

## Stage 2 Full Equality Impact Assessment

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<b>Directorate:</b>	<b>Business Centre</b>
<b>Date of Completion:</b>	<b>September 2021</b>

### Name of Policy/Strategy/Service/Function Proposal

**Review of Discretionary Housing Payments Policy**

### The Aims, Objectives and Expected Outcomes:

To review and update the Council's Discretionary Housing Payment (DHP) Policy. DHPs are used to support residents financially in situations where Housing Benefit or Universal Credit does not cover the full amount of rent due on a property. The policy sets out the circumstances under which an additional payment may be considered through the DHP scheme. Any awards made by the Council are discretionary and will be subject to any periodic review. The frequency of review will be based on the reason for making the award.

DHP's do not cover any payments in respect of Localised Council Tax Support (LCTS) from April 2013.

Each year the Government distributes grants to Councils to make Discretionary Housing Payments (DHP). These funds can be used to meet eligible shortfalls in rent for people who are already in receipt of Housing Benefit. The legislation governing DHP's is contained in the Discretionary Financial assistance Regulations 2001.

The main features of the scheme are that:

- The scheme is purely discretionary; a claimant does not have an automatic right to a payment
- The amount that can be paid out by an authority in any financial year is cash limited by the Secretary of State.
- Local authorities decide how to administer the scheme
- DHP's are not a payment of Housing Benefit.
- The introduction of Universal Credit which will include housing cost element. From April 2013 claimants of Universal Credit will receive a payment which

includes a payment towards their rent. This will replace payments of Housing Benefit; however, the Council will still be able to award a DHP to top up the housing element costs for those requiring financial help.

- A change from DHPs being a short-term support mechanism to providing longer term support in appropriate cases

The scope of this policy has been reviewed from April 2021 to reflect the ongoing impact of welfare reform, universal credit cases and the reduction in funding available from central government to support customers who continue to have a shortfall through the introduction of the various changes where further financial assistance towards housing costs is deemed appropriate.

The aim of the DHP scheme policy is to provide an appropriate and responsive program of DHP provision to Island residents that have either a Housing Benefit entitlement or a Universal Credit Housing related rental costs element within their award and are deemed to be in genuine hardship as a result of shortfall between their benefit and rental liability. Genuine hardship will have to be determined, however all other sources of assistance from other sources will need to have been accessed.

DHP awards should generally be viewed as short-term emergency funds to enable the customer a period of time to adjust to their circumstances and should not be considered as a way round any current or future entitlement restrictions set out within the Housing Benefit or Universal Credit legislation. In exceptional cases the length of award can be extended with the ability to provide longer term support in appropriate cases.

In devising the Isle of Wight Council's DHP policy, it is expected to assist with:

- Alleviating poverty.
- Prevent homelessness by sustaining tenancies and safeguarding customers in their homes where it is reasonable to do so, and active steps are being taken by the customer to manage a tenancy.
- Enable customers in the short term to make the changes necessary to move forward and into more appropriate housing and financial position
- Support vulnerable young people in the transition to adult life.
- Encourage residents of the Island to obtain and sustain employment.
- Support the vulnerable in the local community.
- Assisting customers who are trying to help themselves
- Supporting the transition into work
- Helping claimants through personal and difficult events
- Keeping families together

Any DHP award is intended to provide the applicant with time to take action, which may assist their position. This may include looking for cheaper alternative accommodation, seeking budgeting or debt advice or adjusting to their changed circumstances.

The Government has allocated funding of £318,378 to the Isle of Wight Council's for 2021/22. In 2020/21 the funding was £426,403 and this year we have seen an increase to assist with Universal Credit (UC) customers now that we are a full UC service area and affordability pressures in the private rented sector. The funding for 2021/22 is allocated into four specific groups as follows.

- Core DHP – for general allocation
- Local Housing Allowance (LHA) – for shortfalls caused by the changes to LHA generally
- Social Sector under occupation – for shortfalls caused by changes to Housing Benefit within the Social Sector, and
- Benefit Capping – shortfalls caused by the limitation of overall benefit expenditure.

The level of support DHP applicants receive is determined by the Council and will need to consider the affordability and the assistance it should give to claimants to meet a specific and genuine hardship with their rent shortfall.

In order to fully or partly meet any potential funding gap between the level of DHP awarded and funding available to the Council, the Council has to consider that there is a limited amount of money available for awards under DHP, so awards will need to be managed if the funds limit has been reached.

The Housing Benefit average caseload currently stands at 12,036 during 2020/21. The Welfare reforms over recent years have impacted a number of Island Housing Benefit claimants reducing their Housing Benefit entitlement.

The use of DHP is available to all ages of applicants receiving Housing Benefit and is not limited to any particular age group. However, the majority of the Welfare Reforms introduced by Government have been applied to Working Age claimants (those aged between 16 to 62 years) and impacts more greatly on this particular age group.

As at the 1 April 2015, the Social Sector Size restrictions (SSSR) identified potentially 717 claims where a reduction of either 14% or 25% would be applied to the eligible rent limiting the maximum Housing Benefit award from April 2016.

The benefit cap introduced on the 1 April 2013, affected 31 cases. The benefit cap was further reduced from £26,000 to £20,000.00 from the 7 November 2016 and there is now a total of 123 cases which are currently affected in total. The average reduction per week for these total claims comes to approximately £35.50 per week with a total SSSR paid out last year of £44,011 for 223 claims with an average total of £197.36 per claimant.

The purpose of the DHP funding provided by Government to council's is to assist claimants affected by a shortfall between their rental liability and Housing Benefit/housing costs element in Universal Credit.

## Consultation and Scope of the Equality Impact Assessment

As part of the DHP Policy review, eligibility criteria have been carefully considered in order to ensure that those residents who are in most need of a DHP top up are able to access this provision.

**Who, potentially, could this project, policy or proposal have a detrimental effect on, or benefit, and how:**

The DHP scheme will have a positive impact by:

- Easing financial hardship;
- Encouraging, supporting and sustaining residents in employment;
- Supporting tenancies to be more sustainable and reducing homelessness
- Supporting vulnerable residents facing personal crises and difficult events and young people in the transition to adult life
- Supporting those affected by welfare reform

The DHP scheme could have a positive impact in the following ways: -

- The funding and the revised policy will allow the Council to support some of the residents affected by Welfare Reform changes such as the size criteria and benefit cap
- The government has an expectation that part of the funding is utilised to support those who live in significantly adapted accommodation due to someone in the household having a disability.
- The revised policy allows the consideration of long-term support for a period of up to 52 weeks where this is considered appropriate

The results of the previous consultation and EIA have been considered as part of the review of this EIA. Data and information concerning the volumes, amounts and reasons for awarding DHP's that has been collected since 2013/14 has enabled further analysis of the type of need and useful sources of data to consider changes to the DHP policy. In addition to this local data and further Government published national research, guidance or revised Equality Impact Assessments has supported the review of this policy.

Protected Characteristics	Positive	Negative	No impact	Reasons
Age	X			Whilst a greater number of working age

				applicants are more likely to be impacted by the Governments welfare reforms around Housing Benefit, the DHP scheme is available to all Housing Benefit applicants irrespective of age, provided that they meet the qualifying conditions
Disability	x			The DHP scheme recognises those with a disability that may have experienced a Housing benefit reduction as a result of the welfare reforms and have limited capacity to find an alternative solution provided that the council considers the applicant to have insufficient funds or options available to them to assist them through the transition period of these reforms
Gender Reassignment			x	No specific impact
Marriage & Civil Partnership			x	No specific impact
Pregnancy & Maternity			x	No specific impact
Race			x	No specific impact
Religion / Belief			x	No specific impact
Sex (male / female)			x	No specific impact
Sexual Orientation			x	No specific impact

DHP's have been provided by the council since 2001, with a formal policy since 2013/14 which sets out the Councils approach to considering DHP's.

The funding provided by the Government to the Isle of Wight Council of £318,378 can only be used to assist with awards of DHP. Due to the limited grant funding available for providing this DHP scheme there is requirement to consider awards around the merit and criteria set out within the Policy. The scheme seeks to support those claimants where there is genuine hardship as a result of either the welfare reforms or where there is an unavoidable shortfall between their Housing Benefit or Universal Credit housing costs element and rental liability and to protect those claimants that are considered vulnerable or at risk irrespective of age, gender or disability. The funding should be seen as assisting claimants through a transitional period enabling time to seek alternative solutions.

The Discretionary Housing Payment (Grants) Order 2001 prohibits the council from spending more than 2.5 times the amount of the government grant on DHP payments in one financial year. It would therefore be unlawful to award any payment once the council has reached this award limit.

Any DHP funds unspent are required to be returned to the Department for Works and Pensions at the end of the financial year.

The DWP have increased monitoring of DHP awards since 2012/13 to enable them to determine the impact of the welfare reforms and where additional assistance is being sought as a result of these measures. This will also enable the DWP to review the impacts of the reforms and additional funding being provided. Equally the council will be able to review its policy should the need arise to provide the most appropriate mechanism of support by way of DHP to the Island's Housing Benefit claimants.

### **National impact**

The Department of Works & Pensions (DWP) has undertaken analysis showing the effects nationally of individual Welfare reforms and their Impact Assessments. This can be accessed using the link below;

<https://www.gov.uk/government/organisations/department-for-work-pensions/series/welfare-reform-act-2012-equality-impact-assessments>

The DHP grant was previously based on a pot determined by Central Government for 5 years, 2019 – 20 was the last year of this pot, and the amount of grant for 2020-2021 has been subject to spending review. At the Spending Round in September 2019, Treasury confirmed an additional £40m in funding for DHP's for 2020-21. The funding was awarded to support the most vulnerable living in the private rented sector. For the Isle of Wight this resulted in an award of £426,403 which was £144,928 more than the financial year 2019-20 and the DHP Policy has been reviewed and updated to reflect this.

Benefit Cap Equality Impact Assessment. The national implementation of the Benefit Cap went live on 15 July 2013 and following the Governments summer budget on the 8 July 2015 a further reduction has been made to the benefit cap from £26k to £20K.

The government believes that those out of work should not receive more from benefits than many working families earn. Given the perceived success of the household benefit cap in encouraging households to look for work, the government will lower the cap on the total amount of benefits an out of work family can receive, from £26,000 to £20,000 which came into force from November 2016.

In terms of age, the further welfare reforms impacting on housing benefit will be those of working age (16 – 62

years). However, the use of DHP is available to all ages of applicants receiving housing benefit and not limited to any particular age group.

Social sector housing under occupation - The DWP's latest figures provide that 79,000 households had Benefit capped as at February 2020, the number of households capped for Housing Benefit cases has continued to decrease at 11% whilst the number of households capped under Universal Credits has increased to 12%.

As of February 2020, 93% (73,000) of households that had their benefits capped include children, with the figure at 93% (30,000) for Housing Benefit, and 92% (42,000) for Universal Credit. Of those capped households including children, 88% (65,000) had between 1 and 4 children and 10% (7,100) had 5 or more children.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/906855/benefit-cap-statistics](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/906855/benefit-cap-statistics)

220,000 households who had their benefits capped at some point between 15 April 2013 and January 2020, were no longer capped at February 2020. This is an increase of 12,000 from last quarter, at November 2019. 45,000 (50%) households who once had their Universal Credit capped were no longer capped at February 2020, an increase of 8,200 since last quarter. Of the households who have had their Housing Benefit capped, 186,000 (85%) had left the Housing Benefit cap at February 2020

To help ensure Local Authorities are able to protect the most vulnerable housing benefit claimants, the government will provide £80 million plus an additional £40 million of funding for Discretionary Housing Payments over the next 5 years

### Local impact

The number of cases affected by the previous benefit cap was 31 claims and currently there are 176 cases affected by the lower benefit cap introduced in November 2016. The total number of cases which have been affected by the Social Sector Under Occupation rules since its commencement have been 769 cases impacted in total and we currently have 223 cases in receipt of Housing Benefit affected. The average weekly loss for these cases is £48.09 per week and the total SSC paid out this year is £44,011 as at the 1 January 2021.

There are also a number of DHP applications that continue to be made for other shortfalls between liability and housing benefit for other circumstances. Previous years DHP government funding allocations have mainly been spent in full.

Since 1 April 2021 to 30 September 2021 there have been approximately 399 applications for a DHP which has resulted in DHP spend this year to date of £141,903 against the year-end target of £318,378.

An analysis of the DHP awards made to date are broken down below:

Category of DHP award	Number
Benefit Cap	25
Social Sector Under Occupation restrictions	223
Local Housing Allowance Reform	279
Not due to welfare reform Impacts	57
<b>Total awards</b>	<b>584</b>

The impact locally of the various welfare reforms has seen a constant allocation amount in DHP allocation and spending

since 2013. However, some claimants continue to find alternative ways of meeting any shortfalls themselves.


The level of DHP funding being provided by government to support island residents is less than the overall level of reduction being experienced by Island claimants as a result of the welfare changes. The ongoing level of funding available will therefore require careful management and strict compliance to eligibility criteria shown in the DHP Policy and due regard to this has been shown when amending the policy.

## Recommendations

It is recommended that the revisions to the DHP Policy should be implemented. This policy continues to provide the fairest access to additional financial support where there is a shortfall between rental liability and payment of housing benefit or housing costs in Universal Credit and a person is experiencing genuine hardship that can not be resolved through other sources of support available or by taking appropriate action.

The council is mindful that a number of welfare reforms outlined within the findings may subject claimants to reductions in the levels of housing benefit previously received and the introduction of Universal Credit, which has resulted in an increase for assistance. These claimants may approach the council for DHP assistance, and the allocation of awards must have due regard to the individual's circumstances and level of funding available to the council in which to provide appropriate DHP financial assistance.

The use of DHP in the main as short-term emergency funds rather than ongoing top up will allow claimants to adjust or take steps to review their finances and should not be considered as a way round any current or future entitlement restrictions. Only in exceptional cases can the length of award be extended.

Summary	
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<b>Signed off by Head of Service/Director</b>	 Sharon Betts and  Judy Mason    Legal Services
<b>Review date</b>	September 2021



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