



Council Cabinet
7 October 2015

ITEM 11

Report of the Cabinet Member for Strategy and
Policy and the Cabinet Member for Urban
Renewal

Protecting Derby residents from poverty

SUMMARY

- 1.1 The Government's Emergency Budget on 8 July 2015 contained a number of welfare reform changes that will impact the residents of Derby and inform the way in which the Council can best support our residents.
- 1.2 The welfare reforms set out by the Government in the budget have three key themes:
 - Reducing welfare expenditure
 - Introducing policies to change behaviour from welfare to work, and
 - The implications for Local Authorities
- 1.3 Whilst the Labour led council believes in assisting people back into employment that enables them to achieve and maintain decent living standards, it believes in a minimum safety net to ensure the most vulnerable in Derby do not fall into a situation of desperate poverty they will struggle to get out of. The Labour led council is deeply concerned that the changes are ideologically driven and will have an adverse rather than positive impact overall. For example the number of people in work and in poverty is increasing and so is the number of working people relying on food banks.
- 1.4 The likelihood for Derby is that these welfare changes will increase demand for discretionary services such as Discretionary Housing Payments (DHP), Council Tax Hardship payments (CTH) and Local Assistance Scheme awards (LAS) at a time when Government funding for these awards is significantly reducing.
- 1.5 Each of these discretionary schemes has its own policy and are all managed independently of each other, with many residents making multiple applications to all three of them, increasing the cost to administer the three schemes.
- 1.6 The DHP policy is paid to successful applicants as a contribution to the cost of their rent, whilst the CTH policy is a discount against the individual's Council Tax liability. The LAS offers those in most need food parcels, utility 'top-ups' and home starter packs.
- 1.7 Central Government provides the Council with a DHP grant each financial year. During 2014/15 the funding received was £652,164, whilst the allocation for 2015-16 is £475,669 a reduction of £176,495. Although the Emergency Budget on 8 July stated there would be an additional £800m made available to Local Authorities over

the next five years to help the most vulnerable Housing Benefit claimants there are no details about what could be Derby's share.

- 1.8 The Council allocates funding to both the CTH and LAS schemes at £200,000 and £212,000 per year though the current budget cuts places pressure on all non statutory expenditure.
- 1.9 A recent review of the take up of these three discretionary awards is suggesting that these multiple single interventions keep the individual within the discretionary award system.

RECOMMENDATION

- 2.1 To agree the principles of a Derby Welfare Strategy for Derby to be implemented from April 2016. These principles of a proposed Strategy are outlined in 4.2.
- 2.2 To implement a revised DHP policy to 31 March 2016, detailed in paragraph 4.5 and can be found at Appendix 2.
- 2.3 To allocate funding from Local Assistance reserves for 2015-16.
- 2.4 To investigate alternative and more innovative ways to secure grants to help deliver Derby's Welfare Strategy.
- 2.5 To bring a detailed Welfare Strategy for 2016 onwards to a future Cabinet for approval.

REASONS FOR RECOMMENDATION

- 3.1 A Welfare Strategy with a single discretionary award policy, managed through one team will provide a consistent and informed programme of support to help residents access the benefits they are entitled to whilst at the same time moving them towards financial independence and out of the discretionary awards system.
- 3.2 A single discretionary award policy with a single needs assessment will help to lessen the future welfare burden on Derby City Council whilst ensuring those in most need get a more comprehensive programme of support.
- 3.3 This Strategic approach will reduce the number of single interventions, reducing the administrative costs and give the resident a clear support plan over a defined period of time.
- 3.4 The table in section 1.2 of Appendix 1 shows that the forecast DHP spend as at 8 September is £73,386 above the Government grant. The forecast DHP spend will continue to rise with the receipt of new applications. The allocation of £369,331 to the Government grant of £475,669 will help to ensure that the Council operates DHP awards within the parameters of existing case law, as detailed in Appendix 1 section 2.1

- 3.5 Identifying new and different sources of funding will help deliver more sustainable interventions designed to help residents develop their skills and confidence moving them closer to and into work.



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Report of the Chief Executive

SUPPORTING INFORMATION

- 4.1 Currently residents can make multiple applications to the DHP, CTS and LAS schemes which all operate independently of each other with a separate needs assessment. The data in Appendix 3 are examples of where multiple single interventions have not properly addressed the needs of the individual. In many ways the approach of multiple single interventions keeps the individual within the discretionary awards system.
- 4.2 The principles of a proposed Derby Welfare Strategy are:
- Create a single welfare award policy bringing the DHP, CTH and LAS awards into one policy
 - Consolidate the assessment and award of these separate discretionary welfare awards
 - Provide the most appropriate programme of support for individuals that moves them closer and ultimately into work where possible
 - Each programme of support will include the following in a combination based on the individual's current circumstances:
 - monetary payments,
 - Council Tax discount
 - food parcels and utility 'top-ups'
 - financial and budgetary advice
 - development of skills and confidence for the work place,
 - work placements, such as Derby's Working
 - Individuals can have multiple programmes as they progress toward and into work and out of the discretionary awards scheme
 - Ensure residents are prepared for the implementation of Universal Credit and other proposed welfare changes
 - Making the best use of discretionary funds to reduce the welfare burden on the Council
 - To work with partner organisations across the city to design and deliver the Welfare Strategy for Derby

- 4.3 Other key activity strands within a proposed Welfare Strategy will be:
- Financial inclusion based on scalable financial solutions, utilising a banking platform that provides residents with a comprehensive and easy to manage budgeting and savings account, whilst developing their financial management skills
 - Digital inclusion to help develop the skills and confidence of residents to access digital based services such as Universal Credit, whilst providing free to use access to technology for those without access
- 4.4 The Government has advised local authorities that DHP awards should be prioritised for two groups of claimants who could be adversely affected by the under-occupancy cap, and who it would not be reasonable to expect to move from their homes into smaller accommodation. These groups are:
- Foster carers
 - Households where substantial disabled adaptations have been undertaken to meet the disability needs for a household member.
- 4.5 Details of the recommended changes to the Policy are as follows:
- Claimants in a priority group will be entitled to receive a DHP award for up to 12 months, ending on 31 March 2016. Priority groups are:
 - Foster carers
 - Living in a property that has been adapted to meet the disability needs of someone living in the household.
 - Those impacted by more than one welfare reform
 - All other claimants will be entitled to receive a six month award and should they make a second award they will be entitled to a three month award. These claimants will be redirected to the Universal Services Delivered Locally pilot for additional support.
 - All claimants must complete an income and expenditure assessment, although for priority groups these details would be used for information only and not to determine the award
 - The alteration to the Policy to give more protection for particularly vulnerable people who need to be “allowed” an extra bedroom due to their circumstances has been removed
- 4.6 Single point interventions often duplicate the help provided, and awards given, to individuals as these interventions are often done in isolation by service. Appendix 5 gives examples of multiple awards provided to individuals by separate services including LAS, as well as both Adult and Children Social Care.

- 4.7 The funding landscape for support services has changed significantly over the last 5 years, with a much heavier focus being placed on independence and moving people closer to and in to work. As a Local Authority we are able to access and influence a number of funding opportunities both independently and in partnership with other organisations. Equally, we are unable to access a number of funding opportunities because we are a Local Authority. There are alternative legal entities that can access a wide range of funding for example, charities, community interest companies and social enterprises. These entities have more freedom to deliver services in a way that suits their local communities, staff and individual service users. Building programmes of support through accessing a wide range of funding allows for more autonomy, less bureaucracy and more user led services.

OTHER OPTIONS CONSIDERED

DHP Policy

5.1 Write the DHP policy for 2015-16 to match the Government grant

This option will ensure the Council only spend the amount in the Government grant.

This option has been rejected because our current spend has exceeded the Government grant. This option would also put the Council in conflict with existing case law as detailed in Appendix 1, section 2.1

5.2 No change.

This option will quickly become unaffordable as the welfare changes increase demand for these services whilst funding is reduced.

Welfare Strategy

5.3 No Welfare Strategy

To continue with multiple single interventions will not achieve the financial or support benefits of our co-ordinated strategy.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Toni Nash, Head of Finance, Adult, Health & Housing and Resources Martyn Marples, Director of Finance & Procurement John Massey, Head of Benefits and Exchequer Services
For more information contact: Background papers: List of appendices:	Bernard Fenton 01332 643758 bernard.fenton@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Proposed DHP Policy for 2015-16 Appendix 3 – Multiple single point of interventions examples

IMPLICATIONS

Financial and Value for Money

- 1.1 The Government DHP contribution for 2015-16 will be £475,669 with a proposed allocation of £369,331 from the Local Assistance Scheme reserve.
- 1.2 The table below shows that as at 8 September 2015, the forecast DHP award is to overspend the government grant by putting the Council in a position where further successful DHP applications will need to be found from Council funding.

Analysis	Amount
Amount awarded to 8 September 2015	£288,680
Anticipated awards for adapted properties	£58,415
Applications received not yet processed	£201,960
Forecast total DHP spend	£549,055
DHP government grant 2015-16	£475,669
Overspend as at 8 September 2015	£73,386

- 1.3 The LAS currently has a budget of £212,000 each year for five years from 2015-16. In addition there is £943,929 in LAS reserves which was set aside to mitigate against the impact of future welfare reforms.
- 1.4 LAS grant money is not ring fenced and has been provided by Government with the intention of supporting vulnerable people in financial crisis. It is this funding that will be used to bolster DHP awards in 2015-16.
- 1.5 Delaying the implementation of the proposed DHP policy beyond 7 October could result in applicants receiving a second six month award in one financial year. This could potentially increase the value of awards with the Council required to pay awards up to 2.5 times the government grant.

Legal

- 2.1 Running out of funds is not a valid reason for not giving an award to a successful DHP applicant, providing the total DHP award for the year is less than 2.5 times the original DHP Government grant. This has been illustrated by the case law referred to as *Rutherford & Others v Secretary of State for Work and Pensions*, May 2014.

Personnel

3.1 None

IT

4.1 None

Equalities Impact

5.1 The Chancellors budget statement on 8 July 2015 contained a number of welfare reform policies to reduce welfare spending by £12.9bn over the next five years. The potential impact on residents of Derby will be modelled when the details are available.

Health and Safety

6.1 None

Environmental Sustainability

7.1 None

Property and Asset Management

8.1 None

Risk Management

9.1 The increase in demand for discretionary services resulting from welfare changes may out strip the rate at which the Welfare Strategy can help residents out of discretionary services.

9.2 Unsuccessful applications for additional funding will make the implementation of the Welfare Strategy less sustainable.

Corporate objectives and priorities for change

10.1 None

Discretionary Housing Payment Policy

Document owner	Martyn Marples
Document author	Dawn Hallsworth
Document manager	John Massey
Approved by and when	
Date of document	15 September 2015
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Document classification	Internal
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Location	
Review date of document	TBA

If you require this document in large print, on audio tape, computer disc or in Braille please contact the document manager.

Date Issued	Version	Status	Reason for change
March 2013	1.0	Final	Approved by Cabinet 20 March 2013
September 2013	1.1	Draft	Comments & update following review
October 2013	2.0	Final	Updated with revisions
December 2013	2.1	Draft	Update following change to HB regulations relating to disabled children unable to share a bedroom
December 2013	3.0	Final	Updated with revisions
July 2014	3.1	Draft	<ol style="list-style-type: none"> 1. DHPs can now be received along with CTH or any other discretionary award. 2. Time limit for reviews now 21 days 3. Customer not being able to seek money advice does not necessarily mean claim will be declined
July 2014	4	Final	Includes the change that sanctions / disallowances are now no longer a barrier to DHP
September 2014	4.1	Draft	Removes reference to financial restrictions in funding arrangements Reviewed by WR checkpoint
October 2014	4.2	Draft	Updates reference to financial arrangements Removes erroneous remaining reference to other support available Removes erroneous remaining reference to sanctions / disallowances DHPs can now be used for removal costs
October 2014	5.0	Final	Includes reference to endeavouring to manage scheme within budget
February 2015	5.1	Draft	<ol style="list-style-type: none"> 1. Remove reference to historic increase of funding and priority groups, including giving more protection for particularly vulnerable people who need to be “allowed” an extra bedroom due to their circumstances has been removed 2. Maximum award period reduced to six months for all claimants 3. Only one DHP award in any single financial year 4. Eligibility requirements and

			<p>administrative arrangements for Universal Credit (UC) claimants inserted</p> <p>5. Addition of payment arrangements sections</p> <p>6. Date of next review rolled on for 12 months</p>
March 2015	5.2	Draft	<p>For UC claimants, subject to having the necessary IT functionality available:</p> <ol style="list-style-type: none"> 1. Payments for Derby City Council tenants to be credited directly to their rent accounts 2. Payments for claimants with an Alternative Payment Plan in place to be made direct to the landlord.
March 2015	5.3	Draft	<p>Claimants who have had a disabled adaptation made to their property for someone living in their household will be a priority group; awards for 12 months.</p>
March 2015	5.4	Draft	<p>Add in to priority groups:</p> <ul style="list-style-type: none"> - Claimants on high rate DLA - Foster carers <p>Awards for up to 12 months for those in priority groups.</p>
April 2015	5.5	Draft waiting Cabinet approval	<ol style="list-style-type: none"> 1. Refers to this policy being for the 2015/16 financial year 2. Claimants receiving high rate DLA removed from Priority Groups 3. Includes reference to 12 month awards ending on 31 March 2016.
August 2015	5.6	Draft waiting Cabinet approval	<p>Add in extra priority group to reflect option 2 – those affected by more than one welfare reform</p>
September 2015	5.7	Draft awaiting PCCM approval	<ol style="list-style-type: none"> 1. All other claimants will be entitled to receive a six month award and should they make a second award they will be entitled to a further three month award. These claimants will be redirected to the Universal Services Delivered Locally pilot for additional support. 2. All claimants must complete an income and expenditure assessment, although for priority groups these details would be

			used for information only and not to determine the award
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Equality impact assessment record	
Date of assessment	23 May 2013
Summary of actions from EIA	

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1. Introduction

The Discretionary Financial Assistance Regulations 2001 provide a statutory duty to Derby City Council (hereafter referred to as “the Council”) to operate the Discretionary Housing Payment (DHP) scheme.

The Welfare Reform Act will reduce the national welfare bill by £18bn over 5 years. Reductions in the level of Housing Benefit (HB) awarded, and the amounts of Universal Credit (UC) payable will contribute to this overall savings program.

There are clear significant tensions likely to arise given the limited funding provided both nationally and locally to address the impacts of Welfare Reform.

2. Purpose and Aim

To prescribe Derby’s arrangements for DHPs for the provisions of short term support for eligible HB and UC households and to ensure that DHPs assist those Derby residents who demonstrate an exceptional and financial need for support.

Customer Management will endeavour to manage DHPs within the allocated budget so as not to create financial pressures on other Council services.

This policy is for the 2015/16 financial year.

3. When a payment may be made by the Council

To be considered under this policy **either**:

- (a) The claimant must be receiving HB and must have a shortfall between their eligible housing costs and their HB due to any of the following:
 - (i) a reduction in HB as a result of the under occupancy bedroom cap legislation
 - (ii) a reduction in HB as a result of the household benefit cap
 - (iii) a shortfall in HB as a result of LHA limitations
 - (vi) a shortfall in HB faced by a private sector tenant where the eligible rent is restricted to the Rent Officer’s valuation
 - (v) a shortfall in HB where the claimant’s income is higher than their applicable amount (the amount the Government says they need to live on each week) and there is a taper deduction made
 - (vi) a shortfall is created by a non-dependant deduction.

Or

- (b) The claimant must be receiving Universal Credit (UC) and must have a shortfall between their eligible housing costs and their UC housing costs award.

4. Priority Groups

The following claimants will be treated as being priority groups:

- (a) Claimants who have had a disabled adaptation made to their property to meet the disability needs of a member of their household;
- (b) Foster carers;
- (c) Those affected by more than one welfare reform.

For claimants in priority groups, DHP awards can be allowed for up to 12 months, ending on 31 March 2016.

5. Eligibility Criteria

To be eligible for a DHP all the following conditions must be satisfied for an award to be considered.

Claimants must:

- (a) Either:
 - i. Be in receipt of HB; or
 - ii. Be in receipt of UC and have a housing costs element in place as part of their UC award.
- (b) Be able to prove demonstrable financial hardship or have experienced personal exceptional circumstances, for example the bereavement of a close relative. Demonstrating financial hardship will normally be through the completion of an income and expenditure form.
- (c) Be able to demonstrate steps taken to achieve financial independence, for example requesting and acting on advice from the Money Advice service. However, in circumstances where access to money advice is limited due to lack of resources in the organisations providing this assistance (for example the Council, or the third sector) combined with significant increases in demand for DHPs, it may not be possible for customers to ask for, receive or act on advice in a timely manner. In this situation they will not be excluded from potentially receiving a DHP, as long as they can satisfy the other eligibility criteria. The customer will be advised to make an appointment where this is available.
- (d) Make an application on an approved e-form. As part of this all claimants must complete an income and expenditure assessment, although for priority groups in section 4 above these details would be used for information only and not to determine the award.

Any on-going payment granted under this policy will be for a period of up to six months, apart from the priority groups set out in section 4 above.

All other non-priority claimants will be entitled to receive a six month award in the first instance and should they make a second award they will be entitled to a further three

month award. These claimants will be redirected to the Universal Services Delivered Locally pilot for additional support.

The Council will determine the level of payment to be awarded; this will be considered on a case by case basis and may be subject to variation as any HB or UC changes are applied.

The Council will consider the household's overall financial capacity when determining an award for DHP.

A DHP may be awarded to support a move to cheaper alternative accommodation where the applicant is unable to access this support from other Council or partner organisations' home-move support schemes. This type of award will be limited to either a rent deposit or rent in advance in lieu of an on-going DHP award, or to cover reasonable removal costs.

6. When the Council may not make a DHP payment:

Applications may be declined if one or more of the following apply:

- a. Eligibility criteria not met
- b. For HB claimants, the shortfall in HB is because of
 - deductions made from HB to recover a prior HB overpayment or
 - service charges that are ineligible for HB
- c. For UC claimants, the shortfall in UC is because of
 - deductions made from UC to recover a prior HB overpayment or
 - service charges that are ineligible for UC
- d. Exceptional need not evidenced
- e. Exceptional financial circumstances not evidenced
- f. Applicant has accessible capital/savings
- g. Applicant is a "person from abroad" who does not have entitlement to public funds
- h. For UC claimants DHP awards cannot exceed the difference between their eligible housing costs and their actual UC housing costs award.

7. Payment arrangements

The scheme does not support cash payments.

For HB claimants, all payments made under this policy will be made in conjunction with on-going HB and this may include direct payment to the applicant's landlord or by direct payment to a prospective landlord for payments in respect of a rent deposit or rent in advance.

For UC claimants, subject to having the necessary IT functionality available:

- (a) payments for Derby City Council tenants will be credited directly to their rent accounts
- (b) payments for claimants with an Alternative Payment Plan in place will be made direct to the landlord.
- (c) in all other instances - including where IT functionality is not available to enable the arrangements in 6 (a) and (b) above - payments will be made direct to the claimant using BACS.

8. Disputed decisions

DHPs are not subject to a formal appeals process by virtue that any decision to make a payment is of a discretionary nature.

Where an application is declined and a decision is disputed for a reason other than one relating to exclusions from the Scheme, an applicant or their representative may request a review.

All requests for reviews must:

- Be made by the applicant or their representative
- Be submitted as a written e-request
- Set out the reasons why they believe the decision should be reviewed
- Be made within **21 calendar days** of the original decision being notified.

The request will be reviewed by another officer who has delegated authority to make the decision. This reviewing officer's decision is final and binding and completes the internal review process.

9. Data Access and Sharing

The Council is allowed to collect data to support, evidence and to determine DHP Awards.

The scheme will operate to support principles for fair, reasonable and confidential data access and sharing at all times. This is to ensure that people receive the correct benefits at the right time and that the wider interests of Council Taxpayers are safeguarded.

The Council is committed to meeting its obligations under the relevant legislation and requirements to safeguard public funds.

10. Evaluation and review

This Policy will be controlled by Customer Management and will next be reviewed by 1st March 2016.

Multiple single interventions examples

April-June 15 LAS Lifetime of trial				
Name	Total	USDL Interventions	Total single interventions	Notes
AB	11	1	12	24 years old - daughter was adopted.
DB	11	3	14	No Social Care (SC) intervention
SB	11	3	14	56 years - risk to children - all children removed from care
SL	10	7	17	44 years - has asked for financial assistance by SC and declined, son has not been attending school
RS	10	5	15	No Social Care intervention
MB	8	2	10	25 years - previous ABH offences no children of own only partners or 23 years - known to SC as a child
KC	8	3	11	No Social Care intervention
JR	8	2	10	60 years - No other information
TS	8	3	11	No Social Care intervention
JS	8	5	13	No Social Care intervention
KA	7	4	11	No Social Care intervention
SB	7	2	9	30 years - 2 children on CIN plans or 42 years no current involvement
SB1	7	1	8	No Social Care intervention
LT	7	3	10	31 years - both children adopted.
JLA	6	3	9	34 years - one child adopted another in long term fostering both disabled
MG	6	5	11	No Social Care intervention
SL	6	3	9	24 years - previous concerns with home conditions has 2 children no concerns.
JM	6	4	10	43 years - has a disabled son, direct payments recently stopped.
DR	6	3	9	41 years - 6 children - 2 with disabilities.
RB	5	3	8	20 years - cannabis user and on limited budget, has had previous DV.
HB	5	3	8	No Social Care intervention
MC	5	1	6	51 years - has 3 children (out of Derby) not living with him - no other information

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MH	5	2	7	54 years - Grandchildren on CP plans but not living with them.
VP	5	2	7	No Social Care intervention
AR	5	0	5	48 years - 2 children adopted - Not recorded for USDL!
KR	5	2	7	24 years - No information
NS	5	5	10	No Social Care intervention
TT	5	4	9	No Social Care intervention
CB	4	1	5	No Social Care intervention
MC	4	2	6	42 years - 2 children on CP plans
MC1	4	3	7	No Social Care intervention
TC	4	3	7	No Social Care intervention
SC	4	2	6	No Social Care intervention
LD	4	1	5	41 years - daughter under CP / toys and high chair purchased by social care for daughter
WE	4	1	5	No Social Care intervention
VFE	4	2	6	No Social Care intervention
EH	4	2	6	No Social Care intervention
TH	4	2	6	21 years - child on Cin plan and DV issues
MJL	4	1	5	47 years - no information.
JL	4	7	11	27 years - no current involvement
SMc	4	1	5	No Social Care intervention
DS	4	3	7	Multiple cases on LCS system
MW	4	1	5	44 years - no information
CW	4	2	6	No Social Care intervention
MW	4	2	6	29 years - perpetrator of DV
DB	3	1	4	27 years - daughter CLA
DB1	3	0	3	32 years - Daughter CLA - Not recorded for USDL!
NC	3	3	6	25 years - pregnant and CIN plan. Other daughter not in mother's care.
CC	3	2	5	23 years - has DV concerns, child has been adopted.
MED	3	2	5	No Social Care intervention
AE	3	1	4	23 years - no information.
TF	3	3	6	No Social Care intervention

Classification: OFFICIAL

Classification: OFFICIAL

VG	3	2	5	27 years - 4 children are CLA
VH	3	1	4	On Social Care system - Basic information only
SH	3	4	7	No Social Care intervention
GL	3	1	4	No Social Care intervention
RL	3	0	3	Not Known - Not recorded for USDL!
DL	3	2	5	41 years - No information.
MMM	3	2	5	No Social Care intervention
KO	3	1	4	No Social Care intervention
LP	3	0	3	50 years - reported to Ashtree on return from abroad homeless - Not recorded for USDL!
KDR	3	4	7	No Social Care intervention
PR	3	3	6	No Social Care intervention
GS	3	2	5	61 years - has CWD but not living at the same address.
AS	3	3	6	No Social Care intervention
IS	3	2	5	51 years - children do not live with Ian.
AMW	3	4	7	No Social Care intervention
AW	3	2	5	No Social Care intervention
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