



THE MORAY COUNCIL

REVENUES SECTION

DISCRETIONARY HOUSING PAYMENTS POLICY

Section 1

Introduction to Discretionary Housing Payments

1.1 Overview

Discretionary Housing Payments (hereby referred to as DHPs) may be awarded in addition to any welfare benefits when a local authority considers that a claimant requires further financial assistance towards housing costs.

Local authorities are responsible for the administration and payment of DHPs.

The regulations covering DHPs are **The Discretionary Financial Assistance Regulations 2001**. This policy has been updated to reflect the amendments to these regulations which ensure the scheme covers the introduction of Universal Credit and the abolition of Council Tax Benefit.

DHPs are not payments of benefit but can be made in addition to Housing Benefit or the housing cost element of Universal Credit when they do not cover the full rent.

The regulations give an outline of the discretionary scheme, however decisions must be made in accordance with ordinary principles of good decision making, i.e. administrative law. In particular, local authorities have a duty to act fairly, reasonably and consistently. Each case must be decided on its own merits, and decision making should be consistent throughout the year. There are no prescribed tests of either exceptional hardship or exceptional circumstances – authorities simply have to be satisfied that the person concerned is in need of further financial assistance for housing costs. The Department for Work and Pensions provides a guidance manual and a good practice guide to support local authorities' with decision making.

DHPs are subject to an annual cash limit (permitted total) which is set at 2.5 times the government contribution. It is unlawful to exceed this limit. The legislation which specifies the overall limit on expenditure is Article 7 of The Discretionary Housing Payment (Grants) Order 2001. Any unspent government contribution will have to be returned to DWP at the end of the financial year.

1.2 Definition of housing costs

Housing costs are not defined in the regulations which means that there is a broader discretion to interpret the term. In general, housing costs means rental liability; however, housing costs can be interpreted more widely to include:

- rent in advance
- deposits

- other lump sum costs associated with a housing need such as removal costs.

Following the abolition of Council Tax Benefit from April 2013, DHPs can no longer be awarded towards Council Tax liability. A shortfall between Council Tax Reduction and Council Tax liability cannot be met by DHPs.

The Council Tax Benefit Abolition (Consequential Amendments) Regulations 2013 remove reference to Council Tax and Council Tax Benefit within the Discretionary Financial Assistance Regulations 2001.

1.3 Definition of “further financial assistance”

There is no definition of the phrase ‘further financial assistance’ in law. It is up to the decision maker how it is interpreted. However, in most cases a claimant will need to demonstrate that they are unable to meet housing costs from their available income.

There is also discretion as to how the need for further financial assistance is determined, taking into consideration the claimant’s financial circumstances and any other relevant factors. It is good practice however to assess the customer’s household income and expenditure when assessing entitlement to DHP.

Before a payment can be made the decision maker must be satisfied that the claimant is entitled to:

- Housing Benefit; **or**
- Universal Credit (that includes a housing element towards rental liability);
and
- requires further financial assistance with housing costs.

A claimant who is receiving Council Tax Reduction **only** is not eligible for a DHP. This means a claimant who is receiving Council Tax Reduction but has not yet been awarded Housing Benefit or Universal Credit is not eligible for a DHP.

For the purposes of this policy, any reference to Universal Credit is where the claimant meets the above criteria, i.e. a housing element towards rental liability is included.

1.4 Housing costs that can be covered by DHP

The various types of shortfalls that a DHP can cover include (but not limited to):

- reductions in Housing Benefit or Universal Credit where the benefit cap has been applied;

- reductions in Housing Benefit or Universal Credit following the removal of spare room subsidy in the social rented sector;
- reductions in Housing Benefit or Universal Credit as a result of Local Housing Allowance Restrictions;
- rent officer restrictions such as Local Reference Rent or Shared Room Rate;
- non-dependant deductions in Housing Benefit or Universal Credit;
- rent shortfalls to prevent a household becoming homeless whilst the housing authority explores alternative options;
- reductions due to income tapers;
- rent deposits or rent in advance for a property that the claimant is yet to move into if they are already entitled to Housing Benefit or Universal Credit;
- rent for two properties when someone is treated as temporary absent from their main home, for example, due to domestic violence.

1.5 Housing costs that cannot be covered by DHP

There are certain elements of a claimant's rent that cannot be included in housing costs for the purposes of a DHP because the regulations exclude them.

Excluded elements are:

- ineligible service charges – services that are not eligible to be covered by Housing Benefit cannot be covered by a DHP;
- increases in rent due to outstanding rent arrears;
- certain sanctions and reductions in benefit;
- suspension of Housing Benefit or Universal Credit;
- rent, when the person is getting Council Tax Reduction but not Housing Benefit or Universal Credit;
- shortfalls in Housing Benefit or Universal Credit caused by recovery of an overpayment of benefit.

1.6 Level of DHP

The level of DHP must not exceed the weekly or monthly eligible rent on the home.

Eligible rent means all the payments specified in Regulation 12(1) of the Housing Benefit Regulations 2006 or the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 except those specified in Regulation 12(3)(b)(i) to (iii) of those regulations, i.e. deductions in respect of certain specified service charges.

In addition, eligible rent includes the maximum amount of housing costs within Universal Credit towards a rental liability, as specified within regulation 26 of the Universal Credit regulations 2013.

The level of payment may cover all or part of a shortfall in rent or assist with the cost of taking up a tenancy.

For lump sum payments such as deposits or rent in advance the weekly limit does not apply.

1.7 Claims for DHPs

The regulations require that there must be a claim for DHPs before the local authority can consider making a payment. However, that does not necessarily mean that there has to be a written claim form; claims may be accepted by telephone or electronically.

In most cases, the person who claims a DHP will be the person entitled to Housing Benefit or Universal Credit. However, local authorities can accept claims from someone acting on behalf of the person concerned, such as an appointee or advocate if the person is vulnerable and requires support or if the person has requested someone to act on their behalf.

When someone claims for a DHP, they must provide the information required to make a decision or look at a decision again (for example, details of income, capital and expenditure) and any other information in connection with their claim.

If a claimant is in receipt of Universal Credit, any information held for Council Tax Reduction purposes may also be used to process a claim for DHP. If no claim for Council Tax Reduction exists, data sharing powers introduced on 2 July 2012 provide a gateway for local authorities to obtain relevant information from the Department for Work and Pensions.

1.8 Notification of DHP

Local authorities must notify the claimant of the DHP decision in writing and with reasons and review/appeal procedures, as soon as is reasonably practicable.

As DHPs are discretionary arrangements, there are no appeal rights to a Social Security Tribunal, although the route of Judicial Review is available and the local government ombudsman if there is an allegation of maladministration.

If the claimant is unhappy with their award decision the local authority will in the first instance look at their decision again.

There is no legal requirement to notify landlords of a DHP decision, but it is good practice to do so if the payment is to be made to that landlord. The

upmost care must be taken to ensure that obligations of confidentiality to the claimant are not breached.

1.9 Length of payment

There is no limit to the length of time over which a DHP may be made.

It may be appropriate to make a short term award to give a claimant time to sort out their financial or housing circumstances, particularly if they are trying to find alternative accommodation or gain employment. A time-limited award may also be appropriate when an impending change of circumstances will result in an increase in benefit.

The start and end dates of an award should be decided on a case by case basis. The period of award should be made clear to the claimant.

If the purpose of the award is to meet a one off housing need such as a deposit or rent in advance, there is no requirement to specify the period of the award.

1.10 Payment cycles

Local authorities have discretion on the frequency of DHPs. However, it is good practice to award DHPs at the same frequency as the claimant's Housing Benefit or Universal Credit payment.

DHPs may be paid to someone other than the claimant, who could be an agent, an appointee or a landlord. In the case of a person entitled to rent rebate, DHPs can be credited to the rent rebate account.

There are no rules on backdating DHPs but regulations have been amended to make it clear that a DHP can only be considered for a period where the linked Housing Benefit or Universal Credit is payable.

1.11 Changes of circumstances

A claimant receiving DHPs is required to notify the local authority of any changes of circumstances which may be relevant to their DHP claim.

Local authorities are required to ensure the recipient is aware of the changes they should report. There is no statutory timescale for notification; however claimants should be advised to notify changes as soon as reasonably practicable.

Many changes of circumstances that claimants have a duty to report for Housing Benefit or Universal Credit purposes may also be relevant to their DHP claim and this information can be used to review the level of the DHP.

1.12 Ending DHP

There are instances other than a change of circumstances when DHPs can be stopped.

- The local authority decides that DHPs are being, and/or have been made because someone has misrepresented or failed to disclose a material fact, fraudulently or otherwise; and/or
- when they have been paid as a result of an error.

1.13 Overpaid DHP

Overpaid DHPs can be recovered if the local authority decides that payment has been made as a result of misrepresentation or failure to disclose a material fact, either fraudulently or otherwise. They can also be recovered if they have been paid as a result of an error made when the claim was determined.

DHPs cannot be recovered from ongoing payments of Housing Benefit or Universal Credit. There is also no provision for recovery of overpaid DHPs from other prescribed benefits. Therefore the only method of recovery if a DHP is overpaid is to request repayment of the debt from the claimant, for example, via invoice.

1.14 Financial assurance

The Discretionary Housing Payments (Grants) Order 2001 requires local authorities to submit a claim form providing details of DHP expenditure. This request occurs twice a year – 1 September and 30 April. Local authorities are required to complete and return the form to DWP accounting services.

The claim form must be signed by the Responsible Finance Officer within the LA (pursuant to S.95 of the Local Government (Scotland) Act 1973).

In addition to providing details of DHP expenditure, the Responsible Finance Officer must certify that all entries on the claim form are accurate and expenditure has been made in accordance with this guidance and the regulations governing DHPs.

1.15 DHP funding allocation

The baseline funding towards DHPs from the UK Government is £20 million per year. Following recent welfare reforms, central Government funding has been increased to reflect the increased demand for DHPs.

The allocation of funding has been agreed following consultation with local authority associations and the distribution formula is intended, as far as possible, to target resources according to need within an authority.

Local authorities will continue to receive a single allocation – funding will not be ring fenced into categories. However, following the increased funding local authorities will be required to provide DWP with some additional information.

1.16 Reporting measures

From April 2013, the Department for Work and Pensions will look at how DHPs are being used to support claimants affected by the welfare reforms and as a result local authorities are required to provide supplementary data.

Following a successful application for a DHP local authorities are required to record if the claimant has been affected by one of the following and the amount.

- benefit cap
- removal of spare room subsidy in social rented sector
- local housing allowance restrictions
- combination of reforms
- no impact

The intended outcome should also be recorded as one of the following factors, which are broadly grouped into the areas that cover the policy intention of DHPs:

- To help secure and move to alternative accommodation (e.g. 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 a disabled person in adapted accommodation
- To help with on-going rental costs for a foster carer
- To help with short-term rental costs for any other reason

Appendix A provides information on the welfare reforms and the factors that should be considered when deciding entitlement to DHP.

Section 2

Managing the DHP scheme in Moray

2.1 Objectives

It is the aim of the council to actively attempt to utilise the full Government contribution ensuring that Housing Benefit and Universal Credit claimants with exceptional circumstances or exceptional hardship are financially assisted with their housing costs. This may involve carrying out initiatives to target those with low incomes who require additional help with their housing costs.

The following objectives will be considered when making decisions.

- Alleviating poverty
- Encouraging and sustaining people in employment
- Tenancy sustainment and homelessness prevention
- Safeguarding residents in their own homes
- Helping those who are trying to help themselves
- Keep families together
- Supporting domestic violence victims who are trying to move to a place of safety
- Supporting the vulnerable or elderly in the local community
- Helping claimants through personal and difficult events
- Supporting young people in the transition to adult life
- Promoting good educational outcomes for children and young people
- Supporting the work of foster carers
- Supporting disabled people to remain in adapted properties

2.3 Customer Care

This policy will ensure:

- The full promotion and protection of customer rights;
- The operation of a fair and effective decision-making process;
- That overpayment recovery decisions do not cause undue hardship to debtors;
- The extra needs of vulnerable customers are fully recognised and accommodated;
- The provision of a prompt, effective and welcoming service for customer enquiries.

2.4 Equality

In applying this policy, no individual concerned will be discriminated against on any grounds whatsoever including physical or mental disability, age,

marital status, sexual orientation, racial ethnic or social origin, religious beliefs or political opinion. All communication will be in 'plain language'. Appropriate arrangements for communicating with customers who have special needs including difficulty with vision, hearing, learning, literacy or numeracy, will be made.

2.5 Performance review and reporting

This policy will ensure that the council will undertake a regular review (annually as a minimum) of the policy and performance against objectives through consultations and reporting to Members.

The Council will comply with the Department for Work and Pensions' reporting regime in respect of the number of claims and awards of DHPs.

2.6 Compliance with regulations

The Council will only award DHPs lawfully within the scope of the regulations as clarified in this document.

2.7 Decision making

Examples of good practice should be used to assist with decision-making.

Each case must be considered fairly and based on its own merits rather than on a set of rigid pre-defined criteria.

The Council will only consider backdating DHPs when continuous good cause has been shown throughout the period of request.

The Council has the discretion whether or not to recover overpayments of DHPs. Each case will be assessed on its own merits. Where the Council has decided to recover an overpayment of DHP, the person(s) affected by that decision will be notified in writing. The claimant may not be the only person affected if the DHP has been awarded to someone else, for example, the claimant's landlord.

2.8 Claims and payments

The Council will make available a claim form for the purposes of claiming DHPs. The form will contain plain English and will provide clear guidance on the information required to assess entitlement to DHPs and the claimant's responsibilities to notify the council of changes in their circumstances.

If further information is required from the claimant to establish their financial circumstances, the claimant will provide this information within 1 month of

being requested (this is in line with Housing Benefit regulations). This period can be extended if the claimant experiences difficulties in supplying the information.

If a claimant is unwilling or unable to provide information in support of a claim, it will be assessed on the basis of the evidence that is available. This will include other information held within the Housing Benefit file, on the Council Tax system or other supporting information from the claimant's housing officer or social worker.

Information may also be verified with the Department for Work and Pensions and Her Majesty's Revenue and Customs where applicable.

The provision of relevant verification will be necessary to support a claim. This will be specified on the claim form itself and in any response to partially completed claim forms.

When assessing a claim the following factors will be taken into consideration.

- Has the claimant demonstrated that they need additional help?
- Are the housing costs reasonable?
- Could the claimant negotiate a rent reduction?
- Is there an immediate risk of eviction if help with housing costs is not provided?
- What other outgoings does the claimant have which make it harder for them to meet their housing costs?
- What assets does the claimant have which might be used to help with their housing costs?
- Can the claimant access other income sources?
- Does the claimant have disregarded income that might be used?
- Has the claimant tried to seek alternative accommodation?
- Could the claimant relocate to alternative accommodation that would incur lower housing costs?
- Are all those living in the household contributing financially?
- Is there a risk of the claimant being declared statutorily homeless if a payment is not made?

This list is not exhaustive and other circumstances may also be considered.

DHPs will be paid at the same frequency as Housing Benefit or Universal Credit as this will reduce confusion for claimants and landlords.

2.9 Notification

Where a DHP has been awarded, the Council will notify the claimant in writing providing details of the amount, the period of the award, the payment frequency and who the DHP will be paid to. If the award does not fully cover the shortfall between contractual rent and the Housing Benefit or housing cost

element of Universal Credit, an explanation of how the award was calculated will also be provided.

The notification will also provide information on how the claimant can request a review of their decision if they are unhappy with the outcome and how they can notify the Council of changes in their circumstances.

Where a DHP has been awarded and Housing Benefit or housing cost element of Universal Credit is being paid directly to the claimant's landlord, the Council will also notify the landlord that the claimant has received a DHP. This notification will provide details of the amount and frequency of the award. The notification will not provide details regarding the claimant's personal circumstances or how the award was calculated.

Notification letters providing details of awards will also explain that DHPs are from a cash limited fund and consequently, payments may not be awarded indefinitely.

If a claimant has requested an award of DHP and that award has been denied, the Council will notify the claimant in writing as to the reason for the decision.

Claimants will also be notified of the DHP review process.

2.10 Review

Ongoing payments of DHP will be reviewed at the same time as Housing Benefit or Council Tax Reduction is reviewed. This process will also involve checking the cash limit before continuing with the DHP. The Council will notify the claimant of any changes in writing.

Where a claimant reports a change in their circumstances and an award of DHP is ongoing, the Council will review that award and notify the claimant of any changes in writing.

The claimant may request that the Council look again at the decision. This request should be made in writing within 1 month from the date of the Council's original decision.

Where the claimant has requested the Council to look again at the decision (1st tier review), an officer within that service, other than the one who made the original decision, will be required to review the decision and notify the claimant within 15 working days. This 1st tier review offers an opportunity to check and "re-make" the original decision, based on a thorough look at the evidence and any new information, to check that the decision made by the first decision maker is fair and reasonable. The process for carrying out the review should be the same as the process for considering a new case, however in certain circumstances additional information or evidence may be required.

The following points should be recorded.

- What the claimant requires the DHP for (i.e. on-going hardship or one off payment to meet, for example, rental deposit)
- What are the considered to be material facts
- What evidence was taken into consideration
- What evidence was gathered from third parties
- What factors, if any, were actively disregarded in making the decision and why
- The cost of the award and the current DHP budget situation.
- How factors were weighed against each other to come to a decision, i.e. the reason why the 1st tier review was accepted or rejected.

In the event that the claimant is unsatisfied with the review decision, the 2nd tier review decision will be carried out by a panel of senior Council officers, independent to the service administering DHPs. The panel will notify the claimant of their decision within 15 working days of the 2nd tier review request. The decision of the review panel is final.

This 1st and 2nd tier review process for DHPs brings it in line with the current Scottish Welfare Fund review procedures as set out by the Scottish Government.

If the claimant feels they were treated badly or have other complaints about customer service or other matters that cannot be dealt with through the review process, they may make a complaint through the Council's corporate complaints process or to the Scottish Public Service Ombudsman.

2.11 Governance

The Benefits Manager will oversee all decisions made on DHP claims and will authorise awards in respect of individual claims.

The Council will refund any unused Government contribution to the Department for Work and Pensions.

The Benefits Manager will report to the Head of Financial Services if the UK Government's contribution is likely to be exceeded throughout the financial year. It will be for Members to decide if an additional contribution from the Council is appropriate.

DHPs paid in any given financial year will not exceed 2.5 times the amount of the UK Government's contribution.

DISCRETIONARY HOUSING PAYMENTS

WELFARE REFORMS

1. Support for claimants affected by the benefit cap

1.1 Background

From April 2013, the total award of household benefit payments for working-age claimants will be capped. For the purposes of applying the benefit cap a household is defined as a claimant, their partner and any children they are responsible for and who live with them.

Initially the cap will be applied by local authorities through Housing Benefit payments. When a household's total benefit entitlement exceeds the cap the local authority will reduce the level of Housing Benefit by the excess amount. A minimum amount of £0.50 will be paid when the reduction of the excess would otherwise remove all payments of Housing Benefit.

From October 2013 the cap will be applied through Universal Credit.

Total entitlement to benefit payments will be capped at £500 per week for couples and lone parent households. The level of entitlement for single adults will be capped at £350 per week.

For those claiming Universal Credit the cap will be applied for the assessment period, which will be monthly. The direct monthly equivalent limits are £2167 for couple and lone parent households and £1517 for single households.

There are some exemptions from the cap among benefit recipients. The benefit cap is intended to increase work incentives, therefore households considered to be "in-work" will be exempt. Claimants in receipt of Housing Benefit will be considered in-work and be exempt from the benefit cap if they are entitled to Working Tax Credit.

Claimants on Universal Credit will be considered to be in-work if they earn £430 or more gross per month which is equivalent to 16 hours at the National Minimum Wage.

Households where someone is in receipt of one of the following benefits will also be exempt.

- Attendance Allowance;
- Industrial Injuries Benefit (and equivalent payments made as part of a War Disablement Pension or the Armed Forces Compensation Scheme);
- Employment and Support Allowance with a support component.

- Disability Living Allowance or its replacement Personal Independence Payment;
- Armed Forces Independence Payment;
- Where a person is not receiving Disability Living Allowance, Attendance Allowance or a War Disablement Pension because they are in hospital or a care home, the exceptions will continue to apply;
- War widows and widowers will also be exempt.

From the introduction of the cap, there will be a grace period of 39 weeks for those claimants who have been in work for the previous 12 months and find that their circumstances have changed because their job has ended. This will allow people time to find alternative employment or consider other options to avoid the impacts of the cap. The grace period will apply equally to those whose job finishes before or after the introduction of the cap.

1.2 Support

The Government has provided additional funding towards DHPs following the introduction of the benefit cap. This additional funding is intended to support those claimants affected by the benefit cap who, as a result of a number of complex challenges, cannot immediately move into work or more affordable accommodation.

It is specifically aimed at a number of groups who are likely to be particularly affected by the benefit cap. These include (but are not limited to):

- Those in temporary accommodation;
- Individuals or families fleeing domestic violence;
- Those with kinship care responsibilities;
- Individuals or families who cannot move immediately for reasons of health, education or child protection;
- Households moving to, or having difficulty finding more appropriate accommodation.

There will be a number of ways that claimants affected by the cap may re-act to having their Housing Benefit or Universal Credit reduced by the benefit cap. The Department for Work and Pensions intention is that the majority will move into work and so become exempt from the cap. Some may choose to move whilst others may consider other means by which they might be able to meet any short fall such as trying to negotiate a reduction in their rent or meeting the shortfall from other income or capital.

Those who are affected by the cap will have access to and receive support from Jobcentre Plus and, where appropriate, the Work Programme to help them find work. People in receipt of working tax credit will be exempt from the cap.

DHPs can make an important contribution to managing the transition for claimants whilst they make the necessary changes to adapt to the application of the benefit cap. It is important to note that there will not be enough funding

to meet every shortfall as a result of benefit cap so local authorities need to target this funding at those who need it most.

2. Support for claimants affected by removal of the spare room subsidy

2.1 Background

From April 2013 working-age claimants living in the social rented sector may face a reduction to their eligible rent if they are under-occupying their property. The level of under-occupation is determined by the Local Housing Allowance size criteria (however, the Shared Accommodation Rate is not applicable).

The rates of reduction to the eligible rent for those affected by this measure are:

- 14% where there is under-occupation by 1 bedroom; and
- 25% where there is under-occupation by 2 or more bedrooms.

The Department for Work and Pensions expect that most claimants affected by this measure will find ways of making up the shortfall themselves, in order to remain in their existing home.

2.2 Significantly adapted accommodation

The Government has added additional funding to the DHP fund from 2013/14, specifically aimed at supporting disabled people living in significantly adapted accommodation – including any adaptations made for disabled children.

For claimants living in specially adapted accommodation, it will sometimes be more cost-effective for them to remain in their current accommodation rather than moving them into smaller accommodation which needs to be adapted. The Department for Work and Pensions recommend that local authorities identify people who fall into this group and invite a claim for DHPs.

There is no definition of significantly adapted accommodation. It is up to local authorities to decide what constitutes significantly adapted accommodation, based on local knowledge and individual circumstances.

2.3 Adoptive parents

Claimants who have been approved as adopters are required to have a bedroom for an adopted child. Until the child forms part of the household, removal of the spare room subsidy may apply and DHPs can be used to provide support in the interim period.

Similarly, people going through the approval process to become adoptive parents will need to show that they have a spare room for a child. If a DHP is paid on this basis it will be the responsibility of the claimant to inform the local

authority of any change of circumstances if, for example, they were not subsequently approved.

In some cases the local authority will specify that an adopted child should have their own room, and not share with another child. DHPs may be used on an on-going basis to provide support where an additional bedroom is not allowed for housing benefit purposes.

2.4 Foster carers

Foster Carers will be allowed **one** extra bedroom under the size criteria rules providing they have fostered a child or became an approved foster carer within the last 52 weeks. This also applies to formal Kinship Carers in Scotland.

Some claimants may be caring for siblings, or for two or more unrelated foster children, and require additional bedrooms. National minimum standards for Fostering Services state that a foster child over the age of 3 should generally have their own room. However, the size criteria rules only allow foster carers (or formal Kinship Carers in Scotland) to have one extra bedroom; therefore a DHP may be awarded to help cover any reduction in housing benefit due to the additional rooms that are required.

People going through the approval process to become foster carers will need to show that they have a spare room to be approved. If a DHP is paid on this basis it would be up to the claimant to inform the LA of any change of circumstances if, for example, they were not subsequently approved.

3. Support for claimants affected by LHA reforms

3.1 Background

Since April 2011, the calculation of Local Housing Allowance (LHA) rates has been revised and these changes are likely to result in an increase in demand for DHPs, particularly as any protection measures come to an end. The changes are as follows:

- the five bedroom LHA has been removed so that the maximum rate is for a four bedroom property;
- LHA rates are set at the 30th percentile of local rents in each Broad Rental Market Area, rather than at the median or 50th percentile;
- weekly absolute caps for each property size were introduced and fixed at these rates for two years until annual uprating introduced:

£250 for a one bedroom property
£290 for a two bedroom property
£340 for a three bedroom property
£400 for a four bedroom property

From January 2012, the age threshold for the Shared Accommodation Rate for single people was extended from age 25 to those up to age 35.

In preparation for the annual uprating of LHA (previously, rates were calculated on a monthly basis) rates were frozen at the April 2012 rates up to March 2013. From **April 2013**, LHA rates will be uprated annually at the lower of:

- The previous LHA rate uprated by the previous September's CPI; or
- The 30th percentile of local market rents in the previous September

For the following two years, (April 2014 and April 2015), LHA annual increases will be capped at 1% in line with the increases for other benefits.

The precise impact of all these measures depends on the choice of accommodation made by LHA recipients and whether landlords decide to restrict their rent increases in line with LHA rates, but it could mean some claimants have a greater shortfall between their LHA and their rent.

3.2 Support

Following the changes to LHA from April 2011, a period of transitional protection was introduced to give existing claimants time to look for alternative accommodation or adjust to their revised award of Housing Benefit. However, some claimants may still need assistance beyond the period of transitional protection.

In addition, the introduction of the LHA shared accommodation rate for claimants aged under 35 may result in a greater demand for DHPs. The Government has increased the DHP budget aimed at helping local authorities to provide additional support to claimants who have been impacted by these changes.

4. Support for rural areas

4.1 Background

Normally, claimants may find work, increase hours, take in a lodger or ask for higher contributions from family member to mitigate the impact of the welfare reforms.

These remedies are less readily available to people living in remote or isolated communities, because of location and in addition there is a lack of smaller properties to downsize to.

4.2 Support

A standard definition of a remote or isolated community does not exist therefore it is appropriate to determine whether a person's location has a significant impact on their ability to meet the rent shortfall.

The following factors may be taken into consideration:

- The distance and travelling time to the nearest settlement. One measure of settlement would be a town or village where there are businesses and services that could provide employment.
- The distance by public transport to or from the nearest settlement.
- The availability, regularity and timing of public or community transport services.
- The claimant's (or partner's) ability to use public transport, having regard to physical or mental health issues.
- The cost of public transport, having regard to the higher costs associated with car use in rural areas.
- The availability or relative scarcity of properties locally. You may wish to have regard to homes under construction but not yet available for occupation.
- Informal care arrangements from or for relatives, friends or neighbours where there is limited access to more formal care services.
- The impact on the wider community, i.e. whether without a DHP families would face the upheaval of moving to a different area and this in turn compromises the availability of services in that community (e.g. possible closure of a small school if there is a reduction in number of children attending).

Note: this list is not exhaustive.