



Finance and Economic Overview and Scrutiny Committee

Tuesday, 18 November 2025

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

Discretionary Payment Policies 2026/27

Report Author

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

claire.moses@southkesteven.gov.uk

Purpose of Report

To update on expenditure and review responses to public consultation on the Discretionary Council Tax Payment (DCTP) Policy 2026/27 and Discretionary Housing Payment (DHP) Policy 2026/27.

Recommendations

The Committee is asked to:

1. Consider and comment on the feedback from the public consultation.
2. Recommend to Cabinet the Discretionary Council Tax Payment Policy for 2026/27 with a change to limit the amount of household capital (claimant and/or partner) to £4,000
3. Recommend to Cabinet a 'no change' Discretionary Housing Benefit Policy for 2026/27.

Decision Information

Does the report contain any exempt or confidential information not for publication?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 Council Tax Payment is determined as part of the Localised Council Tax Support Scheme decision making process. The Scheme will be considered by Council on 29th January 2026.
- 1.2 Funding for Discretionary Housing Payment (DHP) is determined by the Department for Work and Pensions on an annual basis, which, at time of writing has not been confirmed for 2026/27.
- 1.3 Given the demands on the General Fund it is not recommended that any significant expenditure above the DHP grant allocation is made. 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.

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 Discretionary Council Tax Payments, are in line with its legal duty as part of the Localised Council Tax Support Scheme which is currently going through the relevant decision making process. The Council's practices, in relation to the allocation of Discretionary Housing Payments, are in line with its legal duties. The Council is not obliged to contribute any additional funding from its own resources.
- 1.5 As the proposed policies for 2026/27 do not contain any material amendments, there are no legal implications. However, the Council is adhering to best practice by reviewing the policies and keeping them up-to-date.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

2.1. The Council's Corporate Plan 2024-2027 has a clear commitment to healthy and strong communities and being a high performing council. The Discretionary Payment Policies are designed to support delivery of these priorities.

Discretionary Council Tax Payment Policy

2.2. Each year, as part of the Council Tax Support Scheme consultation, the Council has previously agreed to provide £30,000 funding for this scheme. this will be a direct cost to the General Fund.

2.3. The continuation of this funding is currently being considered as part of the Localised Council Tax Support Scheme decision process, with approval of a final scheme to be in place by January 2026.

2.4. If funding is approved, the Discretionary Council Tax Payment (DCTP) policy for 2026/27 will be put into place to ensure effective financial support is provided to eligible recipients.

2.5. The DCTP scheme provides additional funding to help those with a council tax liability who are experiencing exceptional hardship in situations where Council Tax Support does not cover all of their council tax liability. To qualify for consideration for assistance under this scheme the customer must already be in receipt of some Council Tax Support.

2.6. Awards of DCTP may be made where a tax payer has a short term financial difficulty that means they are unable to pay their Council Tax. Awards will normally be for a defined period and have the effect of reducing the monthly contribution a tax payer has to make towards their bill.

2.7. Consideration will be given as to whether all other discounts and sources of help have been exhausted. Where appropriate, decisions will be deferred until other avenues have been explored.

DCTP Expenditure

2.8. The total amount of funding allocated for each year is £30,000. For 2025/26, the decision was taken to move any unspent funding from 2024/25 into the new year. As a result, in 2025/26 there was total funding of £30,082.

2.9. The table below shows the amount of funding agreed in recent years, and the total expenditure. The remaining amount for 2025/26 is as up to 30 September 2025:

	2023/24	2024/25	2025/26
SKDC Contribution	£30,000	£30,000	£30,000
Rolled over from previous years	£17,610	£582	£82
Total funding	£47,610	£30,582	£30,082
Expenditure	£13,936	£30,500	£8,512
Remaining	£33,674	£82	£21,570

- 2.10. DCTP can be applied for independently but are often considered as part of the application process for Discretionary Housing Payments (support for shortfall between Housing Benefit / Universal Credit award and eligible rent). Officers are aware of the DCTP and actively encourage customers to apply where eligibility criteria is met.
- 2.11. South Kesteven's Welfare and Financial Advice Team are aware of the funding. They consider this as part of the financial needs and support assessment which is undertaken when supporting any resident referred them who are impacted by ongoing financial pressures.
- 2.12. In addition to this, residents are also being supported by the Welfare and Financial Advice Team as a result of the Household Support Fund (HSF) grant.

Proposed Discretionary Council Tax Payment Policy – 2026/27

- 2.13. There is a need for proactive work and support due to the ongoing impacts of financial pressures residents are facing. However, it is important DCTP 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 Councils Welfare and Financial Advice Team, referrals to external support agencies such as Citizens Advice and Money and Pensions Service. For all residents with a Council Tax liability, our Revenues Enforcement Team are able to provide a holistic approach to advice and
- 2.14. The administration and payment of DCTP is at the discretion of each Local Authority. South Kesteven District Council has a DCT Policy which sets out eligibility for the scheme and the application process. The proposed policy for 2026/27 is outlined in **Appendix 1**.
- 2.15. The current policy has been reviewed to ensure it is fit for purpose and achieves the aim to enable our most vulnerable residents, who cannot access any other income, to sustain their home and health.
- 2.16. It is proposed to make one change to the policy in paragraph, 5.5, to bring the eligibility criteria in line with the Discretionary Housing Payment policy. This is to limit the amount of household capital (claimant and/or partner) to £4,000.

2.17. The proposed 2026/27 policy was included within the Localised Council Tax Support consultation process where the specific question was asked "Do you think these schemes should continue in 2026/27". A total of 90.18% of respondents felt the schemes should continue (358 of 397 responses).

Discretionary Housing Payment Policy

2.18. 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.

2.19. 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.

2.20. 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 but also 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.

2.21. The administration and payment of DHP is at the discretion of each LA. South Kesteven District Council have 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 2.30 to 2.37

2.22. Since 2011/2012, additional DHP government contribution funding has been made available to LAs to provide transitional support to claimants as they adjusted to the Housing Benefits (HB) Welfare Reforms.

2.23. 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.

2.24. Discretionary Housing Payments (DHPs) are intended to 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, removed of the spare room subsidy in the social rented sector and those affected by Local

Housing Allowance Rates). In these circumstances it is possible the benefits the claimant receives are insufficient to cover their housing costs even after Housing Benefit or the housing costs element of Universal Credit have been awarded.

DHP Expenditure

- 2.25. DHP funding for 2025/26 was 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 previous years (since 2022/23). As a result of this decision, in 2025/26 South Kesteven will receive the same allocation level as received in 2024/25 – this being £155,861.
- 2.26. The Government has previously made it clear that DHPs are not intended to replace lost benefits but instead to provide 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.
- 2.27. 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 2025/26 is as at 30 September 2025.

	2023/24	2024/25	2025/26
Government Contribution	£155,861	£155,861	£155,861
Top-up limit	£389,653	£389,653	£389,653
Expenditure	£153,874	£155,861	£57,409
Remaining	£1,987	£0	£98,452

- 2.28. A total of 256 applications have been received so far for 2025/26, with 83 of these resulting in a DHP award. The breakdown of DHP awarded against tenure type is as follows:
 - Housing Association – 8
 - Private – 28
 - South Kesteven Tenants – 47
- 2.29. 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 managing the risks involved.

Proposed Discretionary Housing Payment Policy – 2026/27

- 2.30. 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.
- 2.31. 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.
- 2.32. 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.
- 2.33. There is a need for proactive work and support due to the ongoing financial pressures residents are facing. 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.
- 2.34. It is important DHP is recognised as support for people with 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 Councils Welfare and Financial Advice 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 a holistic approach to prevent homelessness and ensure the resident is supported through our Tenancy Support Team.
- 2.35. The current policy has been reviewed to ensure it is fit for purpose and achieves the aim to enable our most vulnerable residents, who cannot access any other income, to sustain their home and health.
- 2.36. There are no proposals to make any changes to the policy. The proposed policy for 2026/27 is included within **Appendix 2** to this report.
- 2.37. The proposed 2026/27 policy was included within the Localised Council Tax Support consultation process where the specific question was asked "Do you think these schemes should continue in 2026/27". A total of 90.18% of respondents felt the schemes should continue (358 of 397 responses).

3. Key Considerations

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

4. Other Options Considered

4.1 Removal of the DCTP fund, which would have a negative impact on those recipients of the fund and could impact collection of Council Tax due.

5. Reasons for the Recommendations

5.1 The recommendations are in line with Council's practices and legal duty to review the financial allocation and eligibility of each policy.

5.2 As the proposed policies for 2026/27 do not contain any material amendments, there are no legal implications. However, the Council is adhering to best practice by reviewing the policies and keeping them up-to-date.

6. Consultation

6.1. These policies will be consulted upon with this Committee on an annual basis.

6.2. The policies were also included within the wider Localised Council Tax Support Scheme 2026/27 consultation which took place from 1 September to 30 September 2025.

6.3. The remaining consultation timetable is as follows: -

- 2 December 2025: Cabinet – decision required approval of final 2026/27 scheme for implementation from 1 April 2026.

7. Appendices

7.1. Appendix 1: Discretionary Council Tax Payment Policy – 2026/27

7.2. Appendix 2: Discretionary Housing Payment Policy – 2026/27