

Housing, Homelessness and Fair Work Committee

10.00am, Tuesday, 14 May 2024

Discretionary Housing Payments

Executive/routine
Wards

Routine
All

1. Recommendations

- 1.1 Housing, Homelessness and Fair Work Committee are asked to note the information provided on Discretionary Housing Payments.

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Discretionary Housing Payments

2. Executive Summary

- 2.1 This report responds to the adjusted motion from Councillor Hyslop which was approved by Committee on 5 December 2023 on Discretionary Housing Payments (DHPs).

3. Background

- 3.1 DHPs provide financial support to help with rent or housing costs and are funded by the Scottish Government, with the Council assessing applications and distributing funds.
- 3.2 To be eligible for DHP, applicants must be in receipt of Housing Benefit HB or Universal Credit Housing Costs (UC) and have a shortfall between their rent and benefits. It supports clients in both the private, local authority and Registered Social Landlord rental sectors. There are strict guidelines the Council has to follow when assessing and awarding claims to ensure transparency and fairness.
- 3.3 In November 2023, Councillors received a briefing on the DHP arrangements in Edinburgh in 2023/24, including confirmation of the budget for the three types of DHP available:

Under Occupancy	£4,961,525
Other DHP	£1,573,742*
Benefit Cap	£991,156

* including funding of £0.571m carried forward from 2022/23.

- 3.4 Under occupancy and benefit cap costs are fully mitigated by the Scottish Government.
- 3.5 'Other DHP' supports citizens facing more general hardship in meeting their rent liabilities, deposits, and provides help to move, is funded by the Scottish Government.
- 3.6 On 5 December 2023, Committee agreed the following adjusted motion from Councillor Hyslop:

- 3.6.1 To note that Councillors were informed of funding pressures affecting Discretionary Housing Payments through a briefing note circulated on 1 November.
- 3.6.2 To note that DHPs which were awarded to mitigate the effects of the Bedroom Tax and the Benefit Cap would not be affected.
- 3.6.3 To note that the Edinburgh was one of the few authorities who made awards for DHP for citizens looking to move to more appropriate/affordable accommodation to support with rent in advance, deposits and removals.
- 3.6.4 To note with concern that pressures outlined in the briefing note and the decision to cut back on these supports meant that the council would be less able to support one off funding awards to support citizens to stay in their tenancies and avoid homelessness.
- 3.6.5 To believe that decisions taken with the aim of saving money to reduce funding pressures, which subsequently led to an increase in homelessness were unlikely to achieve their aim and would potentially lead to a higher cost for the Council and significantly worse outcomes for residents.
- 3.6.6 To request a report to HHFW Committee within 2 cycles with an update to committee outlining the potential for an increase in homelessness and associated costs to the council if DHP's were withdrawn as set out in the briefing note.
- 3.6.7 To request this report would seek input from the Accessible Housing Sounding Board.
- 3.6.8 To note that DHP has the particular policy intention of helping people on a meanwhile basis to access more appropriate / affordable accommodation, but that this was a challenge in Edinburgh where rents were hugely inflated.
- 3.6.9 To note that other benefits and funds were available relating to addressing pressures on housing / homelessness prevention, for example the Tenant Grant Fund and Tenant Hardship Fund. Also to note that other funds existed which supported tenancy sustainment such as the School Clothing Grant and Scottish Welfare Fund.
- 3.6.10 To request that this report would also include an outline of funds in addition to DHP whose general objectives are to prevent homelessness / support tenancy sustainment, outline the nuances of the policy intentions behind each of these funds, the different criteria attached to them (for example, which funds were eligible for benefit recipients vs non benefit recipients) and the funding streams for them, all with a view to setting out if there were additional considerations which ought to be made when reviewing funding needs for DHP going forward.

4. Main report

- 4.1 Due to high demand for all accommodation in Edinburgh the ability for citizens in receipt of benefit to access reasonably priced rental accommodation is challenging. Whilst the recent Local Housing Allowance (LHA) change is expected to alleviate affordability pressures for Housing Benefit(HB)/Universal Credit (UC) claimants in the short term, the likelihood is that further rent growth in subsequent years will see the affordability gap widen.
- 4.2 As a consequence of these pressures, the Council continues to see a high level of demand for DHP, as citizens seek support to meet the gap between rents and benefit entitlement based on LHA levels. This budget is under significant pressure, with anticipated smaller awards being made at the last quarter of 2023/24, continuing into 2024/25.
- 4.3 The DHP funding allocation to the City of Edinburgh Council in 2024/25 is:

Under Occupancy	£5,296,131
Other DHP	£989,322
Benefit Cap	£1,149,854

Potential Increase in Homelessness and Associated Costs

Private Sector Leasing (PSL)

- 4.4 The PSL scheme provides suitable temporary accommodation for homeless households. As this is temporary accommodation LHA is capped at 2011 levels. With smaller DHP awards being made the key risk is that there is a shortfall between housing benefit and rent levels leading to rent arrears.
- 4.5 Should this happen there may be a rise in the number of households being evicted from PSL properties. As the Council has an ongoing statutory duty to provide temporary accommodation the Council will be required to find alternative temporary accommodation.
- 4.6 This may also result in a reduction in the number of households who can access PSL accommodation in future if there continues to be smaller DHP awards.

Private Sector Accommodation

- 4.7 The reduction in the amount of DHP awarded will reduce the number of households who can access the Private Rented Sector as a housing option as DHP is often used as rent in advance and to make up any shortfall in rent.
- 4.8 This in turn will place additional demand on other housing options and increase demand for housing options advice.
- 4.9 There may also be an increase in households who have been receiving support from DHP to make up the shortfall in rent becoming homeless if this support does not continue.

Funding to Prevent Homelessness/Support Tenancy Sustainment

Scottish Welfare Fund

- 4.10 The Scottish Welfare Fund (SWF) is a Scottish Government fund designed to help those in need of financial support. The Council is responsible for administering the scheme for Edinburgh, with claimants able to request Crisis Grants for food and household fuel costs and/or Community Care Grants for household furnishings and appliances.
- 4.11 An applicant must be 16 or over and on a low income or receiving benefits (Universal Credit, Income Support, Job Seekers Allowance, or Pension Credit). Priority is given to people who:
- 4.11.1 Have an immediate need;
 - 4.11.2 Are vulnerable due to old age, ill health or another reason; and/or
 - 4.11.3 Face significant adverse consequences if the grant is not given.
- 4.12 There are certain restrictions, and an applicant will not qualify if they have already applied for the same item in the last 28 days, unless circumstances have changed or they have made a claim for a Department of Work and Pensions (DWP) benefit and it is delayed (they can apply for a Short-term Advance) with each case considered in line with the specific circumstances involved.
- 4.13 A community care grant helps applicants cope with specific difficulties and awards (mainly goods) can include removal expenses, bedding and clothing, storage charges, connection charges, furniture and household equipment such as a cooker or fridge. The eligibility criteria focuses on:
- 4.13.1 Families under exceptional pressure;
 - 4.13.2 Persons following a period of care or homelessness;
 - 4.13.3 Persons living independently where there is a risk of care or homelessness; and/or
 - 4.13.4 Persons meeting additional costs associated with supporting someone on temporary release from prison or a young offenders' institution.
- 4.14 Awards may not be possible where the applicant/partner are below pension age with savings over £700 or above pension age with savings over £1,200.
- 4.15 The Scottish Government provides annual funding for Community and Crisis Grants. In 2023/24 this allocation was augmented by the Council, using a budget carry forward created by legacy one off funding to give a total budget of £3,770,000. This additional funding allowed priority levels to remain at low priority for Crisis Grants and medium priority for Community Care Grants.
- 4.16 For 2024/25, the Scottish Government annual funding has remained static at £2,420,000, with no inflationary increase. Overall, the fund has decreased by £1,350,000 based on the augmented funding from last year. There is no identified budget to augment this fund going forward. As well as this, administrative budgets

have remained static, meaning the Council is funding additional resource necessary to meet the Scottish Government performance indicators.

- 4.17 Priority levels range from low, medium, high to high/most compelling. At lower priority levels applicants with moderate levels of vulnerability and less immediate needs can be supported, whereas the qualifying criterion at higher levels means the need must be substantial and immediate.
- 4.18 Due to the level of funding allocated, the fund is now operating at High Priority for both Community Care Grant and Crisis Grant. This change means that only citizens with the most pressing and complex needs will be awarded a grant and some items that would have been previously awarded under medium priority will not be considered unless the applicant has needs that can only be met through the provision of a specific item.
- 4.19 As well as implications for those in need, this also increases the administrative burden on the Council, with a likely increase in refused applications and is expected to lead to increased Tier 1 and Tier 2 review requests which are generally complex and resource intensive.
- 4.20 The situation in Edinburgh is not unique, with 22 local authorities currently in high/high priority. A further five local authorities are working at the high most compelling priority level (the highest available to Councils).

Other Schemes

- 4.21 The Council also administer the following schemes to support citizens on low incomes. The level of support is determined by the scheme and the relevant eligibility criteria.

4.21.1 **Housing Benefit** - Where Universal Credit does not apply and only if eligibility rules are met, Housing Benefit can assist with rent for the unemployed, those on a low income or claiming benefits and will apply if the eligibility rules are met, including savings less than £16,000 etc. However, the amount of benefit is determined by the applicant's financial circumstances and can also be influenced by Pension Credits;

4.21.2 **Council Tax Reduction** - Council Tax reduction is applied to the Council Tax account if the following eligibility rules are met. The amount of reduction is determined by the applicants financial circumstances. Council Tax Reduction may apply where savings are more than £16,000 but the Guaranteed Credit part of Pension Credit applies:

4.21.2.1 Have savings of less than £16,000;

4.21.2.2 Are responsible for paying the Council Tax bill; and/or

4.21.2.3 Have a low income from benefits or work, including self-employment.

4.21.3 **Education Maintenance Allowance** - Young people aged 16-19 can get a weekly allowance of £30 per week if they are at school, being home

educated or on a No One Left Behind (NOLB) activity agreement. Eligibility conditions include ordinary residency (you live in one place), household income less than £24,421 per year, or for households with more than one dependent child the household must be earning £26,884 or less, before tax. This is designed to encourage young people continue education, whilst reducing the financial burden on the wider family.

4.21.4 Free School Meals and Clothing Grants - Families can apply for school grants to help with the cost of lunches and school clothing if the relevant conditions/eligibility criteria are met. Currently over 9,000 children are in receipt of these payments. The current level of Clothing Grant is £120 for each eligible primary school pupil with £150 being paid for those in secondary school. Over 5,000 payments for children were awarded automatically in 2023/24 without the need for a new application by using data already held on households which was permitted for use. The Customer Team continues to look at innovative ways to reduce the burden of application and identify qualifying households at source to maximise income. The conditions/eligibility criteria are:

- 4.21.4.1 Universal Credit (where your monthly earned income is not more than £796;
- 4.21.4.2 Income Support;
- 4.21.4.3 Income-based Job Seeker's Allowance;
- 4.21.4.4 Income-based Employment and Support Allowance;
- 4.21.4.5 Support under Part VI of the Immigration and Asylum Act 1999;
- 4.21.4.6 Child Tax Credit, but not Working Tax Credit, and household income is less than £19995;
- 4.21.4.7 both Child Tax Credit and Working Tax Credit and have an income of up to £9552.

4.21.5 Supporting Applications - Every benefit assessment is based on the circumstances of the claimant. Citizens can access an eligibility calculator on the Council's website [here](#). This calculator determines the most appropriate benefits both at a local and national level to ensure citizens are maximising their income and directs them on how to apply. As well as this, citizens can access income maximisation through the Council's advice shop [Benefits and debt advice – The City of Edinburgh Council](#).

5. Next Steps

- 5.1 Committee is asked to note this update on DHP in Edinburgh.
- 5.2 Officers will continue to administer financial support to those in need, according to the terms of the funding allocations and within the budget available.

6. Financial impact

- 6.1 The budget for DHP is outlined in the Main Report section of this report.

7. Equality and Poverty Impact

- 7.1 This section should provide any equality, human rights (including children's rights) and socio-economic disadvantage implications as identified in the Integrated Impact Assessment, that elected members need to take into account when reaching their decision, as well as the steps taken (or planned) to mitigate any adverse impacts.
- 7.2 This section should detail relevance to any of the following: public sector equality duty, specific equality duties, the Equality and Diversity Framework, the End Poverty Edinburgh Plan, and any broader intention to shift the culture of the organisation to better embed equality.

8. Climate and Nature Emergency Implications

- 8.1 As a public body, the Council has statutory duties relating to climate emissions and biodiversity. The Council

“must, in exercising its functions, act in the way best calculated to contribute to the delivery of emissions reduction targets”

(Climate Change (Emissions Reductions Targets) (Scotland) Act 2019), and

“in exercising any functions, to further the conservation of biodiversity so far as it is consistent with the proper exercise of those functions”

(Nature Conservation (Scotland) Act 2004)

- 8.2 The City of Edinburgh Council declared a Climate Emergency in 2019 and committed to work towards a target of net zero emissions by 2030 for both city and corporate emissions and embedded this as a core priority of the Council Business Plan 2023-27. The Council also declared a Nature Emergency in 2023.

Environmental Impacts

- 8.3 There are no environmental impacts arising from the distribution of DHP or other support funds.

9. Risk, policy, compliance, governance and community impact

- 9.1 The Main Report highlights the demand for DHP support in Edinburgh and the implications of reduced funding in 2024/25.

10. Background reading/external references

10.1 Briefing note for Councillors – November 2023 (available on request).

11. Appendices

11.1 None.