

Report of the Assistant Director of Revenues, Benefits and Payroll to the meeting of Corporate Overview and Scrutiny Committee to be held on 2 February 2017

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Subject:

Discretionary Payments

Summary statement:

This report provides an update on the support provided by the Council, to financially vulnerable residents, through the Discretionary Housing Payments (DHP) scheme and the Assisted Purchase Scheme (APS) during the period 1 April 2016 to 31 December 2016

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1. SUMMARY

This report provides an update on the support, provided by the Council, to financially vulnerable residents, through the Discretionary Housing Payments (DHP) scheme and the Assisted Purchase Scheme (APS) during the period 1 April 2016 to 31 December 2016.

2. BACKGROUND

At a Committee meeting on 2 March 2016, when a report was presented on progress with the Discretionary Housing Payments scheme and the Assisted Purchase Scheme, the Committee resolved to ask for a further progress report in 12 months time.

This report therefore gives an update on the support provided from 1 April 2016 to 31 December 2016 on both the Discretionary Housing Payments (DHP) scheme and the Assisted Purchase Scheme (APS), and also considers what changes, if any, need to be made to the schemes in response to forthcoming welfare benefit changes.

The Council, at its meeting on 13 December 2016, following a Motion about the impacts of the welfare changes, resolved that “the Chief Executive bring a paper to the Executive about how the Council can mitigate the impact of welfare changes on the poorest families in the District and how the Council can support parents to access employment”.

Both the DHP and APS schemes will be key elements in this mitigation

3. OTHER CONSIDERATIONS

3.1 Discretionary Housing Payments (DHP)

Members of the Committee will recall that the DHP scheme provides additional support with housing costs. This national scheme, administered by Councils, helps people entitled to Housing Benefit and increasingly those in receipt of Universal Credit, where there is a Housing element, with certain housing costs that otherwise could not be met. The legislation sets the broad parameters of the scheme, and allows the Council to develop the scheme in support of local housing needs and priorities.

Government funding for DHP has increased in the last few years due to the welfare changes; the Government have argued successfully, before the Courts, that the provision of this funding to local authorities mitigates the adverse impacts of the welfare changes (in particular, the social sector size criteria) on people who share one of the Equalities Act protected characteristics.

Table A below, shows the number of DHP applications received by the Council, in the last 3 years, the number of lump sum payments made and the number of households assisted.

Table A	2014	2015	2016 (1 Apr to 31 Dec)
Number of Applications	3,216	3,975	3,129
Number of Households Assisted (weekly)	1,699	2,923	1,597
Number of Lump Sum Payments	447	559	349

Approximately two thirds of all applications received are successful.

Based on the end of December information, we expect the number of applications to be similar to last year, although the number of households supported may be slightly less. This is because there has been a need to manage the fund more cautiously in the knowledge that the reduced Benefit Cap will take effect. Also, last year landlords and the Council were able to target specific groups and invite claims from them and this hasn't happened this year. The number of lump sum payments is expected to be similar to previous years and we know that there tends to be an increase in this type of award between December and March.

The Service continues to work closely with Landlords and other stakeholders such as the Housing Options Team to promote the Discretionary Housing Payments scheme and to encourage them to identify and assist with applications for assistance. This has a positive effect on helping tenants but also reducing the burden on other Council services, such as Housing and the homeless teams.

Table B shows the main reasons for an award being made as a percentage of all DHP awards

Table B	2015	2016 (1 Apr to 31 Dec)	2016 (Amount awarded to 31 Dec)
Reduction in Social Sector Size Criteria	51%	46%	£405,685.35
Other reasons	38%**	42%	£373,952.36
Benefit Cap	4%	4%	£39,065.03
Changes to shared accommodation rate	7%	8%	£60,187.75

**includes amounts for expectant mothers, reasonable rents, foster carers, arrears clearance and lump sums

3.1.1 Reduction in Social Sector Size Criteria

At the end of December 2016 there were 2,618 households affected by the Social Sector Size Criteria (SSSC); a reduction of 94 households compared to 2015. This reflects a slow but consistent downward trend in those affected by SSSC since its introduction in April 2013, primarily the result of efforts by Social Landlords to ensure tenants are accommodated in appropriately sized property, in many cases working with the Council to use DHP's to allow time for tenants to stay in their property until alternative

accommodation is identified. This is also reflected in the reduction in the amount of DHP awarded in these circumstances, from 51% to 46% this year – see Table B above. The Council has made awards in 815, cases meaning only a third of those affected receive additional support.

3.1.2 Benefit Cap

The number of households affected by the benefit cap has also reduced, from 220 to 149. This is primarily due to those affected moving in to employment or family circumstance changes, but the recent change in legislation which exempts from the cap those residents in receipt of Carers or Guardians Allowance has added to the overall reduction. In financial terms, the support provided to households subject to the Benefit Cap, whilst not insignificant, is comparatively small at 4% of the overall DHP spend or £39,000 (in 2016 to date)

This legislative change also reduced the Benefit Cap to £20,000 and this has now been applied, to those households already capped, from 7 November 2016. The reduced cap was applied to any new cases during January 2017 and around 1,000 households have been affected for the first time. In preparation for this further reduction in the cap, the Council has carefully managed the fund this year to ensure that there is sufficient money available to meet the anticipated additional demand.

3.1.3 Lump Sum Payments

Lump sum payments are made for a number of reasons and Table C below shows the main reasons for the payment and the number paid to 31 December 2016

TABLE C	
Reason For Lump Sum payment	Number of Payments Made
Rental Bonds	71
Rent in Advance	117
Removals, no shortfall	50
Removals, reduced shortfall	18
Removals, out of area	2
To clear Arrears	20
Housing Options	63

DHP's can be used to clear arrears in those cases where eviction is imminent and there is the potential of homelessness as a result. Removals can be for a variety of reasons not just as a result of the SSSC. For example there may be cases where claimants are fleeing domestic violence situations. The Housing Options team can deal with people who ordinarily would qualify for a DHP, but, because they are not in receipt of Housing Benefit or the housing element of UC, their application would be refused. Some landlords are not prepared to wait for a successful claim for bonds or rents in advance. However, working with the team who administer DHP's, the Housing Options team are able to make payments to landlords, in lieu of a DHP being awarded, which results in a much more positive outcome for the applicant and the Council.

3.1.4 Disabled Persons

Assistance is provided, within the DHP scheme, for disabled people living in adapted accommodation, the majority of those assisted are affected by the SSSC. If the cost of adapting a different property to meet their needs is prohibitive, the applicant will be supported to remain in their current property. Likewise if a disabled person requires the additional room for medical equipment or are unable to share a room with a partner due to disability, support would be available.

It is worthy of note that a recent Court of Appeal decision means that the Government are required to change the law regarding the application of the SSSC where couples are unable to share a bedroom due to disability. Such a change is likely to reduce the need for DHP's in these cases.

In total, for the period April to December 2016 8% of the DHP budget has been used to support disabled households with their rent liability, with indefinite awards being granted where appropriate. This compares with 9% for the same period last year.

3.1.5 Refused Awards

Not all claims for DHP's are successful. Table D shows the **main** reasons for refusing an award as a percentage of all refusals

Table D	2014	2015	No, refused to 31 Dec 16
Income sufficient to pay shortfall	22%	15%	166
Requires a perm/long term award	13%	5%	27
No shortfall	10%	6%	53
Excessive expenditure	9%	3%	46
Ineligible (no benefit claim)	9%	15%	155
Insufficient Information	4%	8%	213

3.1.6 DHP in the future

The current Policy intention is clear; DHP awards are usually made on a temporary basis until the applicant either moves to more suitable accommodation, reduces their expenditure or increases their income in order to meet their rent liability.

The exceptions to this are where there are children of school age in the household and the family moving may have a detrimental effect on the child's education, or they are approaching an age at an additional room would be appropriate, or, in the case of a disabled person, where the accommodation has been substantially adapted for their needs. In these cases a longer term or indefinite award can be made.

Whilst this policy intent is clear and some claimants have used the award to help make the necessary changes, others have not. In reality some DHP awards are being made on a repeat basis and, because adequate funding has been available, these have been granted. Whilst this has been financially sustainable to date, it is neither the most effective use of public funds nor is it fair or equitable for the many other residents in the District who

have either made changes to their circumstances or are paying the full rent from their income.

If the Council is minded to prioritise the use of this funding still further to support the most vulnerable, the scheme could be amended to support still further households who have children. It is clear that families with children will bear the brunt of many of the forthcoming changes; limiting the support provided through Child Tax Credit to two children; removal of the 'family element' of £545 per year in the calculation of various benefits; and the reduced level of income at which the benefits cap will apply.

In addition, the Council could consider adding further conditionality to the DHP scheme by linking an award for DHP to the need to actively seek employment or take up skills training

4 Local Welfare Provision

As Members of the Committee will recall, the Government announced, in January 2014, that there would be no funding available from 1 April 2015, or thereafter, for local welfare provision. After receiving much feedback, the Government claimed that funding had been provided and identified an amount Councils should spend on LWP within the Revenues Support Grant (RSG). However, unlike the first two years, this was not additional funding, but simply an amount identified in the RSG. Because of this, the Council took the decision to discontinue the local welfare scheme of Community Care Grants and Crisis Awards, known collectively as Discretionary Support Payments (DSP), in favour of a loan scheme (APS) to assist in purchasing essential household goods and for those experiencing severe financial hardship, the Council provided funding to the Advice Services to support the provision of food parcels and fuel top up.

4.1 Assisted Purchase Scheme (APS)

This scheme replaced the Discretionary Support Payment (DSP) scheme and is intended to help low-income households to buy or replace essential household items, such as cookers and beds, in order to maintain or improve their own health and well-being, or that of their family. It consists of two elements; the provision of new items, and the provision of second-hand/reconditioned items.

Low income households (or individuals) who are able to apply to the scheme are:

- those leaving a care home, prison, hospital or similar e.g. a women's refuge, to become established in the community
- those who are at risk of entering a care home, hospital or similar if they are not able to obtain certain essential items
- those fleeing domestic violence
- those who are experiencing extreme financial pressure

The Council assesses whether the applicant is eligible under the scheme, and if so, provides the applicant with details of how to proceed with making a purchase through Smarterbuys for new goods and CHAS/St Vincent's or the British Heart Foundation for used goods.

Table E below, shows the numbers of applications made for both new and used goods

Table E	To 31 Dec 2016
NEW GOODS	
Number of applications accepted on website	476
Number approved to go to Smarterbuys	57
Number who choose go to Smarterbuys	11
% who choose go to Smarterbuys	19%
Number who obtain new goods	4
% who obtain new goods (of those approved)	7%
USED GOODS	
Number of Applications received	377
Number of applications approved	236
% who are approved for used goods	76%

4.2 Help for people in severe financial hardship

Residents can often find themselves in such dire financial circumstances that they do not have enough money to buy food or to meet energy costs for cooking and heating. Experience of the previous DSP Crisis Award scheme has shown that it is often difficulties with the benefits system; poor money management; a lack of financial planning; personal or social issues; or a combination of these, which is the cause of the difficulties.

Since 1 April 2015, the Council has been signposting to Bradford District Community Advice Network to provide this service and the provision of a food parcel or top-up fuel token. So far this year in the period up to 31 December the Council has spent £30,408.50 on fuel top up.

4.3 Local Welfare Provision in the future

As the take up of the Council's APS scheme is disappointingly low the Service has commissioned a piece of work, by an external provider, to understand the reasons for this and in particular why the demand is significantly lower than under the old scheme. This work has involved consultation with a number of stakeholders and the information obtained and recommendations made will inform what, if any, changes are needed to make the scheme more effective. The findings of this report are imminent.

5 FINANCIAL & RESOURCE APPRAISAL

The DHP scheme is funded by Government and the Council can top up the funding if it so wishes. The Government announced that Discretionary Housing Payments (DHP) funding will be £800m nationally over the next 5 years with £150m of that being earmarked for this financial year and £185m next. Bradford received £1,108,611 in 2016/17. An announcement on the 2017/18 funding is expected shortly.

The Committee will recall that the Council decided to set aside an under spend from the Discretionary Support Payments scheme in 2014/15, totalling £1,848,000, to fund the new arrangements for 2015/16 onwards. As at 31st December 2016, £1,647,000 remains in this fund.

6 RISK MANAGEMENT AND GOVERNANCE ISSUES

The extent to which Discretionary Housing Payments can mitigate the impacts of the Local Housing Allowance and other welfare changes must be viewed against a total spend on Housing Benefit in the District of over £180m.

The continuing roll out of Universal Credit will impact on the current ways of working of the team administering DHP's. The need to limit the length of awards to mitigate the risk of overpayment is something that could put pressure on resources and this will need to be monitored and managed carefully.

If the Government publishes an indicative amount that it considers the Council should be spending on Local Welfare Provision, public expectations could be raised which the Council may not be able to meet. It would also make the Council's budget setting process more challenging, particularly as budget proposals, and consequent consultation, do not take this into account.

The Assisted Purchase Scheme is the subject of a review the results of which are imminent. This will feed into and inform what a future scheme may look like and at present the impact of increasing access is unknown. If applications are high, the key pressure will be on administration of the scheme, as provision is only limited by the funding available; or supply in the case of the providers of second-hand/reconditioned goods. Therefore, a cautious approach to publicising the Assisted Purchase Scheme will be taken.

5. LEGAL APPRAISAL

The regulations covering Discretionary Housing Payments are The Discretionary Financial Assistance Regulations 2001. Although the legislation gives a very broad discretion, decisions must be made in accordance with ordinary principles about good decision making. In particular, the council has a duty to act fairly and consistently.

Bradford Council's administration of Discretionary Housing Payments complies with both the legislation and the Discretionary Housing Payments best practice guide.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

The provision of support described in this report is based on need and income, and access to support by people with protected characteristics is not restricted. Provision is available to all low income households. National research indicates that Black and Ethnic Minorities communities are more likely to live in poverty, and in the district, there are substantial populations of these communities. In the absence of other support networks, these communities could be more likely to access the scheme than other communities.

7.2 SUSTAINABILITY IMPLICATIONS

The schemes support improvement in the well being of individuals and families. It helps people to return to, or maintain themselves in, the community which helps people to remain within their community and support networks; thereby supporting the development of more sustainable communities.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

There are no greenhouse gas emissions impacts

7.4 COMMUNITY SAFETY IMPLICATIONS

An inability to meet demand for financial support may result an increase in acquisitive crime.

Helping to keep residents in their own homes, keeping families together, supporting the vulnerable or the elderly in the local community and assisting citizens through personal and difficult events all contribute towards improving community safety.

7.5 HUMAN RIGHTS ACT

The Bradford Council DHP scheme complies with both the legislation and the Department for Work and Pensions best practice guide which has not raised any significant Human Rights implications.

7.6 TRADE UNION

Any reductions in staffing levels as a result of any potential changes to either scheme will be consulted upon in the normal way;

7.7 WARD IMPLICATIONS

Not applicable

7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

Not applicable

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

None

10. RECOMMENDATIONS

That the Committee;

- Note the contents of this report and the work that has taken place on both Discretionary Housing Payments and Local Welfare Support
- Offer a view on how any future DHP scheme might look in the context of linking it to helping the young and most vulnerable in the District and the Chief Executives forthcoming report to Executive.
- Provide a view on what any future Local Welfare Support Scheme should look like in view of the limited take up of the current scheme.

11. APPENDICES

Appendix 1 – Household impact analysis

12. BACKGROUND DOCUMENTS

None

Household Impact Analysis

Social Sector Size Criteria

Households Affected

	At end Dec 2015	At end Dec 2016	Change
By 1 room (14%)	2230	2148	- 82
By 2+ rooms (25%)	482	470	- 12
Total	2712	2618	- 94

Household Type

	At end Dec 2015	At end Dec 2016	Change
Couple - No Children	387	371	-16
Couple - With Children	274	262	- 12
Lone parent	563	552	- 11
Single person	1488	1433	-55
All	2712	2618	- 94

Impact on Households with Children

	At end Dec 2015	At end Dec 2016	Change
Households with children	837	806	- 31
Number of children impacted	1399	1353	- 46
Avg. weekly loss per household	£14.98	£15.03	£0.05

District Annual Loss by Household Type

	At end Dec 2015	At end Dec 2016	Change
Couple - No Children	£347,048	£330,434	-£16,614
Couple - With Children	£218,608	£207,745	- £10,863
Lone parent	£434,980	£429,137	- £5,843
Single person	£1,200,984	£1,157,669	-£43,315
All	£2,201,620	£2,124,985	-£76,635

Benefit Cap

	Number of Households Affected*	Number of Children Impacted	Weekly HB reduction
At end Dec 2015	182	873	£8,450
At end Dec 2016	152	743	£15,628
Change	-30	-130	£7,178

*Note: All households affected by the Benefit Cap have Children
Analysis by Ward

DHP Analysis by Ward

Ward	Total No of Households with awards	Properties
Baildon Ward	34	7164
Bingley Rural Ward	40	8285
Bingley Ward	35	8662
Bolton and Undercliffe Ward	32	6820
Bowling and Barkerend Ward	104	8201
Bradford Moor Ward	64	6045
City Ward	94	9214
Clayton & Fairweather Green Ward	61	6836
Craven Ward	17	7521
Eccleshill Ward	105	8051
Great Horton Ward	58	6745
Heaton Ward	28	5788
Idle and Thackley Ward	56	7681
Ilkley Ward	5	6925
Keighley Central Ward	70	6672
Keighley East Ward	43	7398
Keighley West Ward	82	7254
Little Horton Ward	99	7049
Manningham Ward	70	5904
Queensbury Ward	38	7193
Royds Ward	101	7605
Shipley Ward	45	7155
Thornton and Allerton Ward	72	7451
Toller Ward	21	5658
Tong Ward	194	8828
Wharfedale Ward	5	5215
Wibsey Ward	42	6740
Windhill and Wrose Ward	90	7061
Worth Valley Ward	17	6521
Wyke Ward	52	6603
Grand Total	1774	214776