

Reading Borough Council

Discretionary Housing Payment (DHP) Policy 2022/2023

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The Policy

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1. Introduction

- 1.1. DHPs can provide further financial support for claimants of Housing Benefit (HB) or Housing Costs Element of Universal Credit (UC), if the council is satisfied that further financial assistance is required to meet their housing costs.
- 1.2. The Department for Work and Pensions (DWP) makes annual grants available to local authorities for DHP purposes. Reading Borough Councils allocation is £359,979 for 2022/2023, this is a reduction of 31% from the allocation we received for 2021/2022.
- 1.3. The Council considers how to allocate this limited budget in a way that is not only fair, consistent and reasonable, but also supports those the Council considers to be in most need of assistance.

2. Policy

- 2.1. The policy sets out how DHP claims are decided, and the factors the Council considers when deciding whether to grant or refuse an award, it also has the flexibility to allow unusual cases. All Local Authorities must act fairly, reasonably, and consistently in their decision making with each application decided on its own merits.
- 2.2. There is an expectation that all claimants will take actions to improve their situation due to the limited budget, this includes but is not limited to prioritising payment of housing costs and fully engaging with any support they have been offered. Priority will be given to these claimants, with consideration given to reasonable explanations where this has not been possible.
- 2.3. In order to manage the DHP budget as effectively as possible we have introduced conditions to the majority of DHP awards, the use of conditionality has been perceived as good practice in most Local Authorities. Conditions ensure that claimants know what steps to take and how to improve their situation and reduce their need for a further DHPs. Where conditions have not been met and no reasonable explanation has been provided, a further award may not be made.
- 2.4. The DHP scheme is totally separate to UC, HB and Council Tax Support. Reading Borough Council has a separate Discretionary Council Tax Support Payment scheme for assistance towards Council Tax liability.

3. Statement of objectives

3.1. Our DHP Policy has the following key objectives:

- Tenancy sustainment and homelessness prevention.
- Help people who have demonstrated they need additional financial support due to disability or relevant medical need to pay their rent.
- Help people affected by welfare reform changes to pay their rent while a longer-term solution is found.
- To support young people leaving Local Authority care.
- To support the ex-homeless settle in the community.
- To help people through personal crisis or difficult circumstances who are facing severe financial hardship to pay their rent.

4. Criteria for an award

4.1. Before a DHP can be considered, the applicant must:

- Be receiving HB or have been paid the Housing Costs Element of Universal Credit.
- Submit a fully completed DHP application form.
- Have an eligible shortfall between the amount of HB or Housing Costs Element of UC and their housing costs, for example:
 - a) Welfare reform changes, including the benefit cap and removal of spare room subsidy.
 - b) Unavoidable rent liability on two homes that cannot be paid by HB or UC.
 - c) The two-child limit when calculating benefits.
 - d) Income tapers where benefit is reduced due to level of income.
 - e) Reduction of UC for former HB claimants who were previously in receipt of the Severe Disability Premium.
- Demonstrate they need additional financial assistance under this scheme to meet their housing costs and provide any additional information (including medical evidence) to support their application within the timescale given.
- Explain what other options they have considered to try and meet the shortfall in their housing costs, such as:
 - f) Receiving debt advice.
 - g) Reducing non-essential expenditure.
 - h) Ensuring all eligible welfare benefits have been claimed.
 - i) Increasing their hours of work.
 - j) Receiving a contribution from other adults living in the property.

- k) Renegotiating their rent with their landlord.
- l) Moving to cheaper suitable alternative accommodation.

5. Priority groups

5.1. Priority and non-priority groups have been established to ensure that awards support the key objectives of the scheme and protect the most vulnerable claimants with exceptional circumstances.

5.2. Priority Groups are defined as households where:

- Welfare reform changes of the benefit cap, removal of the spare room subsidy (bedroom tax), Local Housing Allowance (LHA) reforms are causing severe financial hardship.
- There is a disability or health condition and requires access to local medical services, local support networks or informal care that would not be available elsewhere.
- A vulnerable person has lived in the area for a long time and it is accepted to be unreasonable to establish support networks in a new area.
- The property is substantially adapted to meet the needs of severe disability.
- Pregnant women expecting their first child within six months of due date who require an extra room.

6. Conditionality

6.1. Conditions will be placed on awards when considered reasonable. These are actions that the applicant can take to improve their situation and reduce their reliance on DHPs. They are not a punitive measure.

6.2. Examples of types of conditionality include:

- a) Attending work related coaching with one of the Council's partners.
- b) Actively looking for work, with or without the support of the Council, or one of our partners.
- c) Receiving and acting on debt advice to increase income, reduce outgoings and prioritising debts from an organisation that qualified to provide advice.
- d) Working with the Housing Advice Team to explore alternative housing options.
- e) Applying to be on the housing register, and bidding for suitable available properties in each cycle based on their housing need.
- f) Actively using HomeSwapper to look for mutual exchanges.
- g) Paying any remaining shortfall in help with housing costs being received.

- h) Paying rent arrears arrangements or Court orders.
- i) Receiving, acting and working with advice from specialist support services.

- 6.3. When making a repeat application, the applicant must be able to show how they have met the conditions applied to their previous award, and any steps they have taken to improve their situation.
- 6.4. Where conditions have not been met a further award may not be made unless a reasonable explanation is provided covering the period of the previous award.

7. Assessment of applications

- 7.1. A decision will be made within 15 working days or as soon as practical of receiving the DHP application, along with any supporting evidence. All decisions will be notified in writing and will include information on how to request a review.
- 7.2. When deciding whether to award a DHP, we will consider the following:
 - a) Each DHP application will be considered on an individual basis.
 - b) The information provided on the application to explain circumstances, and how the key objectives of this policy apply.
 - c) The size of the shortfall between the rent and HB or Housing Costs Element of UC, and the reasons for it.
 - d) The length of DHP award considered necessary.
 - e) The financial impact of any special needs, health or social problems the applicant or their family have.
 - f) What impact not awarding a DHP is likely to have on the Council's finances and services (including homelessness).
 - g) The extent to which the applicant is facing the risk of being made homeless.
 - h) The extent that financial assistance can help overcome the client's difficulties.
 - i) The extent to which the applicant has met previous conditions.
 - j) The impact of any actions that the applicant has taken to contribute towards the difficulties they are facing.
- 7.3. When assessing an application, we will take the total the household income, and subtract the household expenses listed on the application. Where high expenditure is listed with no reasonable explanation, we will use spending figures based on national averages for people on low incomes to work out the extent of financial hardship.
- 7.4. We will consider the amount of the eligible shortfall, and the potential difference an award would make before deciding to make an award. The maximum award of DHP

cannot exceed the eligible rent when combined with the Housing benefit or Housing Costs Element of UC being received.

- 7.5. Applicants at risk of homelessness are expected to work with the Housing Advice Team to explore their options in addition to applying for a DHP to prevent eviction. The housing options identified will be considered when assessing the application.
- 7.6. When calculating the total household income Attendance Allowance, Disability Living Allowance (care and mobility components) and Personal Independence Payment (PIP) (daily living and mobility components) will be disregarded or offset against specific costs associated with ill health or disability. This will be considered on a case by case basis.
- 7.7. We will consider unavoidable or high costs that the claimant may have, such as fares for travel to work or special dietary requirements when assessing the claimant's outgoings. Where necessary a further explanation or evidence of expenditure may be required.
- 7.8. The length of a DHP award is decided at our discretion based on the information provided on the application on a case-by-case basis. Shorter awards are generally made where the applicant can take actions to improve their situation, conditions have been applied or a change in circumstances is expected.
- 7.9. Longer term awards up to the end of the financial year can be made when it is not reasonable for the applicant to take actions to improve their situation, and there is unlikely to be a change in circumstances and a short-term award is likely to cause undue distress.
- 7.10. A new application will be required for a further award to be considered after an award ends, this will be considered afresh and not automatically rewarded.
- 7.11. If reapplying for a DHP where conditions were attached, the applicant will need to explain how they have met the conditions, if they have not been met a reasonable explanation will need to be provided or a further award may not be made.
- 7.12. When further information is required, it will be requested, failure to supply information within a month of the request will result in the application being unsuccessful.

- 7.13. The assessment process may require an interview with a member of Reading Borough Council's Debt Advice Team, where the circumstances of each individual case and further information can be considered before a decision is made.
- 7.14. The claimant will be signposted to other Council departments such as Housing Advice or Social Services or to external agencies if it is considered this would help.
- 7.15. The claimant has a duty to notify the Entitlement and Assessment Team of all relevant changes in their circumstances (including any changes to income and household), in line with the same reporting requirements they have with their claim for HB or UC. The Council may revise a DHP award if the applicant's circumstances change.

8. When does the application have to be made?

- 8.1. An application can only be considered when HB or the Housing Costs Element of UC is in payment.
- 8.2. Applications should be made as soon as the need arises, the start date of a DHP will normally be the Monday following the application being received. Backdated payments can be requested and will be considered on a case by case basis in exceptional circumstances where there is a continuous good cause for not applying sooner.
- 8.3. DHPs are usually made to help with an immediate need rather than a past period. The Discretionary Financial Assistance Regulations state that DHPs can only be considered for a period where HB or Housing Costs Element of UC was in payment. Backdated awards are restricted to the eligible shortfall between HB or Housing Costs Element of UC and the rent charge to prevent a duplication of payments towards housing costs.
- 8.4. A DHP award will end if a claimant migrates from HB to UC, a new DHP application will be required from the date UC was applied for.

9. Applying for a DHP

- 9.1. In most cases, the person who applies for a DHP will be the HB or UC claimant. However, if considered reasonable an application can be accepted from someone acting on behalf of the HB or UC claimant. When this is requested, a written authority from the claimant is required to discuss details of their application with the person acting on behalf of the claimant.

- 9.2. In all cases the claimant/person acting on behalf of the claimant must fully complete a DHP application, including income and expenditure details, and an explanation of the claimant's situation.
- 9.3. DHPs can be claimed by:
- Completing the online application at www.reading.gov.uk/discretionary-payments
 - Paper applications can be posted by calling the Debt Advice Team on 0118 937 2197.

10. Payment of DHPs

- 10.1. DHPs can be paid in a lump sum or a series of payments, for example weekly or monthly at the same frequency as HB or UC at the discretion of the Council.
- 10.2. DHPs will generally be paid to the same person/organisation that is being paid the HB/Housing Costs Element of Universal Credit. However, payments can be made to a third party (such as a landlord) at the discretion of the Council when considered reasonable to do so. DHPs for Council tenants will be credited directly to their rent account.

11. Benefit cap

- 11.1. The benefit cap is a limit on the total amount of benefit that can be received, the claimants HB or UC is reduced to the benefit cap limit.
- 11.2. DHPs can be used to support claimants who have had their HB or UC affected by the benefit cap, who are in financial need with challenges that prevent them from immediately dealing with the benefit cap by:
- Moving into employment.
 - Finding more affordable accommodation.
 - Claiming an exempting benefit.
- 11.3. Due to the limited budget, conditions are usually placed on this type of DHP to ensure that actions are taken towards a long-term solution. Priority will be given to benefit capped claimants who are likely to be particularly affected by the benefit cap, for example:
- a) Those in temporary accommodation.
 - b) Individuals or families fleeing domestic abuse.
 - c) Those with kinship care responsibilities.

- d) Individuals or families who cannot move immediately for reasons of health, education or child protection.
- e) Households moving to, or having difficulty finding more appropriate accommodation.
- f) Households containing a young child, specifically a child aged 9 months and under, or a child aged under 2 years of age where childcare is a barrier to getting work.

12. Removal of the spare room subsidy (bedroom tax)

- 12.1. All working-age claimants living in social rented accommodation will have their 'eligible rent' reduced if they are under-occupying their property, this is determined by the Local Housing Allowance (LHA) size criteria. There is a 14% reduction for one spare bedroom, and 25% for two or more spare bedrooms.
- 12.2. Claimants affected by the reduction are expected to explore ways of making up the shortfall themselves. This can include:
- Increasing income.
 - Reducing outgoings.
 - Getting a lodger.
 - Moving to smaller accommodation.
- 12.3. Due to the limited budget, priority will be given to claimants who are likely to be particularly affected by the under-occupation reduction, for example:
- a) Where accommodation has been substantially adapted to meet the needs of a disabled person.
 - b) Where an additional bedroom is required on medical grounds for a disabled member of their household and an additional bedroom is not allowed for HB or UC purposes.
 - c) Where someone in the household is expecting a baby within 6 months, resulting in the need for larger accommodation.
 - d) Families with a child temporarily in care who is expected to return home.
 - e) People going through the adoption process where an additional bedroom is required but not allowed for HB or UC purposes.
 - f) People going through the foster carers approval process who need to show that they have a spare room to be approved.

13. Local Housing Allowance (LHA) reforms

- 13.1. LHA rates restrict the amount of HB or Housing Costs Element of UC that can be paid to private tenants. There have been several changes to the way that LHA rates are calculated including the removal of the five-bedroom rate and extending the age someone is expected to live in shared accommodation from 25 to 35 years old.
- 13.2. Claimants affected by the reduction are expected to explore ways of making up the shortfall themselves. This can include:
- Increasing income.
 - Reducing outgoings.
 - Moving to smaller accommodation.
- 13.3. Due to the limited budget, priority will be given to claimants who are likely to be particularly affected by the LHA reforms, for example:
- a) Care leavers who need additional support to deal with the restrictions following their 22nd birthday.
 - b) Claimants who are six months away from their 35th birthday who are affected by the shared room rate.
 - c) Circumstances where a person's move away from an area could risk their employment.
 - d) Where someone in the household is expecting a baby within 6 months, resulting in the need for larger accommodation.
 - e) Families with a child temporarily in care who is expected to return home.
 - f) Where it is not reasonable for the claimant or a member of the household to move on medical or disability grounds to alternative accommodation.
 - g) Where it is considered that the claimant is experiencing exceptional circumstances.
 - h) People going through the adoption process where an additional bedroom is required but not allowed for HB or UC purposes.
 - i) People going through the foster carers approval process who need to show that they have a spare room to be approved.

14. Rent in advance, deposits and removal costs

14.1. Due to the limited budget in order to provide long term solutions to claimants, priority will be given to applicants who are moving to more affordable accommodation where no other funding is available.

14.2. When considering applications for rent in advance, deposits or removal costs the following criteria must be met:

- The property is affordable for the tenant.
- The tenant has a valid reason to move.
- The deposit or rent in advance is reasonable.

14.3. The availability of any deposit or rent in advance owed to the applicant from a previous property will also be considered, along with if the applicant has been paid a DHP for rent in advance or deposit in the past.

14.4. Rent in advance and deposits will normally be paid to the landlord.

14.5. Where removal costs have been applied for, three written estimates need to be provided by the applicant before a decision can be made. This is so that we can consider if the cost is reasonable.

14.6. Where the applicant's current accommodation is unaffordable or there is a risk of homelessness, a decision will be made if it would be more cost effective to provide financial assistance to help them move to more affordable accommodation, instead of providing financial assistance to cover any shortfall in rent or reduce rent arrears.

15. Examples where DHPs cannot be considered

15.1. A DHP cannot be awarded to pay for the following:

- a) To pay housing costs that HB or UC have already paid.
- b) Ineligible service or support charges.
- c) Increases in rent due to outstanding rent arrears.
- d) Shortfalls caused by sanctions and/or reductions in benefits.
- e) Where a person does not qualify for any HB or the Housing Costs Element of UC.
- f) Shortfalls caused by HB overpayment recovery.
- g) Shortfalls caused by overpayment recovery from UC.

15.2. A DHP cannot be awarded when:

- a) There is an outstanding assessment of HB or Housing Costs Element of UC.
- b) Entitlement to HB or Housing Costs Element of UC is suspended.

15.3. Where the DHP budget is exhausted prior to the end of the financial year, it will not be possible to award any further payments under this policy even where an applicant meets the qualifying criteria.

16. When we will stop paying DHPs

16.1. We will stop paying DHPs if:

- a) It is deemed that a person no longer requires DHPs following an in-year change in their circumstances.
- b) DHPs are paid due to an official error.
- c) The Council decides that a person has misrepresented their circumstances or failed to disclose a relevant material fact, in relation to their application for DHPs.
- d) Entitlement to HB or the Housing Costs Element of UC ends.

17. Overpaid DHPs

17.1. The Council will make every effort to minimise overpayments of DHP. Overpayments of DHP will be recovered if it is decided that:

- A DHP was made as a result of a misrepresentation or failure to disclose a material fact by the claimant or person acting on their behalf (either fraudulently or otherwise), or
- Where the claimant's circumstances have materially changed resulting in a revision of the DHP award.

17.2. Where it is decided to recover a DHP overpayment, a written explanation of how the overpayment occurred, and the periods and amounts to which it relates will be sent.

17.3. DHP overpayments can be recovered by offsetting them against any future DHP awards, or an invoice will be sent to the person that received the DHP, and where necessary consideration to reasonable repayment plans will be given. In extreme circumstances recovery action can be taken through the County Court.

17.4. Where the applicant disagrees with a decision to recover an overpayment, they will need to follow the DHP dispute process.

18. DHP dispute process

18.1. Where an application has been refused for not supplying information requested, we will accept information supplied within one week from the date of that decision along with a request for the new information to be assessed without the need for a new application.

18.2. Where the applicant is dissatisfied with a decision they will need to write to the Entitlement and Assessment Team within one month of the date of notification and

request a stage one review of the decision. The letter must state why they disagree with the decision made and, if necessary, provide reasonable evidence.

- 18.3. A different officer that was not involved in the original decision will consider the request, along with any new evidence or information within a month. Further information will be requested if required before a decision is made. Where additional information or evidence is not provided within a month, the review will be unsuccessful.
- 18.4. Once the decision has been reviewed a letter will be sent advising whether the original decision has been revised or the grounds that the review was unsuccessful.
- 18.5. If the applicant is dissatisfied with the outcome of the stage one review, they will need to write to the Entitlement and Assessment Team within one month of the stage one decision notification to request a stage two review. The letter must state why they still disagree with the decision made and, if necessary, provide reasonable evidence.
- 18.6. An internal review panel formed by Council representatives will consider the stage two review request and any new evidence or information and make a final decision within a month regarding the claimants DHP application.
- 18.7. Once the internal review panel has considered the stage two review, a letter will be sent advising whether the decision has been revised or the grounds that the review was unsuccessful. This will be the final stage of the dispute process.
- 18.8. There is no right of appeal to a Social Security Tribunal against the Council's decision to disallow an application for DHP. The route of judicial review is available, and the local government ombudsman if a claimant considers there to be maladministration.

19. Policy review

- 19.1. This policy will be reviewed annually, or in response to any legislative changes, welfare reform or other factors that impact on its effectiveness.

20. Governing legislation

- 20.1. The Council must act in accordance with the relevant legislation including the Discretionary Financial Assistance Regulations 2001 (the DFA regulations) and consider the Department for Work and Pensions Discretionary Housing Payments Guidance Manual.

21. Contact

21.1. Reading Borough Council Debt Advice Team

Civic Offices

Bridge Street

Reading

RG1 2LU

E-mail: debt.advice@reading.gov.uk

Debt Advice Team: 0118 937 2197

Customer Services: 0118 937 3727

Web: www.reading.gov.uk