



Department
for Work &
Pensions

Use of Discretionary Housing Payments

Analysis of mid-year returns from local authorities

20 December 2013

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Introduction

1. Discretionary Housing Payment (DHP) is a discretionary scheme that allows local authorities (LAs) to make awards to people experiencing financial difficulties with housing costs and qualifying for Housing Benefit (HB).

2. As a result of the passage of the Welfare Reform Act 2012, the government contribution towards DHPs significantly increased to help LAs support people affected by some of the key welfare reforms, namely:

- introduction of the benefit cap;
- removal of the spare room subsidy (RSRS) in the social rented sector;
- Local Housing Allowance (LHA) reforms.

3. The various types of shortfalls that a DHP can cover include (but are not limited to):

- reductions in HB where the benefit cap has been applied;
- reductions in HB due to the RSRS in the social rented sector;
- reductions in HB as a result of LHA restrictions;
- rent officer restrictions such as local reference rent or shared room rate;
- non-dependant deductions in HB, or housing cost contributions in UC;
- rent shortfalls to prevent a household becoming homeless whilst the housing authority explores alternative options;
- reductions due to income tapers.

4. Starting in 2013/14, LAs were requested to provide details to DWP of their use of DHP funds. This information is being collected twice yearly, in the middle of the financial year and at the end of the financial year. This statistical release presents a summary of the information in the first set of returns, which cover the period from April to September 2013.

5. The information received will be used as management information. It gives government an indication of how DHP funding is supporting people affected by the welfare reforms and the type of choices that people are making in response to the reforms.

Contact details

Queries about the content of this document

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Background

DHP funding

5. The core funding towards DHPs is £20 million per year. Following recent welfare reforms, central government funding has been raised to reflect the increased demand for DHPs. In total, in 2013/14, LAs have an overall allocation of £160 million DHP funding, with the option of bidding for a proportion of the £20 million¹ RSRS bidding fund (this fund is included in the £55 million RSRS row in table 1).

Table 1: DHP Government funding (£million)

| DHPs | 2011/12 | 2012/13 | 2013/14 |
|------------------------------------|-----------|-----------|------------|
| Core | 20 | 20 | 20 |
| Local Housing Allowance | 10 | 40 | 40 |
| RSRS | - | - | 55 |
| Benefit cap | - | - | 65 |
| Total | 30 | 60 | 180 |
| <i>Additional over Core</i> | <i>10</i> | <i>40</i> | <i>160</i> |

¹ This £20 million is not included in the current reporting wave.

6. The allocation of DHP funding to each LA in 2013/14 had been agreed following consultation with local authority associations. The allocations reflected the distribution of the impacts of the policies in each area, as far as possible. Amounts were allocated for each reform measure, but LAs have discretion about how the funding is used.

Methodology

7. The Department asked LAs to provide a breakdown of their committed DHP awards from the beginning of April to the end of September 2013, which are intended to include the amounts paid during the period and payments committed to over the future period. However, some LAs reported in the form only the amount actually paid up to 30th September 2013, and not the committed amount. This is due to a software problem, which is currently being resolved. The next set of returns should therefore include the amount committed for all LAs. Individual LAs are free to choose how they record and collate the information; however, a template spreadsheet was provided to guide the process. This template can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225752/a11-appx-b.xls

8. In addition to recording numbers of awards and committed spending, LAs were asked to record if a successful DHP claimant had been affected by welfare reforms and to record the main outcome expected from that award.

9. DHP awards were classified using the following housing reform categories:

- benefit cap;
- removal of the spare room subsidy in social rented sector;
- local housing allowance restrictions;
- combination of reforms;
- no impact.

10. The purpose/intended outcomes of the awards were classified using the following categories:

- to help secure a move to alternative accommodation (e.g. rent deposit);
- to help with short-term rental costs until the claimant is able to move to alternative accommodation ;
- to help with short-term rental costs while the claimant seeks employment;
- to help with on-going rental costs for disabled person in adapted accommodation;
- to help with on-going rental costs for foster carers;
- to help with short-term rental costs for any other reason.

11. DWP did not require details of individual claims, but only requested the total amount committed under each category and the numbers of awards under each outcome.

12. This data cannot be used to make reliable projections of spending over the full financial year. The amounts spent over the rest of the year will reflect the level of future claims for DHPs and local authorities' decisions on the management of the available DHP funding.

13. Local Authorities are able to top up their DHP allocation to a maximum of two and a half times the government's contribution, from their own funds. This year the Scottish Government has allocated Scottish LAs a share of a £20 million pot to add to their DHP budgets. This funding has not been included in the analysis.

Results

14. The figures presented are based on the sample of LAs who responded by Tuesday 10th December, i.e. **85% (323)** of all LAs. The underlying LA level data is available on the DWP webpage:

<https://www.gov.uk/government/collections/ad-hoc-statistical-publications-list>

15. Table 2 below compares the reported DHP committed expenditure for the reporting period, with the overall DHP allocation for 2013/14 by country.

Table 2: DHP committed expenditure compared with allocation

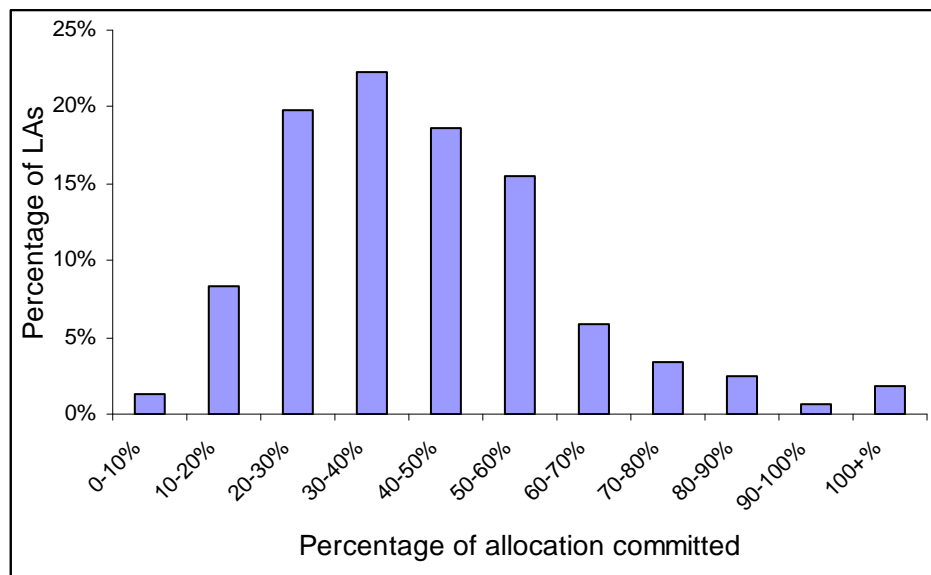
| | Proportion of local authorities providing data | DHP committed spending (Apr-Sept 2013) £ | DHP allocation 2013/14 £ | Committed spending as % of allocation |
|----------------------|--|---|-----------------------------|---------------------------------------|
| England | 85% | 44,172,164 | 118,282,644 | 37% |
| Wales | 86% | 2,849,943 | 6,231,201 | 46% |
| Scotland | 88% | 7,286,664 | 12,320,214 | 59% |
| Great Britain | 85% | 54,308,771 | 136,834,059 | 40% |

Source: DHP returns for the period from April to September 2013.

Notes: The DHP allocations shown here have been adjusted to reflect those LAs who have submitted DHP returns. For this reason the total allocation does not sum to £160 million. In addition, the £20 million reserve fund is not included in the allocations as the bidding scheme is currently underway and allocations are not known.

16. Chart 1 and Table 3 below show the distribution of committed spending as a percentage of the full-year allocation. The majority of LAs who submitted a return have committed between 25 and 50 per cent of their allocation.

Chart 1: Committed expenditure distribution



Source: DHP returns for the period from April to September 2013.

Table 3: Committed expenditure distribution

| Percentage of allocation committed (%) | Number of LAs | Cumulative number of LAs | Percentage of LAs | Cumulative percentage of LAs |
|--|---------------|--------------------------|-------------------|------------------------------|
| 0<5 | 0 | 0 | 0% | 0% |
| 5<10 | 4 | 4 | 1% | 1% |
| 10<15 | 7 | 11 | 2% | 3% |
| 15<20 | 20 | 31 | 6% | 10% |
| 20<25 | 23 | 54 | 7% | 17% |
| 25<30 | 41 | 95 | 13% | 29% |
| 30<35 | 32 | 127 | 10% | 39% |
| 35<40 | 41 | 168 | 13% | 52% |
| 40<45 | 30 | 198 | 9% | 61% |
| 45<50 | 31 | 229 | 10% | 71% |
| 50<55 | 31 | 260 | 10% | 80% |
| 55<60 | 19 | 279 | 6% | 86% |

| | | | | |
|--------|----|-----|----|------|
| 60<65 | 10 | 289 | 3% | 89% |
| 65<70 | 9 | 298 | 3% | 92% |
| 70<75 | 4 | 302 | 1% | 93% |
| 75<80 | 7 | 309 | 2% | 96% |
| 80<85 | 5 | 314 | 2% | 97% |
| 85<90 | 3 | 317 | 1% | 98% |
| 90<95 | 0 | 317 | 0% | 98% |
| 95<100 | 0 | 317 | 0% | 98% |
| 100+ | 6 | 323 | 2% | 100% |

17. Table 4 shows the proportions of DHP awards and DHP committed spending attributed to each welfare reform measure. It is important to note that the benefit cap policy went live in four pilot LAs in April, while other LAs followed in two separate tranches in July and August. As a result, the committed expenditure and awards reported due to the benefit cap are unlikely to be representative of the levels that will be recorded over the financial year as a whole.

Table 4: Proportion of DHP committed on each welfare reform

| Welfare reform | Number of awards | Amount committed (£) | Percentage of total awards | Percentage share of total committed |
|---------------------------------------|-------------------------|-----------------------------|-----------------------------------|--|
| Benefit Cap | 5,371 | 6,769,208 | 4% | 12% |
| RSRS | 96,536 | 27,793,436 | 66% | 51% |
| LHA | 21,358 | 10,280,798 | 15% | 19% |
| Combination of welfare reforms | 5,624 | 1,935,949 | 4% | 4% |
| Award not for welfare reforms | 18,163 | 7,520,944 | 12% | 14% |
| Total | 147,091 ² | 54,308,771 ² | 100% | 100% |

Source: DHP returns for the period from April to September 2013.

² Some returns were incomplete or did not provide a proper breakdown of awards by reform, therefore the total in this table is not equal to the sum of the categories above, for both the number of awards and the amount committed.

18. Table 5 compares the levels of DHP committed spending attributed to each main reform measure with the overall amounts included for each measure in the overall DHP allocation.

Table 5: DHP committed spending compared with DHP allocation by reform measure

| Welfare reform | Amount committed (£) | Amount allocated (£) | Committed spending as % of allocation |
|-----------------------|-----------------------------|-----------------------------|--|
| Benefit Cap | 6,769,208 | 54,764,478 | 12% |
| RSRS | 27,793,436 | 29,904,678 | 93% |
| LHA | 10,280,798 | 34,726,423 | 30% |

Source: DHP returns for the period from April to September 2013

Note: The DHP allocations shown here have been adjusted to reflect those LAs who have submitted DHP returns. The table excludes the non-reform/combined awards and does not include the core budget in the allocations.

19. This year, in addition to the original government contribution, LAs are able to bid for funding from a £20 million discretionary housing payment reserve fund. The scheme is open to bids until 3 February 2014.

20. Table 6 shows the number of awards by the expected purpose of the award.

Table 6: Number of DHP awards by purpose

| Expected outcome | Number of awards | Percentage of total awards |
|--|-------------------------|-----------------------------------|
| Help secure a move to alternative accommodation (e.g. rent deposit) | 5,185 | 4% |
| Help with short-term rental costs until the claimant is able to move to alternative accommodation | 51,253 | 36% |
| Help with short-term rental costs while the claimant seeks employment | 11,655 | 8% |
| Help with on-going rental costs for disabled person in adapted accommodation | 7,231 | 5% |

| | | |
|---|---------|------|
| Help with on-going rental costs for foster carer | 1,020 | 1% |
| Help with short-term rental costs for any other reason | 67,090 | 47% |
| Total | 143,434 | 100% |

Source: DHP returns for the period from April to September 2013.

Note: The total number of awards doesn't match with that reported in Table 4 because some LAs did not provide a breakdown of awards by purpose.

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