



**Report Reference Number:** E/22/29

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**To:** Executive  
**Date:** 8 December 2022  
**Status:** Non-Key decision  
**Ward(s) Affected:** All  
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**Lead Executive Member:** Councillor C Lunn, Lead Executive Member for Finance and Resources

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**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 Policy 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. Until 2021/22 demand on the fund had never previously fully exhausted it. Last year we exhausted the fund and required a £30,000 top up. With the further reduction in this year's 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.

**Recommendation:**

**That the Executive agree that an amount of £40,000 of funding from the COVID 19 Council Tax Support Hardship fund be moved to the Discretionary Housing Payment fund.**

## 2. Introduction and background

- 2.1 Annual demand on the DHP fund since 2012 at Selby District Council is set out in the table below. Historically, 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	Unallocated (Returned to DWP)
2020	£127,364	£121,432	£5,932
2019	£101,625	£100,680	£945
2018	£118,688	£118,552	£136
2017	£118,942	£117,754	£1,188
2016	£94,564	£94,345	£219
2015	£85,563	£84,671	£892
2014	£88,562	£88,265	£297
2013	£89,422	£89,442	-£20
2012	£37,904	£10,242	£27,662

### 3.0 Last year's funding (2021/22)

- 3.1 Last year the DHP funding allocation was £101,008 which was substantially lower than 2020/21 despite the increased demands. This was a reduction of £26,356 on 2020/21 funding. It was agreed that £30,000 from the Covid 19 CTS Hardship Fund would be allocated to the DHP fund bringing the total fund for last year to £131,008. A total of £128,024.61 was subsequently paid out.

### 4.0 This year's funding (2022/23)

- 4.1 The DWP have again substantially reduced the DHP funding. A total of £71,591 has been allocated. This is a reduction of £29,417 on the 2021/22 DWP allocation and £56,434 less than the amount we actually paid out 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 1<sup>st</sup> quarter and received a short award reapply in the 2<sup>nd</sup> quarter if they have been unable to change their circumstances. In the 4<sup>th</sup> quarter the awards are shorter (as we can only allocate funds up until the end of the financial year).
- 5.2 Despite the ongoing high demand, tough decisions have been made when making awards this year in attempt to reduce the DHP spending.

5.3 When figures were last collated on 30/09/2022 we have made awards to 194 applicants and spent £45,176 of the fund and committed a further £12,890. This means that we only have £13,525 left unallocated. There are several outstanding applications awaiting consideration as we receive applications each week.

5.4 By making tough decisions, we have reduced our spend on last year:

Q1 2021/22 we spent £35,350.39 and committed a further £20,864.40.

Q1 2022/23 we spent £20,597.62 and committed a further £15,243.

Q2 2021/22 we spent £63,014.26 and committed a further £12,232.99.

Q2 2022/23 we spent £45,175.88 and committed a further £12,525.51.

This means we have spent and committed £17,545.86 less than in 2021/22.

5.5 The cost-of-living crisis is already hitting people hard. Many applicants are already citing this as a reason for their DHP application. This will only worsen as we head into autumn/winter with further energy cost increases predicted.

## **6.0 Additional funding requirements**

6.1 Based on mid-year figures, we have spent/committed approximately 23% less than in the same period last year. However, we need to take into consideration that shorter awards have been made this year which will reflect in this reduction. This does not necessarily mean that demand will no longer be present at the end of the award period, and we are already seeing repeat applications coming through.

6.2 It would not be reasonable to assume that we will require 23% less DHP fund than last year, especially when the cost-of-living crisis is set to worsen. However, the effects of the pandemic (job losses, sick leave etc.) have greatly reduced. If we allocate a further £40,000 to the budget it will bring the total fund to £110,137 which is approx. 14% less than last year's spend.

6.3 Selby District Council still has £118,545 remaining Covid 19 CTS Hardship Fund which the government issued to all Local Authorities 2 years ago. Local Authorities are allowed to use any unspent money in this fund to help the community as they see fit.

## **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**

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 £40,000.00 is not used it can be returned to the Covid 19 CTS Hardship Fund. Careful monitoring of the fund will continue throughout the year.

## **7.3 Policy and Risk**

We are already reducing award amounts and durations. Some applicants have a genuine requirement for higher awards therefore they will suffer 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 Resources**

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 Without a top up of £40,000 from the Covid 19 CTS Hardship Fund, there will be no money left in the DHP fund to help benefit claimants in receipt of Housing Benefit or the housing element of Universal Credit who require additional financial assistance to meet their housing costs.

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