



Department
for Work &
Pensions

Use of Discretionary Housing Payments, England and Wales – Analysis of Returns from Local Authorities

April 2018 – September 2018

Background information and methodology

13 December 2018

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Introduction

Discretionary Housing Payment (DHP) is a discretionary scheme that allows local authorities (LAs) to make monetary awards to people experiencing financial difficulty with housing costs who qualify for Housing Benefit (HB), or who have housing costs for rental liability in their Universal Credit (UC) award.

As part of the welfare reforms package introduced from 2011, the government has significantly increased its contribution towards DHPs to help LAs support those affected by some of the key changes to HB and UC, namely:

- The introduction of the benefit cap, which is administered through HB and UC;
- The removal of the spare room subsidy (RSRS) in the social rental sector;
- The local housing allowance (LHA) reforms.

DHPs are awarded at the discretion of each LA and can provide help with on-going housing costs or one-off expenses (e.g. moving costs).

At the end of each financial year, the department requires that LAs provide details of their DHP expenditure for financial accounting purposes. This data includes details of how much of their central government contribution an LA has spent, and any additional expenditure above that.

Reflecting the need for additional accountability following the large increase in funds for DHPs, since 2013/14, LAs have been asked to provide details of their use of DHP funds. This monitoring information is being collected twice yearly; in the middle and at the end of the financial year. These returns are collated as management information to help inform policy development of the administration of DHP and the allocation of funds in subsequent years. They also provide information on how LAs are using DHP funding to support those affected by the different welfare reforms.

Due to the high profile and public nature of DHP usage, and in line with the Official Statistics guidance, the financial and monitoring returns from LAs have been published as an on-going Official Statistic since December 2013.

This Official Statistic is released biannually with both releases each year covering information collected through the monitoring return, and the end of year release also including information from the financial returns. The next release in this series will be the analysis of the end of year financial and monitoring returns for April 2018 to March 2019.

The current statistical release presents a summary of the mid year monitoring returns, including a further breakdown by reform and intended purpose of DHP from these returns, covering the financial year from April 2018 to September 2018.

These statistics have not been assessed by the UK Statistics Authority, and have not been designated as National Statistics.

Previous releases of this series are provided at the link below:

<https://www.gov.uk/government/collections/discretionary-housing-payments-statistics>

Background

The Government first introduced DHP funding in 2001, allocating £15 million to support HB claimants in need of further financial assistance towards housing costs. This core amount was increased and maintained at £20 million from 2002 to 2011, when a series of welfare reforms were introduced. Since the welfare reforms, central government has increased its contribution towards DHPs to provide transitional support to households affected by the reforms. In total in 2018/19, central government allocated £153 million of DHP funding to be distributed amongst English and Welsh LAs.

Table 1: DHP government funding for England and Wales (£million)

DHPs	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Great Britain	England & Wales	England & Wales					
Core Local Housing Allowance	20	20	20	20	15	20	18	18
RSRS Benefit cap	-	-	55	60	60	60	54	54
Total	30	60	180	165	125	150	166.5	153
Additional over Core	10	40	160	145	110	130	148.5	135

Source: Housing Benefit subsidy circulars available from:

<https://www.gov.uk/government/collections/housing-benefit-for-local-authorities-subsidy-circulars>

The allocation methodology of the central government contribution towards DHPs to each LA in 2018/19 was shared with the LA associations for England and Wales. Although DHP funding was notionally allocated for each reform, LAs have discretion about how they actually use the funding.

In addition to the central government contribution, English and Welsh LAs are able to top up DHP funding up to a maximum of two and a half times this figure using their own funds (for instance, a local authority receiving £100,000 as DHP central government funding could top up this amount with £150,000 of their own funds, giving them a total possible expenditure of £250,000).

Scotland

DHPs for Scotland were devolved from 1 April 2017, under the Scotland Act 2016 implementing the Smith Commission Agreement.

Information and statistics on DHPs in Scotland can be found here:

<http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/dhp>

Methodology

DHP Financial Returns

All LAs are required to supply their end-of-year DHP financial returns to the Department for accounting purposes. These detail how much of the government contribution towards DHPs LAs have spent, including any additional expenditure above this amount, within the financial year. This information is the definitive measure of LAs' DHP expenditure. The analysis of this data focuses on comparing total spend (including other funding streams) against the central government allocations.

Although the financial returns measure actual expenditure in each year, any comparison of expenditure across years should be treated with caution as government contribution to DHPs differed across the years. In addition, the number of people affected by different welfare reforms and requiring support from DHP may be different from one year to another. Data relating to previous years is available from the following location:

<https://www.gov.uk/government/collections/discretionary-housing-payments-statistics>

DHP Monitoring Returns

Monitoring returns are voluntary returns submitted by LAs at mid year and end of year, providing details on DHP spend at mid year and additional detail on DHP spend at end of year. The voluntary nature of these returns means that some LAs may not provide the information.

The figures presented in this release are based on mid year monitoring returns covering April 2018 to September 2018 from 284 English and Welsh LAs (out of 348 at the time of publication) who responded by 24 November 2018 (Table 2). This represents 82 per cent of all LAs in England and Wales. In addition, the LAs that did submit monitoring returns are a representative spread of both England and Wales, having a return rate of 82 per cent and 77 per cent respectively.

Table 2: Proportion of LAs providing monitoring return financial reform data

	England	Wales	England and Wales
Percentage of Local Authorities providing a monitoring return (%)	82	77	82
Number of Local Authorities	267	17	284

Source: DHP Monitoring returns for the period April 2018 to September 2018

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The analysis of the monitoring returns focuses on comparing total spend (including other funding streams) against the central government allocations. This uses data provided by LAs on a monitoring return template which requests information on actual DHP expenditure by the welfare reform for which households have been affected. Alongside this LAs are asked to apportion expenditure to a purpose of award. This additional financial information about the purpose of the DHP award was provided by 253 LAs across England and Wales, equivalent to 73 per cent (Table 3).

The template can be found at:

<https://www.gov.uk/government/publications/hb-bulletin-g42017>

Since the LAs who provide returns vary each year, we are unable to make meaningful comparisons of expenditure between years.

Table 3: Proportion of LAs providing monitoring return financial purpose of award data

	England	Wales	England and Wales
Percentage of Local Authorities providing a monitoring return with a breakdown of purpose (%)	74	55	73
Number of Local Authorities	241	12	253

Source: DHP monitoring returns for the period April 2018 to September 2018

DHP awards were classified using the following housing welfare reform categories:

- Benefit Cap;
- Removal of the Spare Room Subsidy in the Social Rental Sector;
- Local Housing Allowance reforms;
- Combination of reforms;
- Other (non-welfare reform).

The purpose of the successful DHP claim 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 persons in adapted accommodation;
- To help with on-going rental costs for foster carers;
- To help with short-term rental costs for any other reason.

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DWP did not require details of individual claims, only requesting the total amount spent under each category and under each outcome.

This data cannot be used to make reliable projections of future spending. The amounts spent in the next financial year will be dependent on the level of future claims for DHPs and LAs' decisions on the management of the available DHP funding.

Data Quality

This publication reports the data as provided by LAs, without detailed verification. However, during the quality assurance process, any discrepancies observed were reviewed in discussion with local authorities where possible. Any resubmissions of corrected returns received by 11 December 2018 were accepted and included in the analysis. No results were altered without the explicit consent of the submitting local authority.

Other sources of information that could be used to help understand the quality of the data collected:

- The 2017/18 financial year official statistics publication:
<https://www.gov.uk/government/statistics/use-of-discretionary-housing-payments-financial-year-2017-to-2018>
- The 2017/18 mid-year official statistics publications:
<https://www.gov.uk/government/statistics/use-of-discretionary-housing-payments-april-to-september-2017>

Definitions

Removal of the Spare Room Subsidy (RSRS)

In April 2013 the removal of the spare room subsidy policy came into effect. This policy applies to working age social rented sector housing benefit claimants (pensioner households are exempt). Where claimants are deemed to occupy more bedrooms than they need, as defined by the social sector size criteria, they are subject to a weekly reduction in the eligible rent used to assess their housing benefit.

Benefit Cap

Rollled out from April 2013 and fully implemented from September 2013, the benefit cap is a limit on the total amount of benefit that most working age households can receive. Since November 2016 the maximum amount couples and households with children can receive is £20,000 a year (£23,000 in Greater London) and £13,400 a year (£15,410 in Greater London) for single person households.

LHA Reforms

Tenants who rent from a private landlord and receive housing benefit generally have their claim assessed under the Local Housing Allowance (LHA) rules. These determine the maximum amount payable in a given area depending on the household characteristics of the claimant. Reforms to the LHA system since April 2011 have generally restricted the eligible rent that can be met through housing benefit.

Actual and Committed Expenditure

Actual expenditure is the amount actually paid during the period in question. Committed expenditure relates to mid-year returns and is both the actual amount paid during the first half of the year, plus any payments promised for the second half.

Local Authority Associations Steering Group

The Local Authority Associations Steering Group is the main forum for DWP to consult with local authority associations. It considers significant strategic issues on the design and administration of Housing Benefit and other DWP issues that affect these.

Useful links

This document, the statistics release and supporting tables can be found here:

<https://www.gov.uk/government/collections/duse-of-discretionary-housing-payments>

Information on Official Statistics is available via the UK Statistics Authority website:

<http://www.statisticsauthority.gov.uk/>

Information about statistics at DWP is available via the Department's website:

<https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics>

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