
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	29th APRIL 2021	CATEGORY: DELEGATED/
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	ELIZABETH BARTON (01283 595779) elizabeth.barton@southderbyshire.gov.uk	DOC:
SUBJECT:	DISCRETIONARY HOUSING PAYMENT FUND 2021 - 2022	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 12

1.0 Recommendations

- 1.1 That the Committee approves a sum of £40,000 is transferred from the Council's COVID-19 fund to top up the Council's Discretionary Housing budget for 2021/2022. This is due to the fact that this year's allocation from Government is 44.7% lower than 2020/2021's allocation, which was fully spent in year to support local residents in need.

2.0 Purpose of Report

- 2.1 To update the Committee on the Council's 2021/2022 Discretionary Housing Payment (DHP) allocation. To update the Committee on the administration of the Council's 2020-21 Discretionary Housing Payment allocation. To request that the Committee consider transferring £40,000 into the Discretionary Housing budget from the COVID-19 fund in order to directly support those residents who are experiencing financial difficulties and require help with their rent payments as a result of COVID-19.

3.0 Executive Summary

- 3.1 Discretionary Housing Payments provide extra financial help towards housing costs to those in rented accommodation and facing hardship in the district, where they receive Housing Benefit or the housing element of Universal Credit.
- 3.2 Payments tend to be allocated when people are facing severe financial hardship or where their tenancy may be at risk. The payments are made from a limited fund and are made as a short-term measure for those experiencing difficult circumstances.
- 3.3 The Council was allocated £156,990 Discretionary Housing Payment from the Government in 2020-21 and the full amount was spent to support households across the district.

- 3.4 The Council will receive a significantly reduced sum of £86,879 from Government to support residents in 2021/2022. This represents a 44.7% reduction when compared to the previous year (2020/2021).
- 3.5 It is recognised that this reduction in funding may lead to increased costs to the Council through increased homelessness and the use of B&Bs, as a result of loss of private sector tenancies which have historically been prevented through Discretionary Housing Payments (DHPs). The loss of private sector tenancies is identified as the second highest cause of homelessness in South Derbyshire. This was one of the findings of the review of homelessness and rough sleeping presented to Housing & Community Services Committee on the 28 January 2021 and remains a significant risk to the Council. During the pandemic, landlords have not been able to seek possession of properties, but the stop has now been lifted, so an increase in cases may be seen.
- 3.6 The Government has held back £40 million of the total £140 million of national funding for Discretionary Housing Payments for 2021/2022 and plans to allocate the remainder mid-year, depending on caseload. Whilst it is likely that the Council will receive a further allocation, it is currently unclear how much additional funding it may receive, and indicators suggest the total amount will still be significantly less than in previous years.
- 3.7 Because the Council has to space out the allocation of funding to the most vulnerable cases across the year, and because it does not want to run out of money mid-way through the year, without the confidence it has an adequate budget to work with, it is likely cases that would have been approved for support last year, will be rejected this year, to ensure funding is available for more needy cases later in the year.

How Discretionary Housing funding is spent

- 3.8 Awards are made on a weekly basis, a lump sum payment, or sometimes a combination of both. Weekly awards provide a 'top up' so the resident can meet their rent costs and are typically made for between 13 and 26 weeks depending on the applicant's circumstances.
- 3.9 In 2020-21 the Council made weekly awards averaging £32.49 to support tenants with shortfalls in their rent comprising of:
- £13,343 to those receiving Housing Benefit and renting from the Council.
 - £14,021 to those receiving Housing Benefit and renting from Registered Social Landlords.
 - £19,848 to those receiving Housing Benefit and renting from private landlords.
 - £41,694 to those receiving Universal Credit (all tenancy types).
- 3.10 One-off awards are where a lump sum payment is made to help a tenant with a life changing event. Recent examples have freed up larger properties for families to move into, supported a family to move areas for mental health reasons, and allowed tenants to stay in their homes while they receive help with their debts and finances.
- 3.11 Lump sum awards totalling £70,317 distributed in 2020-21, with the highest being £3,013 to clear rent arrears that accrued following reduced employment because of a long-term physical illness that led to mental health issues. Clearing the rent arrears enabled the tenant to move to more suitable housing, closer to a support network of friends and family.

- 3.12 Residents apply for Discretionary Housing Payments and are signposted to do this by the Customer Services Team, the Housing Services Team and the Revenues and Benefits teams.
- 3.13 The Committee notes that nationally the funding has been reduced by 44.7% for 2021/2022, with the possibility of an additional small allocation in the latter half of the year.
- 3.14 The Committee notes that the Discretionary Financial Assistance Regulations 2001 allow the Council to top up this fund by 2.5 times the amount of the Central Government allocation.

Impact of COVID-19

- 3.15 In 2020/2021 there was a shift in the nature of the requests and the reason for the financial hardship, with the underlying reason often being COVID-19 related. It is anticipated that residents will face similar COVID related hardship and require similar if not more support into 2021/2022, particularly as the furlough scheme ends and expected redundancies occur where businesses do not survive.
- 3.16 Notable changes include increased support required for those fleeing domestic violence and the financial impact following the general breakdown of relationships because of the pressures of lockdown.
- 3.17 Those with COVID-19, those recovering from its effects, or those who were required to self-isolate or shield, have experienced health issues, financial changes, and mental health issues, often making it difficult to maintain their housing payments.
- 3.18 Changes in employment from businesses closing, furlough, redundancy and reduced working hours have also all created financial hardship, leading to rent arrears.

4 Detail

- 4.1 It is considered likely that the effects from COVID-19 will continue into the 2021/22 year, and that some residents will continue to face severe financial hardship and require additional financial support as a result.
- 4.2 It is also considered that the Council's current Discretionary Housing Payment allocation of £86,879 for 2021/22 will not allow the Council to continue supporting residents on the same basis as in 2020/2021.
- 4.3 It is envisaged that the biggest impact will be on the lump sum awards which would need to be minimal if the Council is required to spread its payments throughout the financial year to support those with shortfalls in their rent from welfare reform restrictions.
- 4.4 As the Government's hold on evictions has now ended, the Council is particularly concerned that some residents may lose their homes if there is insufficient budget to provide vital assistance.
- 4.5 As such, it is proposed that £40,000 is transferred from the Council's COVID-19 fund to top up the available Discretionary Housing budget. This would bring the budget up to £126,879 and allow some freedom to give out lump sum payments in the early months, whilst giving the Council confidence adequate budget will remain to make weekly payments as and when necessary throughout the year.

4.6 In addition, further funding is expected from Government later in the year, which may, in addition to the proposed £40,000 allocation, bring the total fund available to support residents up to a similar level to 2020-21.

5.0 Financial Implications

5.1 Councils have received a Discretionary Housing Payment allocation from Government since 2001. Councils can choose to top-up their annual allocation by up to 2.5 times, as defined by the Discretionary Financial Assistance Regulations 2001.

5.2 As previously reported, the Council received approximately £1.4 million of Government funding in 2020/2021 to meet additional costs and income losses due to COVID-19.

5.3 Of this sum the Committee set-aside a Community Fund of £100,000 to support local businesses, voluntary groups and individuals who may not have qualified for other support. Currently, £15,500 of this sum has been allocated. If the Committee wish to top up the Government's Discretionary Housing allocation in 2021/2022, it seems appropriate that the Community Fund is used for this purpose.

5.4 Should the Council receive a greater than expected second allocation of Discretionary Housing funding, it would be feasible to transfer all/some of the budget back into the COVID Community Fund. This will be kept under review.

6.0 Corporate Implications

6.1 None.

7.0 Community Implications

7.1 Residents of all types of rented accommodation across the district will be positively supported via the increased budget, providing financial assistance in the hardship they are facing, potentially as a result of COVID-19.

8.0 Conclusions

8.1 None.

9.0 Background Papers

None