

<b>Committee/Meeting:</b> Cabinet	<b>Date:</b> 31 July 2013	<b>Classification:</b> Unrestricted	<b>Report No:</b> CAB 016/134
<b>Report of:</b>  Corporate Director Resources:Chris Holme  <b>Originating officer(s)</b> Louise Russell, Service Head, Corporate Strategy and Equality Colin Cormack, Service Head, Housing Options Claire Symonds, Service Head, Customer Access and ICT		<b>Title:</b>  Welfare Reform and Discretionary Support  <b>Wards Affected: All</b>	

<b>Lead Member</b>	Cllr Alibor Choudhury
<b>Community Plan Theme</b>	A Prosperous Community
<b>Strategic Priority</b>	Manage the impact of welfare reform on local residents

1. **SUMMARY**

1.1 This paper updates Cabinet about proposals for deploying discretionary financial support to residents affected by welfare reform changes. It seeks views on proposals, in particular for use of the additional £1million identified within the budget to protect vulnerable residents in temporary accommodation from the impact of welfare reform.

2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

2.1 Note the likely impact of welfare reform and the limited funds available to provide support meaning we need to think carefully about how to support those most in need;

2.2 Review the two options for the deployment of the Mayor’s Temporary Accommodation Support Fund and their respective part-year costs of £1M and £2.2M;

2.3 Subject to the decision relating to recommendation 2.2 above, transfer £950,000 from the earmarked reserve for Homelessness to the Housing Options Budget for 2013/14 to support the Mayor’s Temporary Accommodation Support Fund.

2.4 Consider any additional or new considerations which should form the basis of determining eligibility for the Support Fund;

2.5 Review on the revised Discretionary Housing Payments policy;

- 2.6 Agree that the proposals, appropriately amended on the basis of today's discussion, be taken forward to Cabinet in July.

### **3. REASONS FOR THE DECISIONS**

- 3.1 Central government legislative change to welfare has had a significant impact on local authorities. Many of the changes to welfare, from the localisation of the council tax and social fund, to the rollout of Local Housing Allowance and benefit caps has been left with local authorities to administer. The impacts on high rent areas, particularly in inner London continue to be significant, with thousands of residents facing reduced incomes.
- 3.2 Managing the impact of welfare reform on local residents is therefore a key strategic priority for the council and forms part of A Prosperous Community community plan theme. The rollout of the benefit cap in Tower Hamlets from 12 August 2013 - which will have the greatest financial impact on residents of all the reforms – requires the council to act decisively to the additional hardship that many residents face. This paper outlines the financial support which is required to do so, both support provided by central government (the Department for Work and Pensions) and locally, through the Mayor's Temporary Accommodation Fund.

### **4. ALTERNATIVE OPTIONS**

- 4.1 To leave the Discretionary Housing Payments policy unchanged. This would not take into account the additional impact welfare reforms will have on residents and the relationship with the Mayor's Crisis and Support Grants and the Mayor's Temporary Accommodation Support Fund. Not amending the policy to reflect this new environment may result in Discretionary Housing Payments not being administered effectively over the year, potentially resulting in significant shortfalls or surpluses by the end of the year, resulting in uneven and inconsistent support.
- 4.2 To not provide a Mayor's Temporary Accommodation Support Fund. This would result in many hundreds of homeless temporary accommodation families (up to 450) being left with significant financial shortfalls. This will result in the financial burden of rent payments falling to the Council which would incur similar, if not greater costs than the Fund itself, certainly in the short and medium term. It would also result in significant distress for many families.

### **5. BACKGROUND**

- 5.1 The Welfare Reform Act 2012 introduces a wide range of changes to welfare benefits which will have significant impact for local residents. In response to this the Council set up a cross-Partnership Welfare Reform Task Group involving representatives from across the Council as well as housing providers, local advice agencies, health and Job Centre Plus. Over the course of the last year the Group has undertaken a range of work to prepare for and mitigate the impact of welfare reform changes on local people.
- 5.2 The welfare reform changes are wide ranging and include changes to Housing Benefit, in particular the Local Housing Allowance limits in the private sector, the spare room subsidy, more commonly referred to as the 'bedroom tax' in the social rented sector and increase in non-dependent deductions. This is in addition to the introduction of Universal Credit, local administration of Council Tax Benefit and the Social Fund and replacement of Disability Living Allowance with Personal Independence Payments. Our most

significant concern has been about the benefit cap, limiting benefit payments to £500 per week, or £350 per week for single people. High private sector rents and the high cost of temporary accommodation for homeless households means this hits local people particularly hard, something that is further compounded for larger families. At the end of last year, we had a surprise announcement that the benefit cap implementation would be 'phased' rather than introduced for all from April 2013. We do not yet know the precise date for implementation in Tower Hamlets but DWP have indicated that national roll-out will start in mid-July and will be completed nationally by mid-September 2013.

- 5.3 The cumulative effect of the range of welfare benefit changes is likely to hit a high proportion of those in the borough, even if they are not affected by the draconian benefit cap. Of those changes coming in from April 2013 or shortly thereafter, we estimate that the shortfall for residents in the borough up to the end of the financial year, March 2014, will be:

Local Housing Allowance	£3.2 million
Bedroom tax	£3.5 million
Benefit Cap(phased in from July)	£5 million
Total	£11.7 million

- 5.4 This is likely to cause considerable hardship within the borough which will be compounded by the Government's recent decision to limit increases in benefits to 1%, which is below the current rate of inflation of 2.7%, and significantly below housing rent inflation in the borough. In addition, from October 2013, the 7000 residents receiving Disability Living Allowance will over the next 3 years have their entitlement reassessed and potentially cut as they are moved onto Personal Independence Payments.

- 5.5 This paper outlines proposals for the use of discretionary payments. The paper outlines how they will be managed to ensure that best use is made of the limited funds available.

## **6. BODY OF REPORT**

### **6.1 Discretionary Financial Support**

The impact of welfare reform is likely to mean more people struggling to support their families and pay food costs and bills; getting into debt, sometimes with 'legal loan sharks'; and falling into arrears with rent and utility bills. This will include those in low paid work as well as those out of work. For this reason the work to date around welfare reform has gone hand in hand with the development of our Financial Inclusion Strategy. The Strategy aims to build financial capacity and resilience of local people to do what they can to manage with reduced incomes and will be implemented side by side with our activity to support more people into work and promotion of the London Living Wage.

- 6.2 In addition to the range of preparatory and mitigating activity overseen by the Task Group (and reported to Cabinet earlier this year), the Council will have three main sources of providing specific financial support as a last resort to those in the most need. The support available to the Council to mitigate the impact of Government cuts will in no way meet the full £11.7 million shortfall identified above. These will need to be focused on supporting the most vulnerable for a temporary period. The three sources of funding are different in focus and aims and are summarised below:

- 6.2.1 **Discretionary Housing Payments (DHP)** – the Government has increased DHP funding to local authorities in recognition of the introduction of welfare reform changes and the recognition that these may cause hardship for some unable to pay their rent and housing costs. Our allocation for 2013/14 is provisionally £2.2 million – this needs to be considered in the context of the £14million annual shortfall in benefit identified above. The Council expects the further exemptions to the bedroom tax, recently announced by the Government to be deducted from the £2.2m fund.
- 6.2.2 **The Mayor’s Temporary Accommodation Support Fund** – in its Budget, the Council agreed an additional £1million spend to support the most vulnerable residents in homeless temporary accommodation affected by the benefit cap through rental bridging to households in the most exceptional cases. As the budget motion agreeing this support noted, this would only enable us to assist a proportion of those in temporary accommodation, where the annual shortfall is estimated at £3.6 million for all households. This report though reflects on the part-year application of the Cap in 2013/14 and, in appreciation of a 33 rather than 52 week impact, identifies two alternative practices for possible adoption.
- 6.2.3 **The Mayor’s Crisis and Support Grants** – there is a new local authority responsibility for certain aspects of the Social Fund. We have developed proposals for the Mayor’s Crisis and Support Grants which are aimed at supporting living costs on a one-off basis in very specific situations which include moving out of residential care, supported housing or prison emergency ‘stop-gap’ funding due to crisis, or households on low incomes requiring one off support to purchase major household items. The annual fund for Tower Hamlets in 2013/14 is £1.4 million. Although Government has not been prescriptive about how this support is provided, we have chosen in the first instance attempt to replicate the existing eligibility to ensure no one loses out through the transition. Because of their different focus at present, The Mayor’s Crisis and Support Grants are not considered in detail here. We will review the scheme with partners after 6 months and report back on the level and patterns of demand, and any changes needed to ensure it meets the goal of providing finance to the most financially vulnerable residents who would otherwise be unable to continue supporting themselves and their family independently and safely in the Borough.
- 6.3 There are additional emergency funds available to the Council to support cases of extreme and immediate hardship, for example section 17 funding to support families with children. However, these are one-off and limited in application and unlikely to have a significant role in supporting households coping with the ongoing impact of welfare reform changes. Education, Social Care and Wellbeing Directorate have indicated their preference for s17 funding to continue to be administered separately.
- 6.4 Officers within Housing Benefits, Customer Access, Housing Options, Housing and Corporate Strategy and Equality have been considering policy options for the three support funds outlined above, to ensure they are most effectively deployed to assist those in need. Some general conclusions are as follows:
- 6.5 **The Mayor’s Crisis and Support Grants** are focused on meeting very specific one-off crisis/emergency needs. Certainly in the initial stages of our administration of this pot, we think it appropriate to maintain this focus to ensure these emergency needs can be met within the funding available. It is believed that the pot may not sufficient to deal with the current expected demand, but this will only be borne out by experience. As such, it is not proposed to widen the criteria to support those struggling more generally with

housing costs as a result of housing benefit changes and so there is no immediate case for aligning this pot with either of the other funds – it will however be important to find a way of sharing information about who has been supported by these grants.

- 6.6 Council agreed a clear and specific purpose for the **Mayor's Temporary Accommodation Support Fund** – rental bridging for, at a minimum, those vulnerable households in exceptional need who occupy homelessness temporary accommodation. Two funding models are considered to support either a limited, or more expansive, number of households, this being dependent on the criteria ultimately adopted. This is further debated in Section 7 below.
- 6.7 **Discretionary Housing Payments** – Government guidance indicates that the increased allocation this year is particularly to reflect LHA reforms, the bedroom tax (social sector under-occupation charge), benefit cap, as well as the 'other circumstances' of hardship which would have had recourse to DHPs prior to the benefit changes. Given the very specific purposes of the funds outlined above, it is not at this time recommended that the funding pots are combined. Again, however, it will be appropriate to keep this under review through the first 6-12 months of welfare reform changes and to consider whether we need a more integrated approach in the future.
- 6.8 As a result of this initial overview of the three pots, the recommendation is that we continue with separate approaches for each funding source at present with the provisos that:
- 6.8.1 We seek where possible to align eligibility criteria for determining vulnerability/hardship so we have a common Council approach that does not fetter discretion; and
  - 6.8.2 We ensure careful monitoring and information sharing about which households are supported and the reasons for this whatever scheme they are supported by.
  - 6.8.3 We should review arrangements later in the year, based on experience to date, with a view to provide a simple, single route to assessing needs and allocating funding to those requiring support. It is proposed that because changes are being phased in at different times over the next 6 months, we undertake a review from the autumn by which time all changes will be in place and we can review their differential impact.
- 6.9 The remainder of this paper focuses on the two funds specifically targeting housing costs support (DHP and the TA support fund), with a view to aligning eligibility criteria where possible and appropriate. Because of its different focus at present, The Mayor's Crisis and Support Grants are not considered in detail here.

## **7 The Mayor's Temporary Accommodation Support Fund**

- 7.1 The Housing Options team has undertaken considerable work to understand the needs and circumstances of those homeless families living in temporary accommodation likely to be affected by the benefit cap. This has included visiting every household and assessing their circumstances, providing advice and support to maximise their chances of finding employment to remove them from the benefit cap and to maximise their chances of being offered a social housing tenancy where lower rent levels mean the cap is less likely to impact.
- 7.2 Despite these mitigations, our analysis indicates that around 500 households in temporary accommodation will be impacted by the cap. It is difficult to give a precise

figure ahead of the actual implementation after July 2013 as we are dependent on information from the DWP which has a time lag. As an example, the number of affected households on the DWP scan for March has increased by 10% from the January scan.

7.3 However, we have made some informed estimates of likely costs relating to these families:

7.3.1 The overall potential shortfall to the end of the financial year (March 2014), given the cap will be phased in between July and September, is a shortfall of **£2.2 million**.

7.3.2 The Council has identified **£1million** of reserves to support the most vulnerable, or those with school age children.

7.4 In any exercise to disperse the £1million fund, it has been quickly appreciated that this sum will not be sufficient to support all those families impacted by the cap. In response, work has been undertaken to develop criteria designed to identify how to prioritise who will and will not, benefit from mechanisms to make up the shortfall between rent charged and an individual's ability to pay that rent.

7.5 This work has led to the development of the following suggested categories of those who have a particular need to stay in the borough and who therefore are likely to be considered for short to medium term assistance from the Fund:-

- Households where there is a child, or children, in school years 10-13 (i.e. the exam-critical years)
- Households with a specific medical reason for needing to live locally, typically associated with a long-term physical or mental health condition that merits treatment being delivered locally. Assessing this will see the Service engage existing health assessment mechanisms designed to inform Priority Need decisions and the suitability (or otherwise) of offers of accommodation.
- Households with a family member on the Child Protection Register or whose children are deemed at risk by Statutory Services or who are within the Council's Troubled Families programme
- Households where an adult member is deemed to be a Vulnerable Adult or otherwise at risk by Statutory Services
- Households where a family member is the sole provider of care to a borough resident who will otherwise have to receive services from a statutory service if that care cannot be provided by said family member. Assessing this will involve engagement with Social Care and Wellbeing services.
- Households where a family member receives care from a borough resident who will otherwise have to receive services from a statutory service if that care cannot be provided by said borough resident
- Other exceptional circumstances, including those who have already moved numerous times or who are shortly due a permanent move.

- 7.6 Officers believe that adopting the above criteria will see around 200 - 250 households becoming capable of being assisted, with then a similar number needing to be transferred.
- 7.7 As for those to be transferred, it should be possible to house those with a 2- bed need in neighbouring or nearby outer London boroughs at rents sufficiently low to allow the household to be immune from the worst impact of the Benefit Cap. For those with a need for 3 bedrooms or more however, we will need to look at temporary accommodation outside of London to find rents to protect these larger households from the effects of the Benefit Cap.
- 7.8 Members have though asked that consideration also be given to providing financial support to all affected tenants of temporary accommodation with school age children, especially those under 12 and, in particular, those cases where travel to their school will be particularly challenging. Any such consideration will mean many more families eligible for the Mayor's Temporary Fund than funds available if we maintain the £1million limit.
- 7.9 There is the capacity to fund this wider programme of assistance by the additional reliance on £1.2 million of Homelessness Grant reserves and Cabinet is therefore asked to agree to either:
- 7.9.1 fundi £1 million of assistance, equivalent to helping half the households in temporary accommodation until 31<sup>st</sup> March 2014, prioritising those meeting the criteria in 7.5 above;or
- 7.9.2 funding £2.2 million which should, based on current estimate, enable all affected families in temporary accommodation to be supported until end March 2014.
- 7.10 There are though some very important points to note:-
- 7.10.1 Funding opportunities are influenced by the fact that the Cap is only being experienced for part of 2013/14.
- 7.10.2 For a full year, the shortfall against the current portfolio of temporary accommodation would be £3.6 million.
- 7.10.3 In 2014/15, there would only be limited capacity to continue this programme of support with, at best, £1 million being available for the full year.
- 7.10.4 This means that, in the 33 weeks between Cap implementation and the next financial year, officers will need to progressively reduce the portfolio of such dependent households to leave a likely 150 households assisted and 350 needing to be transferred by 31<sup>st</sup> March 2014.
- 7.10.5 All of the above relates solely to the application of the £500 Cap. There are other causes of households experiencing the loss of their current temporary accommodation and the prospect of an out of borough placement. These other causes are principally around the overall unwillingness of the private sector to continue to supply accommodation for use as temporary accommodation. In such circumstances, moves out of borough will be inevitable if supply locally is lost.
- 7.10.6 With homelessness increasing, adherence to the Homeless Statement's commitment to rely on affordable private sector tenancies to cease the

homeless duty for new applicants is essential to avoid significantly compounding the difficulties anticipated for existing temporary accommodation households.

7.11 Whatever criteria are ultimately adopted, their impacts will be subject to ongoing monitoring and the outcomes of this monitoring will be reported upon after Month Three of the programme of assistance.

## **8 Discretionary Housing Payments**

8.1 All awards of DHP are made in accordance with the statutory guidance received. The statutory requirement is that DHP is used in respect of shortfalls between Housing Benefit entitlement and eligible rent and/or Council Tax Benefit entitlement and Council Tax liability.

8.2 DHP can only be awarded where there is entitlement to Housing or Council Tax Benefit and a person “needs further assistance to meet housing costs”. However, from April 2013 DHP’s can no longer be used in respect of the Council Tax and will therefore only apply to Housing Benefit.

8.3 Our existing policy recognises the main reasons for support as being:

- Those whose income is above the level at which they automatically get full Housing—ie on low incomes but those just outside the means test, sometimes termed as the ‘benefit trap’. The policy identifies that these applicants would need to demonstrate some additional circumstances to receive an award.
- Non Dependant charges – deducted from benefit entitlement in respect of adults other than claimant/partner in the household, depending on income and circumstances of the non-dependant. Again, the policy identifies that these applicants would need to demonstrate some additional need or circumstances to receive an award.
- Local Housing Allowance caps based on maximum HB payable compared to LHA rates, including the shared accommodation LHA payable to single people under 35. Again, the fund is insufficient to make up the difference in all cases and identifies additional considerations which will be taken into account (For full detail of the current DHP policy, see Appendix A).

8.4 These requirements will continue and will be exacerbated by tougher LHA rules and higher non dependant charges from April 2013. In addition, the bedroom tax introduced from April and the benefit cap from later in the year, will create significant additional charges on the fund.

8.5 It is estimated that the shortfall in relation to the bedroom tax is £3.5 million although we are still awaiting the detail of exemptions announced recently by government in relation to foster carers, disabled children and families of those serving in the armed forces.

8.6 The estimate for those affected by the benefit cap (excluding those in temporary accommodation discussed above) is a further £5.3 million. Set against this shortfall, the Council has been allocated £2.237 million DHP to meet the needs outlined above plus all the new needs coming into force during 2013/14.



- 8.7 Government has indicated that nationally funding has been allocated on the following basis 26% for LHA reforms, 19% Bedroom Tax, 42% Benefit Cap and 13% other circumstances.
- 8.8 At present there is no requirement to allocate our fund according to these percentages and we would not recommend this given our understanding of the local situation which is that we are one of the boroughs with the highest number of households hit by the benefit cap and our average shortfalls are so significant, on average £100 per week.
- 8.9 However, it is this level of shortfall which means the DHP fund will be significantly over-subscribed. .
- 8.10 The introduction of the benefit cap, by far the biggest area of shortfall locally, will be delayed until at least July 2013. It is therefore our intention to retain the current DHP policy which covers all circumstances in which the HB award does not meet the eligible rent and therefore is fit for purpose in the interim. We will use the first three months of 2013/14 to monitor applications, criteria applied, and success rate to enable us to fully understand the impact of the changes locally.
- 8.11 The proposed Mayor's Temporary Accommodation Support Fund criteria is being aligned with the existing DHP criteria. The current DHP policy includes prioritising medical or social need to live in the area and children's educational circumstances It also incorporates other factors which are important in relation to the benefit cap –for example, cost and availability of suitable alternative accommodation, efforts to reduce the rent, access to other financial help to meet the shortfall. It will be important to make clear that, as with the temporary fund, given the level of shortfall predicted, the DHP pot will only be sufficient to fund those most vulnerable households who have the most pressing need to remain in the borough.
- 8.12 As with previous years, the limited size of the pot in relation to need, also means that it cannot be an indefinite top-up. The application of the policy will mean DHP will be in the form of 'transition support' – at a period to be determined by the Officer taking into account DHP Policy considerations including available funding and demand.. The aspirational expectation will be that during this period, claimants will seek to resolve their own situation, either through moving into employment or seeking more affordable housing options. It is therefore proposed that award of a DHP to support those impacted by the benefit cap should be combined with a referral to the Housing Options 'No wrong door' service to enable them to access money, employment and financial advice.
- 8.13 It is proposed that a key focus for use of the DHP should be in relation to preventing homelessness of households to whom we have a statutory duty. This is to avoid creating a revolving door of homelessness for families, and to limit additional calls on limited top-up resources. In particular, this requires consideration to be given as to how best to support larger families with a 4 bedroom plus need for whom there is very little chance of finding affordable private sector housing but only over a short period. An option might be to support these families for a time limited period - whilst helping them explore alternative housing options and preparing for the upheaval of moving some way out of London and also targeting support to enable them to secure sufficient hours of work per week to become exempt from the cap.
- 8.14 One way of maximising support to households at risk of homelessness, would be to more tightly limit the level of DHP support provided to those households affected by the bedroom tax. As overcrowding is such a significant issues we would want to provide top-up financial support to those who are under-occupying only in very specific

circumstances. The Government has recently identified two new categories of applicants exempt from the bedroom tax – families of armed services personnel posted away from, but usually resident at, the parental home and foster carers. In addition, guidance now states that parents of severely disabled children who are able to convince the local authority that the child is unable to share a bedroom because of his/her disability, should be allowed a room in respect of the child. At present this policy does not apply to disabled adult members of the household requiring their own room due to disability but this extension may follow and in any case, this circumstance could be covered through our DHP policy.

- 8.15 The bedroom tax also puts in potential hardship those families with two children of opposite sexes who have been rehoused in 3 bedroom accommodation in line with our lettings policy, but who will be assessed as under-occupying for HB entitlement until their older child reaches 10 years old. For such households, we might want to provide DHP support where children are approaching 10 years old where applicants are able to demonstrate this causes particular financial hardship.
- 8.16 In the majority of other cases, there would need to be an exceptionally strong case of need to prioritise supporting an under-occupying household rather than one affected by the benefit cap facing a forced move out of their home. Instead we would want to provide solutions which sought to assist households to solve their own situation by a structured approach to facilitating and brokering mutual exchanges between over-occupied households on the Housing Register and under-occupying households hit by the bedroom tax. We are in the process of exploring an approach, endorsed by members of the Welfare Reform Task Group, in which we will seek to engage all the main social housing providers locally to agree to engage in this process of brokering mutual exchange arrangements. Further detail will be worked up on this in coming weeks.

## **9. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 9.1 The proposed changes to the Welfare Benefits System have been identified in the Council's Medium Term Financial Plan as a significant financial risk to the Council. These risks are difficult to quantify but may run into millions of pounds. They arise primarily from three sources; the immediate impact on demand for homelessness services if families are unable meet their housing costs, the potential impact on services in the future if welfare reform leads to increasing social issues which would fall to the Council to deal with and the potential for increase in bad debts in relation to the Council's own income collection. In addition there is the potential for additional customer support costs to fall on those services which regularly interact with benefit claimants, such as the housing options, housing benefits and welfare advice services.
- 9.2 For 2013/14, the Government's contribution towards Discretionary Housing Payments has been increased from £0.469m to £2.237m in recognition that there will be a significant impact on a large number of local residents of welfare benefits reform. As the report sets out, however, this sum will not be sufficient to compensate every individual or family for their anticipated loss of benefit. The use of DHP is at the discretion of the authority subject to Government guidance.
- 9.3 In addition the authority has taken a number of financial steps to address the risk;
- The Mayor has funded the local Council Tax Support scheme to match the former Government scheme.

- The Mayor has set aside £1m as a one-off amount in the 2013/14 budget as a temporary accommodation support fund.
- An additional £1m has been earmarked within contingencies to help deal with any unforeseen welfare reform issues that may arise during the year.

- 9.4 The report sets out two options (Recommendation 2.2, detailed in paragraphs 7.3 to 7.9 of the report) for prioritising support. Option 2 could require up to £2.2m. £950,000 of this can be funded from the earmarked Homelessness Reserve, which was not drawn down to the level anticipated in 2012/13. This reserve was set up to deal with the risk of specific homelessness pressures, which includes those arising from welfare reform. If the balance is required it can be transferred from the specific welfare reform contingency outlined above. This option must however, if agreed, be taken in conjunction with a review of future eligibility and assessment of on-going implications for the Council's medium term financial strategy from 2014/15. Robust monitoring will also be required and reported through the Council's Corporate Budget Monitoring process.
- 9.5 The report also sets out, that the Council has recently taken over responsibility for the delivery of the Social Fund, now known as the Mayor's Crisis and Support Grants. Again careful monitoring will be required so that the Council is able to respond appropriately if eligible demand exceeds resources available.
- 9.6 Beyond the resources set out above, any costs of dealing with welfare reform will need to be absorbed within existing Directorate budgets or, in the short term, allocating funding from Council contingencies and reserves. In the longer run any costs would need to be met from additional savings or increased revenues.

## **10. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 10.1 The Council may make payments by way of financial assistance to persons who are entitled to housing benefit and appear to require further financial assistance to meet housing costs. The power to make such payments (called discretionary housing payments) is provided in the Discretionary Financial Assistance Regulations 2001. The Regulations have recently been amended in light of the introduction of universal credit and the abolition of council tax benefit.
- 10.2 For the purposes of the Child Support, Pensions and Social Security Act 2000, the Regulations prescribe circumstances in which discretionary payments may not be made. These relate to the manner in which the need for financial assistance arises. The limitations imposed by the Regulations still leave the Council with a broad discretion where the need for financial assistance arises in relation to "housing costs". The expression "housing costs" is not defined in the Regulations, but the Government has indicated that it considers this means rental liability and may extend to rent in advance, deposits and other lump sums associated with housing need such as removal costs.
- 10.3 The Government has published guidance in relation to the making of discretionary housing payments and a good practice guide. The Council should have regard to these in determining its approach. The guidance underlines the need for discretionary payments to be consistent with administrative law principles.
- 10.4 The guidance in Appendix 1 seeks to provide criteria to support fairness and consistency in decision-making about discretionary payments, whilst still ensuring that applications

are considered on a case by case basis. . The guidance in Appendix 1 is broadly consistent with the Government's guidance, save that it does not provide a list of the objectives to be met by discretionary housing payments.

- 10.5 The report refers to other payments which may be made by the Council, such as crisis and support grants. Those references appear to be for information purposes and, accordingly, detailed legal comments are not provided in relation to them. The Council will need to have a source of power for any payment made and must ensure that payments are made lawfully.
- 10.6 Before determining its approach to discretionary payments, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. Some form of equality analysis will be required and officers will have to decide how extensive this should be. Specific consideration will need to be given to whether proposed criteria are discriminatory, either positively or negatively, and if so whether they may be justified under the Equality Act.

## **ONE TOWER HAMLETS**

### **11. ONE TOWER HAMLETS CONSIDERATIONS**

- 11.1 Welfare reform changes will have a significant impact on the most vulnerable residents of the borough including those who are disabled and/or who rely on carers, those who have large families and those who are furthest away from the labour market and therefore will find it hardest to move off benefits and into employment.
- 11.2 Our analysis to date has particularly focussed on understanding the impact on single parent families, largely headed by women, BME families, carers and disabled people. Amongst homeless families in temporary accommodation, we know that 58% are lone parent families (55% headed by women) and 72% are BME families, of which 64% are Bangladeshi.
- 11.3 The Equalities Analysis for each of the three discretionary payments – Discretionary Housing Payment; The Mayor's Crisis and Support Grants; and the Mayor's Temporary Accommodation Support Fund - are provided in the appendices to this paper.

### **12. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 12.1 The proposals in this report have no direct environmental implications.

### **13. RISK MANAGEMENT IMPLICATIONS**

- 13.1 The impact of welfare reform has a maximum corporate risk rating of '12' reflecting the significance of the reforms. This is because the Government's 'welfare reform' agenda leads to a reduction in both the supply of affordable private sector rented accommodation and the willingness of private sector landlords to rent to benefit dependant households. This raises the very real prospect of a significant rise in homelessness.

13.2 This paper directly addresses these risks in outlining the provision of discretionary payments to residents, in particular supporting those in homeless temporary accommodation, mitigating against some of these significant risks.

#### **14. CRIME AND DISORDER REDUCTION IMPLICATIONS**

14.1 The proposals in this report have no direct crime and disorder implications.

#### **15. EFFICIENCY STATEMENT**

15.1 Discretionary Housing Payments and the Mayor's Temporary Accommodation fund will be used to maximise efficiency by seeking to support vulnerable families in their existing accommodation where possible, preventing homelessness and the costs associated with this, minimising moves and re-settlement costs, and seeking to limit potential knock-on costs in relation to education, social care and health as a result of the impact on families. Payments will be for a fixed period of time and encourage people to find their own long term solutions wherever possible.

#### **16. APPENDICES**

Appendix 1 – Discretionary Housing Payments 2013/14 Decision Making Guidance

Appendix 2 – Equalities Analysis – Discretionary Housing Payments

Appendix 3 - Equalities Analysis – The Mayor's Crisis and Support Grants

Appendix 4 - Equalities Analysis: The Mayor's Temporary Accommodation Support Fund

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### **Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012**

Brief description of "background papers"	Name and telephone number of holder and address where open to inspection.
------------------------------------------	------------------------------------------------------------------------------

**None**

# **Discretionary Housing Payments 2013/14**

## **Decision Making Guidance for Benefits Appeals Officers**

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## **What are Discretionary Housing Payments?**

Discretionary Housing Payments (DHP's) were introduced under the Child Support, Pensions and Social Security Act 2000.

The Act conferred discretion on Local Authorities to award a Discretionary Housing Payment in respect of any shortfalls between:

- Housing Benefit entitlement and the eligible rent charged and/or
- Council Tax Benefit entitlement and Council Tax liability

The Regulations covering DHPs are The Discretionary Financial Assistance Regulations 2001.

DHPs can only be awarded where there is entitlement to Housing or Council Tax Benefit and where the Local Authority considers that a person "needs further financial assistance in order to meet housing costs".

DHPs are intrinsically linked to Housing and Council Tax Benefit entitlement; however, they are not governed by the HB/CTB Regulations and as such, are independent of the HB/CTB schemes.

From 1<sup>st</sup> April 2013 Council Tax Benefit was abolished and replaced by Local Council Tax Support schemes devised by individual Local Authorities. From 1<sup>st</sup> April 2013 DHP's do not extend to the Council Tax Support schemes. Consequently, DHP awards for periods from 1st April 2013 are limited to shortfalls between Housing Benefit entitlement and the eligible rent liability only.

Awards are made at the discretion of the Local Authority and the Local Authority is expected to set up an independent review/appeal procedure to deal with disputes arising from DHP decisions.

DHP's are cash limited. Local Authorities are provided with a fixed pot of money each year from the Government to help people who qualify for Housing Benefit, but are having trouble paying their rent. When the money for the year runs out, no more payments can be made.

DHP's may be paid weekly, or can be a lump sum. They can also be backdated.

DHP's have always been administered within the Benefits Service due to the fact that underlying eligibility is based on entitlement to Housing Benefit. Consequently staff involved in the administration are experienced in working to a fixed budget and have thus ensured, in previous years that expenditure accords with the amount of available funding.

## **Eligibility**

Before a DHP payment can be considered, in order to be eligible for a DHP, the claimant must be entitled to:

Housing Benefit (HB);

***or***

Universal Credit (UC) that includes a housing element towards rental liability;

**and**

must require further financial assistance with housing costs.

A claimant who is **only** entitled to Council Tax Reduction/Council Tax Support is not eligible for a DHP.

The application for DHP must be made in writing by the claimant and all supporting evidence must be provided in order for the claim to be considered.

The requirement for financial assistance must not arise by reason of the circumstances set out in Regulation 3 of the Discretionary Financial Assistance Regulations 2001.

### **Decision making process**

To ensure fairness and consistency in decision making, the Appeals Officer will consider each claim on its own merits.

In making their decision, the Appeals Officer will consider and take into account the following;

- the written representations made within the DHP claim
- any supporting information and evidence including any supporting representations from Doctors, Social Workers, other Professionals etc.
- household circumstances
- financial circumstances (income and essential expenditure)
- exceptional need
- hardship
- Availability of funds at the time of the application
- availability of any other form of discretionary funding
- period of award and sustainability – short term, long term, whether there is a future event likely to negate or reduce the need for an on-going DHP e.g. job offer, moving to alternative accommodation, reaching Pensionable age etc. (Particular emphases will be placed on the period for which we are likely to be able to sustain an award and what is likely to happen when DHP is withdrawn.
- extensive experience of DHP administration by Benefits Service Appeals Officers

Appendix 1 provides more detailed DHP allocation considerations.



## **Determining the DHP award amount and period of award**

Having considered the DHP request, if the Appeals Officer is satisfied that the claimant meets the criteria for an award to be made, the Appeals Officer must then determine how much to award and the period for which the award will be paid.

Appeals Officers will determine the DHP award amount and period of the award based on extent of hardship and will make a resource based decision, taking into account the DHP budget limitations at the time of the request.

The amount and length of awards - considerations

Consideration will need to be given as to whether the award is sustainable in terms of the limit of available funding. In considering this attention needs to be given to the desired objective and, in particular:

- (a) Whether the amount of award should cover the whole of the shortfall. This is particularly pertinent where the amount of shortfall is considerable and awarding the full amount could result in a significant drain on the available funding.
- (b) Whether the length of award should be predicated on:
  - the likelihood of the applicants circumstances changing in the foreseeable future
  - the amount of shortfall between the rent and the HB award
- (c) Whether there are applicants who should be protected indefinitely and the cost of doing so

On all awards consideration should be given to how often the awards be reviewed. This will vary depending on the applicant's individual circumstances and the requirement to regularly review of the available DHP funding.

Where the award is calculated as a weekly or monthly sum it will not exceed (respectively) the weekly or monthly eligible rent on the house.

## **Notifying DHP decisions**

A written notification of the decision must be issued to all DHP applicants.

In all cases the notification must include:

- the date of the DHP application
- the date of the decision
- the reasons for the decision
- the applicants rights of appeal and details of how to appeal and the deadline by which any appeal must be submitted in writing

In addition, if a DHP is awarded the notification must also include:

- the amount awarded
- the period covered by the award
- advice regarding the applicant's options when the award expires

## **Appeals**

An established two stage process is in place for considering appeals.

Appeals should be made in writing within one month of the date of the original DHP decision.

The first stage of the appeals process for DHP's is for the appeal to be reconsidered by a different Appeals Officer from the one who made the original decision.

The claimant will be notified in writing of the outcome of their appeal.

If the claimant remains dissatisfied they may request a second stage appeal in writing within one month of the date of their appeal decision.

The second stage of the appeals process is for consideration by the Service Head for Customer Access. Second stage appeals will be prepared by the Appeals Team and submitted to the Service Head for Customer Access.

The written submission will:

- Explain the reasons for the decision
- highlight the grounds for appeal
- include all relevant documentation

The Service Head for Customer Access will decide the appeal and inform the Appeals Team of the decision.

The Appeals Team will then, notify the appellant of the outcome.

## **Monitoring**

The Benefits Service monitors the DHP fund and the quality of its decision making on DHP's.

There are established processes for ensuring DHP spend is maximised and that the budget does not overspend.

The DHP fund is available to Appeals Officers and Benefits Service Managers in real time, on a daily basis. This is available on the Benefits Service Northgate ICT system and enables the available funds to be closely monitored.

Benefits Service Management Team receive a monthly report of projected DHP budget spend against actual spend.

Where necessary, take up opportunities will be explored to ensure maximum spend.

A test checking process ensures that the quality of decision making is fair and consistent. Test checks are undertaken by Team Leaders and Managers.

From 1<sup>st</sup> April 2013 DHP awards will be monitored by category in accordance with DWP requirements. Details of the categories and monitoring arrangements can be found at Appendix 3.

## **Appendix 1 – DHP Allocation Considerations**

It is necessary to devise a solution that encapsulates both fairness and consistency within the DHP decision making process.

In order to achieve this, decision makers need to consider the following. It should be noted that this list is not exhaustive:

### Household Composition

- whether the applicant has children who are due to undertake GCSEs or A levels
- are there disabled children or non-dependants in the household
- is the accommodation specifically adapted for the needs of a disabled household member
- is the family vulnerable e.g. those who access the Council's Children or Adults Services
- is the applicant/partner a low paid worker who risks losing their job if they have to relocate
- Does the applicant incur non dependant charges where the non-dependant does not have any income

Other factors warrant consideration in addition to those listed above, include the following. Again, the list is not exhaustive and decision makers retain scope to include any additional factors relevant to a particular applicant:

### Hardship

A correlation needs to be drawn between household income and, necessary and essential expenditure.

In order to establish the level of hardship it may be necessary to obtain an itemised list of household expenditure and examine the level of spending on items that would not normally be considered as being essential

Conversely it is also necessary to consider any additional essential expenses other than the normal day to day expenditure which may deplete an applicant's income.

### Does the claimant need to live in the area?

Reasons as to why the applicant needs to reside in the area need to be fully explored. These are likely to include:

- Whether the current accommodation is close to a vulnerable relative for whom the claimant has some form of caring responsibility.
- Do the claimant's children attend a local school and if so are they approaching critical exams, GCSEs etc.
- Does the claimant or any member of the household have an illness or disability which requires regular medical treatment at a local hospital or clinic or support from a local resident if so, what are the prospects for the treatment to be provided elsewhere?

### Is the claimant or any member of the Household known to Social Services?

The nature and extent of the claimant's social problems and those of the family need to be examined. The consequences of a change of address should be fully considered.

### The cost and availability of suitable alternative accommodation

If the applicant cannot demonstrate any convincing reasons for having to reside in his/her current locality, he/she may be better advised to seek cheaper accommodation elsewhere. If there are valid reasons for residing in the locality, consideration needs to be given to whether there is a cheaper alternative accommodation available.

#### The level of shortfall between rent and Housing Benefit

If the applicant resides in privately rented accommodation and can demonstrate convincing reasons why he/she needs to reside in the area, if the shortfall is relatively low we need to consider whether there is any prospect of re-negotiating the rent charged with the landlord. Furthermore, the size of the shortfall will influence the amount and length of any DHP award in terms of sustainability.

#### Experience of Welfare Benefits

In respect of the LHA caps consideration needs to be given to:

- whether the claimant has claimed HB before and had entitlement restricted
- efforts the claimant made to ascertain the level of HB payable before agreeing to the tenancy.

#### Non dependant deductions

Notwithstanding that the amount of deductions have increased considerably from April 2011, the charge is based on the level of the non-dependants income and therefore a general decision to award a DHP to mitigate the increased deduction should be avoided. Instead, we should look at each application individually to determine if there are any valid reasons why the non dep is unable to contribute towards the rent/council tax.

#### Could the Tenant afford the full rent when he/she first took up the tenancy?

If so the tenant may be entitled to Housing Benefit (HB) covering the full rent for the 13 weeks of the claim if he/she has not previously claimed HB during the past year. Notwithstanding this, in order to decide whether or not a DHP is appropriate from either the start of the tenancy or beyond the 13 week protection, we need to consider the length of the tenancy and the period of notice.

# Equality Analysis (EA)

## Section 1 – General Information (Aims and Objectives)

### **Name of the proposal including aims, objectives and purpose:**

This Equalities Analysis examines the administration of Discretionary Housing Payments (DHP's) to residents.

DHP's have been in existence since 2001, they replaced the previous Discretionary Payments scheme.

The DHP fund is cash limited. Local Authorities are provided with a fixed allocation each year from the Government to help people who qualify for Housing Benefit, but are having trouble paying their rent. When the money for the year runs out, no more payments can be made.

DHP's may be paid weekly, or as a lump sum and they can also be backdated.

DHP's have always been administered within the Benefits Service due to the fact that underlying eligibility is based on entitlement to Housing Benefit. Consequently staff involved in the administration are experienced in working to a fixed DHP budget and have thus ensured, in previous years that expenditure accords with the amount of available funding.

The DHP administrative framework is outlined below.

In order to qualify for DHP, the claimant must first have entitlement to Housing Benefit.

The claimant must then complete a DHP application in writing.

The DHP policy aims to ensure that all claims are considered individually, based on:

- representations made within the DHP claim
- household circumstances
- financial circumstances (income and essential expenditure)
- exceptional need
- hardship
- Availability of funds at the time of the application
- availability of any other form of discretionary funding
- period of award and sustainability – short term, long term, whether there is a future event likely to negate or reduce the need for an on-going DHP e.g. job offer, moving to alternative accommodation, reaching Pensionable age etc. (Particular emphases will be placed on the period for which we are likely to be able to sustain an award and what is

likely to happen when DHP is withdrawn.

### **Deciding the Amount of an Award.**

Having used the criteria set out above to determine that a DHP award would be appropriate, the next step is to decide:

- The weekly amount
- The award period

In reaching a decision, consideration will be given to any relevant factors including but not exclusively those set out in the main policy document. These can be summarised as:

- Availability of DHP funding (DHP budget)
- Financial circumstances (having regard to both available income and essential/necessary expenditure)
- Sustainability
- Any particular needs of the applicant, the applicant's family and any other person in the household

### **Notifying the outcome of a DHP application**

After the DHP claim has been considered. A notification of the outcome will be provided in writing to the DHP applicant.

In all cases the notification must include:

- The date of application
- The date of the decision
- The reasons for the decision
- The applicants rights of appeal and details of how to appeal

In addition, if the DHP is awarded the written notification must also include:

- The amount awarded
- The period covered by the award
- Advice regarding the applicant's options when the award expires

### **Appeals**

The first stage of the appeals process for DHP's is for the appeal to be reconsidered by a different Appeals Officer from the one who made the original decision.

The claimant will be notified in writing of the outcome of their appeal.

The second stage of the appeals process is for consideration by the Service Head for Customer Access. Second stage appeals will be prepared by the Appeals Team and submitted to the Service Head for Customer Access.

The written submission will:

- Explain the reasons for the decision
- highlight the grounds for appeal
- include all relevant documentation

The Service Head for Customer Access will decide the appeal and inform the Appeals Team of the decision.

The Appeals Team will then, notify the appellant of the outcome.

**Service area:**

Resources: Customer Access

**Team name:**

Benefits Services

**Service Manager:**

Steve Hill Head of Benefits Services

**Name and role of the officer(s) completing the EA:**

Lee Fearon Benefits Service Policy Manager



## Section 2 – Evidence (Consideration of Data and Information)

### **What initial evidence do we have which may help us think about the impacts or likely impacts on service users or staff?**

The speed, scope and complexity of welfare reform brings with it challenges. However, we can draw on several sources of evidence in order to help consider impacts.

- Equality analysis on the impact of the reforms themselves
- Analysis of financial loss as a result of 2013/14 welfare reforms
- Available monitoring data for Discretionary Housing Payments

### **Equality analysis on the impact of the reforms themselves**

Additional DHP funding provided from April 2013 is designed to mitigate the unequal impact of welfare reform. It is therefore prudent to understand what, in equalities terms, this impact may be.

The Department for Work and Pensions, who are responsible both for welfare reform and the allocation of DHP, has undertaken equality analysis for the various measures introduced under the Welfare Reform Act 2012. This includes the benefit cap, social sector under occupation ('bedroom tax'), Disability Living Allowance reform and Social Fund Localisation, and is available as a series of publications<sup>1</sup>.

In line with our own analysis the groups identified as being most affected by the reforms – in particular the benefits cap (due to come into force between July and September 2013) which will have the most significant impact on Tower Hamlets residents, will be:

- single female parents
- those aged 25 to 44 as they are more likely to have young children; and
- BME residents

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<sup>1</sup> The Department for Work and Pensions *Welfare Reform Act 2012: equality impact assessments*  
<https://www.gov.uk/government/organisations/department-for-work-pensions/series/welfare-reform-act-2012-equality-impact-assessments> Accessed 13/05/2013

## **Analysis of financial loss as a result of 2013/14 welfare reforms**

The 2013/14 welfare reforms will have a significant impact on our residents.

The reforms and estimated reductions in Benefits entitlement are summarised below;

### LHA Caps (including the extension of the Shared Accommodation Rate)

Estimated annual loss due to LHA caps is £ 3,200,000

### Social Sector Under Occupation Charge - Bedroom Tax

Estimated annual loss due to the bedroom tax £3,500,000

### Benefit Cap

Estimated loss due to Benefit Cap (from Sept) £4,000,000

The introduction of the Benefit Cap has been delayed. It was originally planned for April 2013 but will now be introduced by the end of September 2013. The delay and the fact that the number of families DWP expect to be affected by the cap constantly fluctuate, makes it difficult to estimate the annual reduction amount of Housing Benefit that will be incurred. Our original annual estimate based on the April introduction was £8 million. Therefore predicated on the assumption that introduction will be delayed until the end of September (a delay of 6 months), the revised annual estimate for 2013/2014, is £4m.

Estimates show the Benefit Cap average shortfall among those claims affected has been calculated at over £100 per week.

Estimates show the Social Sector Under Occupation Charge (otherwise known as the bedroom tax) will impact Social Housing tenants by £17 per week on average.

## **Available monitoring data for Discretionary Housing Payments**

The Discretionary Housing Payment scheme has since its introduction been an enabler to provide financial assistance to the most vulnerable tenants.

The Housing Benefits Service holds data on all applicants and this continues to be subject to analysis and informs the level of support that can be provided to residents throughout the year.

### *Disability*

DHP Awards – DHP applications from disabled claimants - current year 2013/14

Disabled claimants have made applications for 147 DHP periods in 2013/14.

This represents 17% of all DHP applications received this year, up to 24<sup>th</sup> May 2013.

The total DHP periods for which an award has been granted in respect of disabled claimants is 131 and the total DHP periods for which an award was unsuccessful in respect of disabled claimants is 12. There are 4 applications still awaiting determination.

This shows 89% of all applications for DHP's from disabled claimants have been awarded this year.

Only 8% have been unsuccessful and 3% are awaiting determination.

#### *Ethnicity*

The following data captures the ethnicity of DHP applicants in 2012/13 and those made in the current year to date 2013/14.

The analysis that follows is reported by DHP period (and not by DHP claim) in accordance with data requirements for the Department of Work and Pensions.

It should be noted that a large number of claims have either not supplied equalities data requested on their applications for DHP's or have asked that the information is not specified within their application.

### **2012/13**

#### DHP Applications by ethnicity 2012/13

<u>Ethnicity</u>	<b>Number of DHP periods</b>	
Asian Bangladesh	459	24.76%
Black African	48	2.59%
Black Caribbean	63	3.40%
Black Somali	54	2.91%
White British	232	12.51%
Not known /unreported	734	39.59%
Other reported	264	14.24%
<b>TOTAL DHP PERIODS</b>	<b>1854</b>	<b>100.00%</b>

While the proportion of applicants whose ethnicity is not known or unknown is high, the analysis demonstrates that DHP applications are being made from all ethnicity backgrounds, which is encouraging in terms of take up.

### **2013/14**

#### DHP Applications by ethnicity 2013/14

<u>Ethnicity</u>	<b>Number of DHP periods</b>	
Asian Bangladesh	192	21.97%
Black African	21	2.40%
Black Caribbean	18	2.06%

Black Somali	21	2.40%
White British	101	11.56%
Not known /unreported	314	35.93%
Other reported	207	23.68%
<b>TOTAL DHP PERIODS</b>	<b>874</b>	<b>100.00%</b>

Again for the current year, while the proportion of applicants whose ethnicity is not known or unknown is high, nevertheless the analysis demonstrates that DHP applications are being made from all ethnicity backgrounds.

The volumes of DHP applications has increased significantly by almost 50% per month (data for 2013/14 is provided from 1<sup>st</sup> April to 24<sup>th</sup> May 2013 – not quite two months). It should be noted that this increase has occurred before the introduction of the Benefits Cap.

#### DHP Awards and refusals 2012/13 and 2013/14

##### DHP Awards 2012/13

The total DHP periods for which an award was granted during 2012/13 is 1,341. This equates to 72% of all applications being successful. Further work is being undertaken to analyse these applications and the 513 or 23% that were not successful against equalities strands.

The total DHP periods for which an award has been granted for 2013/14 up to 24<sup>th</sup> May 2013 is 658. This equates to 75% of all applications being successful.

The total DHP periods for which an award was refused for 2013/14 up to 24<sup>th</sup> May 2013 is 208. This equates to 24% of all applications being unsuccessful.

A further 8 periods have been registered but are awaiting determination for 2013/14 (1%).

This analysis demonstrates that the successful/unsuccessful ratio remains similar despite the increase in DHP applications made in 2013/14 (72% last year, 75% for this year to date), equally the ratio for unsuccessful claims also remains similar (23% last year, 24% for this year to date).

## Section 3 – Assessing the Impacts on the 9 Groups

### How will what you're proposal impact upon the nine Protected Characteristics?

Discretionary Housing Payments provide claimants with further financial assistance, in addition to any welfare benefits, when the Council considers that help with housing costs is required.

DHPs can make an important contribution in preventing hardship by managing the transition for various customers or providing support where no other help is available.

DHPs are considered on a basis of need. The financial loss in Tower Hamlets could be as much as £14m per annum as a direct consequence of the reforms with further losses incurred through depressed wages and increasing costs, including rent costs.

The total available DHP funding of £2.2m falls significantly short of this loss and the financial need and vulnerability of Tower Hamlets residents.

DHPs will therefore

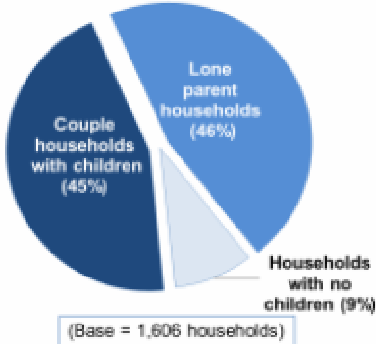
- be targeted to the most vulnerable households
- be limited to covering the essential costs of living
- assist in the transition over a limited period e.g. DHP's will not be used to support longer term shortfalls in rent – support may be offered to assist in finding employment and/or finding alternative accommodation etc.

DHPs should not be considered as a long term solution to the effects of the welfare reforms and can only be used to temporarily mitigate the financial impact for a limited period pending an alternative permanent solution.

It is likely, given our understanding of the way in which BME families and lone parents are particularly impacted by welfare reform changes, that these groups will be particularly dependent on DHPs and the policy has been drafted with an understanding of this in order to mitigate the impact of welfare changes on these already disadvantaged groups. Further analysis is given below.

Target Groups	Impact – Positive or Adverse  What impact will the proposal have on specific groups of service users or staff?	Reason(s) <ul style="list-style-type: none"> <li>• Please add a narrative to justify your claims around impacts and,</li> <li>• Please describe the analysis and interpretation of evidence to support your conclusion as this will inform decision making</li> </ul> <p>Please also how the proposal with promote the three One Tower Hamlets objectives?</p> <ul style="list-style-type: none"> <li>-Reducing inequalities</li> <li>-Ensuring strong community cohesion</li> <li>-Strengthening community leadership</li> </ul>																											
Race		<p>DHP's are more likely to be made to this group as BME residents are disproportionately impacted as a percentage of the overall Tower Hamlets population by the reforms.</p> <p>Breakdown of previous DHP applications by ethnicity:</p> <p><u>DHP Applications by ethnicity 2012/13</u></p> <table border="1" data-bbox="607 774 1518 1268"> <thead> <tr> <th><u>Ethnicity</u></th> <th colspan="2"><u>Number of DHP periods</u></th> </tr> </thead> <tbody> <tr> <td>Asian Bangladesh</td> <td>459</td> <td>24.76%</td> </tr> <tr> <td>Black African</td> <td>48</td> <td>2.59%</td> </tr> <tr> <td>Black Caribbean</td> <td>63</td> <td>3.40%</td> </tr> <tr> <td>Black Somali</td> <td>54</td> <td>2.91%</td> </tr> <tr> <td>White British</td> <td>232</td> <td>12.51%</td> </tr> <tr> <td>Not known /unreported</td> <td>734</td> <td>39.59%</td> </tr> <tr> <td>Other reported</td> <td>264</td> <td>14.24%</td> </tr> <tr> <td><b>TOTAL DHP PERIODS</b></td> <td><b>1854</b></td> <td><b>100.00%</b></td> </tr> </tbody> </table>	<u>Ethnicity</u>	<u>Number of DHP periods</u>		Asian Bangladesh	459	24.76%	Black African	48	2.59%	Black Caribbean	63	3.40%	Black Somali	54	2.91%	White British	232	12.51%	Not known /unreported	734	39.59%	Other reported	264	14.24%	<b>TOTAL DHP PERIODS</b>	<b>1854</b>	<b>100.00%</b>
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Disability		<p>DHPs will be used to assist disabled groups based on level of need. Even where disabled residents may be exempt from the reforms, those with a disability may be indirectly affected. The DWP expects approximately half of those households affected by the cap will contain somebody who is classed as disabled under the Equality Act<sup>2</sup>, so, it is important that the discretionary support provided reflects this.</p> <p>Disabled claimants have made applications for 147 DHP periods in 2013/14. This represents 17% of all DHP applications received this year, up to 24<sup>th</sup> May 2013. The total DHP periods for which an award has been granted in respect of disabled claimants is 131. The total DHP periods for which an award was unsuccessful in respect of disabled claimants is 12. There are 4 applications still awaiting determination.</p> <p>This shows 89% of all applications for DHP's from disabled claimants have been awarded this year. Only 8% have been refused and 3% are awaiting determination.</p>
Gender		<p>We do not envisage differential impact of the change in policy by gender, though lone parents are particularly affected by the benefit and cap and thus in need of these payments. Data in respect of lone parents indicates:</p> <p>Lone Parents have made applications for 148 DHP periods in 2013/14. This represents 17% of all DHP applications received this year, up to 24<sup>th</sup> May 2013. The total DHP periods for which an award has been granted in respect of lone parents is 115. The total DHP periods for which an award was unsuccessful in respect of lone parents is 33.</p> <p>This shows 78% of all applications for DHP's from lone parents have been awarded this year.</p> <p>Additionally, lone parent households make up 10.6%, which is the same as the national figure and below that for London where lone parent households account for 12.7% of all households (<a href="#">Source</a>: Tower Hamlets Census Second Release Headline Analysis).</p> <p>However, lone parent households make up 46% of all those affected by the benefits cap (source: Benefit Cap Analysis final report 26 11 12 – based on DWP September scan data – illustrated below). This implies that the number of lone parents who will claim DHP is likely to rise significantly once the cap comes in</p>

		<p><b>Figure 1 Benefit Cap households by type of household, Tower Hamlets</b></p>  <p>(Base = 1,606 households)</p> <p>Source: DWP Benefit Cap scan (September 2012) for Tower Hamlets</p>
Gender Reassignment		We do not envisage differential impact of the change in policy in relation to gender reassignment.
Sexual Orientation		We do not envisage differential impact of the change in policy in relation to gender reassignment.
Religion or Belief		We do not envisage differential impact of the change in policy in relation to religion or belief, except in so far as these interact with ethnicity which is covered above.
Age		<p>The Government’s welfare reforms will affect working age residents (including their children) disproportionately because the majority of the reforms do not affect those of pension age.</p> <p>The Council estimates that over 5,000 children will be impacted by the benefits cap alone. This is part because due to the means tested nature of welfare provision, larger families will disproportionately affected. Parents whose children who are most in need of support, such as those who have specialist needs disabled, or sitting exams, are more likely to be awarded a DHP.</p> <p>Consequently our DHP policy framework highlights the following groups as higher need:</p> <ul style="list-style-type: none"> <li>• where the applicant has children who are due to undertake GCSE’s or A levels</li> <li>• where there are disabled children or non-dependants in the household</li> <li>• where the family is vulnerable – do they access the Council’s Children or Adult Services</li> <li>• if the child is sitting exams in the near future</li> </ul>



Marriage and Civil Partnerships.		We do not envisage differential impact of the change in policy in relation to marriage and civil partnership.
Pregnancy and Maternity		Pregnancy and maternity is a factor that would be taken into account in assessing the vulnerability of a claimant in regard to their need for DHPs
Other Socio-economic Carers		DHPs are particularly likely to be sought by those in poorer socio-economic groups due to their reliance on welfare benefits. The criteria are intended to support those most vulnerable within these groups. Caring responsibilities are another factor which is taken into account in assessing the vulnerability of the claimant.

## Section 4 – Mitigating Impacts and Alternative Options

From the analysis and interpretation of evidence in section 2 and 3 - Is there any evidence of or view that suggests that different equality or other protected groups (inc' staff) could have a disproportionately high/low take up of the new proposal?

Yes?  No?

*(Please note – a key part of the EA process is to show that we have made reasonable and informed attempts to mitigate any negative impacts. AN EA is a service improvement tool and as such you may wish to consider a number of alternative options or mitigation in terms of the proposal.)*

All DHPs are considered on the merits of each individual case. Claims are considered individually, based on:

- representations made within the DHP claim
- household circumstances
- financial circumstances (income and essential expenditure)
- exceptional need
- hardship
- Availability of funds at the time of the application
- availability of any other form of discretionary funding
- period of award and sustainability – short term, long term, whether there is a future event likely to negate or reduce the need for an on-going DHP e.g. job offer, moving to alternative accommodation, reaching Pensionable age etc. (Particular emphases will be placed on the period for which we are likely to be able to sustain an award and what is likely to happen when DHP is withdrawn.
- extensive experience of DHP administration by Benefits Service Appeals Officers

### [DWP DHP good practice guide April 2013](#)

This document, which is written by the Department of Work & Pensions, provides clarification and guidance on the administration of DHP applications.

The Benefits Service has put into place monitoring arrangements to ensure on-going monitoring of who qualifies for DHPs and who is refused, reasons for DHP awards and equality characteristics which we will monitor including disability, gender and race. This monitoring information will be reviewed at regular intervals to ensure that the change in policy has not had a detrimental impact on any particular equality group and to enable us to understand the differential impact of benefit changes on these groups.**Alternative Options**

- The Discretionary Housing Payment fund is provided by central government and there are certain expectations about how we use it to support those with a shortfall in housing benefit. This limits the options we have available to us. Within this framework, we have sought to develop a policy which targets those most in need in line with other Council priorities.

- Inevitably, the DPH fund will not be able to support all those whose income is reduced due to benefit reform. The Council has an option to subsidise loss of Housing Benefit in all cases affected by welfare reform. This is not financially viable for the Council, however the Council has identified a further £1million in addition to the funding provided by government to support those hit by the benefit cap who are homeless in temporary accommodation.
- In addition to providing top up funding, options to enable people to move into employment or to identify alternative accommodation, including smaller accommodation in the case of the bedroom tax, are being actively pursued alongside the provision of financial support to the most vulnerable to minimise the call on the DHP fund and work with people to find their own solutions.

## Section 5 – Quality Assurance and Monitoring

Have monitoring systems been put in place to check the implementation of the proposal and recommendations?

Yes?  No?

How will the monitoring systems further assess the impact on the equality target groups?

The DHP scheme will be subject to on-going analysis in order to ensure that the implementation of the proposals meet their outlined aims and to monitor any differential impact on equality groups and review the policy in this light.

Does the policy/function comply with equalities legislation?  
(Please consider the [OTH objectives](#) and [Public Sector Equality Duty](#) criteria)

Yes?  No?

If there are gaps in information or areas for further improvement, please list them below:

This policy actively supports both OTH objectives and the Public Sector Equality Duty, in mitigating against impacts which disproportionately affect certain communities and groups.

How will the results of this Equality Analysis feed into the performance planning process?

The results of this Equality Analysis have illustrated the need to fully imbed analysis of equalities impacts within our monitoring. This is reflected in the Action Plan below.



## Section 6 - Action Plan

*As a result of these conclusions and recommendations what actions (if any) **will** be included in your business planning and wider review processes (team plan)? Please consider any gaps or areas needing further attention in the table below the example.*

<b>Recommendation</b>	<b>Key activity</b>	<b>Progress milestones including target dates for either completion or progress</b>	<b>Officer responsible</b>	<b>Progress</b>
<p><b>Example</b></p> <p>1. Better collection of feedback, consultation and data sources</p> <p>2. Non-discriminatory behaviour</p>	<p>1. Create and use feedback forms. Consult other providers and experts</p> <p>2. Regular awareness at staff meetings. Train staff in specialist courses</p>	<p>1. Forms ready for January 2010 Start consultations Jan 2010</p> <p>2. Raise awareness at one staff meeting a month. At least 2 specialist courses to be run per year for staff.</p>	<p>1.NR &amp; PB</p> <p>2. NR</p>	

## Section 7 – Sign Off and Publication

<b>Name:</b> (signed off by)	Claire Symonds
<b>Position:</b>	Service Head, Customer Access & ICT
<b>Date signed off:</b> (approved)	21 June 2013

# Section 8 Appendix – FOR OFFICE USE ONLY

This section to be completed by the One Tower Hamlets team

## Policy Hyperlink :

<b>Equality Strand</b>	<b>Evidence</b>
Race	
Disability	
Gender	
Gender Reassignment	
Sexual Orientation	
Religion or Belief	
Age	
Marriage and Civil Partnerships.	
Pregnancy and Maternity	
Other Socio-economic Carers	

<b>Link to original EQIA</b>	<b>Link to original EQIA</b>
<b>EQIAID</b> <b>(Team/Service/Year)</b>	

## Section 9 Report appendices

### Appendix I) Reporting Measures

Based on DWP Circular A11/2013, which sets out new measures introduced to monitor awards. Under these new provisions Local Authorities are expected to record DHP awards under the following categories:

- The Benefit Cap
- Removal of the spare room subsidy in social rented sector
- LHA reforms - including extension of the Shared Accommodation Rate
- A combination of reforms
- No impact - where an award is made to a recipient who is not affected by the reforms but is considered to be vulnerable

These categories are further broken down by the DWP into six separate classifications which set out the reasons for the award.

The classifications are:

- to help secure and move to alternative accommodation (e.g. a rent deposit)
- to help with short-term rental costs until the claimant is able to secure and move to alternative accommodation
- to help with short-term rental costs while the claimant seeks employment
- to help with on-going rental costs for disabled person in adapted accommodation
- to help with on-going rental costs for foster carer
  - to help with short term rental costs for any other reason.

In order to report these new award categories and classifications, the following codes have been set up for each of the five categories above and should be used when making awards.

#### **1. If you award a DHP due to the benefit cap, you need to select one of the following new reason codes**

BCAP\_A – To help secure and move to alternative accommodation.  
(e.g., rent deposit).

BCAP\_B - To help with short term rental costs until claimant secures alternative accommodation

BCAP\_C - To help with short term rental costs while the claimant seeks employment

BCAP\_D - To help with on-going rental costs for disabled person in adapted accommodation

BCAP\_E - To help with on-going rental costs for foster carer

BCAP\_F - To help with short term rental costs for any other reason

#### **2. If you award a DHP due to the claimant suffering hardship because they are affected by the bedroom tax, you need to select one of the following new reason codes –**

SSSC\_A – To help secure and move to alternative accommodation (e.g. rent deposit)



SSSC\_B - To help with short term rental costs until claimant secures alternative accommodation  
SSSC\_C - To help with short term rental costs while the claimant seeks employment  
SSSC\_D - To help with on-going rental costs for disabled person in adapted accommodation  
SSSC\_E - To help with on-going rental costs for foster carer  
SSSC\_F - To help with short term rental costs for any other reason

**3. If you award a DHP due to the LHA reforms (U35), you need to select one of the following new reason codes –**

LHA\_A – To help secure and move to alternative accommodation (e.g. rent deposit)  
LHA\_B - To help with short term rental costs until claimant secures alternative accommodation  
LHA\_C - To help with short term rental costs while the claimant seeks employment  
LHA\_D - To help with on-going rental costs for disabled person in adapted accommodation  
LHA\_E - To help with on-going rental costs for foster carer  
LHA\_F - To help with short term rental costs for any other reason

**4. If you award a DHP due to a combination of these reforms, you need to select one of the following new reason codes –**

CREF\_A – To help secure and move to alternative accommodation (e.g. rent deposit)  
CREF\_B - To help with short term rental costs until claimant secures alternative accommodation  
CREF\_C - To help with short term rental costs while the claimant seeks employment  
CREF\_D - To help with on-going rental costs for disabled person in adapted accommodation  
CREF\_E - To help with on-going rental costs for foster carer  
CREF\_F - To help with short term rental costs for any other reason

**5. No impact - where an award is made to a recipient who is not affected by the reforms but is considered to be vulnerable**

The existing codes used prior to 2013/14 will remain on system and can be used where an award is made to residents who are not affected by the welfare reforms (i.e. the “no impact” cases).

As LBTH does not currently award one-off DHP payments, the code “A” reasons will not need to be used unless there is a change in policy.

The introduction of the new codes will not only enable us to comply with DWP reporting requirements but also allows us to report broadly on expenditure in respect of each of the four criteria used by DWP to apportion funding. This may also be helpful in that not only will the DHP payments be transparent but if it is decided that in future we should redesign our local DHP policy to attempt to replicate the national funding arrangements then this should be easily achieved.

# Equality Analysis (EA)

## Section 1 – General Information (Aims and Objectives)

### Name of the proposal including aims, objectives and purpose:

*(Please note – for the purpose of this doc, ‘proposal’ refers to a policy, function, strategy or project)*

This Equalities Analysis examines the administration of the Crisis and Support Grants to residents, many of whom will be directly affected by welfare reform changes.

From April 2013, the council has been responsible for providing financial support to some of the most vulnerable residents of Tower Hamlets. The Mayor’s Crisis & Support Grants replace Community Care Grants and Crisis Loans, which used to be provided by Job Centres and the Department for Work & Pensions.

Funds for the Grants are very limited, and there are strict eligibility criteria to ensure we can support people in the greatest need. To apply, residents must be 16 or over, and must not be subject to any UK immigration control. Unless residents are applying through a council social worker or one of our partner agencies, they must live in Tower Hamlets and in a household that receives Housing Benefit and must not be subject to any DWP welfare sanctions.

Crisis Grants are designed to help people who have experienced a sudden crisis or who are at risk of one. They can help in the short term with living costs, such as food, heating and accommodation, or to support a resident that is a victim of crime or suffer another misfortune.

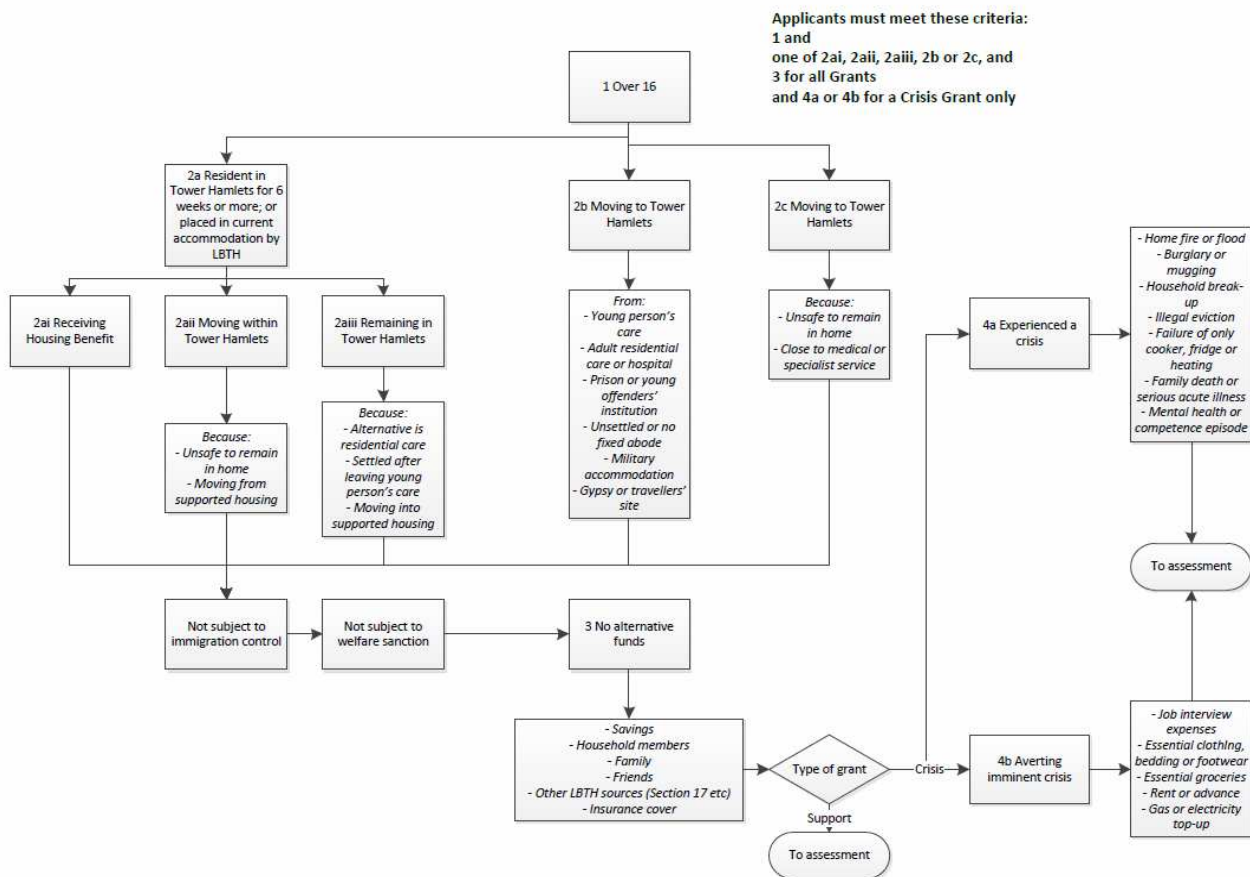
Support Grants provide help for the longer term, enabling people to live independently and safely in the community. They can be used to support care leavers, vulnerable residents moving to or from supported housing or if it is unsafe for a resident to remain in their current home.

The information below shows the types of application received during April 2013, the scheme’s first month of operation, the percentage of applications approved and the average grant amount.

Event	Applications				£ paid	
	Received	Approved	Refused	% approved	Total	Average
Daily living expenses	263	151	112	57.4	9,030	60
Essential journey	5	3	2	60.0	150	50
Moving home	39	23	16	59.0	3,585	156
New clothing	33	21	12	63.6	1,385	66
Replaced damaged items	147	56	91	38.1	11,750	210
Setting up home	50	23	27	46.0	24,905	1,083
Victim of crime	3	3	0	100.0	215	72
Other emergency	86	43	43	50.0	6,615	154
<b>Total</b>	<b>626</b>	<b>323</b>	<b>303</b>	<b>51.6</b>	<b>57,635</b>	<b>178</b>

Within this month Tower Hamlets received 626 applications for the Mayor’s Crisis & Support Grant. 51.6% of applications were approved and an average of £178 (total £57,635) was paid through the scheme.

The administrative framework for the Mayor's Crisis & Support Grant was set out in a paper presented to MAB in September 2012. The assessment criteria for the Grants have been agreed and are outlined below.



**Service area:**

Resources: Customer Access & ICT

**Team name:**

Customer Access & Revenues

**Service manager:**

Keith Paulin, Head of Customer Services

**Name and role of the officer(s) completing the EA:**

Wesley Hedger, Senior Strategy, Policy and Performance Officer

## Section 2 – Evidence (Consideration of Data and Information)

### **What initial evidence do we have which may help us think about the impacts or likely impacts on service users or staff?**

The Department for Work and Pensions (DWP), who previously delivered the scheme, completed an Equalities Impact Assessment in October 2011. This EA analysed data collected by the department in 2009/10 for both Community Care Grants and Crisis Loans nationally. The DWP was unable to collect data on Sexual orientation, Religion or belief, Marriage and Civil Partnership or Pregnancy and maternity. The Equality Impact Assessment provided the following national picture;

#### *Gender*

The EA suggested that 58% of final decisions for Crisis Loans were made in respect to single males, 34% made in respect to single females and 8% made in respect to couples. The success rates were the same for single males and females (76%) and 74% for a couple. 49% of Community Care Grant final decisions made in respect to single females, 36% made in respect to single males and 15% made in respect to couples. The success rates for single females were higher (49%) than single males (42%) but lower than couples (53%).

#### *Age*

In 2009/10 a small proportion of Crisis Loans final decisions were made in respect of customers under 18 (3%) and over 45 (13%). The largest proportions (37%) of final decisions, nationally, were made in respect of customers between 18 to 24 years old. Customers 65 and over also have lower success rates. The DWP suggest that younger people were advantaged by the previous system and older people are disadvantaged, although it was not clear why this would be. However, success rates in Community Care Grants are higher for those customers aged 45 and over. Older people are currently advantaged by the system in respect of higher success rates and this may improve through a locally-delivered service.

#### *Disability*

In 2009/2010 31% of Crisis Loan final decisions were made in respect of disabled people and this represents an increase of 11 percentage points on the previous year. Overall success rates are very similar for disabled customers (76%) compared to non disabled customers (77%). With Community Care Grants the overall success rates were higher for disabled customers (48%) than for non-disabled customers (43%). Disabled customers are currently well served by the Community Care Grant system and there is no evidence to suggest that this will change in a locally-delivered system.

#### *Ethnicity*

79% of Crisis Loan final decisions are made in respect of white customers with some ethnic groups receiving less than 1% of the final decisions and this remains consistent with previous years. Nationally, the overall success rates are slightly higher for white customers than other groups. The DWP report suggests that “a locally-delivered system would be able to identify the most vulnerable people in their area and intervene based on a risk to health and safety which could address this issue”. The success rates for Community Care Grants were slightly higher for all ethnic minority customers (average of 46%) than white customers (average of 44%)

### **Equality analysis on the impact of the reforms themselves**

The DWP has provided limited performance information at a borough level. Data provided by the DWP illustrates the profile of Tower Hamlets claimants in 2009/10 and 2010/11;

- In 2009/10 and 2010/11, there were approximately 13,050 applications per year for Community Care Grants and Crisis Loans. 61% of all applications resulted in awards

and total expenditure was £1.74m per year.

- 70% of all applications were for Crisis Loans (over 9000 applications). The average award for a Crisis Loan was £54.50
- Although making up 30% of applications Community Care Grants make up over 70% of the total Social Fund budget (£1.24 million) allocated in Tower hamlets. The average award was for £316.
- 55.5% of the people who were awarded Crisis Loans were aged 18 - 34. 58% of loans awarded were to single male households. High proportions of households who were awarded Crisis Loans had no children under 16 (82%). This possibly reflects the fact that there are limited other sources of support available to single, childless people.
- 40.5% of people awarded Community Care Grants were aged 18 - 34. 66.5% of recipients of Community Care Grants were to single women households (52.5%) or couple (14%) households. 69.5% had no children under 16.
- Approximately 21% of funding awarded for living expenses in 2011/12 was for fourth or subsequent awards. The limiting of awards to 3 per rolling 12 month period is therefore would reduce expenditure. It is likely that these individuals / households receiving 4+ payments per year are the most vulnerable / people with chaotic lives, highly likely to be known to adults and/or children's social care and there may therefore be knock on implications for Council support and related services to these households.

The limited analysis provided by the DWP indicates that in Tower Hamlets many of the claimants are single individuals without children. This is possibly because people who are single, and particularly those under 25, have limited access to other types of welfare support. In contrast, Community Care Grants in Tower Hamlets have been more commonly sought by families with young children and by lone parents in receipt of Income Support. Single applicants over 50 suffering from health problems are the second largest group claiming Community Care Grants. Grants are often sought for vulnerable people that are in need of furniture/ appliances when secure accommodation is offered after a period of temporary or unsettled period of life or time in prison; families facing exceptional pressures and who have no money for replacement of white goods & furniture, and also to enable visits to a relative who is ill in hospital some distance away.

The local provision of the Mayor's Crisis & Support Grants has been administered by the local authority since April 2013. Unfortunately, due to the demands of establishing the Mayor's Crisis & Support Grants, equalities data is not currently being captured. There is a commitment to establish the appropriate mechanisms to collect the relevant data by September and it is suggested that a more complete Equality Assessment is completed once this data is available.

Based on the volume of applications in 2011/12, it has been projected that demand would be close to 9,000 within the current financial year, nearly two-thirds of which would be for Crisis Loans. It is also suggested that the average payment would be close to £54. Current management information data would suggest that we are broadly in line with this projection. However, data is only available for April 2013 and it is not possible to forecast using the limited level of data. We do not know if this was a typical month or how demand has/will change over time. We are, therefore, unable to confidently determine if the transition to the Mayor's Crisis and Support Grants has had a detrimental impact.

### Section 3 – Assessing the Impacts on the 9 Groups

How will the scheme impact upon the nine Protected Characteristics?



Target Groups	Impact – Positive or Adverse  What impact will the proposal have on specific groups of service users or staff?	Reason(s) <ul style="list-style-type: none"> <li>• Please add a narrative to justify your claims around impacts and,</li> <li>• Please describe the analysis and interpretation of evidence to support your conclusion as this will inform decision making</li> </ul> <p>Please also how the proposal will promote the three One Tower Hamlets objectives?</p> <ul style="list-style-type: none"> <li>-Reducing inequalities</li> <li>-Ensuring strong community cohesion</li> <li>-Strengthening community leadership</li> </ul>
Race	Unknown	DHP's are more likely to be made to this group as BME residents are disproportionately impacted as a percentage of the overall Tower Hamlets population by the reforms. As outlined above, equalities data is not available as the responsibility for Crisis and Support Grants transferred from the DWP to Local Authorities in April 201. The DWP have not provided a breakdown of previous demands on this service by Target Groups.
Disability	Unknown	DHP's are more likely to be made to this group as disabled residents and their carers are disproportionately impacted as a percentage of the overall Tower Hamlets population by the reforms. As outlined above, equalities data is not available as the responsibility for Crisis and Support Grants transferred from the DWP to Local Authorities in April 201. The DWP have not provided a breakdown of previous demands on this service by Target Groups.
Gender	Unknown	Women are disproportionately affected by the reforms and the economic downturn. For example lone parent households make up 46% of all those affected by the benefits cap (source: Benefit Cap Analysis final report 26 11 12 – based on DWP September scan data – illustrated below). This implies that the number of lone parents who will claim Crisis and Support Grants is likely to rise significantly once the cap comes in

		<p><b>Figure 1 Benefit Cap households by type of household, Tower Hamlets</b></p> <p>(Base = 1,606 households)</p> <p>Source: DWP Benefit Cap scan (September 2012) for Tower Hamlets</p>
Gender Reassignment	Unknown	We do not envisage differential impact of the change in policy in relation to gender reassignment.
Sexual Orientation	Unknown	We do not envisage differential impact of the change in policy in relation to sexual orientation.
Religion or Belief	Unknown	We do not envisage differential impact of the change in policy in relation to age.
Age	Unknown	<p>The Government's welfare reforms will affect working age residents (including their children) disproportionately because the majority of the reforms do not affect those of pension age.</p> <p>The Council estimates that over 5,000 children will be impacted by the benefits cap alone. This is part because due to the means tested nature of welfare provision, larger families will disproportionately affected. Parents whose children who are most in need of support, such as those who have specialist needs, are more likely to seek help and therefore receive Crisis and Support Grants.</p>
Marriage and Civil Partnerships.	Unknown	We do not envisage differential impact of the change in policy in relation to marriage and civil partnership.
Pregnancy and Maternity	Unknown	Pregnancy and maternity is a factor that would be taken into account in assessing the vulnerability of a claimant in regard to their need for Crisis and Support Grants



Other Socio-economic Carers	Unknown	Crisis and Support Grants are particularly likely to be sought by those in poorer socio-economic groups due to their reliance on welfare benefits. The criteria are intended to support those most vulnerable within these groups. Caring responsibilities are another factor which is taken into account in assessing the vulnerability of the claimant.
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## Section 4 – Mitigating Impacts and Alternative Options

From the analysis and interpretation of evidence in section 2 and 3 - Is there any evidence of or view that suggests that different equality or other protected groups (inc' staff) could have a disproportionately high/low take up of the new proposal?

Yes?  No?

If yes, please detail below how evidence influenced and formed the proposal? For example, why parts of the proposals were added/removed?

*(Please note – a key part of the EA process is to show that we have made reasonable and informed attempts to mitigate any negative impacts. AN EA is a service improvement tool and as such you may wish to consider a number of alternative options or mitigation in terms of the proposal.)*

The Discretionary Social Fund has been a core part of the welfare system for over 25 years. It was designed to meet the needs of the most vulnerable and people experiencing hardship and emergencies and is made up of regulated and discretionary schemes. It was the place of last resort within the previous social security system. In moving the administration of the scheme to local authorities the Government argued that the decision to make an award is usually in relation to very specific needs and requires a high level of discretion. This administration of this service is one of many operational challenges that the welfare reform programme has placed at the Council's door.

In developing the scheme Members made a number of decisions that provided the framework in which the scheme would work (MAB OCT 2012), these included that 1. That the conditions of accessing the Fund will include: An simple application process that will include strict eligibility criteria for local residents that will also restrict awards to a maximum of three awards in any one year and that scheme will run a Phone / online application. These were in line with how the DWP had run the scheme.

As this is the first year of the scheme's operation work in ongoing to ensure that all appropriate management information as well as equalities data is collected. The purpose of this is that all can reviewed at the end of the year in order that we can gain a greater understanding of who is benefiting from the fund and if there is any need to amend eligibility criteria.

## Section 5 – Quality Assurance and Monitoring

Have monitoring systems been put in place to check the implementation of the proposal and recommendations?

Yes?  No?

How will the monitoring systems further assess the impact on the equality target groups?

The local provision of then Mayor's Crisis & Support Grants has been administered by the local authority since April 2013. Unfortunately, due to the demands of establishing the Mayor's Crisis & Support Grants, equalities data has not captured. There is a commitment to establish the appropriate mechanisms to collect the relevant data by August and it is suggested that a more complete Equality Assessment is completed once this data is available.

Does the policy/function comply with equalities legislation?  
(Please consider the [OTH objectives](#) and [Public Sector Equality Duty](#) criteria)

Yes?  No?

If there are gaps in information or areas for further improvement, please list them below:

This policy actively supports both OTH objectives and the Public Sector Equality Duty, in mitigating against impacts which disproportionately affect certain communities and groups.

How will the results of this Equality Analysis feed into the performance planning process?

The results of this Equality Analysis have illustrated the need to fully imbed analysis of equalities impacts within our monitoring. This is reflected in the Action Plan below.

## Section 6 - Action Plan

As a result of these conclusions and recommendations what actions (if any) **will** be included in your business planning and wider review processes (team plan)? Please consider any gaps or areas needing further attention in the table below the example.

Recommendation	Key activity	Progress milestones including target dates for either completion or progress	Officer responsible	Progress
<p>Incorporate equalities data into the Mayor's Crisis &amp; Support Grants performance management system</p>	<p>Include equalities questionnaire as part of the Mayor's Crisis and Support Grant application process by adding to on line form and at end of Contract Centre call via customer satisfaction survey</p> <p>Support practitioners, where applicable, to assist residents in completing the equalities questionnaire.</p> <p>Incorporate equalities data into the monthly performance management report.</p>	<p>Forms ready by the end of July for roll out in September 2013 – where possible include the nine Protected Characteristics</p> <p>Work with stakeholders such as support groups and the Welfare Reform Task Group</p> <p>Develop and produce a new performance monitoring report to include the nine Protected Characteristics, where applicable.</p>	<p>Customer Access</p> <p>Customer Access</p> <p>Customer Access</p>	
<p>Analysis equalities data and complete an Equalities Assessment</p>	<p>Analyse first available quarter data (July-September quarter)</p>	<p>Updated EA October 2013</p>	<p>Customer Access/Resources SPP</p>	
<p>Review assessment criteria of the Mayor's Crisis &amp; Support Grants</p>	<p>Assess management information for first two quarters (April-September)</p>	<p>Review criteria October 2013</p>	<p>Customer Access</p>	

## Section 7 – Sign Off and Publication

<b>Name:</b> (signed off by)	Claire Symonds
<b>Position:</b>	Service Head, Customer Access & ICT
<b>Date signed off:</b> (approved)	21 June 2013

# Section 8 Appendix – FOR OFFICE USE ONLY

This section to be completed by the One Tower Hamlets team

## Policy Hyperlink :

<b>Equality Strand</b>	<b>Evidence</b>
Race	
Disability	
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Gender Reassignment	
Sexual Orientation	
Religion or Belief	
Age	
Marriage and Civil Partnerships.	
Pregnancy and Maternity	
Other Socio-economic Carers	

<b>Link to original EQIA</b>	<b>Link to original EQIA</b>
<b>EQIAID</b> <b>(Team/Service/Year)</b>	

# Equality Analysis (EA)

## Section 1 – General Information (Aims and Objectives)

### **Name of the proposal including aims, objectives and purpose:**

This Equalities Analysis considers the proposals for deploying discretionary support to some of those residents of homeless temporary accommodation who will be directly affected by welfare reform changes.

Further detail on the mechanisms and overall level of support can be found in the body of the report.

A separate EA will be available for Crisis & Support Grants and Discretionary Housing Payments (DHP)

The aims and objectives of this discretionary support are to:

- Reduce arrears and avoid deprivation
- Help claimants through difficult personal events
- Safeguard accommodation

The people affected by these support proposals are:

- Non-working benefit claimants living in homeless temporary accommodation
- Landlords of existing temporary accommodation
- Working households (benefit dependent or not) in homeless temporary accommodation

The primary beneficiaries though will be those non-working benefit dependent households identified by the policy as being likely most vulnerable residents experiencing significant financial difficulty, many of whom will be impacted directly by welfare reform. They will either receive DHP or the Temporary Accommodation Support Fund to cover their rent over the shorter term.

Our analysis shows that the primary recipients of discretionary payments will be:

- single female parents;
- those aged 25 to 44 as they are more likely to have young children; and
- BME residents.

The outcomes of this policy are to:

- Safeguard residents in their accommodation
- To alleviate poverty
- To avoid adverse rent collection performance

**Directorate:** Development and Renewal

**Service:** Housing Options

**Service manager:** Colin Cormack

**Name and role of the officer(s) completing the EA:** Lorraine Douglas/Colin Cormack

## Section 2 – Evidence (Consideration of Data and Information)

### **What initial evidence do we have which may help us think about the impacts or likely impacts on service users or staff?**

The speed, scope and complexity of welfare reform pale by comparison to its impact and, whilst mitigations are worthy of exploration and application, said speed, scope and complexity limits the extent to which we are able to estimate the impact of the proposed mitigations. However, we can draw on several sources of evidence in order to help consider impacts.

- Equality analysis on the impact of the reforms themselves
- Analysis of financial loss as a result of welfare reform
- Available monitoring data for Local Housing Allowance Caps

### **Equality analysis on the impact of the reforms themselves**

The proposed discretionary support is designed to mitigate the unequal impact of welfare reform. It is therefore prudent to understand what, in equalities terms, this impact may be.

The Department for Work and Pensions, who is responsible for welfare reform, has undertaken equality analysis for the various measures introduced under the Welfare Reform Act 2012<sup>3</sup>. In line with our own analysis, the groups identified as being most affected by the reforms will be :-

- single female parents;
- those aged 25 to 44 as they are more likely to have young children; and
- BME residents.

As the impact of the welfare reform changes impacts the same groups in Tower Hamlets it follows that these are more likely to form the primary recipients of the discretionary support.

### **Analysis of financial loss as a result of welfare reform**

The cap on housing benefits will have the most significant impact on occupiers of homeless temporary accommodation – an average of £143 per week.

### **Available monitoring data for Local Housing Allowance Caps and Discretionary Housing Payments**

Relying on the DWP data, Housing Options estimate around 500 households (of the 1,900) in homeless temporary accommodation will be in a position where the cap will limit, in part or in full, their ability to pay their rent.

The amount being removed from the temporary accommodation benefit-funded economy is over £5M. The discretionary support proposals recognise the opportunity to draw down upwards of £1m in 2013/14 in support resources. Put plainly, the full year equivalent of assisting 1 in 5 households on average.

The primary aim of the Temporary Accommodation Fund is a net reduction in the cost of the

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<sup>3</sup> The Department for Work and Pensions *Welfare Reform Act 2012: equality impact assessments*  
<https://www.gov.uk/government/organisations/departments-for-work-and-pensions/series/welfare-reform-act-2012-equality-impact-assessments> Accessed 13/05/2013



homeless temporary accommodation rent. There will be two distinct mechanisms through which this will be administered.

The first mechanism relies on exploiting the rent reduction opportunity of Non Secure Tenancies (NSTs), it being within the council's gift to do so as they are in council-owned stock. The second mechanism relies on not passing on all or part of the rent due to the occupying household. The extent of how much to pass on (or not) being dependent to each individual's circumstances.

### Section 3 – Assessing the Impacts on the 9 Groups

How will what you're proposal impact upon the nine Protected Characteristics?

By adopting the mechanism of reducing rents - leading to a net loss of income - or opting not to pass on all/part of the rent due - increasing net expenditure, - the outcome of each option is a near equivalent of making a discretionary payment. This is therefore how these proposals will be described below.

As referred to above, £5M is to be removed from the homeless temporary accommodation benefit economy annually. That is not a sustainable loss and, in the absence of other opportunities, the Service would need to move all of the 500+ households to cheaper accommodation. Doing so would put into tension the political and operational desires to house homeless households within the borough. Moving affected households though does satisfy that part of the statutory obligation that such accommodation needs to be *suitable and reasonable*, affordability being an essential factor in these obligations. That said, the location of any alternative accommodation requires similar *suitable and reasonable* considerations.

The discretionary payments then will prioritise those:-

- whose children are in the critical school years of 10 & 11 and 12 & 14
- need to remain in-borough for extenuating medical or social reasons
- cannot afford to live anywhere, the cap's impact on larger families in particular refers

In considering the "1 in 5" principle, it needs to be appreciated that around 400 households in homeless temporary will not receive discretionary payments. The groups most likely not to receive assistance are estimated to be the following:

- Families of older children who are not taking exams.
- Households that lack extenuating social and/or medical imperatives
- Those already living in lower cost areas

Target Groups	Impact – Positive or Adverse	Reason(s)
Race	Positive	Discretionary support is more likely to be made to this group as BME residents are disproportionately represented in the homeless temporary accommodation population and, in addition, are likewise disproportionately impacted as a percentage of the overall Tower Hamlets population by the reforms. However, support will not be provided on the basis of race.
Disability	Positive	The DWP suggests that roughly half of the households affected by the cap will contain somebody who is classed as disabled under the Equality Act <sup>4</sup> . Conscious that disability is disproportionately higher in homeless temporary accommodation households and many of these will have specific medical needs for in-borough accommodation, this group is likely to feature highly within those persons receiving the proposed support mechanisms. However, support will not be provided solely on the basis of disability.
Gender	Positive	Appreciating that a) the majority affected are lone parents and b) most lone parents are women, it is anticipated that the majority of those to receive assistance will be women also.
Gender Reassignment	Not known	The impact of discretionary payments is not known
Sexual Orientation	Not known	The impact of discretionary payments is not known
Religion or Belief	Not known	The impact of discretionary payments is not known
Age	Positive	<p>The reforms will impact children and those of working age who are not though working and it is this group who are most likely to have school age children. It should also be appreciated that larger families i.e. those with more children will be disproportionately affected, there being no sliding cap to accommodate larger families. Our proposals then will consider the following groups to be a priority :-</p> <ul style="list-style-type: none"> <li>• Where the applicant has children who are due to undertake GCSE's or A levels</li> <li>• Where the family is vulnerable – do they access the Council's Children or Adult Services</li> </ul>
Marriage/ Civil Partnerships.	Not known	The impact of discretionary payments is not known
Pregnancy and Maternity	Positive	This group may be prioritised for support - in the short term to mitigate against undue stress (if SHP is not payable) or if the mother anyway falls into one of the key groups for assistance.

## Section 4 – Mitigating Impacts and Alternative Options

From the analysis and interpretation of evidence in section 2 and 3 - Is there any evidence of or view that suggests that different equality or other protected groups (inc' staff) could have a disproportionately high/low take up of the new proposal?

Yes?  No?

If yes, please detail below how evidence influenced and formed the proposal? For example, why parts of the proposals were added/removed?

In reference to sections 2 and 3, the temporary accommodation fund is more likely to be taken up by certain target groups including:

- Race
- Disability
- Gender
- Age

This is because they are more likely to be in need of this support as they are more impacted by the reforms. The proposal is based on financial need and not on certain groups.

### Alternative Options

- The proposal is fundamentally about helping some of the 500+ households who are to be impacted by the benefit cap – around 100 of these possibly. Two realistic alternatives present, appreciating that the council would not be able to support, £ for £, all those in its temporary accommodation portfolio that are hit by the cap:-
  1. not offering assistance to any residents, which could be deemed as irresponsible if some groups can be helped.
  2. offering assistance to others than those suggested, or full assistance to all groups – which could increase the costs to the council substantially

## Section 5 – Quality Assurance and Monitoring

Have monitoring systems been put in place to check the implementation of the proposal and recommendations?

Yes?  No?

How will the monitoring systems further assess the impact on the equality target groups?

All three discretionary payment schemes will be subject to ongoing analysis and audit in order to ensure that the implementation of the proposals meet their outlined aims. They will also need to be monitored to ensure that funding remains available throughout the financial year.

Discretionary Housing Payments and the Temporary Accommodation Fund will undergo an audit once the impact of the benefit cap can be assessed. This is likely to take place towards the end of 2013 as the cap will not be fully rolled out until the end of September 2013.

The audit will address the impact on the protected characteristics where relevant and useful.

Does the policy/function comply with equalities legislation?

Yes?  No?

If there are gaps in information or areas for further improvement, please list them below:

Full profile of those to be assisted, and those not so benefitting by having regard to the 9 Target Groups

How will the results of this Equality Analysis feed into the performance planning process?

The Action plan captures the intentions to analyse who is being assisted and, equally, who is not, in order to inform the extent or otherwise of any adjustments to the application of this discretionary support.

## Section 6 - Action Plan

*As a result of these conclusions and recommendations what actions (if any) **will** be included in your business planning and wider review processes (team plan)? Please consider any gaps or areas needing further attention in the table below the example.*

<b>Recommendation</b>	<b>Key activity</b>	<b>Progress milestones including target dates for either completion or progress</b>	<b>Officer responsible</b>	<b>Progress</b>
Better analysis	Consider latest DWP scan and analyse against 9 Target Groups	June 2013 – analyse scan	LorraineDouglas	
Non-discriminatory behaviour	Apply adopted criteria to the capped households  Cease once level equivalent to £1M of support achieved  Analyse who is to benefit, and who isn't against 9 Target Groups	July 2013 – confirm who – total  By September 2013 Understand who is to benefit and action – transfer or rent-bridging  By December 2013 - complete analysis of the 100 helped and the 400 not helped	LorraineDouglas	
Responding to analysis	Consider that analysis and re-work mechanisms as appropriate	February 2014 - using analysis -inform recommendations to amend/abandon/continue support mechanism for 2014/15	LorraineDouglas	

## Section 7 – Sign Off and Publication

<b>Name:</b> (signed off by)	Colin Cormack
<b>Position:</b>	Service Head, Housing Options
<b>Date signed off:</b> (approved)	21 <sup>st</sup> June 2013

## Section 8 Appendix – FOR OFFICE USE ONLY

This section to be completed by the One Tower Hamlets team

### Policy Hyperlink :

Equality Strand	Evidence
Race	
Disability	
Gender	
Gender Reassignment	
Sexual Orientation	
Religion or Belief	
Age	
Marriage and Civil Partnerships.	
Pregnancy and Maternity	
Other Socio-economic Carers	

<b>Link to original EQIA</b>	Link to original EQIA
<b>EQIAID</b> <b>(Team/Service/Year)</b>	