



Melton
Borough
Council

**DISCRETIONARY HOUSING
PAYMENTS
POLICY**

1st July 2013

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1.0 INTRODUCTION

1.0 This document sets out the procedure for discretionary housing payments (DHP's) that are intended to provide customers with further financial assistance, in addition to any welfare benefits, when an authority considers that help with housing costs is required. DHP's are made at the discretion of the authority and their purpose is to ensure that those who claim universal credit (UC)* or housing benefit (HB) do not suffer high levels of hardship where there is a shortfall between the amount of rent due and the amount of benefit being paid.

Following the abolition of CTB from April 2013, DHP's can no longer be made towards council tax liability after this date. Anyone requiring assistance with their Council Tax will need to apply for the Discretionary Council Tax Fund.

*Customers in receipt of UC must have a rental liability and be eligible for housing support as part of their UC award.

1.1 The Regulations covering DHP are the Discretionary Financial Assistance Regulations 2001. It should be noted that the Government plans to amend the regulations in 2013 to reflect the introduction of Universal Credit and abolition of CTB. This policy document will therefore require review and amendment in light of those changes.

1.2 **Housing costs** are not defined in the regulations and this gives Melton Borough Council a broad discretion to interpret the term as they wish. If the customer is getting Housing Benefit (HB) housing costs mean rent (subject to certain exclusions). Housing costs will be interpreted more widely by the Council to include:

- rent in advance
- deposits
- other lump sum costs associated with a housing need such as removal costs.

Where customers are in financial difficulty due to rental arrears this is not considered a housing cost and therefore DHP cannot be considered.

2.0 Main Principals of the scheme

The main principles of the scheme are:

- The customer has no statutory right to a payment
- The scheme is discretionary
- All applications must be treated on their own merit
- The level of payment will be decided by the council.
- DHP is not a payment of HB or universal credit and as such not subject to the statutory appeal mechanisms. Melton Borough Council does however have a review process.
- The DHP scheme should in most cases be seen as a short-term emergency fund

- The council has the right to amend, suspend or cancel a DHP when necessary or appropriate.
- The total amount payable in any financial year is cash limited

3.0 Purpose of the Policy

- Assist individuals with their housing costs if facing financial difficulties
- Prevent homelessness , alleviate poverty and sustain tenancies
- Reduce worklessness by encouraging residents of the Borough to obtain and sustain employment
- To assist customers in financial hardship as a result of changes in benefit entitlement through welfare reform changes, particularly in order to address unintended impacts or anomalies.
- Provide support for victims of domestic violence who are trying to move to a place of safety
- Support the vulnerable or the elderly in the local community
- Keep families together
- Help those who are trying to help themselves
- Safeguard Council residents in their homes or help find new accommodation
- Support vulnerable young people in the transition to adult life

3.1 Further factors that are considered when making a decision include:

- Be able to demonstrate steps taken to achieve financial independence, for example requesting and acting on advice from the Money Advice Service or Citizen's Advice Bureau.
- Housing Benefit changes as a result of the introduction of the property size criteria (Bedroom Tax) in relation to Disabled people living in significantly adapted accommodation (including any adaptations made for disabled children); and Foster carers, whose housing benefit is reduced because of a bedroom being used by, or kept free for, foster children.
- the steps taken by the claimant to reduce the rental liability;
- The medical circumstances (i.e. ill health and disabilities) of the claimant, their partner and any other occupants of the claimant's home;
- The income and expenditure of the claimant, their partner and any other occupants of the claimant's home;
- Any savings or capital that might be held
- The level of indebtedness of the claimant or their family
- The exceptional nature of the claimant and family's circumstances;
- The possible impact on the Council of not making such an award, e.g. the pressure on priority homeless accommodation/ Is there danger of eviction and homelessness
- What is likely to happen to the family if the DHP is not awarded?
- Are there any children in the family at a critical point in their education?
- Any social or health problems currently being faced by the customer and/or their family e.g. do they prevent customer moving house? Do they affect the type of housing available to the customer? Do they cause the customer extra financial costs?

- Is there a pregnancy within the family? If so consider giving them time to move by awarding DHP up to 3 months either side of the birth or longer if the case warrants it. Consider what has brought about the shortfall, is it due to rent being restricted because the property is larger than the household needs, will this be resolved when the baby is born?
- Priority debt, which the customer has incurred
- Age should be considered in relation to other factors in the case

4.0 Financial Calculation

To ensure that a consistent approach to applications is maintained, a DHP financial calculation statement must be completed. This will provide information regarding the customer's income from all sources, which will be compared against expenditure to determine if there is a shortfall of income against expenditure. Items of non-essential spending may be disregarded.

The Council will consider if the amounts of expenditure for specific items seem accurate and realistic, taking into account the size of the household. Further explanation or evidence of expenditure may be requested and if no suitable evidence or explanation is provided, a more reasonable figure for the item in question may be used instead.

The application will then be processed, taking into consideration the level of shortfall between expenses and income.

Items of expenditure that are deemed to be non-essential include: social and entertainment expenditure; pocket money for children; Gym membership; Sports and club membership; Satellite and cable TV; Broadband computer costs; mobile phones; alcohol; cigarettes and tobacco; private medical or dental healthcare

The Council will also take account of unavoidable costs, such as fares to work or Hospital, for example in relation to people who have had to move as a result of welfare reforms such as increasing the age threshold for the shared accommodation rate.

5.0 Responsibility for DHPs

As DHPs are not payments of HB they can potentially be managed and administered by any service area within the Council. However a decision has been taken that the current most relevant service area within MBC to be responsible for the administration of the scheme is Communities & Neighbourhoods Department – People Team

To best meet the main objectives of the scheme, decisions are to be made by the Benefits Team who will work closely with both internal colleagues and external partners in order to identify any potential beneficiaries and to proactively promote the scheme.

The Budget for the scheme rests ultimately with the Head of Communities and Neighbourhoods but responsibility for the monitoring of the expenditure and submission of all related government returns has been assigned to the Team Leader Housing Benefits Team

5.1 Rent deposits and rent in advance and housing costs

Assistance with housing costs are not defined in the guidance and is open to Local Authority's discretion, however general advice is that housing costs can be interpreted to include:

Rent in Advance

Deposits

Other lump sum costs associated with a housing need such as removal costs

Before awarding DHP for rent in advance or a deposit it is important to confirm with the customer if:

- they are due to have a deposit or rent in advance for their existing tenancy returned to them
- they have received assistance from the LA through a rent deposit guarantee scheme or similar

DHP for a rent deposit or rent in advance can be awarded providing the customer has moved into the property, payment should be made within the early stages of the tenancy if possible and preferably to the landlord. The council should also consider if the property is affordable for the tenant. The weekly amount payable for rent in advance cases should also be restricted to the appropriate LHA rate.

When awarding a DHP for a deposit, information should be included about landlord's legal obligations to protect any deposit paid in a Government approved tenancy deposit

6.0 Claiming a DHP

An application for a DHP must be made on the Councils designated form and signed by the applicant or any appointed representative. The Council may, where appropriate, request any reasonable additional evidence to support their application either prior to a full decision being made. The Council reserves the right to verify any information or evidence that the applicant supplies.

The applicant will be advised that any information regarding their application may be shared with other sections within the Council.

Applications will be acknowledged when received by the Benefits Team and processed within 14 days (unless delayed due to additional evidence being requested) of receipt.

7.0 Period of Award

The length of time over which an award can be paid is at the discretion of Melton Borough Council, and should be based on the individual's circumstances and the reasons why the award was given.

The purpose of the award may be for a one off housing need such as a deposit, in such cases there is no specified period of the award.

An award granted to a customer who lives in a significantly adapted property and is subject to under occupation will be granted for a longer period of time or indefinitely depending on availability of suitable accommodation.

Melton Borough Council also reserve the right to determine the appropriate start date of any award, again based on the individual circumstances of each application being considered. However once a successful decision has been made the start date of any award will normally be one of the following

- The Monday after the application is received by the Council
- The date on which entitlement to HB commences – if earlier than above
- Any other date which is deemed appropriate as long as the qualifying conditions, as set out above, are met.

8.0 Awarding a DHP

Some incomes which are normally disregarded in the calculation of HB will be taken into account when evaluating an applicant's income and expenditure.

The amount of any award cannot exceed the difference between the entitlement and the amount of Rent (total rent charged minus any ineligible charges or additional charges for any arrears that are being recovered) charged. An award does not guarantee that any further award will be made even if the customer's circumstances have not changed.

Due to regulations DHP cannot cover certain elements of a customer's rent:

- Ineligible service charges
- Increases in rent due to outstanding rent arrears

In addition, the income used in the financial breakdown will not take account of any sanctions or reductions in benefit.

9.0 Payment of a DHP

Payments made in respect of any rental liability will normally be paid to whoever is receiving the HB payments at that time and by the same method and frequency as their HB as follows;

Rent Rebate - electronic transfer direct on to the applicants rent account

Rent Allowance

- BACS payment/Crossed Cheque in arrears to the applicant
- BACS Payment payable in arrears to the applicants Landlord/landlady
- BACS payable in arrears to any other third party or Agent as appropriate

Please note Melton Borough Council reserves the right to make one off payments of DHP to the party it deems most appropriate. For example a deposit will most likely be paid to the landlord.

10.0 Notifying the award

The applicant will be advised of the decision as soon as possible after the decision has been made but no longer than 14 days after the decision has been made and will include the following information

Successful applications

- the amount of the award
- the period the award will cover
- how the award will be paid and how often
- the need to report any changes in their circumstances
- need to show that any recommendations or actions that may help them rectify their problems have been addressed before any further application is considered.
- information as to what to do next if they are unhappy with the decision

Unsuccessful applications

- outline of reasons as to why unsuccessful
- information as to what to do next if they are unhappy with the decision
- Advice on how to improve their financial situation, if appropriate.

11.0 Review process

As DHPs are a discretionary scheme and not part of any Benefit legislation there are no statutory rights of appeal against any decision made by the Council. However in the interest of good customer care and fairness the Council has incorporated a review process into their policy. Any general explanations or initial enquiries will be dealt with by the Benefits section.

If a customer is still unhappy or disagrees with the decision and wishes to request a full review they must make their request in writing within one month of the date on their decision letter. Their request must be made in writing, signed by the applicant or their authorised representative and contain full details of exactly what they are unhappy about. They also should include,

where appropriate, any additional supporting information and evidence that was not submitted originally.

The officers who were involved in the original decision making process will not be involved in the review process. Once all the necessary information is gathered the review will be looked at. The decision will be binding and no further requests for review can be made. The applicant will be advised of the decision as soon as it is practicable after the decision has been made but no longer than 14 days after the decision has been made and will include any details of any revised awards or in the case of unsuccessful requests the reasons for this.

12.0 Change of Circumstances

We will advise people that they are responsible for telling us about any changes to their circumstances which could affect their entitlement to DHPs. This is so that we can revise the decisions if necessary and appropriate in order to ensure the available funds are utilised appropriately and in accordance with the intentions of the scheme.

13.0 Overpayments

Where we identify an overpayment of DHP has occurred, we will seek repayment from the person we paid it to, normally by the way of a sundry debt invoice, unless we can establish that it would be inappropriate to do so for some reason. We cannot recover overpaid DHPs from any customers' ongoing HB entitlements.

14.0 Fraud

The Council is committed to the fight against fraud in all its forms. Any allegation of fraudulently applying for a DHP will be taken seriously and fully investigated accordingly; this could ultimately lead to criminal proceedings being instigated.

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