



COUNCIL CABINET
15 January 2020

ITEM 9

Report sponsor: Strategic Director of Corporate Resources
Report author: Head of Revenues, Benefits and Exchequer Services and Head of Customer Management

Approval of the Single Discretionary Award Policy for 2020/21

Purpose

- 1.1 To present the Council's Single Discretionary Award (SDA) Policy from 1 April 2020 for approval, with supporting Equalities Impact Assessment (EIA), following a public consultation that has taken place about a proposed change to it.

Recommendations

- 2.1 To approve the Council's SDA Policy from 1 April 2020; this is shown at **Appendix 1**. The proposed change to the Policy means that it will not be possible for SDA claimants to receive a second Discretionary Housing Payment (DHP) award in the same financial year.
- 2.2 To approve that the proposed change in this report can be halted by the agreement of the Portfolio holder for Finance and Procurement and the Strategic Director of Corporate Resources, if Central Government makes extra DHP funding available to the Council for 2020/21, such that funding is increased back up to the 2018/19 level. If that were to happen, V2.0 of the Policy would be amended to re-insert that claimants can receive a second DHP award in the same financial year. The EIA would also be reviewed to determine whether the mitigating actions that had been proposed were still necessary and the Policy would be updated accordingly.

Reasons

- 3.1 To ensure that the Policy remains affordable for the Council and operates within the available grant funding from Central Government, whilst minimising the impact of the proposed change for the residents of Derby.
- 3.2 To enable the Council to respond to any change in funding in time for the new financial year (upon receipt of the grant announcement), if appropriate to do so.

Supporting information

- 4.1 The SDA Policy brings together the application process for DHPs, Council Tax Hardship (CTH) Payments and the Local Assistance Scheme (LAS). It also provides a personalised programme of support. The support programme focuses on the needs of the customer and includes money advice, digital skills support, housing advice, affordable banking and ethical lending, benefits advice and better-off calculations (assessments of income and outgoings to help applicants better manage their money), education and training, and towards work support. We are seeking approval to change one element of the Policy – DHP.
- 4.2 The DHP component is funded by a grant from Central Government which in 2018/19 was £625,661 and in 2019/20 is £525,737, a reduction of £99,924 (16%). It was therefore necessary to ensure that such a reduction was reflected in the award criteria of the SDA Policy going forward.
- 4.3 The funding for each financial year is announced in the last two months of the previous financial year. With such late notification, the consultation requirement has made it very difficult to respond quickly to changes in the grant allocation.
- 4.4 In 2018-19 1,275 DHP awards were made, of which 14% (176) second awards of three months were made.
- 4.5 On 11 September 2019 Council Cabinet agreed that a consultation would take place to seek views on making a change to the SDA Policy, to take effect from 1 April 2020. The proposal was to withdraw the possibility of a second DHP award being made to claimants in the same financial year. In 2018/19 this change in policy would have affected 176 households. The proposed change would not affect people in our Priority Groups.
- 4.6 Within the SDA Policy our "Priority Groups" are:
 - Foster carers;
 - Carers;
 - Households where substantial adaptations have been undertaken to meet the disability needs of a household member;
 - Households with a child who is unable to share a bedroom due to disability, and where any of the following applies:
 - There is a claim for child Disability Living Allowance (DLA) care component at the middle or highest rate in payment
 - There is no entitlement to DLA care component at the middle or highest rate but the child has a disability that may be particularly disruptive.

Claimants in Priority Groups can receive DHP awards for up to 12 months in each financial year.

- 4.7 The proposed change is forecast to save £60,000 per financial year, and would effectively impact customers from 1 October 2020, which is when second awards would normally start being paid from. This therefore would allow nine months to prepare customers and stakeholders for the forthcoming change by undertaking the activities set out in 5.10.
- 4.8 In addition, local guidance for administering DHPs includes a taper, meaning those customers whose income is slightly above their expenditure can receive a reduced award. This taper will be removed from local guidance for all applications from 1 April 2020 onwards, meaning that people who apply and whose income is slightly higher than their expenditure will no longer receive an award. Indications suggest this would result in a reduction to DHP awards of around £40,000 per financial year. To be clear, this is not a change to the SDA Policy, simply the local guidance used by staff in conjunction with the Policy.
- 4.9 Of the 55 respondents to the consultation, 61.8% (34 people) either disagreed or strongly disagreed with the proposal. Despite this, removing the second award is the Council's most affordable way to ensure that the DHP Scheme continues to help as many claimants as possible each year.
- 4.10 In the Government's Spending Round in September 2019, the Department for Work and Pension's settlement included £40 million additional funding for DHPs to tackle affordability pressures in the private rented sector in England and Wales. It is not known whether any of this funding will be passed to Derby, but if it is it would be used to ensure that as many claimants as possible are able to benefit from a DHP during 2020/21.

Public/stakeholder engagement

- 5.1 A public consultation was carried out from 23 September 2019 to 3 November 2019 about the proposal to end second DHP awards. **Appendix 2** sets out the Consultation Plan. The public consultation was done mainly online, but with reasonable adjustments in place for those who could not engage online, to ensure all citizens could take part in the consultation if they wished to.
- 5.2 A copy of the questionnaire used for the public consultation is at **Appendix 3**.
- 5.3 A detailed analysis of the consultation responses is at **Appendix 4**.
- 5.4 During the consultation period an Equalities Impact Assessment (EIA) was completed to consider the impacts of the proposed change on Derby residents. The EIA was reviewed again when the public consultation outcomes were known, to see if any further equalities impacts had been identified, before making the final recommendation. The EIA is attached to this report at **Appendix 5**, and should be taken into account as part of considering the recommended change to be made to the Policy.

- 5.5 The public consultation included an explanation of why we were consulting; explained how respondents could give their views; sought views on the proposed change and included questions regarding respondents' circumstances.
- 5.6 The Consultation Plan at Appendix 2 shows the full timetable of activities that were undertaken to engage the public and other stakeholders. This included publicising the consultation by:
- A letter being sent to everyone who had received a second DHP award during 2018/19, and also during 2019/20 up to almost the end of the consultation period, raising awareness of the proposed change and consultation;
 - An article on Derby Newsroom;
 - Regular use of Social Media (Twitter and Facebook). Details published online were also promoted by Derby Homes;
 - Engagement with stakeholders such as the local Registered Social Landlords, including Derby Homes; Citizen's Advice; the local Strategic Housing Group; the local Department for Work and Pensions; the Council's Housing Options team and Derby Advice;
 - Information being sent to the members of the Council's Disability and Race Equality Hubs. In addition, face to face briefings with the Derby City Learning Disability Partnership Board and the Derby 60+ Forum were done;
 - Electronic corporate briefing to all internal Council staff.
- 5.7 This comprehensive and inclusive consultation approach resulted in 55 responses, all of which were online.
- 5.8 An analysis of the 55 responses highlighted that 87% (47 people) were residents of Derby. 11.8% (six people) were either receiving a DHP or someone in their household was, at the point of completing the questionnaire. 48.1% (26 people) said they were in a household without dependent children; 38.9% (21 people) said they were in a household with full and / or part time workers; 25.9% (14 people) were in a household with dependent children; 16.7% (nine people) were in a household that includes a disabled person; 7.4% (four people) were in households that included a carer.

The online consultation responses can be summarised as follows:

Proposal	In favour	Against	No overall opinion either way	Total
To change the SDA Policy so that from 1 April 2020 it will not be possible for SDA claimants to receive a second DHP award during the same financial year. The proposed change will not affect our Priority Groups, who can receive up to 12 months' award in the same financial year	27.3% (15 people)	61.8% (34 people)	10.9% (six people)	100% (55 people)

5.9 Views provided as part of the Equalities Impact Assessment (EIA) concluded that people who are in any of the equality groups will not be more disproportionately affected than people who are not in any equality groups. On that basis, the EIA decided not to recommend any amendments to the proposed change.

5.10 However, the EIA proposed some mitigation to combat those instances where people have been affected, to ensure they are supported as far as possible. The mitigation is as follows:

1. The Council will write (in general terms) to the landlords of those people who would be potentially affected before the proposed change comes into force, to raise awareness of the impending change and the support which is available for affected tenants;
2. Safeguards will be put in place for those potentially affected. The Council will do direct interventions – a Community Outreach Programme - for the 176 people identified from 2018/19 and the people who receive second DHP awards during 2019/20. Caseworker(s) will be allocated to help people, who choose to engage with the assistance, to prepare for the proposed change.

The purpose of the interventions will be to raise awareness of the change and to offer proactive tailored support to help them make positive changes so they no longer require a DHP. This will include benefits take up work with Derby Advice;

3. To support the interventions in 2 above, the Council will also work with local Community Groups to explore how support can be provided locally for those struggling to engage with the Council online when accessing its services.

- 5.11 Within the feedback from the consultation, an equalities impact was identified, namely for those people in private rented accommodation who are unable to qualify for a higher rate of Housing Benefit due to being single and aged under 35. Out of the households who received a second DHP award during 2018/19, six people fell into this category. This information has now been added into the EIA, and those affected going forward will benefit from the mitigations outlined in 5.10.

Other options

- 6.1 Do not change the SDA Policy and:

- Find alternative funding to address the £99,924 grant reduction, or
- Accept the overspend.

This is not a viable option, as the Council's balanced financial position does not accommodate this approach.

- 6.2 Explore other changes to the SDA Policy. It was decided that the proposal in this report would impact as few people as possible.

Financial and value for money issues

- 7.1 Central Government funding has reduced by £99,924 for the 2019/20 financial year. The changes to the SDA Policy and local guidance set out in this report is forecast to deliver a reduction in expenditure of £100,000 and will therefore align the SDA Policy to the latest Central Government funding allocation for DHPs.
- 7.2 The £100,000 is made up from the proposed change to the Policy which would remove second awards in the same financial year for claimants. This is forecast to save £60,000. To be clear this is an early indication based on current caseloads.
- 7.3 Also, local guidance includes a taper, meaning that those customers whose income is slightly above their expenditure can receive a reduced award. It is proposed that this taper is removed from local guidance for all applications from 1 April 2020 onwards meaning people who apply whose income is slightly higher than expenditure will no longer receive an award. Early indications suggest a reduction in these types of awards of around £40,000 to zero.

Legal implications

8.1 The principles of effective consultation require that:

- Consultation must be at a stage when proposals are still at a formative stage;
- The proposer must give sufficient reasons for it so as to "permit intelligent consideration and response";
- Adequate time must be given for consideration and response;
- The product of consultation "must be conscientiously taken into account in finalising any statutory proposals."

8.2 It is therefore essential that the consultation exercise is conducted in a comprehensive way and considered fully before a final decision is made by Cabinet. The report to Cabinet must include the outcome of the exercise and the justifications for the decisions made, in light of these outcomes.

8.3 Similarly, Cabinet must have available to it when it makes its decision, an Equality Impact Assessment that demonstrates the extent to which recipients who fall into the equality strands and who may be impacted by the proposals, have had their interests taken account of, so far as it is reasonably possible to do so.

Other significant implications

Equalities

9.1 An Equalities Impact Assessment (EIA) was done on 22 October 2019 as part of the consultation on the proposed change, to identify the impact on affected claimants. Representatives from the Equalities Hubs and Derby Advice provided feedback to contribute to the assessment. The EIA was reviewed when the outcome of the consultation was known to assess if any further equalities impacts had been identified, before making a final recommendation.

9.2 The consultation process was made accessible by using formats other than online. A paper version of the consultation form was available and an Easy Read version would have been made available for people with learning difficulties if required.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	29 November 2019
Finance	Toni Nash, Head of Finance	09 December 2019

Service Director(s)	Simon Riley, Director of Financial Services	11 December 2019
Report sponsor	Paul Simpson, Strategic Director of Corporate Resources	
Other(s)	Lynda Innocent, Head of Transformation and Business Applications	02 December 2019
	Liz Moore, Head of HR	06 December 2019
	Ann Webster, Equality and Diversity Lead	06 December 2019
	Laura Bandell, Communications Officer	04 December 2019

Background papers:		
List of appendices:	Appendix 1 – Single Discretionary Award Policy from 1 April 2020 (V2.0) Appendix 2 – Consultation Plan Appendix 3 – Consultation material Appendix 4 – Detailed analysis of consultation responses Appendix 5 – Equalities Impact Assessment	