

NORTH LINCOLNSHIRE COUNCIL

**GOVERNANCE AND TRANSFORMATION
CABINET MEMBER**

USE OF THE DISCRETIONARY HOUSING FUND

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 Discretionary Housing Fund is a resource provided by Government to support households experiencing financial hardship with housing costs in North Lincolnshire.
- 1.2 As a local discretionary scheme the council can set success criteria and change the scheme at any point in time.
- 1.3 This paper presents an alternative set of success criteria for consideration in order to support those in need.

2. BACKGROUND INFORMATION

2.1. Discretionary Housing Funds are provided annually by the Government to support those households who experience financial hardship and are unable to meet their full rental liability where this is not fully covered by Housing Benefit.

2.2. Success criteria for the scheme are currently as follows;

- first time applications within a given year are given 6 weeks of support
- they are invited to apply at the end of this period with a full income and expenditure analysis, second time applications are measured against;
 - can they afford to fund the rent shortfall themselves
 - can they make better use of their finances in order to budget more appropriately to fund the shortfall themselves
 - are they taking action to change their circumstances which will allow them to fund the shortfall or remove it as an issue

2.3. Based on DHP's in payment in 15/16 (as a full year analysis);

- 295 individual payments were made
- average payment of £136 per claim was paid

3. OPTION FOR CONSIDERATION

3.1. As part of the success criteria there is an expectation that the customer is making positive attempts to change their circumstances which would mean the additional financial support is not necessary. Whilst there are no guidelines on what changes the customer could make to change their circumstances, we would expect customers to (but not exclusively);

- be looking for work / increase in hours worked
- be obtaining budgeting / debt support
- taking a lodger

3.2 To improve the effectiveness of the scheme, and to make better use of the resources we have, we propose to take a more directive approach to providing the DHP support. Therefore extra financial support from the scheme will be made conditional on households engaging with, and completing the advised course of action recommended by Action Station. This will be support on proactive job searching, building of skills and money management advice in order to maximise employment opportunities.

3.3 In order to encourage attendance at Action Station this proposal is that DHP is increased to;

- 6 weeks at full shortfall between rental liability and housing benefit
- 6 weeks at 50% of the shortfall
- 6 weeks at 25% of the shortfall

3.4 During 16/17 it is anticipated there will be an increase in the number of applications made to this fund. This is due to the implementation of the Department of Work and Pensions Benefit Cap. This will affect an additional 257 households in North Lincolnshire. To implement the new proposal has been costed at; -

- 16/17 likely applications 560
- Average cost per successful application (non benefit cap) £250
- Average cost per successful application (benefit cap) £720
- Anticipated overall scheme costs in 16/17 £259K

3.5 The implementation of the Benefit Cap of £20,000 in 16/17 will have an increased level of financial impact on those affected leading to additional expected support requirements.

3.6 Available Government funds in 16/17 are £295K. These funds are ringfenced and can only be used to support housing benefit customers who have a shortfall between their rental liability and their housing benefit entitlement, it cannot be used for any other purpose.

3.7 In order to support the Action Station to provide this service it is proposed that the recently received New Burdens Funding for the implementation of the Benefit Cap within Local Taxation and Benefits is redirected to Action Station, this is a one off resource of £33k.

3.8 Those customers who choose not to engage with the support which can be provided by Action Station are able to make applications which are considered under the appropriate success criteria of the scheme.

3.9 DHP success criteria from 01 October under this proposal will be;

1. Attendance at Action Station for support;
 - first application 6/6/6 support provided
 - second application;
 - can they afford to fund the rent shortfall themselves
 - can they make better use of their finances in order to budget more appropriately to fund the shortfall themselves
 - are they taking action to change their circumstances which will allow them to fund the shortfall or remove it as an issue
2. Non attendance at Action Station for support;
 - can they afford to fund the rent shortfall themselves
 - can they make better use of their finances in order to budget more appropriately to fund the shortfall themselves
 - are they taking action to change their circumstances which will allow them to fund the shortfall or remove it as an issue

4 ANALYSIS OF OPTIONS

4.1. Referral to Action Station and the additional funding provided will allow the council to increase support for those who are most financially challenged in North Lincolnshire. It will provide an additional opportunity to engage with those households who have perhaps experienced long periods of unemployment or who are experiencing severe financial hardship by providing the opportunity to take on paid work.

4.2 Anticipated take-up of DHP support in 16/17 is higher due to the implementation of the Benefit Cap. The DHP fund is there to provide short-term support. So there is limited expectation for customers to return for future financial support once we have set them on a sustainable path. In future years spend is expected to remain well within the available budget limits.

4.2 The costs to the council of implementing this scheme are nil.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1. Financial

The paper sets out an options which would encourage the community distribution of additional monies to those who are experiencing financial hardship.

5.2 Staffing, Property, IT

Additional staffing resources will be provided within Action Station in order to support this additional group who will be referred for support.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1. Statutory

An impact assessment will be carried out as part of the implementation of the referral process.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 Not applicable.

8. RECOMMENDATIONS

8.1. That the Cabinet Member approves the changes to the discretionary scheme and movement of one off additional resources into Action Station.

DIRECTOR OF POLICY AND RESOURCES

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Background Papers used in the preparation of this report: None