

CABINET MEETING – 14 MARCH 2024

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Local Welfare Provision Scheme and Discretionary Housing Payment Scheme Policy Updates

Author(s):

Executive Director of Health, Housing and Communities

Purpose of Report:

The purpose of the report is to propose two revised policies on the Council's Discretionary Financial Support Scheme to enable their implementation from April 2024.

Description of Decision:

Cabinet is recommended to:

1. approve the revised Local Welfare Provision Scheme Policy
2. approve the revised Discretionary Housing Payments Scheme Policy
3. delegate responsibility for ongoing administration and routine review of the Discretionary Financial Support Schemes including updating associated Operational Guidance to the Executive Director of Health, Housing and Communities in consultation with the Portfolio Holder Vibrant City

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

There is a need to update our Discretionary Financial Support Scheme Policies. There is a need to firm up the criteria, make applicants obligations clearer and importantly, confirm that the extent of available support will in most cases be more limited in future.

These policy changes will underpin the other changes being made to internal processes, staff guidance and public and professional communications.

Alternative options to be considered and recommended to be rejected:

No other suitable options were considered, due to the outstanding need to bring these schemes up to date and the extent of the available budgets to support the schemes.

Impacts analysed.

Equality

Yes

Privacy

Yes

Sustainability

N/A

Crime and Disorder

N/A

Is the Decision consistent with the Council's co-operative values? Yes/~~No~~

Is this a "Key Decision" as defined in the Constitution? Yes/~~No~~

Is it included in the 28-day Notice of Decisions? Yes/~~No~~

LOCAL WELFARE PROVISION SCHEME AND DISCRETIONARY HOUSING PAYMENTS SCHEME POLICY UPDATES

REPORT OF THE EXECUTIVE DIRECTOR OF HEALTH, HOUSING AND COMMUNITIES

1.0 Purpose of the Report

- 1.1 The purpose of the report is to propose two revised policies on the Council's Discretionary Financial Support Scheme to enable their implementation from April 2024.

2. Description of Decision (Recommendations)

- 2.1 Cabinet is recommended to:

1. approve the revised Local Welfare Provision Scheme Policy
2. approve the revised Discretionary Housing Payments Scheme Policy
3. delegate responsibility for ongoing administration and routine review of the Discretionary Financial Support Schemes including updating associated Operational Guidance to the Executive Director of Health, Housing and Communities in consultation with the Portfolio Holder Vibrant City

3.0 Background

- 3.1 Both Local Welfare Provision (LWP) and Discretionary Housing Payment (DHP) are aimed at vulnerable customers with low incomes, receiving means-tested benefits, and are struggling with crisis and emergency situations. For LWP this could be food or fuel costs or equipping their homes with basic essential goods and furniture, and for DHP it is being able to afford their eligible rents.
- LWP has a Council allocated budget of £250,000 per year.
 - DHP has a grant allocation awarded by the Department of Works and Pensions (DWP) and currently has an annual budget of £270,000.
- 3.2 Cabinet previously reviewed and approved the policies for both schemes in March 2016 for DHP and March 2017 for LWP. There was a further LWP report and policy agreed by Cabinet in February 2020, unfortunately this was only partially implemented due to the pandemic.
- 3.3 Due to a changing economic landscape primarily through the cost-of-living crisis and Government policy changes it has been necessary to undertake a review of both the LWP and DHP policies to bring them up to date, reflect best practice and take account of ongoing increased demand and expected further increases due to the potential changes and end of the Household Support Fund (HSF) in March 2024.

- 3.4 The policies aim to attempt to make available funding go as far and wide as possible within a framework that can provide some consistency and clarity on future decision making and budget management.

4.0 Wider Local Authority review

- 4.1 To inform the review proposals contact was made with other north-east councils. The aim was to ensure that our revised policies take account of other councils' experiences, best practice and achieve consistency as far as it is possible to do so within what are individual local council schemes.
- 4.2 The finding from the consultation process indicated that we are in a better position to many councils as we have retained our LWP scheme and budget. Many councils nationally and regionally no longer have an LWP scheme or where they do they have significantly reduced budgets and used HSF to plug gaps. As a result, many are now having to look at other arrangements.

5.0 Proposals for revised LWP policy

- 5.1 Unlike many councils we have retained our LWP scheme and used the HSF funding to supplement our mainstream budgets to maximise crisis support. There is potential for customer numbers to increase substantially if HSF and other cost of living support measures do end in March 2024 and our budget would revert to its base levels without any top up flexibilities. This means we will have less funding for a greater number of people that will be seeking crisis support.
- 5.2 The revised scheme is being developed on the assumption that approximately:
- One third of the scheme funding will be used for Crisis Support (CS) (£80,000) and mainly for food and fuel.
 - Two thirds will be used for Community Care Support (CCS) (£170,000) and mainly for contributions towards home set up costs for defined vulnerable households and by exception replacement items for families under exceptional pressure.
- 5.3 For CCS a range of award options have been considered to balance the need to provide support to as many vulnerable customers as possible but also to ensure that the financial contribution towards what will be mainly home set up costs is sufficient to help customers meet many of their likely main needs.
- 5.4 Based on the most recent analysis of applications and awards from the last 7 months it is proposed that the value of financial contributions should be as follows. This equates a maximum 240 full value awards.

Household composition	Award Value
Single person / couple	£600
Child	£150 (up to a maximum of 4 children)

- 5.5 Most CCS awards are made to single people mainly for home set up costs. The contribution level for single people and couples are on a par with the other councils questioned. However, the additional £150 per child may mean that for the limited number of awards made to larger families that the Council has a higher maximum award than other councils at £1,200, as the largest award made by other councils from the feedback is £1,000.
- 5.6. All the options considered will result in a projected lower number of full value awards, however.
- The actual award numbers may be higher as some customers will only need a partial award to cover 1-2 items. It is proposed to cap these awards at £300. However, we will aim to support applications where possible as a response to bed poverty, however the bed may be just one of several items needed.
 - There will still be a need to recognise exceptions that will be agreed by managers only, in cases where larger awards may be needed to manage specific circumstances and where the cost to the Council in other areas (for example in the discharge of statutory Homelessness Reduction Act duties) if help was not provided would be significantly greater. This would not be including situations where other central government funding can be used.
- 5.7 The proposals in 5.7.1. to 5.7.4 outline the proposed main policy. More detail for these is contained in Appendix 1. The overriding intention is to deliver available support from the LWP budget £250,000. The previously agreed policy details, the schemes targeted eligibility criteria, and approach remain in place and are briefly detailed below. These confirm that the Policy:
- Remains high level, with detailed operational guidance including financial assessment and secondary assessment underpinning this being reviewed periodically and subject to agreement by the Executive Director in consultation with the Portfolio Holder.
 - Details LWP is not a substitute for statutory provision and that other provision including DWP support should be applied for first.
 - Details that LWP CS support is to assist people to deal with disasters or unforeseen emergencies and can provide short term and one-off assistance with the costs of food, fuel, travel, or clothing. All of these except for Travel will remain in place.
 - Details that LWP CCS support is to assist in two main scenarios and where people:
 - Are moving into the community / a property where they do not have some / all the household items they need, and therefore require a contribution towards these.
 - Do not have some / all the household items they need because of a significant event affecting their property (for example a fire, flood, or similar disaster) and therefore they need a contribution towards these in order to enable them / their families to retain their home.
 - States that the Council will determine the means and method by which applicants can conveniently and quickly apply to the scheme.

5.7.1. Change: Confirm within the policy that the Council is working to an overall budget and if exceeded no further awards can be made that financial year unless alternative funding sources can be agreed.

5.7.2 Change: Confirm in policy the following changes to LWP Crisis Support

- Retain food and fuel support and with 7-day awards being the default award but include provision for shorter awards to meet a specific short-term need.
- Confirm current practice that foodbanks are the default provider for food support and the Council will look at support only where foodbanks are unable to assist (subject to the foodbanks remaining able to deliver support)
- Remove from our policy, support for travel. This has not been used since 2016.

5.7.3 Implement previously agreed policy for LWP CCS by Cabinet in February 2020

- Implement revised financial contributions based on agreement to award levels detailed in 5.4 (£600 for single / couples and £150 per child) up to a maximum £1,200.
- Provide default support via BACs transfers but retain provision of goods via local frameworks and suppliers where still needed.
- Revise potential support offers – for example provide air fryer or refurbished cookers instead of (since early 2022) new electric cookers. This will bring down costs and installation costs, make award funding go further, and provide items that may be cheaper to run than larger cookers.

Currently most support is provided by way of physical goods/ items.

5.7.4 Change policy to include one review stage aligned with the Council's Corporate Complaints Policy and Procedure. Currently the policy includes both a review and secondary review stage.

6.0 Proposals for revised DHP Policy

6.1 The expectation is that demand for DHP will increase next year due to existing and hard to resolve rental pressures and a mismatch between available properties (both social and private rents) that would enable working age customers to downsize, and that for private rents, are affordable for people receiving Housing Benefit or Universal Credit (with Housing Costs). For example, more than 60% of households nationally receiving the latter have rent liabilities that exceed their Local Housing Allowance Rate.

6.2 The proposals ensure that the Council can fairly provide DHP for short term and some longer-term customers. We will not be able to continue to provide support to as many customers as we have done over recent years and there is no expectation that all customers that are genuinely in need can be supported or supported indefinitely due to:

- A significant number of potential customers impacted by welfare reforms - Bedroom Tax, LHA restrictions and Benefit Cap (the three areas for which most DHP funding is received). In addition, cost of living issues / rent pressures is now driving increasing demand for DHP nationally, if not yet locally.
- We currently use 90% of our DHP to support customers affected by welfare reforms however the most recent nationally reported DHP spend figures show an average of 65% for welfare reform and 35% for other reasons, mainly help with moving costs. If this trend is repeated in Sunderland, and without change, there will be increased pressure on the DHP budget.

6.3 The proposals in 6.3.1 to 6.3.9 outline the proposed policy changes. More detail for these is contained in Appendix 1. We are still working to our DHP grant allocation and many of the current support arrangements and approach will remain in place within the future policy and are briefly detailed below.

- Remains high level, and with administration of scheme being undertaken by the Executive Director in accordance with the DHP Policy.
- Still includes a financial assessment and secondary assessment to determine what support we can provide and for how long.
- Includes financial support for applicants that can demonstrate what they are doing to improve their housing or financial situations, or what additional barriers they face when doing so (that mean that they cannot make changes easily) however this will be subject to a limit on overall number of awards and award values.
- Includes what non-financial support to applicants in terms of signposting and referral to other sources of help.

6.3.1 Change: Include in the policy that the Council:

- Will only use its annual DHP grant allocation and not exceed this; and
- If spending would exceed this, any remaining DHP claims for that financial year will be disallowed unless alternative funding sources can be agreed.

6.3.2 Change: Include in policy a savings limit of no more than £1,000 to be applied to all DHP claims

- The policy will also reference deprivation of capital rules applying in the event customers have had a significant reduction in savings in the period before they applied for a DHP.
- DHP is meant to be short term support so savings should be used in preference, to DHP funding.

6.3.3 Change: Include within the policy the following statement on how DHP claims based on Housing Benefit (HB) and Universal Credit (UC) will be managed via the Financial Assessment process. Although HB and UC are different benefits and are calculated differently, the Council's financial assessment process seeks, as far as possible, to achieve parity in the awarded DHPs as to applicants with similar financial circumstances.

- 6.3.4 Change: Include within the policy a definition for repeat applications as being a further application within two rolling years of any DHP award made after April 2024 by the customer or partner at any address in the City.

Policy to include strict criteria for new and repeat awards and with only the following 4 groups being eligible for ongoing repeat awards at full value.

1. People affected by domestic abuse who remain in a property which has been adapted under a sanctuary scheme.
2. Families with a disabled child not in receipt of upper of middle rate DLA but whose condition makes sharing a bedroom difficult.
3. Disabled people who need, or have had, significant adaptations made to their property, or where they are living in a property particularly suited to their needs. This includes properties which have been adapted for other members of the household, such as disabled children or non-dependants.
4. Where the claimant or someone in their household has an impairment, which requires them to have a larger property than would usually be the case for the size of their household due to, for example, where a bedroom is used for storage of medical equipment or used to support their disability for example, sensory room.

All the other twenty-two groups listed within the DWP DHP guidance will either receive a defined number of repeat awards and/ or tapered awards worth 50% of the full award value.

- Most customers are unlikely to be able to evidence that they fall within any of the twenty-six groups and from April 2024 they will only be provided with one DHP award and one further tapered award at 50%

Currently the policy does not include a specific limit on maximum number of awards.

- 6.3.5 Change: Confirm within the policy:

- An initial DHP award length of up to 26 weeks, although shorter awards can be made.
- Repeat awards of up to 52 weeks however these would only be for some of the four groups above, where their circumstances are unlikely to change in the award periods.
- All other awards based on circumstances (normally 26 weeks or shorter) and subject to contact during award period.

Currently award periods are for up to 26 weeks.

- 6.3.6 Change: policy to include a requirement for all customers to normally be contacted, and claim / requirements discussed before any award made – and with appropriate follow up during claim (for all but one off – short duration awards)

6.3.7 Change: policy to state that we will only provide help in extremely limited cases for removal costs, rent in advance or bond payments, and the situations where such payments would not normally be considered.

6.3.8 Change: Detail in policy the situations and maximum length that a DHP award can be backdated. This will be for no more than 52 weeks and only with good cause.

Currently backdating criteria detailed within guidance.

6.3.9 Change: policy to include one review stage aligned with the Council's Corporate Complaints Policy and Procedure. Currently policy includes both a review and further review stage.

7.0 Reasons for the Decision

7.1 There is a need to update our Discretionary Financial Support Scheme Policies. There is a need to firm up the criteria, make applicants obligations clearer and importantly, confirm that the extent of available support will in most cases be more limited in future.

7.2 These policy changes will underpin the other changes being made to internal processes, staff guidance and public and professional communications.

8.0 Alternative Options

8.1 No other suitable options were considered, due to the outstanding need to bring these schemes up to date and the extent of the available budgets to support these schemes.

9.0 Impact Analysis

(a) Equalities - An Integrated Impact Assessment has been completed.

(b) Privacy Impact Assessment (PIA) – there are no foreseen risks to the privacy of the public. We are required to follow a DWP Memoranda of Understanding.

C) Integrated Impact Assessment (IIA) - Summary of IIA findings:

- Most LWP and DHP support will continue to go to low-income households / benefit reliant households. Many of these receive benefits due to disability for example.
- Some of the proposals for these two Council schemes from April 2024, including review of budgets, may both increase and decrease entitlements in respect of different customer groups.
- Overall, both schemes are targeted more to those that might have one or more protected characteristics – and these requirements are embedded within both policies in terms of customer groups that can qualify for support and especially those that can qualify for longer term support.

10.0 Financial Implications

- 10.1 No budget implications as the policy updates confirm that the two schemes will only be able to use their allocated budgets in future to deliver LWP and DHP support.

11.0 Other Relevant Considerations / Consultations

- (i) **Legal Implications** – Both schemes are discretionary in nature, and awards cannot be guaranteed under either LWP or DHP schemes. The DHP scheme is based on the Discretionary Financial Assistance Regulations 2001 and accompanying DWP DHP guidance.
- (ii) **Procurement Implications** – A local framework will be developed to support the continued delivery of essential household items for the LWP CCS scheme (where a financial contribution cannot be made). This will follow the Council's Procurement Procedure Rules. The arrangements for LWP support for Food and energy costs will also be reviewed, however these currently work in practice and follow an agreed Procurement Strategy.
- (iii) **Policy Implications** – LWP and DHP delivery support actions in the Financial Wellbeing Strategy and Delivery Plan, as well as the Housing Strategy. Some of the potential wider contributions to Corporate and City plans are identified within the policy documents themselves.
- (iv) **Implications for Other Services** – Other Council and partner services are currently expecting increased demands due to ongoing cost of living pressures and the planned removal of a range of government support. Funding. Overall support is likely to be more limited so as well as the policy and process changes linked to LWP and DHP, The Council is collaborating with partners on a range of joint activity and initiatives to reduce duplication and maximise resources.

12.0 Appendices

- Appendix 1 - Detailed DHP and LWP Proposals
- Appendix 2 - Integrated Impact Assessment
- Appendix 3 - Revised LWP Policy
- Appendix 4 - Revised DHP Policy

13.0 Background papers

Policies being updated.

- [Discretionary Housing Payment Policy](#)
- [Local welfare Provision Scheme \(LWP update\) Feb'2020](#)