

Report to: **Executive**
Date: **7 March 2024**
Title: **Discretionary Housing Payment Policy**
Portfolio Area: **Cllr Hopwood – Cost of Living and Service Quality**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Upon the expiry of the Call-in period: 5.00pm on Monday, 18 March 2024

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RECOMMENDATIONS:

That the Executive:

- 1. NOTES the contents of the report and**
- 2. APPROVES the Discretionary Housing Payment Policy (attached at Appendix A), effective from 1 April 2024.**

1. Executive summary

1.1 Discretionary Housing Payments (DHPs) are short term awards administered by local authorities to help residents with housing costs. They can play a significant role in sustaining tenancies, preventing homelessness and enabling tenants to move to more affordable accommodation.

1.2 Each financial year, the Council receives funding from the Department for Work and Pensions (DWP) known as Discretionary Housing Payment (DHP) funding. This must be used to provide additional assistance to residents with meeting their housing costs. To be eligible, they must be receiving Housing Benefit (HB) or Universal Credit (UC) with housing costs towards rental liability.

- 1.3 The Council's allocation for the 2023/24 financial year is £93,848 and, at the time of writing this report, there is just over £3,000 of the original funding left. Local authorities can use their own funds to top up their government contribution by a maximum of two and a half times this figure. Any unspent DHP funding from the government contribution is returned to the DWP at the end of the year.
- 1.4 The DWP have not yet confirmed the DHP allocation for the Council for 2024/25. They have, however, advised that they expect local authorities to receive the same amount as for financial year end 2024.
- 1.5 Guidance is provided by the DWP which sets out how the discretionary scheme should be administered, ensuring the support is awarded correctly to those most in need.
- 1.6 It is good practice to review and update policies on a regular basis and the draft policy has been reviewed and updated to reflect the particular cost of living and housing challenges faced by residents in the district, as well as the best practice issued by the DWP in their 'Discretionary Housing Payments guidance manual' which was last updated in May 2022.
- 1.7 The draft policy attached at Appendix A, takes into account this best practice and sets out a clear policy framework for assessing applications in a fair, transparent and equitable manner.

2. Background

- 2.1 Discretionary Housing Payments (DHP) are short term awards administered by local authorities to help residents with housing costs. They play a vital role in sustaining tenancies, preventing homelessness and enabling tenants to move to more affordable accommodation.
- 2.2 The award of a DHP is discretionary and must be made in accordance with the Discretionary Financial Assistance Regulations 2001 and using the ordinary principles of good decision making. In assessing applications, the Council has a duty to act fairly, reasonably and consistently.
- 2.3 Funding for DHPs is allocated annually by the DWP. The DWP awarded South Hams District Council £111,951 in 2019/20. This increased significantly to £173,097 in the pandemic year 2020/21, but reduced again to £130,268 in 2021/22 and further to £91,942 in 2022/23. Due to this significant drop in funding compounded by the acute housing pressures being experienced in the district, the Council supplemented the 2022/23 budget with an allocation from its own funds.
- 2.4 During the 2023/24 financial year, the Council has supported 168 individual or families with their housing issues by awarding a

Discretionary Housing Payment. There has been a marked increase in support for those residents who receive housing costs through Universal Credit, with them making up 122 cases of the total. The primary reason for support is that they have demonstrated that they are experiencing financial hardship, which may be another consequence of the current cost of living crisis.

- 2.5 With the increased pressure on household budgets because of the cost of living crisis, the Council recognises that the timely award of DHPs is a key way in which we can provide as much financial support as possible to residents who need it the most.
- 2.6 Wherever possible, the Benefits team works collaboratively with the Housing team to offer financial support to prevent homelessness or to provide short-term relief to households in financial difficulty. We will continue to work together to ensure this funding is spent to support those most in need, particularly if it avoids the need for temporary accommodation and can save an existing tenancy. The DHP policy supports this, enabling fair and consistent decisions to be made in a timely manner whilst considering other support options which may be available such as Homeless Prevention Grant.
- 2.7 In addition to Discretionary Housing Payments, and where appropriate, we will also signpost residents to independent financial advice, to ensure people have support in maximising their income including eligibility for any benefits. This includes working with partners such as Homemaker and Citizens Advice.

3. Proposed Way Forward

- 3.1 It is recommended that Executive Committee approves the Discretionary Housing Payment Policy attached at Appendix A as the framework for assessing applications for DHPs. This will ensure that the Council continues to make the best use of limited funds in assisting residents who are experiencing financial hardship due to both longer term welfare reform and the current cost of living crisis.
- 3.2 The Discretionary Housing Payment Policy will help us fulfil the Council's key priority of Housing, particularly supporting the needs of our most vulnerable residents. As this is a policy which has considerable overlap with Housing, the Head of Housing has contributed to this report.

4. Outcomes and outputs

- 4.1 The Discretionary Housing Payments budget is an important way in which the Council assists and protects individuals and families threatened with homelessness and other housing challenges. It is also important to focus on increasing personal financial resilience

and reducing demand for support in a crisis. This is aligned to our priorities of preventing homelessness and reducing the need for temporary accommodation.

- 4.2 The award of DHPs contributes to the Council's statutory duties in tackling homelessness and we report their impact in our homeless prevention figures at the end of each financial year.
- 4.3 DHPs will not usually be used to provide long term support for residents. They will generally be used to provide short term support to allow residents to try and resolve their immediate financial difficulties and move to a position of financial sustainability in the longer term.
- 4.4 By making the proposed changes to the policy now, we will have a consistent framework for making decisions and will therefore make the best possible use of available resources.

5. Options available and consideration of risk

- 5.1 Having a Discretionary Housing Payment policy makes the process of claiming and awarding a discretionary housing payment fair and transparent. There is a risk that the value of applications may exceed the amount of funding available. This is a particular risk due to the reduction in the allocation received and the pressures on housing in the district.
- 5.2 One of the reasons the Council is updating its DHP Policy is to take into account the additional demand that is anticipated from working age residents who will be moving from Housing Benefit to Universal Credit. As part of the government's 'Move to Universal Credit' activity, those residents on most older legacy benefits will be moved to Universal Credit in 2024/25.
- 5.3 Further, due to the acute housing pressures in the district, it is important to provide continued support to those residents who are struggling financially whilst collaborating with partner agencies to support residents to take steps including seeking better employment opportunities and/or moving to more affordable accommodation.
- 5.4 Although the anticipated payments for 2023/24 remain in budget, expenditure on DHPs is likely to increase year on year and through the current cost of living crisis. Each year initial and mid-year estimates must be submitted to the DWP, with supplementary information on the reason for the award. In addition to this, the team will undertake further monitoring to ensure that awards do not exceed the budget and are being made fairly and in accordance with the policy.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Discretionary Housing Payment scheme is set out in the Discretionary Financial Assistance Regulations 2001 and subsequent amendments. Whilst the regulations give local authorities an extremely broad discretion, the Council must act in accordance with the ordinary principles of good decision-making. The Council has 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.</p>
Financial implications to include reference to value for money		<p>The Council receives a grant allocation each year for DHPs. The key financial implications are detailed in the main body of the report.</p> <p>For every financial year, initial estimates and mid-year estimates are submitted to the Department for Work and Pensions and any amount not spent at the end of the financial year must be returned to Government.</p> <p>The Council can supplement the allocation from its own funds, up to a maximum of two and a half times its grant allocation.</p>
Risk		<p>Having a Discretionary Housing Payments Policy makes the process of claiming and awarding a discretionary housing payment fair and transparent.</p> <p>There is a risk that the value of applications may exceed the amount of funding available. This is a particular risk considering the reduced funding received and the pressures on housing in the district.</p>
Supporting Corporate Strategy		Housing and Service Quality.
Consultation & Engagement Strategy		No formal consultation has been undertaken, however the Head of Housing has informed some of the content of this report.
Climate Change - Carbon / Biodiversity Impact		No direct carbon/biodiversity impact arising from the recommendations.

Comprehensive Impact Assessment Implications		
Equality and Diversity		There are positive implications for residents who may be more vulnerable due to health or financial issues.
Safeguarding		There are no safeguarding implications arising directly for the report, but the provision of further financial support may contribute to keeping children and vulnerable adults safe.
Community Safety, Crime and Disorder		None.
Health, Safety and Wellbeing		The Benefits team work closely with stakeholders to ensure that support is provided, whilst also signposting residents to other financial support they may be eligible for.
Other implications		None.

Supporting Information

Appendices:

Appendix A – Discretionary Housing Payment Policy

Background Papers:

None.