

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	15 December 2021
Subject:	Discretionary Housing Payments Follow-Up
Report of:	Head of Corporate Services
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	None

Executive Summary:

The report provides a further update on the progress made on implementing audit recommendations following a review of Discretionary Housing Payments (DHPs) and an unsatisfactory audit opinion. The original audit was completed as part of the 2019/20 internal audit plan and the opinion reported to Audit and Governance Committee on 29 July 2020.

Discretionary Housing Payments may be awarded when a local authority considers that a claimant requires further financial assistance towards housing costs and is entitled to either Housing Benefit or Universal Credit (with the housing cost element). Discretionary Housing Payment is an award, not a benefit payment. The awards are usually only made for a short time and are not a long-term solution, giving time to sort out financial or housing circumstances, particularly if an applicant is trying to find alternative affordable accommodation.

Recommendation:

To CONSIDER the progress made against implementation of the audit recommendations in relation to Discretionary Housing Payments.

Reasons for Recommendation:

The merit of a follow-up report was considered and agreed by Members at a previous Committee meeting.

Resource Implications:

The Discretionary Housing Payments scheme is funded by Government and the Council can top up the funding up to an additional 150% from its own resources if it so wishes. The allocation for the 2021/22 financial year is £78,671.

Legal Implications:

The regulations covering Discretionary Housing Payments are the Discretionary Financial Assistance Regulations 2001. Although the legislation gives a very broad discretion, decisions must be made in accordance with ordinary principles about good decision-making. In particular, the Council has a duty to act fairly and consistently.

Tewkesbury Borough Council's administration of Discretionary Housing Payments complies with both the legislation and the Department for Work and Pensions' Discretionary Housing Payments Guidance Manual 2021.

Risk Management Implications:

The increase in the number of claims for Universal Credit in the Borough, and the residual impact of the COVID-19 pandemic, means that there are likely to be further pressures on the Discretionary Housing Payments budget as the year progresses. This will be managed by ensuring that all applications continue to be assessed in accordance with policy and comprehensive evidence of financial need being provided in support of the application.

Performance Management Follow-up:

Applications for Discretionary Housing Payments are monitored against budget on a monthly basis. Starting with the December 2021 Finance and Asset Management Portfolio Briefing, performance will be reported to the Lead and Support Members as part of a suite of Revenues and Benefits indicators.

Environmental Implications:

None

1.0 INTRODUCTION/BACKGROUND

- 1.1 Due to increased pressures on the Discretionary Housing Payments budget, the Executive Committee was asked in January 2020 to consider topping up the fund with an additional £40,000 of Council reserves. As part of this request, the Revenues and Benefits Manager stated, *"to ensure we are making the best use of resources a review will be undertaken by Internal Audit to ensure that awards are being made consistently and only to those demonstrating a real need for financial support"*.
- 1.2 In February 2020 the audit was undertaken resulting in an unsatisfactory audit opinion. The report was presented to Audit and Governance Committee on 29 July 2020. To further reassure Members, it was agreed that a report would be brought back to the next meeting with an update on progress against recommendations.
- 1.3 Due to the impact of the COVID-19 pandemic on the Revenues and Benefits team and the Revenues and Benefits Manager, who had been working on the delivery of business grants since the end of March 2020, not as much progress has been made as would have been the case in normal times in implementing the recommendations. There remains a significant amount of business-as-usual work due to customer contact, COVID-19 response work (Test and Trace Support Payments, Council Tax Hardship Scheme etc.) and COVID-19 recovery work for the team.

- 1.4 Further progress still needs to be made in case management between the Benefits team and the Housing team to ensure that we are attempting to move residents to more suitable accommodation and reducing their reliance on Discretionary Housing Payments which are meant to provide temporary support. This was originally incorporated into the Revenues and Benefits work plan for Quarter 2 but has been slipped to Quarter 4 due to other pressures on the team.

2.0 **AUDIT RECOMMENDATIONS AND PROGRESS MADE TO DATE**

2.1 **Recommendation 1 – a checklist should be developed to support the collection and assessment of Discretionary Housing Payments information.**

A checklist has been developed and is now used in the assessment of every Discretionary Housing Payment application. The following checks are undertaken when making the assessment:

1. Obtain 3 months of bank statements.
2. Use bank statements to verify the amounts stated on the application form.
3. Obtain tenancy agreements to confirm rent liability.
4. Obtain supporting evidence for reported health issues.
5. Obtain information on claimants' housing status.
6. Details of conditions applied to the award (for any renewed application confirmation that conditions have been met).
7. Details of the exceptional circumstances where Discretionary Housing Payment is awarded in excess of 13 weeks.
8. Provide personal budgeting support, either internally or through partners.

2.2 **Recommendation 2 – The inclusion of non-essential items should be considered as part of the scheduled review of the Discretionary Housing Payments policy.**

The DHP policy has been reviewed and non-essential items of expenditure such as alcohol, cigarettes, newspapers and magazines are no longer taken into consideration when assessing the application. A fully revised policy will be brought to Executive Committee for approval before the end of the 2021/22 financial year.

2.3 **Recommendation 3 – Consideration should be given to introduce performance reporting in respect of Discretionary Housing Payments. This should be in consultation with the Lead Member for Finance and Asset Management.**

Expenditure against budget is routinely monitored by the Revenues and Benefits Manager as part of the monthly monitoring of a wide range of financial and performance measures in relation to the Revenues and Benefits service areas. It has been agreed with the Lead Member for Finance and Asset Management that, from the December portfolio briefing, this will be reported on as part of a suite of performance indicators.

2.4 **Recommendation 4 – an independent verification check should be carried out on a sample of Discretionary Housing Payment applications (10% of total applications received). This check should include a recalculation of the income and expenditure spreadsheet used by the assessors.**

Due to impact of the COVID-19 pandemic on the workload of the Revenues and Benefits team, until recently, there have not been resources to carry out detailed checks. Initial checks have started to be carried out by the Revenues and Benefits Manager which has raised some further concerns about the robustness of the assessment process. The process is currently being reviewed to make sure that applications are being assessed as per policy.

3.0 AUDIT OPINION – FROM FOLLOW-UP

3.1 There were four recommendations outstanding from the Discretionary Housing Payment 2019/20 audit. Two recommendations were priority rated 'high' and related to the implementation of a Discretionary Housing Payment checklist to support staff in their claim assessment (*Recommendation 1*); and the introduction of sampling checks to verify the accuracy of the claim assessment process (*Recommendation 4*). The former has been implemented, although the audit does expect to see more robust evidence of the dialogue with Housing Services. The recommendation on undertaking sample checks remains outstanding although a monitoring form is being developed. This remains a 'high' priority, as sample checking is critical to ensuring the adequacy of the assessment process, in particular verifying that bank statements have been fully challenged and conditions of the award are appropriate.

3.2 The two remaining recommendations were priority rated 'medium'. The Discretionary Housing Payment Policy (*Recommendation 2*) has been amended to reflect disregarded expenditure and has therefore been implemented. It is acknowledged that reporting of Discretionary Housing Payment performance information (*Recommendation 3*) is to be initiated in December. For the purposes of this audit opinion this recommendation remains outstanding as no evidence of performance data was available during the audit follow-up review. A revised implementation date of April 2022 has been established for the two outstanding recommendations.

4.0 OTHER OPTIONS CONSIDERED

4.1 None - the report is for information only.

5.0 CONSULTATION

5.1 None

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Discretionary Housing Payments Policy

7.0 RELEVANT GOVERNMENT POLICIES

7.1 Discretionary Housing Payments Guidance Manual 2021

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 As contained within the report.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 In terms of VFM, to ensure awards are assessed and awarded in compliance with policy.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None

Background Papers: Internal Audit Monitoring Report – reported to Audit and Governance Committee on 29 July 2020.

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Appendices: None