



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Cabinet

18 January 2024

Report of Councillor Ashley Baxter,
Deputy Leader of the Council

Discretionary Housing Payment Policy 2024/25

Report Author

Claire Moses, Head of Service (Revenues, Benefits, Customer and Community)



claire.moses@southkesteven.gov.uk

Purpose of Report

This report provides an update on Discretionary Housing Payment (DHP) expenditure and requests Cabinet approves the policy for 2024/25.

Recommendations

Cabinet is asked to approve the policy for the administration of Discretionary Housing Payments for 2024/25.

Decision Information

Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Healthy and strong communities High performing Council
Which wards are impacted?	All wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

- 1.1 Funding for Discretionary Housing Payment is determined by the Department for Work and Pensions on an annual basis. Funding for 2024/25 was confirmed on 5 July 2023
- 1.2 Given the demands on the General Fund it is not recommended that any significant expenditure above the DHP grant allocation is made.
- 1.3 When HRA tenants apply for, and are successful in, their application for DHP grant this is beneficial for the HRA as the payment of the grant towards housing costs can stop arrears from forming or reduce the level of arrears.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

- 1.4 The Council's practices, in relation to the allocation of DHP payments, are in line with its legal duties. The Council is not obliged to contribute any de minimus levels from its own resources.
- 1.5 As the proposed policy for 2024/25 does not contain any material amendments, there are no legal implications. However, the Council is adhering to best practice by reviewing the policy and keeping it up-to-date.

Completed by: Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer

2. Background

- 2.1 The Council has a clear commitment in its Corporate Plan 2020-2023 to healthy and strong communities and being a high performing council. This report, and the support provided through the Council's Discretionary Housing Payment Scheme, delivers these priorities.
- 2.2 The Department for Work and Pensions (DWP) provides extra funding to Local Authorities (LA) to provide claimants in receipt of Housing Benefit (HB) or Universal Credit (UC) further financial assistance with their housing costs in cases where there is a shortfall between the HB entitlement and the rent payable.

- 2.3 The Discretionary Financial Assistance Regulations 2001 (SI 2001/1167) as amended by the Discretionary Financial Assistance (Amendment) Regulations 2008 SI 2008/637 provide a statutory framework for the administration of Discretionary Housing Payments (DHP). However, these regulations provide very broad discretion in respect of how these payments should be administered. Further, local authorities have a duty to act fairly, reasonably and consistently. Each case must be considered on its own merits, and the decision making should be consistent throughout the financial year.
- 2.4 The amount of DHP that a council can provide in a financial year is cash-limited by the Secretary of State. Each council receives a grant from the Government to fund part of this amount and has the option to pay over and above this amount up to a maximum of two-and-a-half times the grant allocation. However, any additional funding on this basis would have to be made from the Council's own finances.
- 2.5 The administration and payment of DHP is at the discretion of each LA. South Kesteven District Council has a DHP Policy which sets out eligibility and the application process. This is detailed further in the 'Discretionary Housing Payments Policy' section of this report in paragraphs 2.19 to 2.24.
- 2.6 Since 2011/2012, additional DHP government contribution funding has been made available to enable LAs to provide transitional support to claimants as they adjusted to the Housing Benefits (HB) Welfare Reforms.
- 2.7 The likelihood of an increased demand on DHPs to assist households affected by welfare reform changes made to the National Benefits System, which began in 2013, was recognised by the Government. As a result, there was a significant increase in DHP allocations from 2013/14 onwards.
- 2.8 Discretionary Housing Payments (DHPs) are intended help people with housing costs, providing financial assistance in situations where the Council considers that additional help is required. This may include situations where a claimant is affected by one or more of the welfare reform measures (such as the benefit cap, removal of the spare room subsidy in the social rented sector and those affected by Local Housing Allowance Rates). In such circumstances it is possible the benefits received by the claimant might be insufficient to cover their housing costs even after HB or the housing costs element of UC have been awarded.

Expenditure

- 2.9 In order to provide LAs with consistency and certainty to plan delivery over the next two years, DHP funding for financial years 2023/24 and 2024/25 is confirmed at a national level of £100 million per year. The DWP has stated this is consistent with the total funding provided to LAs in 2022/23. As a result of this decision, in 2024/25 South Kesteven will receive the same allocation level as received in 2023/24 – this being £155,861.

- 2.10 On 15 July 2023 the Council's DHP allocation for 2023/24 was confirmed by DWP as being £155,861, an increase of 2.04% on the previous year.
- 2.11 The Government has previously made it clear that DHPs are not intended to replace lost benefits but to provide, instead, extra resources that local authorities can use to assist those most affected by the changes to adjust to a long term, sustainable and affordable approach.
- 2.12 The table below shows the amount of government contribution received in recent years, the total permitted spend (top-up limit) that the Council could make in each year and the actual level of expenditure. The 'remaining' figure in the table is the difference between the government contribution and the expenditure. The remaining amount for 2023/24 is as up to 16 October 2023.

	2019/20	2020/21	2021/22	2022/23	2023/24
Government Contribution	£204,057	£289,993	£219,907	£152,696	£155,861
Top-up limit	£510,143	£724,831	£549,768	£381,740	£389,653
Expenditure	£203,824	£284,264	£208,211	£152,617	£84,588
Remaining (to be allocated)	£233	£5,729	£11,696	£79	£71,273

- 2.13 Any underspend in DHP below the level of government contribution received is known to have an adverse effect on the allocation of future grants. It is, therefore, essential to carefully balance the risk of underspending the grant allocation versus any overspend that results in a contribution from the Council's own funds. Rigorous monthly budget monitoring is crucial to manage the risks involved.
- 2.14 The increase in DHP funding in 2020-21 included rolled-over funding from 2019-20 (national amount of £139.5m) and additional funding allocated at the Spending Round (national amount of £40m).
- 2.15 The distribution of the rollover of DHP government funding comprises four separate areas of support:
- Core Funding
 - Local Housing Allowance
 - Removal of the Spare Room Subsidy; and
 - Benefit Cap
- 2.16 The additional £40m was allocated based on affordability pressures in the private rented sector.
- 2.17 In most years, actual spend has been very closely aligned to the level of grant received, meaning that, it has been unnecessary for any contribution to be made from the Council's own resources or the contribution required has been minimal.

- 2.18 The table below shows a summary of all claims received, number awarded, denied and withdrawn, along with the % awarded and average value of award. The figure for 2023/24 is up to 16 October 2023.

	2019/20	2020/21	2021/22	2022/23	2023/24
No. applications received	700	589	529	563	296
No. payments awarded	364	365	329	272	130
No. applications denied		200	132	223	82
No. applications withdrawn		24	68	68	4
Proportion of awards approved (%)	52.00%	61.97%	62.19%	48.31%	43.92%
Expenditure (£)	£203,824	£284,264	£208,211	£152,617	£84,588
Average award (£)	£559.96	£778.81	£632.86	£561.09	£650.68

- 2.19 Applications are denied when a claimant does not meet eligibility requirements as set out in the policy. The common reasons for denying an application are:

- There is no shortfall between rent and Housing Benefit award as full Housing Benefit or Universal Credit Housing Cost is in payment
- There is no current Housing Benefit or Universal Credit Housing Cost award
- Income exceeds expenditure – resulting in remaining income to meet the shortfall
- Applicant has not provided the further information requested
- Applicant has excess capital
- Applicant is not resident in the property they are applying for.

Discretionary Housing Payments Policy

- 2.20 The administration and payment of DHP is at the discretion of each LA. South Kesteven District Council has a DHP Policy which sets out eligibility for the scheme and the application process. The proposed policy for 2024/25 is included within Appendix One to this report.
- 2.21 The aim of the policy is to enable our most vulnerable residents, who cannot access any other income, to sustain their home and health.
- 2.22 Awards of Discretionary Housing Payments may be made where a resident has a short-term financial difficulty or has continuing and unavoidable needs that mean they are unable to pay their rent. Awards will normally be for a defined period.

- 2.23 Consideration will be given to whether all other discounts and sources of help have been exhausted. Where appropriate, decisions will be deferred until other avenues have been explored.
- 2.24 There is a need for proactive work and support due to the ongoing impacts of Welfare Reform and Cost of Living on residents. Whilst the effects of Welfare Reform have impacted a significant number of people and increased the need for DHP, it is important to note that DHP is also payable to people who require further financial assistance that have not been impacted by these changes. The ongoing reduction in DHP funding will inevitably have an impact on the level and duration of DHP awards, however, it is intended that by working with customers in line with the policy these impacts can be managed and mitigated with longer-term sustainable solutions.
- 2.25 It is important DHP is recognised as support for those in short-term crisis. Where longer term support is required, this is achieved through identification of additional longer term financial support – such as income top-ups, referrals to the Council's Cost of Living Team, referrals to external support agencies such as Citizens Advice and Money and Pensions Service. For South Kesteven tenants, liaison with our Housing Team is important to ensure there is a holistic approach to prevent homelessness and to ensure the resident is supported through our Tenancy Support Team.

3. Key Considerations

- 3.1 The Council's current policy has been in place for some time and has been updated annually in line with delegated powers. It is appreciated this is an important policy, which provides detail of additional financial support available to our residents. Therefore, it is important this policy is reviewed on an annual basis, not only to ensure the policy is fit for purpose, but to be reactive to any issues our residents are facing.

4. Other Options Considered

- 4.1 There are no other options to consider, other than to not approve the policy.

5. Reasons for the Recommendations

- 5.1 These are set out in the report.

6. Consultation

- 6.1 On 28 November 2023, Finance and Economy Overview and Scrutiny committee considered the policy as detailed in Appendix One.

7. Background Papers

- 7.1 A full report was presented to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 28 November 2023 (item 12) agreeing to recommend to Cabinet the approval of the policy. The report can be located here: [Agenda for Finance and Economic Overview and Scrutiny Committee on Tuesday, 28th November, 2023, 2.00 pm | South Kesteven District Council](#)

8. Appendices

- 8.1 Appendix 1: Discretionary Housing Payment Policy – 2024/25