



Tuesday, 3 December 2024

Councillor Ashley Baxter,
Leader of the Council, Cabinet Member
for Finance, HR and Economic
Development

Discretionary Housing Payment Policy 2025/26

Report Author

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Purpose of Report

This report provides an update on Discretionary Housing Payment (DHP) expenditure and requests Cabinet approves the policy for 2025/26.

Recommendations

That Cabinet approves the policy for Discretionary Housing Payments for 2025/26.

Decision Information

Is this a Key Decision?	No
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Enabling economic opportunities Effective 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 and Procurement

- 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 23 April 2024.
- 1.2 Funding for 2025/26 is not likely to be announced until after the Council sets its budget.
- 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: Paul Sutton Interim Head of Finance (Deputy 151)

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 2025/26 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, Monitoring Officer

2. Background to the Report

- 2.1 The Council has a clear commitment in its Corporate Plan 2024-2027 to enabling economic opportunity and being an effective 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 2.12 to 2.17.
- 2.6. Discretionary Housing Payments (DHPs) are intended help residents 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

- 2.7. DHP funding for 2024/25 was announced on 23 April 2024 and as a result, South Kesteven received £155,861. This was the same allocation as 2023/24 as the DWP stated they wanted to provide LAs with consistency and certainty to plan delivery during 2023/24 and 2024/25.
- 2.8. 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.
- 2.9. The table below shows the amount of Government contribution received in recent years and the actual level of expenditure. The 'remaining' figure in the table is the difference between the Government contribution and the expenditure.

	2019/20	2020/21*	2021/22	2022/23	2023/24	2024/25
Government Contribution	£204,057	£289,993	£219,907	£152,696	£155,861	£155,861
Expenditure	£203,824	£284,264	£208,211	£152,617	£155,861	£91,309
Remaining (to be allocated)	£233	£5,729	£11,696	£79	£0	£64,552**

* 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).

** The remaining amount for 2024/25 is expenditure as up to 21 October 2024. It is expected all funding will be issued by 31 March 2024.

- 2.10 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 2024/25 is up to 21 October 2024.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
No. applications received	700	589	529	563	547	362
No. payments awarded	364	365	329	272	296	140
No. applications denied		200	132	223	213	108
No. applications withdrawn		24	68	68	6	5
Proportion of awards approved (%)	52.00%	61.97%	62.19%	48.31%	54.11%	38.67%
Expenditure (£)	£203,824	£284,264	£208,211	£152,617	£155,861	£91,309
Average award (£)	£559.96	£778.81	£632.86	£561.09	£526.56	£652.21

- 2.11 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

- 2.12 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 2025/26 is included within Appendix One to this report.
- 2.13 The aim of the policy is to enable our most vulnerable residents, who cannot access any other income, to sustain their home and health.
- 2.14 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.
- 2.15 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.
- 2.16 There is a need for proactive work and support due to the ongoing impacts of Universal Credit Migration and Cost of Living on residents. Whilst the effects of Universal Credit Migration 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.
- 2.17 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 Services 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 To not approve the Policy or continue the Discretionary Funding.

5. Reasons for the Recommendations

- 5.1 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.

6. Appendices

- 6.1. Appendix 1: Discretionary Housing Payment Policy – 2025/26