

Babergh District Council

Discretionary Housing Payments

April 2004

What are Discretionary Housing Payments (DHP's)?

Discretionary Housing Payments (DHP's) are additional housing payments that a local authority can make to 'top-up' a client's existing housing or council tax benefit entitlement. This can only be done if there is actually a shortfall between the rent or council tax due and the amount of benefit being paid. The award can cover part or all of the shortfall in question (depending on the individual circumstances and amount of help required).

DHP can never be for more than the actual rent or council tax liability.

DHP cannot be paid where there is no entitlement to benefit.

Who is eligible for a DHP?

The Department of Work and Pensions states that DHPs can be only be paid where;

- The client is eligible for benefit (housing or council tax benefit)
- There is a shortfall between the rental amount or council tax due, and the amount of benefit being paid
- The rental shortfall is not due to ineligible services (such as lighting or heating costs included in the rent)
- The rental shortfall is not due to charges for water, sewerage and environmental services
- The rental shortfall is not due to outstanding arrears that have been rolled into the rental charge by the landlord (please note that DHP can be used to pay for arrears as a separate cost – see Homelessness Prevention section)

The Department of Work and Pensions also states that the local authority must be satisfied that the person requires further help with their housing costs (council tax liability and eligible rent).

The Council's Policy

The Council will use Discretionary Housing Payments to alleviate hardship, prevent homelessness where possible and to assist people to live in decent housing suitable for their personal needs.

The Council, however, does not have unlimited funds and the money available for this purpose is currently capped at the level of grant provided by the Department for Work and Pensions for use in this way. On the basis of experience to date that has proved to be sufficient to manage issues as they arise throughout the year. If it should transpire that the amount is insufficient the Council will consider setting monies aside to make up shortfall in the future.

In going about its business the Council operates a policy of openness and accountability.

To achieve that openness and accountability this document is available to all.

It will be used by those delivering the Benefits Service to make decisions on whether Discretionary Housing Payments should, or should not, be made.

It will be available to those outside the service, to inform that audience and that decisions have been made fairly and openly, and are consistent with the Council's policy.

To be effective, however, Benefit claimants need to be aware of the availability of the assistance that Discretionary Housing Payments offer and the circumstances in which they are awarded.

To achieve this the Council will

- Publish an easy to read leaflet on this topic
- Including references to the availability of help in all Benefit notifications
- Ensure that all access channels to the Benefit Service, cover the availability of Discretionary Housing Payments
- Ensure that all staff are fully trained in the availability of Discretionary Housing Payments and the likely circumstances in which they will be awarded.

To support the Council's principle of accountability

- All decisions made will be accompanied by full details of the reason for a decision
- Although there is no formal right of appeal, any decision may be questioned. In that event, the matter will initially be considered by the Head of Revenues. If the issue is a matter of consistency it will be resolved at that level, if a principle is involved the matter will be referred to the Council's Overview and Scrutiny Committee.

The principles that follow set out the issues that will be considered when making a decision on whether a Discretionary Housing Payment is appropriate:

The issues listed are not however exhaustive and are intended for guidance, not to constrain decisions.

The Council considers itself to be a learning organisation and as such will add to the guidance as new situations come to the light or by periodic review of this policy. As a minimum this policy will be reviewed bi-annually.

The responsibility to initiate a review or update the policy to maintain consistency lies with the Head of Revenues. Policy reviews will be undertaken by the Council's Overview and Scrutiny (Stewardship) Committee.

Principles to be considered when awarding Discretionary Housing Payments

What type of situations would attract a DHP payment?
What factors are considered within that?

Rental restriction because the property is too expensive

The Rent Service will restrict the amount of benefit payable if they decide that the property is more expensive than average for that location.

Some Points to Consider

- Are there actually cheaper properties available in the area?
- Does the client need to live in a particular area of the location that may be more expensive?
- Did the client have to choose the property quickly? (This could be because of circumstances surrounding their last accommodation)
- Did the client have a more restricted choice of property available to them? (This could be due to CCJs or other court judgements against them, because they need ground floor/adapted accommodation etc.)

Rental restriction because the household is occupying more rooms than is deemed necessary to live in

The Rent Service will restrict the amount of benefit payable if the property is under-occupied.

Some Points to Consider

- Are there alternative smaller properties available to the client?
- Is the client expecting a baby?
- Does the client have access to or joint custody of children not deemed as residing at the property?
- Does the client (or other family members) have medical reasons for needing additional room/s?

Exceptional costs for the client

These could be additional costs for special dietary foods, medical expenses, debt repayments, maintenance payments, funeral costs etc. Additional costs like these are not taken into account when calculating the client's income, and therefore the client may actually have less than the minimum income for living expenses after these payments.

Some Points to Consider

- Is the client missing out on any other welfare benefits designed to help with these costs?
- Are the costs necessary? (Supporting evidence may be required here)
- Has the client received adequate advice and assistance on debt restructuring/arrangements to pay?

- How long are the additional costs expected to last for? (It could be that the client needs help for a fixed period only)

Are there any additional factors to consider?

Payment of DHPs should be considered on the individual merits of each case. The Council does not operate any kind of blanket policy. Any decision made must be supported by clear information on what has been taken into account, and if appropriate, what has been disregarded.

Advice and Assistance

Was the client able to access adequate advice and assistance before choosing the property?

- Consideration should be given to whether the client received (or had access to) information on pre-tenancy determinations, local reference rents, rental accommodation lists, landlord and estate agent lists, and whether housing advice and/or assistance with securing rental accommodation was available at that time.

Falling Below the Poverty Line

Does the client have additional funds, either from disregarded savings or through assistance from family or friends to pay for the shortfall?

- When a housing benefit claim is assessed, the client's Applicable Amount is calculated. The Applicable Amount is the *minimum amount of income that the client needs to live on* (as defined by housing benefit regulations).

Without recourse to additional funds, the client may be in danger of falling below the poverty line by using part of this income to pay for the shortfall.

Homelessness Prevention

Would a DHP award prevent an eviction (actual or potential)?

- Where there is a potential or actual threat of eviction to the client, consideration should be given to the balance between the award of a DHP and the possible future financial costs and involved in homelessness. More importantly, authorities should consider the emotional, physical and social costs to the household. Particularly the presence of either young or elderly people in the household.

In addition, authorities should also consider the impact that the eviction would have on subsequent availability of rental accommodation from the same landlord or agent.

Arrears of rent or Council Tax

The award of a DHP can be backdated if it is felt that there is good cause. Again, the authority should consider the cost of a backdated award against homelessness costs or hardship.

DHP payments (including backdates) can also be made where the client was liable to pay a portion of the rent or Council Tax but did not. The authority would obviously need to look at the reasons for this action, but also consider the consequences of not making an award against potential homelessness costs.

Council Tax is not in itself an issue which will result in homelessness but it can be a contributory factor if the client is unable to address the combined effect of rent and Council Tax arrears. Removing all or part of either may be a mechanism for managing the overall situation when placed alongside other issues.

Important: where benefit was actually in payment of rent (either in part or full) but not passed to the landlord – this cannot be ‘paid again’ through DHP.

Maintaining Access to the Private Rented Sector

Would a DHP award encourage the landlord or estate agent to continue accepting tenants in receipt of housing benefit?

- As stated before, DHP awards must be decided on an individual basis, so it would not be possible to agree awards across a number of properties owned by a landlord or agent. Clearly, the award depends on the client's own factors and circumstances and not the property itself. But where authorities have a known history of maximising DHP payments in their borough, this attracts and retains close working relationships with the private sector and encourages a wider range of properties available for tenants in receipt of housing benefit.

Housing Options Packages (including Rental Deposit Schemes)

Has the client been helped via a rental deposit or associated housing options package in order to secure this tenancy?

- The Council provides financial and practical assistance to secure rental accommodation for clients as part of a housing options package initiative. Consideration should therefore be given to utilising DHP as part of any overall affordability checks for the client. This is especially true where a deposit has been paid, as any arrears could consequently be deducted as a result of a shortfall.

Important: Whilst DHP cannot be paid, or even guaranteed until an entitlement of benefit is calculated and in payment, (i.e. in advance of the tenancy), there is no reason why a decision in principle could not be made.