



Report Reference Number: N/A

To: Leader of the Council
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Ward(s) Affected: All
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Lead Executive Member: Cllr Lunn, Lead Councillor for Finance and Resources

Title: Discretionary Housing Payments

1. Summary

- 1.1 This report provides details and an update of the latest position of the Discretionary Hardship Payments (DHPs) fund. This is a scheme for helping benefit claimants in receipt of Housing Benefit or the housing element of Universal Credit who require additional financial assistance to meet their housing costs.
- 1.2 The Department for Work and Pensions (DWP) allocate a fund for each financial year which is ring fenced and any underspend must be returned to DWP at the end of the financial year.
- 1.3 Local Authorities can spend up to 2½ times their allocated fund in any financial year; though any monies spent over and above the amount allocated by DWP must be funded by the Local Authority.
- 1.4 Selby District Council's Discretionary Housing Payments Policy and Guidance states "No DHP can be awarded if the annual fund has been exhausted" however other LAs routinely top-up DHP funds with their own funding. Demand on the fund has never previously fully exhausted it, however the spend in recent years has been very close. With an expected reduction in this years funding a top up from the COVID 19 Council Tax Support Hardship fund is being requested to ensure that awards can continue to be made for the remainder of the year.

2. Recommendations

- 2.1 That as the matter is urgent the Leader agrees that:

An amount of £30,000 of funding from the COVID 19 Council Tax Support Hardship fund is moved to the Discretionary Housing Payment fund

3. Introduction and background

- 3.1 Annual demand since 2012 at Selby District Council is set out in the table below. The DWP funding allocation has been sufficient to meet demand. From 2013 the funding dramatically increased to meet the demand following the introduction of the social sector size criteria (informally known as 'bedroom tax').

Annual Demand

Year	Total Fund	Amount Paid	Committed	Unallocated (Returned to DWP)
2020	£127,364.00	£121,432.46	£0.00	£5,931.54
2019	£101,625.00	£100,679.97	£0.02	£945.01
2018	£118,688.00	£118,551.50	£0.04	£136.46
2017	£118,942.00	£117,753.78	£0.04	£1,188.18
2016	£94,564.00	£94,345.03	£0.03	£218.94
2015	£85,563.00	£84,670.88	£0.02	£892.10
2014	£88,562.00	£88,264.50	£0.03	£297.47
2013	£89,422.00	£89,441.74	£0.02	-£19.76
2012	£37,904.00	£10,242.17	£0.01	£27,661.82

- 3.2 In each year prior to 2021/22 we have received the full years fund from the DWP at the start of the financial year. This enables us to budget appropriately for the full year.

4. This year's funding (2021/22)

- 4.1 DWP circular S4/2021 dated 24/03/2021, outlined the DHP budget for 2021/22. The DWP has identified that errors had been made in the allocation of last year's fund which impacted on some LAs. The total DHP fund from central government has been reduced for 2021/22. It states *'The total DHP funding for England and Wales in 2021-22 will be £140 million. We are allocating £100m at the start of the year using each LA's individual funding amount for 2020-21 as a starting point. This amount will then be corrected to the amount they would have received for 2020-21 if the errors had not occurred. This amount will then be reduced in line with the overall funding from 2020-21 to 2021-22 (whilst preserving the rural pot). At mid-year 2021-22 we will allocate a reserved £40 million of funding based on the latest caseload data.'*
- 4.2 This is the first year the DWP has given Local Authorities only part of their budget. Selby District Council has been allocated an initial amount of £70,483. Based on the above information, Selby District Council could receive up to an additional 40% which would bring the full year fund to £98,676. This is a reduction of £28,688 on last year's fund and £22,756 less than our actual spend for last year.

5.0 Current position

- 5.1 DHP spending is usually weighted more heavily during the first 2 to 3 quarters of the year. Repeat applicants reapply in April and these are often longer awards due to their ongoing and continuing circumstances. People who have initially applied in the 1st quarter and received a short award reapply in the 2nd quarter if they have been unable to change their circumstances. In the 4th quarter the awards are shorter (as we can only allocate funds up until the end of the financial year).
- 5.2 When figures were last collated last month we have made awards to 128 applicants and spent £49,723 of the initial fund and committed a further £18,289. This means that we only have £2,471 left unallocated. There are a number of outstanding applications awaiting consideration as we receive applications each week. This means the current allocation is committed and we would be rejecting new applications if additional funding is not made available.
- 5.3 The pandemic saw a rise in demand last year and this is following through to this year. This is a result of people losing their jobs, taking lower paid employment, being on sick pay, or self-employed people being unable to work due to the government restrictions and or health related issues. With the furlough scheme ending some employers could make further job cuts. In 2019 without these factors, the demand was £100,680.

6.0 Additional funding requirements

- 6.1 Based on the demand last year, it is likely that we will need a total fund of £121,500. If we receive the maximum additional 40% from the DWP then Selby District Council will need to top up the fund by £22,824. However, it would be prudent to top up the fund by £30,000, so that we have a safety net should demand be higher this year. If this isn't spent it can be returned to the original fund.
- 6.2 Selby District Council still has £90,835 remaining Covid 19 CTS Hardship Fund which the government issued to all Local Authorities last year. This fund is being used to consider individual hardship cases for help with Council Tax in 2021/22. The carry forward from 2020/21 was £100,000 therefore £9165 has been used for this purpose so far in 2021/22. Local Authorities are allowed to use any unspent money in this fund to help the community as they see fit. As the DHP demand is still being led by the impact of the pandemic, it is fitting that this fund is used to top up the DHP fund.

7.0 Implications

- 7.1 Legal - The Council's policy states that no DHP can be awarded if the fund has been exhausted. However, as a local authority can use their own funds to top up their Government contribution by an additional 150%, if a local authority has a policy of not spending money on DHPs, over and above that

which has been allocated by central government, this could be susceptible to challenge on the basis that the authority has unlawfully fettered its discretion.

- 7.2** Financial Implications - The full additional amount is to be met by the Covid 19 CTS Hardship Fund which has the proposed amount available within it. If the requested amount of £30,000 is not used it can be returned to the Covid 19 CTS Hardship Fund.
- 7.3** Policy and Risk Implications - We are already reducing subsequent awards where the applicant has previously been awarded a high value amount. The applicant still has a genuine requirement for a higher award therefore they will suffer additional financial hardship as a result. The effects of financial hardship are far reaching, including mental health and debt problems. Relationships can breakdown leading to more strain on social and private housing needs.
- 7.4** Resource Implications - Increased financial hardship within the district could put pressure on other teams. Those people living in private rented properties which have temporarily become unaffordable, will accrue rent arrears which in turn could lead to eviction and homelessness. The Council will be required to exercise its homeless duties. Council tenants who cannot afford the shortfall in their rent will also accrue arrears putting pressure on debt recovery and the rent collection figures.

8. Conclusion

- 8.1** There is insufficient funding to meet the increased demand for Discretionary Housing Payments as a result of the on-going impacts of the Covid pandemic. Unspent CTS Hardship Funds can be used at the authority's discretion, and it is recommended that the DHP fund is allocated a further £30,000 from the Covid 19 CTS Hardship Fund. Any unspent amount would be returned to the fund. Careful monitoring of the fund will continue throughout the year.

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