to identify agreed levels of notional household spending that are as follows:



The Authority will allow expenditure as follows:

Fuel, power, insurances	To include electricity, gas, oil, building and contents cover	£12.50
Food and Household	To include food, toiletries, laundry, clothing, footwear, pet food, nappies	£30.00
Health	Dentist, glasses and prescriptions	£1.00
Transport	Car Tax, MOT, fuel, insurance, bus fares, taxis	£12.00
Communications	Mobile phone, internet, landline, TV Licence	£10.00
Miscellaneous	Repairs, hairdressing, hobbies, leisure	£8.00
	<b>Total weekly expenditure:</b>	<b>£73.50</b>

The Authority will also allow the following expenditure in full:

Maintenance paid for a child or former partner	Actual expenditure
Rent liability	Actual expenditure
Council Tax liability	Actual expenditure
Water Rates	Actual expenditure
Court Fines and negotiated financial repayments	Actual expenditure

The trigger point level will be multiplied by the household factor by The Office of National Statistics. These are:

Type of Household member	Equivalence Value
First Adult	1.0
Additional adult	0.5
Child aged: 14 and over	0.5
Child aged:0-13	0.3
Adult aged under 25 (not set by ONS)	0.8

Taking account of DWP and allowances for adults under 25 we will include a household factor multiplier of 0.80.

For example, if a household is made up of a Couple and the allowable notional expenditure for an item such as food is £30 the household factor would be 1.5 (1.0 plus 0.5) allowing £45 a week for food.

Any expenditure at or below the trigger point for allowable expenditure will be permitted. Any expenditure in excess of the trigger point will not automatically be considered. The applicant will need to prove their level of spending is essential, reasonable and unavoidable. We may also request to see medical letters and supporting bank statements.

The decision maker has the discretion to exceed the trigger point or actual expenditure where it is reasonable to do so.

## PERIOD OF AWARD

The Revenues & Benefits Service will decide the length of time to award a DHP from the evidence supplied and the facts known.

The start date of an award will normally be:

- The Monday after we get the written claim for a DHP; or
- The date Housing Benefit (HB) or Universal Credit starts (providing we get the application for the DHP within one month of the decision on the claim for HB whichever is the earlier, or the most appropriate).
- We cannot award a DHP for any period outside an existing Housing Benefit period granted under the Housing Benefit statutory scheme. The minimum award of a DHP is one week.
- We will not normally award a DHP for a period over 6 months and will review all awards on a 6 monthly basis.
- We will consider any reasonable request for backdating an award of a DHP but will usually limit such consideration to the current financial year

## CHANGES OF CIRCUMSTANCES

The Revenues & Benefits Service may need to revise an award of a DHP where the customer's circumstances have materially changed. Any revision to the award will take effect from the Monday following the date of change in circumstances.

## METHOD OF PAYMENT

The Revenues & Benefits Service will decide the most suitable person to pay based on the circumstances of each case. This could include paying:

- The customer;
- Their partner;
- An appointee;

- Their landlord (or an agent of the landlord); or
- Any third party to whom it might be most suitable to pay.

The Revenues & Benefits Service will pay a DHP by the most suitable means available in each case. This could include payment by direct credit to a bank or building society account or by crediting the customer's rent account.

The payment frequency will be advised at the time of the award.

## NOTIFICATION

The Revenues & Benefits Service will aim to write to the customer to tell them the outcome of their claim within 14 days of receipt. Where the claim is unsuccessful, we will set out the reasons and explain their appeal rights. Where the claim is successful, the Revenues & Benefits Service will advise:

- The weekly amount of DHP;
- If it is paid in advance or in arrears;
- The period of the award;
- How, when and to whom (for DHP only) it will pay the award;
- The need to report a change in circumstances;

## OVERPAYMENTS

The Revenues and Benefits Service can recover a DHP if we decide the payment has been made as a result of misrepresentation or failure to disclose a material fact, either fraudulently or otherwise. We may also recover DHPs if we decide the customer received the DHP as a result of an error made when the application was determined.

We will not recover DHPs from ongoing HB or UC. This is unlike HB overpayments where there is a regulatory provision to allow recovery from ongoing HB.

There is also no provision for recovery of overpaid DHPs from other prescribed benefits. The only method of recovery if a DHP is overpaid is to request repayment of the debt from the customer. This may be in the form of an invoice or using debt collection agencies or via the courts.

## SECTION 3

### REVIEWS OF DHP DECISIONS

#### THE RIGHT TO SEEK A REVIEW

DHPs are not payments of Housing Benefit. Therefore they are not subject to the statutory appeals mechanism. The Revenues & Benefits Service will use the following policy for dealing with appeals about a:

- Refusal to award a DHP; or
- Decision to award a reduced amount of DHP; or
- Decision not to backdate a DHP; or
- Decision there has been an overpayment of a DHP.

A customer (or their appointee or agent) who disagrees with a DHP decision may dispute the decision. The Revenues & Benefits Service must receive a request for a review within one month of the issue of the written decision about the DHP to the customer. Where this has not already been done, officers from the Revenues & Benefits Service will explain the DHP decision to the customer by telephone, at interview or in writing and will seek to resolve the matter.

Where agreement cannot be reached, the Revenues & Benefits Appeals Officer will consider the case in consultation with the Revenues & Benefits Manager. A review will be conducted on all the evidence held and a decision made within 14 days of referral or as soon as practicable.

Where the Appeals Officer decides not to revise the original decision, they will tell the customer in writing, setting out the reasons for their decision.

The decision is final and binding and may only be challenged through judicial review or by complaint to the Local Government Ombudsman.