

Report of	Meeting	Date
Director Customer and Digital (Introduced by Cabinet Member (Communities, Social Justice and Wealth Building))	Council	Wednesday, 25 January, 2023

## Policy Review: Discretionary Housing Payments Policy

Is this report confidential?	No
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Is this decision key?	No
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### Purpose of the Report

1. To present the proposed revised and updated Discretionary Housing Payments (DHP) Policy. The proposed policy is attached at Appendix 1.
2. To highlight the reduction in central government funding and the potential for overspend as a result.

### Recommendations

3. Council approve the revised DHP Policy.
4. Council note the reduction in Government funding.
5. The Executive Member writes to Secretary of State for Work and Pensions highlighting the council's concerns regarding the reduction in Government funding.
6. No additional funds are committed for DHP expenditure until the council's financial position is appraised.

### Reasons for recommendations

7. The revised DHP policy will allow the council to prioritise the more financially vulnerable residents in difficult economic times.
8. The revised policy will better manage the risk to the council of the reduction in funding from central government.

### Other options considered and rejected

9. To continue to administer the existing policy would mean the council may not be able to assist the most vulnerable residents. It would also increase the financial risk to the council in the light of reduced government funding.

### Executive summary

10. The changes to the policy outlined at 25.to 32. can be summarised as follows:

i.	Priority given to vulnerable residents rather than those in a property which is too big.
ii.	Includes reference to the shared financial statement, a more generous approach to means testing.
iii.	Includes additional information about the other types of help for residents.
iv.	Some clarification added following lessons learned from customer feedback.
v.	The policy has been simplified, including the wording and the appeal process to make it more accessible.

### Reasons for the changes

11. A significant reduction in government funding for the current financial year means there is an increased risk of the available funding falling short of the value of applications received.
12. In addition, the current cost of living crisis means it is likely that there will be an increase in applications over the remainder of the year.
13. The changes to the policy better mitigate the financial risk to the council.
14. The changes also achieve one of the key objectives for the Shared Services model of working towards shared systems and processes as far as possible. This will have benefits for the council and customers ensuring consistency of service delivery, reducing duplication and helping to develop a shared and flexible workforce.

### Corporate priorities

15. The report relates to the following corporate priorities:

<b>An exemplary council</b>	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

### Background to the report

16. One of the key objectives for the Shared Services model for South Ribble is working towards shared systems and processes as far as possible. This will have benefits for the council and customers ensuring consistency of service delivery, reducing duplication, and helping to develop a shared and flexible workforce.

17. The DHP policy was last reviewed in April 2013. This policy is available here: <https://www.southribble.gov.uk/article/1417/Discretionary-Housing-Payments-Policy-document-contents>
18. The purpose of a DHP is to provide customers suffering financial hardship with further financial assistance towards housing costs.
19. The Discretionary Financial Assistance Regulations 2001 make provision for the awarding of DHPs. The Department of Works and Pensions DHP Guidance Manual and good practice guide 2019 set out the framework for the scheme.
20. The DWP have acknowledged that given the numbers of people affected by the welfare reform changes, awarding DHPs to meet all shortfalls in rent as a result, is not a viable option. It is therefore suggested that the focus is on helping the most vulnerable residents.

### **The revised policy**

21. This revised DHP policy achieves the following:

Outlines the groups that will be prioritised when considering an award of a DHP

- a) Updates the policy in respect of the Fair Collection Charter recently adopted
  - b) Clarifies the qualifying criteria, priority considerations and other factors considered when assessing an application for a DHP and brings them in line with the latest DWP guidance.
  - c) Aligns the policies for South Ribble and Chorley Councils, allowing for consistent decision making and simplifying operational procedure.
  - d) Updates the information regarding what types of income and expenditure will be disregarded for the purposes of a DHP.
  - e) Includes information about where other financial help and advice can be accessed.
22. The policy applies to customers in receipt of Housing Benefit or Universal Credit. Awards in relation to Council Tax Support are covered by the Council's Discretionary Hardship Policy.
  23. The application process will be based upon the eligibility criteria detailed in the policy and an application form will be available online.

### **General principles**

24. In deciding whether to award a discretionary housing payment the council will have the following objectives:
  - a) relieve poverty
  - b) support vulnerable or elderly people in our community
  - c) support young people moving to adult life
  - d) prevent families and young people living in temporary accommodation
  - e) help people to move to affordable accommodation
  - f) encourage and keep people in employment
  - g) prevent homelessness and keep families together
  - h) help to keep a tenancy whilst other solutions are put in place
  - i) help people through personal crises and difficult events
  - j) help those who are trying to help themselves

- k) support residents affected by the benefit cap, reductions in local housing allowance and removal of the spare room subsidy in the social rented sector

### **Notable changes**

- 25. In view of the reduced government funding available, the revised policy focuses on a resident's level of vulnerability and prioritises them rather than residents who are in a property which is too big for them.
- 26. The policy now includes reference to the shared financial statement, a more generous approach to means testing.
- 27. Information about the other types of help which may be available has been included.
- 28. Clarification of some areas has been added following lessons learned from customer feedback e.g. a DHP can only be applied for in the local authority where Housing Benefit or UC is in payment.
- 29. Some direct references to the legislation have been removed to avoid duplication, simplify the policy and make it more accessible.
- 30. The policy has been simplified including the application process and the appeals process.
- 31. The DWP guidance advises that a dispute or review procedure is good practice although there is no formal appeals process set out in legislation. The description of the review procedure for a decision has been simplified in line with the best practice guidance and to provide clarity for residents.
- 32. The policy now includes information on how the council will promote the policy.

### **Shared Financial Statement**

- 33. In February 2022 the council adopted the Standard Financial Statement (SFS) as recommended by the Money Advice Trust to objectively assess affordability in relation to council tax debt.
- 34. The SFS is a tool run by the government-backed Money and Pensions Service and is intended to provide a consistent and fair method of working out affordable repayments for residents in financial difficulty. The statement makes generous allowances for outgoings including food and a savings element.
- 35. The SFS is more generous than the previous means testing which may lead to more DHP applications passing the financial need check.
- 36. This is likely to have an impact on the spend of the cash-limited DHP budget.

### **Funding**

- 37. An amount of funding for the scheme is provided on an annual basis by the DWP. For the last two years this funding has been provided in two tranches with the second tranche being awarded mid-year based on latest caseload data. Any funding unspent at the end of the year is effectively returned to government.

38. The table below indicates the level of government funding received and the total spend on DHP for the last three years:

	2020-21	2021-22	2022-23
<b>Government funding received Tranche 1</b>	£180,287	£99,771	£83,711
<b>Tranche 2</b>		£20,786	£1,735
<b>Total government funding received</b>	£180,287	£120,557	£85,446
<b>Total government funding awarded (cumulative)</b>	£125,103	£113,750	£48,893*
<b>Total government funding remaining</b>	£55,184	£6,807	£36,553*

\*up to end of October 2022

39. The Council can also award up to two and a half times this amount from its General Fund. There is no current budget provision for such additional awards. The risk of having no provision has been low historically but as funding from the government is reducing this risk will increase.
40. However, the cash limit for the awarding of DHPs is made up of the combination of the two amounts. The Council cannot make awards when this amount has been fully allocated.
41. The spending is monitored on a monthly basis. The trajectory of spend at the end of August 2022 is similar to that at the end of August 2021, with 41.7% of the funding spent over 41.7% of the year. Were this to continue throughout year, the DHP spend would match the available Government funding at the end of March.

## Options

42. In the light of the cost of living crisis and energy bill increases it is likely that the volume and value of DHP applications will increase during the second half of the year. It is difficult to predict any increase, but the below table outlines the financial impact of an increase in the overall value of applications:

<b>% increase</b>	<b>Increased funding required</b>
5	£4,272
10	£8,545
15	£12,817
20	£17,089

43. There are a number of approaches to any potential spend in excess of the level of government funding.
- a) Continue to carefully monitor the level of spend to keep it in line with the level of Government funding, prioritising vulnerable residents as outlined in the draft policy. This may still result in an overspend or the government funding being exhausted before the end of the year as the nature and volume of applications is difficult to predict with any accuracy.
  - b) Cease to make awards once the level of government spending is met. This would effectively fetter the council's discretion and would leave some residents without additional financial help.
  - c) Allocate an additional level of funding to accommodate an increase in awards. The council would need to identify a level of additional funding and an exact level of funding is difficult to predict.
  - d) Applications above the level of Government spend are considered by the Section 151 Officer or their Deputy on a case by case basis. Depending upon the volume received this could be a significant workload and the nature of the applications is such that they require a timely response. There would also be financial implications for the council should awards be made.

### **Climate change and air quality**

44. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

### **Equality and diversity**

45. The Equality Impact Assessment (EIA) indicated there would be a positive impact on residents vulnerable due to health issues. There are no negative implications.

### **Risk**

46. There is a risk that the value of applications may exceed the funding available. This is a particular concern in the light of the reduced funding received in both this and the previous financial year. In order to mitigate this risk 'the allocation of payments is closely monitored on a monthly basis.
47. The risk of applications exceeding the available funding would be reduced by writing into the policy a limit up to which the council would fund DHP payments. However, this would fetter the council's discretion. Fettered discretion is part of common law and applies to authorities and individuals in that an authority may not improperly fetter it's undertaking, and it may not be stopped by its conduct from exercising its powers.
48. To ensure adequate funding is available for those customers most in need, the policy gives priority to those in certain defined circumstances such as at risk of homelessness, affected by the benefit cap or fleeing violence.
49. To reduce the likelihood of multiple awards to the same applicant, customers are asked to take action to try to improve their circumstances as a condition of the award. This could include actively searching for alternative accommodation, debt counselling or engaging with the council's housing team to maximise housing advice.

### **Comments of the Statutory Finance Officer**

50. There is the potential for these changes to create a financial pressure for the Council. Spend will be monitored closely and applications assessed to ensure it is valid. Should the forecast expenditure become significantly greater than the available funding, then further action will be taken to address the position, which may include the requirement for the provision of additional resource.

### **Comments of the Monitoring Officer**

51. As this is a discretionary policy, members need only be satisfied that they are acting reasonably. They should consider the content of the report carefully and balance the information provided to ensure they agree with the proposed policy.

### **Background documents**

There are no background papers to this report.

### **Appendices**

Appendix 1 DHP Policy

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