

## Housing Benefit Circular

Department for Work and Pensions  
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# HB A18/2013

### ADJUDICATION AND OPERATIONS CIRCULAR

<b>WHO SHOULD READ</b>	All Local Authority Chief Executives, Benefit Managers, Revenue & Benefit Managers, and Housing Benefit (HB) staff
<b>ACTION</b>	For information
<b>SUBJECT</b>	<b>Discretionary Housing Payment Reserve Funding for the Removal of Spare Room Subsidy: Invitation to bid for funding</b>

### Guidance Manual

The information in this circular does not affect the content of the HB/CTB Guidance Manual.

### Queries

If you

- want **extra copies of this circular/copies of previous circulars**, they can be found on the website at <http://www.dwp.gov.uk/local-authority-staff/housing-benefit/user-communications/hbctb-circulars/>
- have any queries about the
  - **technical content of this circular**, contact Anne Brown  
Email: [anne.p.brown@dwp.gsi.gov.uk](mailto:anne.p.brown@dwp.gsi.gov.uk)
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# **Discretionary Housing Payment Reserve Funding for the Removal of Spare Room Subsidy: Invitation to bid for funding**

## **Introduction**

1. This circular sets out the arrangements for distributing the additional 2013 -14 £20 million Discretionary Housing Payment (DHP) reserve fund aimed at supporting some local authorities (LAs) with the Removal of Spare Room Subsidy (RSRS). This funding will be considered for LAs who are able to demonstrate some or all of the following:
  - that LAs have a robust local policy in place. Where an LA has not been able to achieve this so far it will not necessarily prevent a successful bid, providing you can clearly demonstrate an additional need and can provide evidence that corrective plans have been put in place for the remainder of the year. Corrective plans should clearly identify priorities, take into consideration all relevant factors when determining whether an award of DHP is appropriate, and be monitored along budget management principles
  - that LAs are managing your local scheme in a fair and appropriate manner, and there is a convincing case for additional in-year funding because of a significant increase in the number of RSRS DHP applications and awards, which is based on robust monitoring of your DHP spend to date, and realistic projections for the rest of the year
  - that LAs are working pro-actively with claimants and/or landlords and local claimant support groups (eg, Citizens Advice, or a local housing charity) to encourage tenants to take personal responsibility eg, looking for work, seeking to move to a smaller property, or managing their money to meet the shortfall (including considerations of lodgers)
  - that there are demonstrable circumstances in which the potential remedies for those affected by RSRS, eg work, alternative accommodation, are not available. This might include remote or isolated communities within LA areas who are not in receipt of the additional rural funding. It may also include circumstances where there is limited availability of property of a suitable size either in the social or private rented sectors
  - where feasible, you are actively promoting housing generation measures, eg home swap initiatives, and, where LAs own housing stock, house conversions or building projects
  - evidence that you have considered ways to top up the UK government's funding
2. LAs are invited to bid for additional DHP funding where you believe you meet the funding priorities outlined at paragraphs 9 and 10 below.

3. This is one-off funding designed to assist LAs in coping with the increased volume of RSRS DHP applications and supporting claimants as they make the transition to welfare reform; it is not intended to buy-out the RSRS policy.

## Background

4. On 30 July 2013, Ministers announced additional 2013 -14 funding of £20 million to support LAs who have experienced a significant increase in the number of legitimate DHP applications.
5. Funding is only to cover exceptionally high volumes of DHP applications arising from the RSRS, and is not to be diverted to supplement other areas of welfare reform.
6. To access a share of this funding, LAs will be required to make a successful bid. In exceptional circumstances LAs will be able to bid more than once. To make a successful bid LAs will have to demonstrate a high level of policy administration and budget management effectiveness.
7. We want to target funding where it is likely to have the most effect and help people in areas where the impact of the change is greatest.

## Making a bid

8. Bids for the fund should be able to demonstrate some of the following key requirements:
  - a clear and detailed and robust DHP policy, together with an explanation of any changes made to this policy since April 2013 (see paragraph 1)
  - provision of support for people affected by the measure:
    - helping tenants who have chosen to move with the cost of removal expenses and rent deposits
    - integration of LA housing options advice with DHP administration and direction of unsuccessful DHP applicants to either internal or external stakeholders for support, eg local welfare provision that may be able to help with moving costs<sup>1</sup>, money advice
    - an innovative approach to administering DHP and supporting those affected by the measure, including new ways of working within your LA and with stakeholders
  - an established need for funding, eg if you can demonstrate a disproportionate increase in DHP application volumes in your area from people who meet the criteria set out in your policy statement or where circumstances in which potential remedies are less readily available
  - that where you hold housing stock you are actively committed to housing generation, eg property conversions, house swap initiatives or by other

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<sup>1</sup> Previously Community Care Grants or non-alignment Crisis Loans

means which will support tenants through the RSRS; or alternatively where viable through the promotion of house-building projects

- that you are prepared to publish details of your initiative(s) and to share best practice with other LAs and the Department for Work and Pensions (DWP)
- that you have considered ways in which to top up the government's contribution.

## Funding priorities

9. Bids will be assessed internally by the DWP. Although bids will be looked at to see if they satisfy the above requirements we will also aim to allocate funding to LAs facing the greatest challenges, so will take account of the range of different bids when determining those which will be successful. However, funding is limited and therefore you may not receive the level of additional funding that you bid for.

## Bidding process

10. We will require submission of written bids, although further information or a meeting with some LAs may be requested in certain circumstances.
11. Final decisions will be made by DWP Ministers. Feedback will be provided to LAs whose bids are unsuccessful.
12. A bidding template is at Annex A of this circular. We will start considering bids from October 2013 and decisions will be made on a monthly basis. Given the rolling nature of the bidding process we will be balancing allocating on a first come first served basis with the need to ensure that there is funding available to respond to pressures that emerge later in the financial year. Please note that no bids can be accepted after 3 February 2014 in order to get payment out in time to provide meaningful support for those affected. Please ensure you complete all parts of the template and **return** to [anne.p.brown@dwpgsi.gov.uk](mailto:anne.p.brown@dwpgsi.gov.uk).
13. If you have any questions about the bidding process please contact [anne.p.brown@dwpgsi.gov.uk](mailto:anne.p.brown@dwpgsi.gov.uk)
14. Each bid must be signed off by your Finance Director.

## Conditions of funding

15. We want to ensure that the bidding and reporting processes are as light touch as possible and do not create unnecessary administrative burdens; however the minimum requirements for a successful bid are:
  - each bid must be supported by confirmation that the LA forecasts to fully utilize its existing main DHP allocation
  - funding is to be used for the purposes stated in the bid only, in accordance with paragraph 8 of this circular

- successful bidders will be expected to provide details of the sharing of innovative policies and best practice with DWP and other LAs
- a short report to account for funding will be required for each of the successful bids.

16. A questionnaire will be issued to successful bidders.

### **Payment**

17. Payments will be issued as soon as practicable following approval. It should be noted that you are **not** able to use these additional funds to top up your own contribution.

### **End of Year Accounting**

18. For end of year accounting purposes under and over-spends of this reserve DHP funding will be treated in the following way:

- on the submission of an LA's final DHP end of year claim, any underspend identified will be applied in the first instance to this reserve fund, and then subsequently to the main DHP allocation
- overspends on the other hand will not attract any action, as this will be deemed funding provided by the LA themselves. See examples below:

#### **Example 1**

19. LA has a main DHP allocation of £100 thousand, and bids for a reserve DHP fund of £20 thousand. At the end of the financial year the LA submits a final claim having only spent £95 thousand. In this instance it will be assumed that the £95 thousand has been spent from your original allocation, therefore DWP will recover £25 thousand; the full amount of the reserve DHP fund and the remaining part from the main DHP allocation.

#### **Example 2**

20. LA has a main DHP allocation of £100 thousand, and bids for a reserve DHP fund of £20 thousand. At the end of the financial year the LA submits a final claim having spent £125 thousand. In this instance it will be assumed that you have spent all your original allocation and the extra funding via the bidding process, and that the £5 thousand incurred is your contribution. No further action from DWP.

Annex 1

**Local authority application for Discretionary Housing Payment reserve funding to support the implementation of the Removal of the Spare Room Subsidy**

*This form should be completed in Microsoft Word.*

**Part 1 – about your local authority**

1. Please set out the name of your local authority in the box below

2. We need some information about your in-year Discretionary Housing Payment (DHP) provision:	
i) What was your total DHP allocation from the government for 2013-14?	£
ii) Have you added LA money to this year's DHP funding, and if so how much?	£
iii) What is your projected total DHP expenditure for the year?	£
iv) Have you submitted your six monthly DHP return to DWP? (Please attach a copy of your return to the application)	Yes/No*

*\*delete as appropriate*

3. The DHP guidance issued by DWP requires LAs to set a local DHP policy for the coming financial year. Please provide a high level description of your local policy. This will include details of priority groups and the circumstances in which payments are made. Please also indicate how you monitor DHP expenditure and the steps you are taking to live within budget.

4. As part of the preparation for the introduction of the removal of the spare room subsidy LAs were encouraged to utilize existing schemes to support residents who were likely to be affected by the change, including, for example, <i>home swap schemes, employment support initiatives and budgeting advice</i> . Please provide details of any schemes that you currently run, support or promote in your area. Where a scheme is a partnership initiative, please provide details of your local partners. Please indicate here whether your authority holds its own housing stock.

5. The introduction of the policy has highlighted the mismatch between the size of the current housing stock and local need. As a result some LAs and social landlords are revisiting their building plans (including conversions)

Please provide details of your local social housing building and conversion policy, including whether this has been reviewed as a result of the implementation of the removal of the spare room subsidy. Where your authority does not hold its own housing stock please provide details of the policies which social landlords in your area have put in place together with details of how you are supporting them in this.

Include here any projects or measures which are currently in place, or are due to be implemented in the near future together with information about the intended outcomes/success of these measures where available.

**Part 2 – your bid**

6. Is this your first application to the DHP reserve fund?

**YES/NO**

7. The Reserve Fund is intended to help LAs to support claimants to adjust to the removal of the spare room subsidy. Please provide details of your bid in the box below, including:

- a) Why additional funding is needed?
- b) How much funding are you bidding for?
- c) How many claimants would be supported with the additional funding?
- d) Do you intend to add LA funding to your DHP allocation?
- e) What outcomes do you expect the additional funding you have applied for to deliver?
- f) How will you measure the outcomes?
- g) Will your bid help to support a reduction in future DHP demand in 2014-15 and beyond, and if so, how?
- h) Any risks you have identified in connection with additional funding and the steps you will take to minimize the risks.

*(maximum of 1500 words)*



**Part 3 – Declaration**

<b>Local Authority Certificate</b>	
<ul style="list-style-type: none"> <li>• I apply on behalf of {insert name of local authority} for a payment from the DHP reserve fund of [£ ]</li> <li>• As Responsible Finance Officer, I certify that the information contained in this bid is accurate and that supporting evidence to certify this bid will be made available to the Department for Work and Pensions upon request</li> </ul>	
<b>Signed:</b>	<b>Date:</b>
<b>Name:</b>	<b>Position held:</b>
<p><b>The signature must be that of the officer who is responsible for finance pursuant to S.151 of the Local Government Act 1972 or S.95 of the Local Government (Scotland) Act 1973 as appropriate (Responsible Finance Officer)</b></p>	

<b>Finance Director's authorisation of the bid</b>
<b>Finance Director's name:</b>
<b>Finance Director's signature:</b>
<b>Date:</b>