
NORTH AYRSHIRE COUNCIL

13 June 2023

Cabinet

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| Title: | Discretionary Housing Payment Policy |
| Purpose: | To seek approval of the revised Discretionary Housing Payment policy. |
| Recommendation: | That Cabinet approves the revised policy for the administration of Discretionary Housing Payments as detailed in Appendix 1. |

1. Executive Summary

- 1.1 The current policy for the administration of Discretionary Housing Payments (DHP) was adopted by North Ayrshire Council on 23 October 2012 with the key aims of preventing hardship and protecting families and vulnerable people by sustaining tenancies and preventing homelessness.
- 1.2 Following a number of changes to the operation of the scheme with particular regards to Scottish Government support for fuller mitigation of the Benefit Cap and the Bedroom Tax, the policy has been reviewed and updated to include specific information in relation to these additional provisions.

2. Background

- 2.1 Under the Discretionary Financial Assistance Regulations 2001, local authorities administer the Discretionary Housing Payments (DHP) scheme to make payments to claimants suffering financial hardship who need help in meeting housing costs and the current policy for the administration of DHP was adopted by North Ayrshire Council on 23 October 2012 with the key aims of preventing hardship and protecting families and vulnerable people by sustaining tenancies and preventing homelessness.
- 2.2 The Welfare Reform Act 2012 introduced a range of reforms including Universal Credit, a benefit cap and a reduction in housing benefit for under-occupation in social housing, known as the Bedroom Tax. Following this, from April 2014, the Scottish Government made the decision to offset the impact of the bedroom tax for all those receiving Housing Benefit and the scope of the DHP scheme was extended to provide full mitigation for those subject to a housing benefit reduction arising from this.

- 2.3 During the past three years North Ayrshire Council has provided over £8.747m of financial support to local residents through DHP payments:

| DHP Payments | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total £m |
|-------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Under Occupancy (Bedroom Tax) | 2.745 | 2.649 | 2.688 | 8.082 |
| Benefit Cap | 0.058 | 0.050 | 0.044 | 0.152 |
| Other DHP Payments | 0.135 | 0.179 | 0.199 | 0.513 |
| Total | 2.938 | 2.878 | 2.931 | 8.747 |

- 2.4 Under the child poverty action plan, Best Start, Bright Futures, the Scottish Government has made a commitment to mitigate the impact of the benefit cap as fully as possible within devolved powers and, during December 2022, the Scottish Government issued revised guidance to all local authorities indicating that additional funding would be provided to support fuller benefit cap mitigation beginning from the 1 January 2023.
- 2.5 As part of the 2023/24 local government finance settlement, Scottish Government support for DHP within North Ayrshire has been confirmed at £3.193m, including £2.771m to mitigate the Bedroom Tax and £0.166m to support mitigation of the Benefits Cap.
- 2.6 In order to fully align North Ayrshire Council's DHP policy with the changes in relation to the Bedroom Tax and the Benefits Cap, the current policy has been reviewed and the draft revised policy is detailed in Appendix 1.
- 2.7 North Ayrshire Council's Benefits Team have reviewed their DHP procedures in relation to Benefits Cap cases and issued communications to partner organisations to raise awareness of the changes.

3. Proposals

- 3.1 It is proposed that Cabinet approves the revised policy for the administration of Discretionary Housing Payments as detailed in Appendix 1.

4. Implications/Socio-economic Duty

Financial

- 4.1 The financial implications are detailed in paragraphs 2.3 to 2.5 with full financial support provided by the Scottish Government. Any subsequent variation to funding levels will be considered as part of the development of the Medium Term Financial Plan.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 The provision of financial support through Discretionary Housing Payments protects families and supports the Child Poverty Action Plan.

Climate Change and Carbon

4.5 None.

Key Priorities

- 4.6 This policy supports the key priorities of :
- Children and young people experience the best start in life;
 - Residents and communities are safe;
 - Residents and communities enjoy good life-long health and well-being; and
 - The Council maximises resources and provides value for money.

Community Wealth Building

4.7 None.

5. Consultation

5.1 No consultation has been required in the preparation of this report

Mark Boyd
Head of Service (Finance)

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551** or **DavidForbes@north-ayrshire.gov.uk**.

Background Papers

None

North Ayrshire Council Discretionary Housing Payment Policy

1. Introduction

1.1 Section 2(1) of the Discretionary Financial Assistance Regulations 2001 provides the Council with the discretion to make payments by way of financial assistance (“discretionary housing payments”) to persons who:

- (a) are entitled to housing benefit; and
- (b) appear to the Council to require some further financial assistance (in addition to the benefit or benefits to which they are entitled) in order to meet housing costs.

Subject to paragraph (3) and regulations 4 and 5, the Council has a discretion:

- (a) as to whether or not to make discretionary housing payments in a particular case; and
- (b) as to the amount of the payments and the period for, or in respect of which, they are made.

1.2 From April 2013, DHPs were extended to people receiving Universal Credit (UC) providing they have a rental liability and are eligible for support towards housing costs. In essence, this means a person claiming UC who would have been eligible for Housing Benefit (HB), remains eligible for DHP.

2. Funding and Eligibility

2.1 From 1st April 2017, the Department for Work and Pensions no longer provides DHP funding. As a result, all funding for the DHP scheme is the responsibility of the Scottish Government and the Council.

2.2 A customer must be in receipt of Housing Benefit or Universal Credit (Housing Element) to be considered for, and receive, a DHP.

3. Policy Aims and Objectives

3.1 To distribute equitably the DHP funding to benefit claimants that meet the qualifying criteria, and to promote the following objectives:

- ❖ Prevention of homelessness;
- ❖ Sustain tenancies and safeguard residents in their homes;
- ❖ Assist households move into more affordable accommodation;
- ❖ Alleviate poverty;
- ❖ Prevent hardship;
- ❖ Support vulnerable young people in the transition to adult life;

- ❖ Encourage residents to seek and sustain employment;
- ❖ Help those who are trying to help themselves;
- ❖ Keep families together;
- ❖ Support the vulnerable in the local community;
- ❖ Help claimants through personal crises and difficult events.

3.2 In particular the Council wishes to support the following groups of people to remain in their current property, or local area:

- ❖ Families with children at a critical point in their education;
- ❖ Young people leaving the Council's care;
- ❖ People who would suffer a significant reduction in their quality of life if they had to leave the local area;
- ❖ People who have been previously homeless;
- ❖ People subject to domestic violence;
- ❖ People temporarily absent from their home;
- ❖ People with a disability or in need of care;
- ❖ Foster carers & kinship carers;
- ❖ People moving into work or undertaking employment related training;
- ❖ People moving into affordable accommodation;
- ❖ Large families with no suitable alternative accommodation.

3.3 To ensure as far as possible all customers are made aware of the availability of discretionary housing payments.

3.4 To ensure that all agencies supporting customers are made aware of the funding available and how it can be utilised to support their client group.

4. Exempt from DHP

4.1 DHP will not be paid to a claimant under the following circumstances:

- ❖ Where a tenancy was not affordable when taken on;
- ❖ When benefit fraud has been committed;
- ❖ Where a benefit in payment is subject to a reduction direction, sanction or suspension;
- ❖ Services charges which are ineligible for Housing Benefit;
- ❖ Where rent charges have increased due to outstanding levels of rent arrears.

5. Additional Scottish Government Provision

Benefit Cap

5.1 The Scottish Government has committed to mitigating the benefit cap as fully as possible within devolved powers. Anyone who is eligible and applies for a DHP to

replace the amount of benefit removed by the cap, will receive a Discretionary Housing Payment up to the maximum amount allowed by regulations.

- 5.2 This mitigating DHP will be awarded at the lower of either their capped amount or their housing costs as permitted by regulations.
- 5.3 There may be cases where a household has had their benefit payments capped by an amount that is more than their housing costs. These households will be helped as far as is possible.
- 5.4 The Council will provide support to capped claimants in exempting themselves from the cap.

Bedroom Tax

- 5.5 The Scottish Government continues to be committed to fully mitigating the bedroom tax. Anyone affected who applies to a DHP to cover their shortfall, will receive one.
- 5.6 The Council will provide support to those affected by the bedroom tax who wish to downsize and identify anyone who may be eligible for an additional room (for example, foster carers / children with a disability which prevents them from sharing) through the appropriate DWP routes.

6. Level and Period of Award

- 6.1 An application must be made in writing or by telephone to receive a DHP.
- 6.2 The level and period of award will be based on the individual circumstances of the applicant.
- 6.3 In the case of a shortfall the amount of DHP will not exceed the weekly eligible rent of the applicant.
- 6.4 In the case of lump sum payments no period will apply but due regard will be given to the DHP funding available.
- 6.5 Payment may be made to the applicant, agent, appointee, and landlord or directly into the rent account as required.
- 6.6 Payment of a DHP will stop if an applicant fails to disclose a material fact or obtained the funds under false pretences or the payment was made in error.
- 6.7 The level and period of award will be reviewed if there is a change in the circumstances of the applicant.

7. Recovery of Overpaid DHP

- 7.1 The Council will recover all overpaid Discretionary Housing Payment.

8. The Right of Review

- 8.1 There is no statutory right of appeal against a DHP. The applicant (or their appointee or agent) who disagrees with a DHP decision may request the Benefits Service for a review of that decision.
- 8.2 A request for a review must be made in writing to the Benefits Service within 20 days of the written decision about the DHP being issued to the benefit claimant.
- 8.3 An officer from the Benefits Service who was not involved in the original decision will consider the request for a review.
- 8.4 The reviewing officer will notify the customer of their decision, which will be final and there will be no further right of review by the Council.
- 8.5 Dissatisfied customers may request a judicial review.

9. Policy Review

- 9.1 The Council's DHP policy will be reviewed annually, and the Cabinet will be asked to approve any material changes.