

# 1 Discretionary Housing Payments

## 1.1 Introduction and summary

Discretionary Housing Payments (DHPs) provide claimants with further financial assistance when a local authority (LA) considers that help with housing costs is needed. The 2001 Discretionary Financial Assistance Regulations cover DHPs and specify the criteria for what can be considered and what is excluded. LAs exercise a significant amount of discretion over DHPs and decisions on how to administer DHPs are largely employed at the discretion of LAs,

A number of changes to Local Housing Allowance (LHA), the introduction of the benefit cap and the introduction of the social sector size criteria (discussed in greater depth in Appendix A) are expected to lead to an increase in demand for DHPs, and the Government has increased its funding to LAs in anticipation of a greater demand on their budgets. From April 2011, until the end of the spending review period in March 2015, an extra £290 million of funding is being provided to LAs for the award of DHPs. The main aim of this section was find out whether and how LAs uses of DHPs have changed since April 2011.

It is worth noting that at the time of the survey, which was conducted between October and December 2011, changes to LHA had only affected new claimants.<sup>1</sup> Existing LHA claimants were brought under the revised regulations for LHA on the anniversary of their claim in 2012. Similarly, claimants were not yet affected by the benefit cap or social sector size criteria.

The key findings based on all LAs answering are summarised in this section. These are followed by the main findings, which include charts plus commentary highlighting the key sub-group differences.

### 1.1.1 Most frequent reasons for DHP awards

LAs were asked to identify the full range of situations where a DHP was currently<sup>2</sup> awarded. The most frequent use mentioned was where the rent could not be met in full, either due to the LHA rate or the Rent Officer's determination<sup>3</sup> (99 per cent). The next most common response was where family circumstances meant that claimants could not meet the rent commitment (93 per cent).<sup>4</sup>

LAs were then also asked to list just the three main reasons why a DHP was currently awarded; the most frequently mentioned were as follows:

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<sup>1</sup> Specifically, these changes included changing the basis for setting LHA rates from the median to the 30th percentile of local market rents; capping LHA rates by property size (£250 per week for one bed; £290 per week for two bed; £340 for three bed; £400 for four bed or more – thereby scrapping the five bed rate). At the time of the survey, the shared accommodation rate and Housing Benefit (HB) uprating had not yet come into affect.

<sup>2</sup> 'Currently' was used in the question wording and applies to the period during interviewing for this survey which ran from 17 October to 16 December 2011.

<sup>3</sup> Rent Officers determine the LHA rate for every LA in England.

<sup>4</sup> Percentages will not sum to 100 as LAs were asked to 'tick all that apply' from a list of options. 99 per cent, therefore, reflects 99 per cent of LAs awarding DHPs due to the LHA rate or the Rent Officer's determination, and not 99 per cent of total DHP funds.

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- Where the rent can not be met in full either due to LHA rate or the Rent Officer's determination (98 per cent);
- where family circumstances meant that they could not meet the rent commitment (79 per cent);
- for the cost of an additional room for an ill or disabled person within the household (24 per cent).

### 1.1.2 Changes to award patterns since new regulations

LAs were asked if there had been an increased likelihood of awarding DHPs to specific groups since the new regulations had been implemented. Slightly more than three in five (63 per cent) LAs said that since the new regulations had been introduced in April 2011, they were either not more likely to award DHPs to specific groups or claimants, or that it was simply too early to notice a change in the pattern of DHP awards. Amongst those LAs that had observed a change in the specific groups that were more likely to be awarded DHPs, the most frequently mentioned included single people (21 per cent) and people under the age of 25 (19 per cent).

Twenty-eight per cent of LAs said that the number of DHPs awarded for short terms of three months or less have increased since the new regulations, four per cent said they have decreased and almost half (47 per cent) said they have remained at the same level while a fifth (20 per cent) said it was too early to observe patterns of change for these kinds of awards.

Regarding changes to the patterns of awarding DHPs for existing tenants since the new regulations, results were as follows:

- 17 per cent said they were more likely to award to existing tenants;
- seven per cent said they were less likely to award to existing tenants;
- the most common answer (45 per cent) was that there had been no change in the pattern for this type of DHP award;
- three in ten (30 per cent) said it was too early to say whether this had changed.

### 1.1.3 Reviewing DHPs for under 35-year-olds

From January 2012, changes to the LHA entail that people under the age of 35 are only eligible for the shared accommodation rate. In this context, at the time of the survey, 43 per cent of LAs had already reviewed their DHP allocation criteria for persons under 35 and a further 37 per cent intended to review them.

The LAs that had been active in reviewing their allocation criteria for under-35s were asked what form that reviewing activity had taken, and were asked to show all the changes they considered. The most frequently mentioned changes were as follows:

- slightly more than half (53 per cent) said that they planned to extend/use those (criteria) currently<sup>5</sup> used for 16 to 24-year-olds;
- 45 per cent said they would concentrate on vulnerable people;
- approximately a quarter (26 per cent) said they would concentrate on those with medical needs;
- 22 per cent would concentrate on those escaping domestic violence;
- 21 per cent would concentrate on those with learning difficulties.

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<sup>5</sup> Currently' was used in the question wording and applies to the period during interviewing for this survey which ran from 17 October to 16 December 2011.

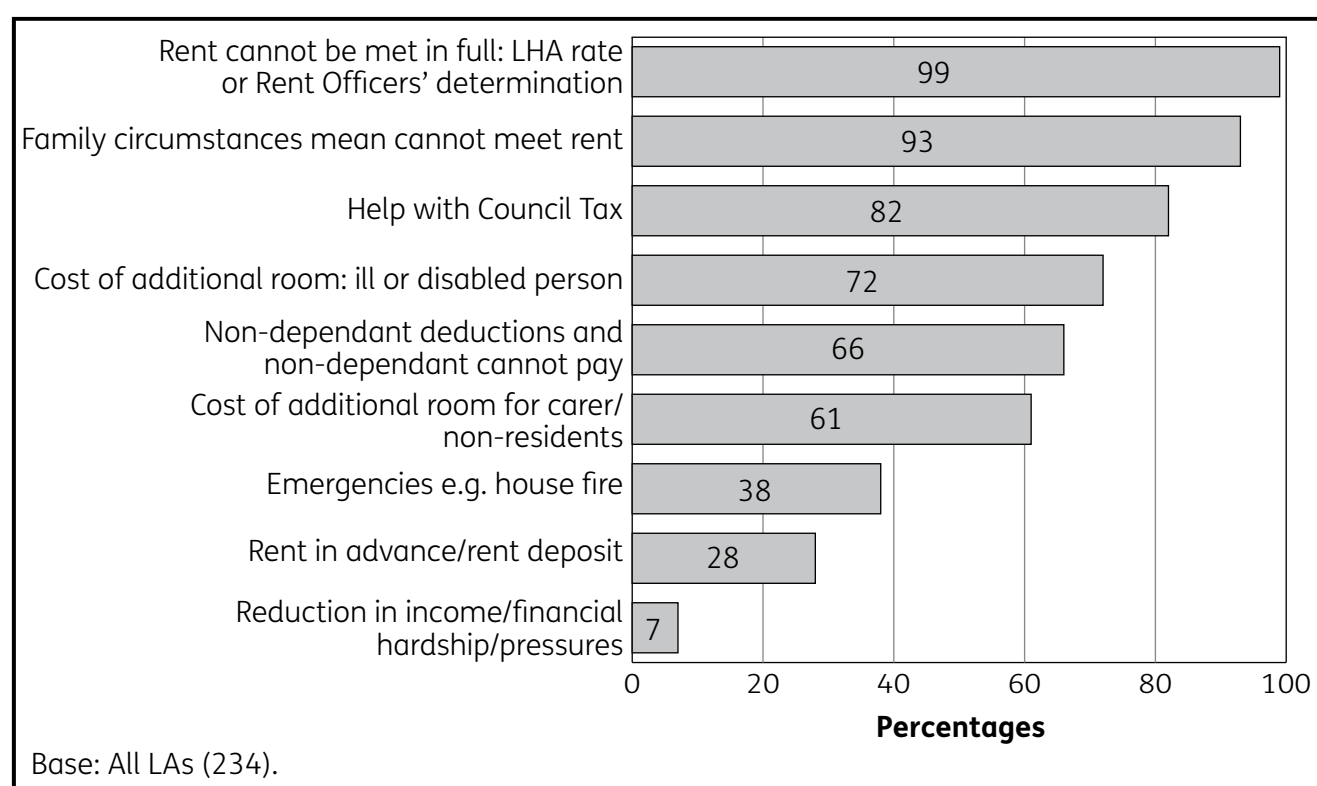
### 1.1.4 Expectation of DHP spend

LAs were asked if they expected to spend/commit to their full DHP allocation in the current financial year (i.e. at the time of interview, 2011/2012) and approximately two-thirds (64 per cent) said that they would, almost a quarter (24 per cent) said that they did not expect to spend/commit the full DHP allocation.

## 1.2 Main findings

The following details the main findings and includes charts for all questions, plus commentary highlighting the key sub-group differences.

**Figure 1.1 In what situations does your LA currently<sup>6</sup> award a DHP?**



LAs were asked to identify situations where a DHP was currently awarded from a pre-scripted list of responses, which also contained an option for the respondent to write in reasons in addition to those already listed. The most frequently selected reason was where the rent cannot be met in full, either due to the LHA rate or the Rent Officer's determination (99 per cent). The next most common was reason was where family circumstances meant that claimants could not meet the rent commitment (93 per cent).

<sup>6</sup> 'Currently' was used in the question wording and applies to the period during interviewing for this survey which ran from 17 October to 16 December 2011.

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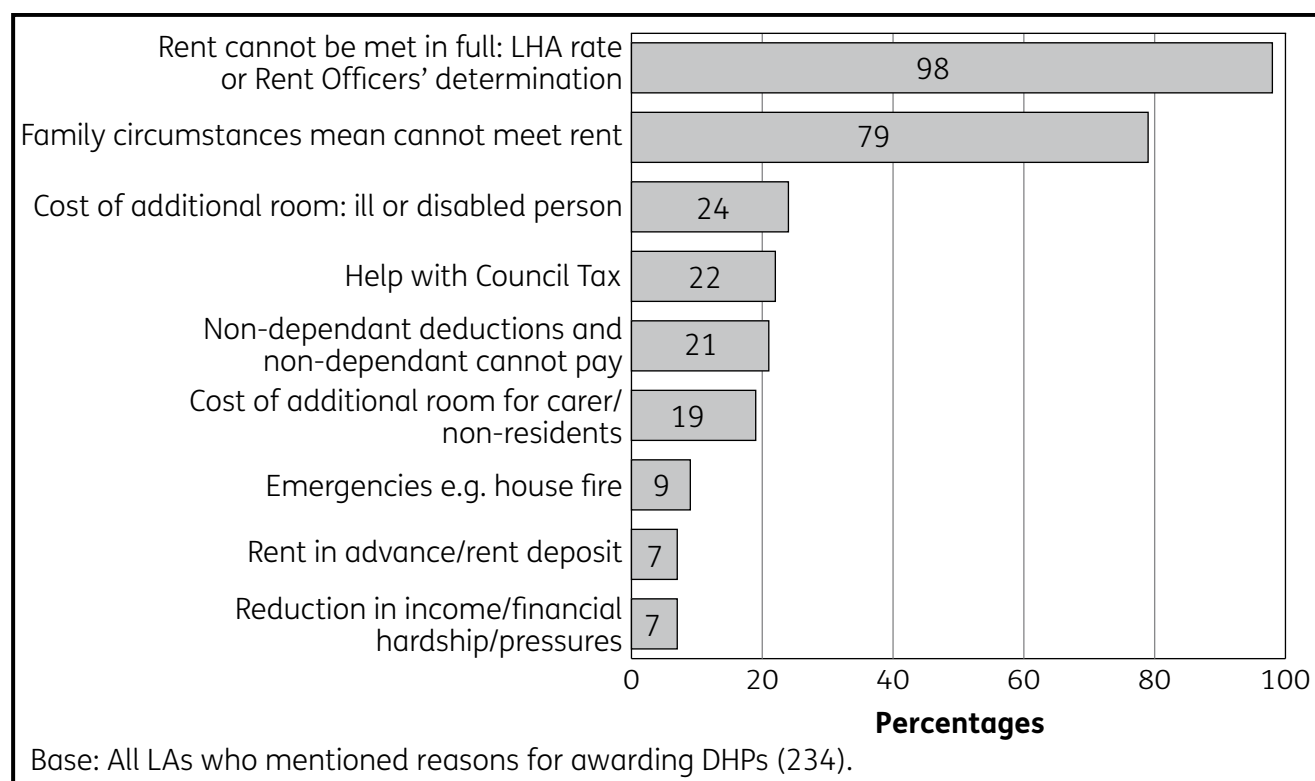
Figure 1.1 illustrates the main answers to this question, but in addition to those charted the following responses were also recorded:

- Pregnancy/expecting a baby/imminent birth of baby/single, under-25 and pregnant – 5 per cent
- Ill health/medical problems – 3 per cent
- Helping with mortgage payments in certain circumstances – 2 per cent
- Rent arrears – 1 per cent
- Under 25/single under 25 (unspecified) – 1 per cent
- Other – 5 per cent

There were some significant differences between sub-groups of LAs for this question. English metropolitan authorities were significantly more likely to say that they used DHPs to provide rent in advance/rent deposit (42 per cent) than London Boroughs were (16 per cent). There were also significant differences by region:

- LAs in the South East of England, and also those in the North West of England (both 100 per cent) were significantly more likely than, for example, LAs in the North East (75 per cent) to say that they awarded DHPs where the family circumstances meant claimants couldn't meet the rent commitment.
- Scottish LAs (61 per cent), those in the West Midlands (52 per cent) and the North West (50 per cent) were more likely to award DHPs as a result of emergencies than were, for example, LAs in the East Midlands (20 per cent).
- LAs where HB and Council Tax Benefit (CTB) administration were not contracted out were more likely to award DHPs because of an emergency (40 per cent) than were those where HB and CTB administration were contracted out (24 per cent).
- LAs where HB/CTB administration was not contracted out were also significantly more likely to have said they award DHPs to help with Council Tax (84 per cent) than were those that were contracted out (67 per cent).

**Figure 1.2 What are the three most common reasons for currently<sup>7</sup> awarding a DHP in your LA?**



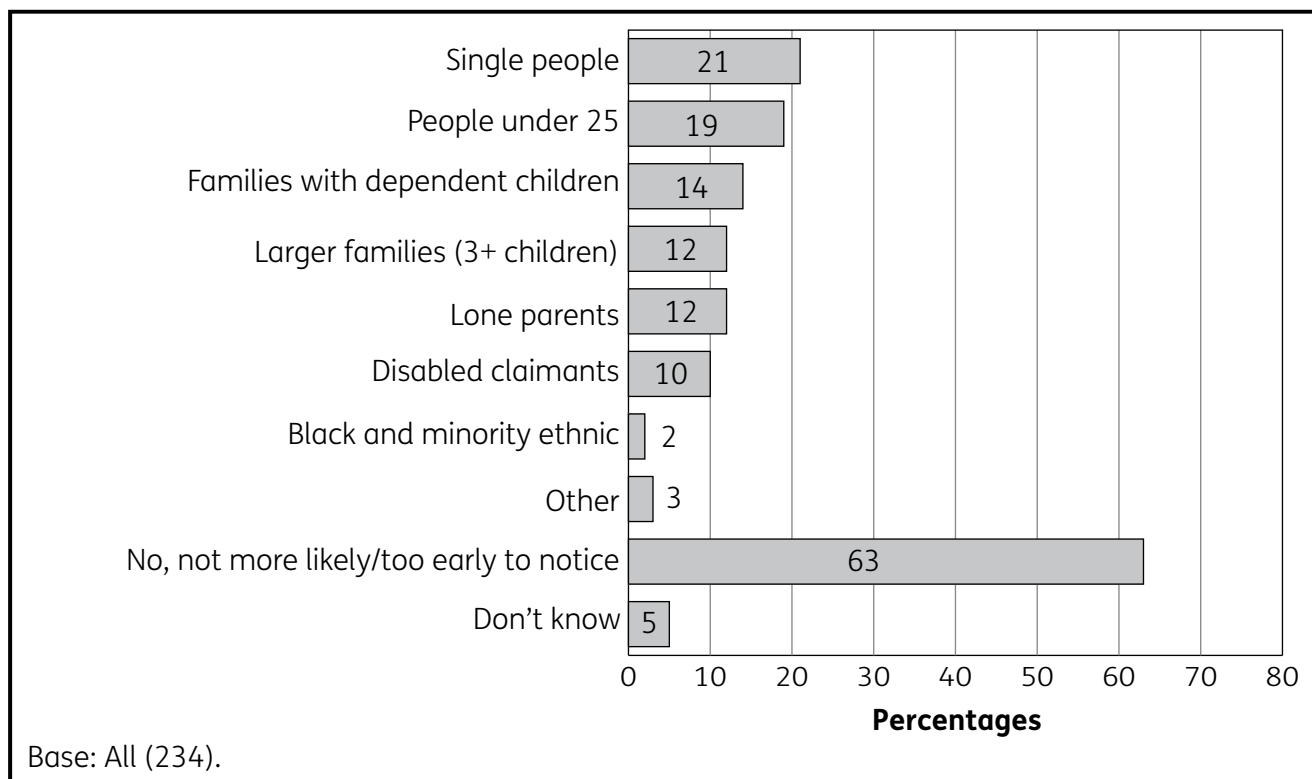
LAs were also asked to just list the three most common reasons why a DHP was currently<sup>8</sup> awarded; choosing from the list on the questionnaire, together with an option to write in any other reasons that were not covered in that list. The most frequently mentioned occasion remained where the rent could not be met in full either due to LHA rate or the Rent Officer's determination (98 per cent). The second most frequently mentioned reason was where family circumstances meant that they could not meet the rent commitment (79 per cent). It is worth noting that LAs in the North West (95 per cent), South East (90 per cent) and London (84 per cent) were significantly more likely to say '*where family circumstances meant that they could not meet the rent commitment*' as one of the three main reasons for awarding DHPs than were, for example, Welsh LAs (55 per cent). The third most frequently mentioned reason was to meet the cost of an additional room needed because a family member was ill/disabled (24 per cent).

The frequency with which meeting the cost of an additional room for a carer/other non-resident (e.g. visiting children) was mentioned as a reason for awarding DHPs differed significantly from region to region. For example, LAs in the North East (38 per cent), the East (33 per cent) and the East Midlands (32 per cent) were more likely to mention this reason than LAs in the West Midlands (five per cent) and Yorkshire and Humberside (seven per cent). LAs that had contracted out administration were also more likely to mention the cost of an additional room for a carer/other non-resident (e.g. visiting children) in their main three reasons for awarding a DHP than were their non-contracted out counterparts (30 per cent and 18 per cent respectively).

<sup>7</sup> 'Currently' was used in the question wording and applies to the period during interviewing for this survey which ran from 17 October to 16 December 2011.

<sup>8</sup> *ibid.*

**Figure 1.3 Thinking now about how your LA's use of DHPs has changed, if at all, since the new regulations in April 2011. Firstly, since the new regulations has your LA been more likely to use DHPs for any of the following groups of claimants?**



LAs were asked if there had been an increased likelihood of awarding DHPs to specific groups since the new regulations had been implemented for new LHA claimants.<sup>9</sup> Slightly more than three in five (63 per cent) LAs said that since the new regulations came into being in April 2011, they had been either not more likely to award DHPs to specific groups or claimants or that it was simply too early to notice a difference. Amongst those LAs that had observed a change in the specific groups that were more likely to be awarded DHPs, the most frequently mentioned included single people (21 per cent) and people under the age of 25 (19 per cent).

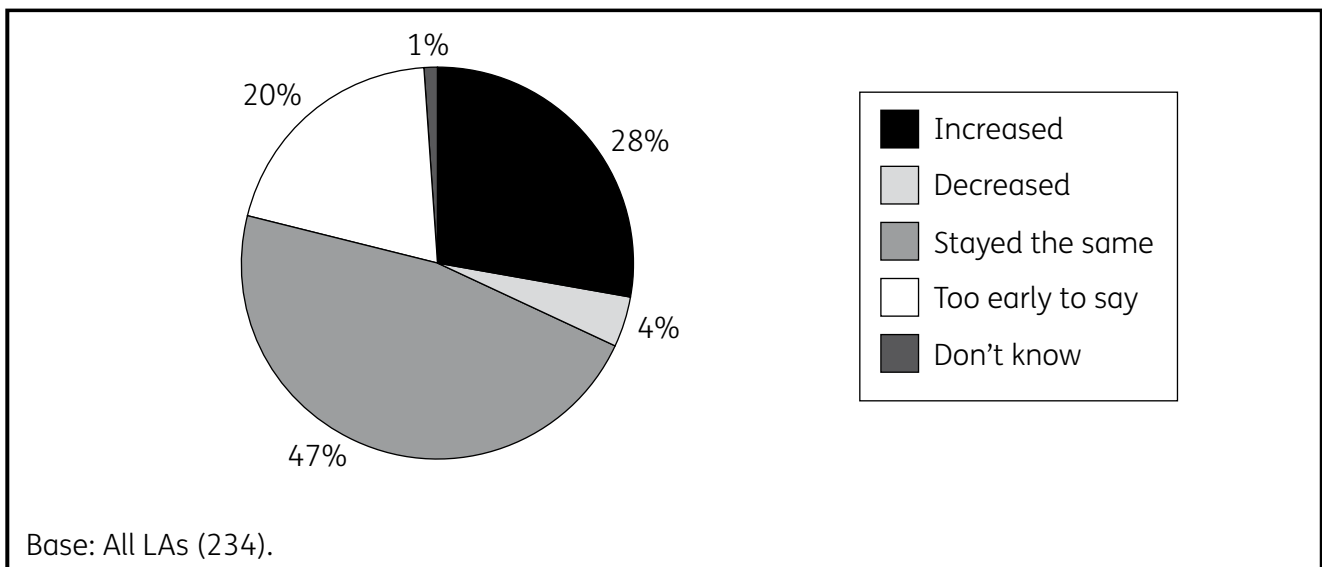
Other significant findings included the following:

- Single people were significantly more likely to have been mentioned as a group with an increased likelihood of receiving more DHPs by English metropolitan authorities (33 per cent) and English districts (24 per cent), in contrast to English unitary authorities (11 per cent).
- People under 25 were also significantly more likely to be mentioned as a group receiving greater numbers of DHPs by English metropolitan authorities (38 per cent) than most other types of LAs, and in contrast to London Boroughs (eight per cent) in particular.

<sup>9</sup> Note that at the time of the survey this applied to new LHA claimants only and included changing the basis for setting LHA rates from the median to the 30th percentile of local market rents; capping LHA rates by property size (£250 per week for one bed; £290 per week for two bed; £340 for three bed; £400 for four bed or more – thereby scrapping the five bed rate). The uprating of HB rates, shared accommodation rate, benefit cap and social sector size criteria were not in effect.

- Lone parent families were more likely to be mentioned by London Boroughs (24 per cent) than they were by Scottish LAs, amongst whom none of the LAs interviewed mentioned an increased likelihood to award DHPs to lone parents.

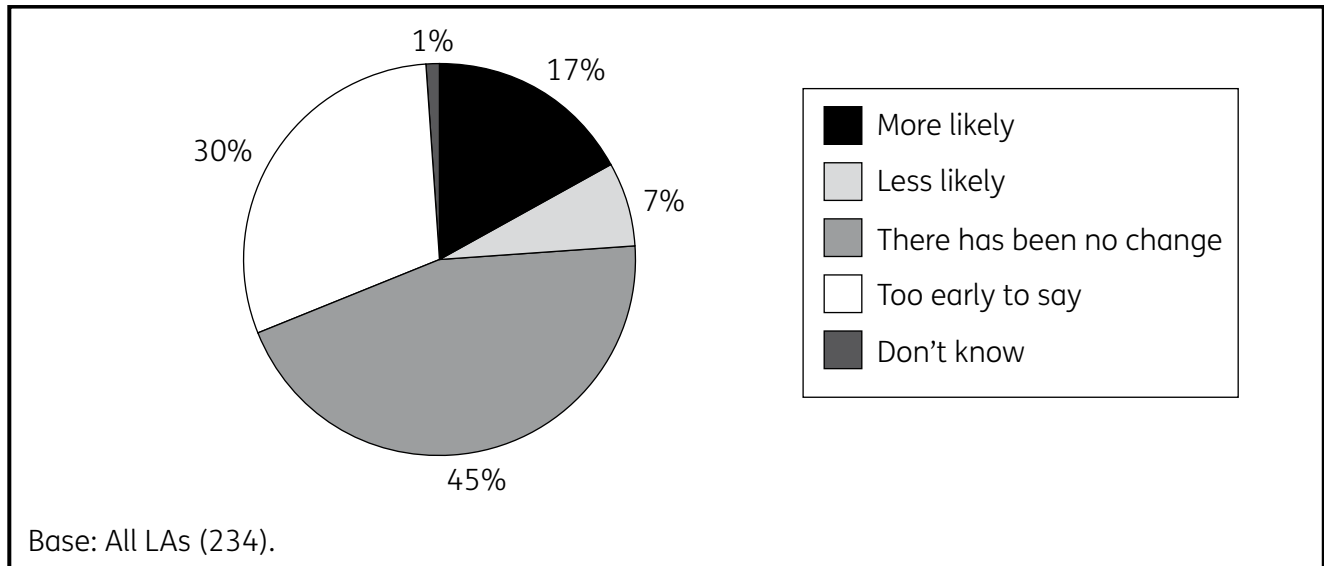
**Figure 1.4** Would you say that since the new regulations in April 2011 the number of DHPs awarded for periods of three months or less has increased, decreased or stayed the same?



Twenty-eight per cent of LAs said that the number of DHPs awarded for short terms of three months or less had increased since the April 2011 changes to LHA; four per cent said they had decreased and almost half (47 per cent) said they had remained at the same level; while a fifth (20 per cent) said it was too early to observe patterns of change for these kinds of awards.

Significantly more LAs in English districts (34 per cent,) said that the number of DHPs awarded for three months or less had increased, in comparison to English metropolitan districts (17 per cent) and London Boroughs (16 per cent). LAs in the South East region (39 per cent) had significantly higher numbers of LAs that said that the number of DHPs awarded for three months or less had increased, compared to London Boroughs (16 per cent). By contrast, London Boroughs (64 per cent) and LAs that were contracted out (61 per cent) were significantly more likely than LAs that were not contracted out (44 per cent) to state that the numbers of DHPs awarded for periods of three months or less had stayed the same since the new regulations.

**Figure 1.5** Would you say that since the new regulations in April 2011 your LA has been more or less likely to use DHPs for existing tenants (ie, those who had been tenants prior to April 2011 and were not affected by the new LHA regulations) or has there been no change?



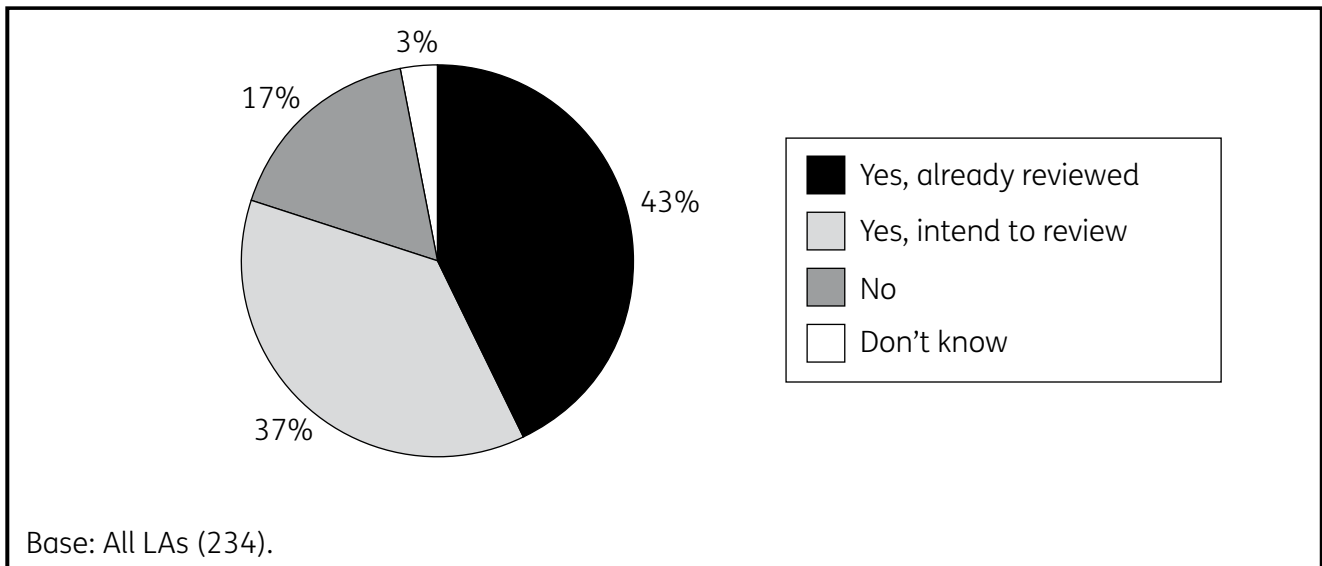
With regard to changes in the patterns of awarding DHPs for existing tenants since the new regulations, 17 per cent said they were more likely to award to existing tenants, and seven per cent said they were less likely to. The most common answer (45 per cent) was that there had been no change in the pattern for this type of DHP award and three in ten (30 per cent) said that it was too early to say if it had changed.

There were some significant differences between sub-groups as follows:

- Welsh LAs were significantly more likely to say that they had been more likely to use DHPs for existing tenants than some other LA types (36 per cent Welsh compared to eight per cent English Metropolitan and nine per cent Scottish authorities).
- Contracted out authorities (64 per cent) were significantly more likely to have said there was no change in the pattern of awards for existing tenants than were LAs that were not contracted out (42 per cent).



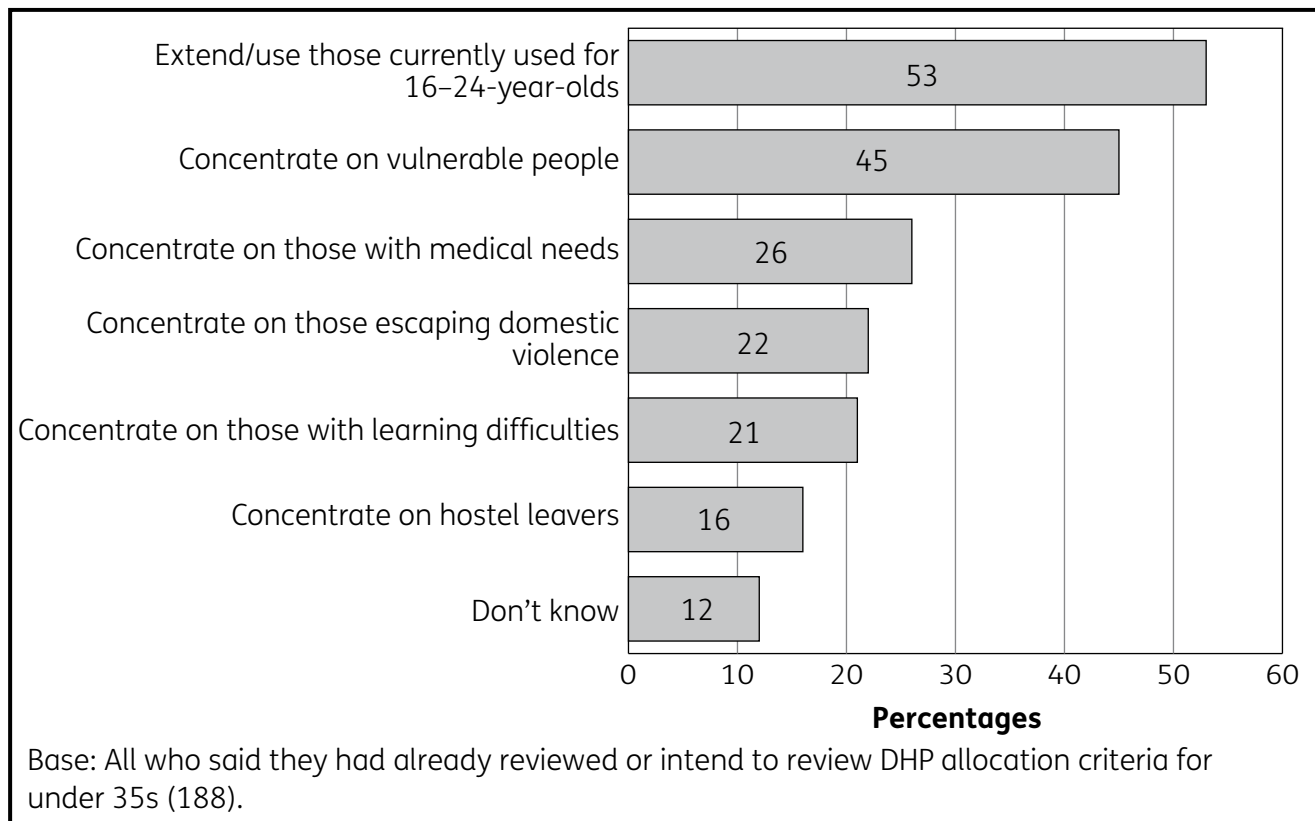
**Figure 1.6** In January 2012, the LHA regulations in shared accommodation will change, so that all persons under 35 will only be eligible for the shared accommodation rate. Has your LA already reviewed, or does your LA intend to review, your DHP allocation criteria in anticipation of these changes to LHA regulations happening in January 2012?



Changes to the LHA introduced in January 2012 mean that people under the age of 35 are only eligible for the shared accommodation rate. As the survey was conducted between October and December 2011 (i.e. before the change had come into effect), LAs were asked whether they had reviewed, or intended to review their DHP allocation criteria and anticipation of the changes. In this context, 43 per cent of LAs had already reviewed their DHP allocation criteria for persons under 35 and a further 37 per cent intended to review them.

LAs that were contracted out were least likely to have done any review activity (27 per cent contracted out versus 15 per cent not contracted out). There were differences in responses by caseload as well: LAs with a low or medium caseload (19 per cent and 23 per cent respectively) were more likely to have said they had not done a review and did not have an intention to do a review of this issue in comparison to their counterparts with high caseloads (just seven per cent had not done/ shown no intention to review).

**Figure 1.7 What changes has your LA made, or does your LA intend to make, to your DHP allocation criteria in anticipation of the LHA changes to the shared accommodation rates for under 35s happening in January 2012?**



LAs that had been active in reviewing their allocation criteria for under 35s were asked what changes they planned to make. The most frequently mentioned change was that LAs planned to extend/use those (criteria) currently<sup>10</sup> used for 16 to 24-year-olds (53 per cent) and concentrate on vulnerable people (45 per cent). Approximately a quarter (26 per cent) said that they would concentrate on those with medical needs, 22 per cent would concentrate on those escaping domestic violence and 21 per cent would concentrate on those with learning difficulties.

Figure 1.7 shows the main answers mentioned in response to this question, but the following were also recorded:

- No specific group/decided on individual circumstances/each case on its merits – 5 per cent
- Extending use to under 35s/concentrate help on under 35s – 3 per cent
- Extend use for those aged 25-34/25-35 – 2 per cent
- Anticipate an increase in demand/increase in DHP requests – 2 per cent
- Other – 8 per cent

<sup>10</sup> 'Currently' was used in the question wording and applies to the period during interviewing for this survey which ran from 17 October to 16 December 2011.

Planned changes differed between different sub-groups of LAs. LAs that were contracted out were more likely, than those that were not contracted out, to have said that they were going to concentrate on the following groups:

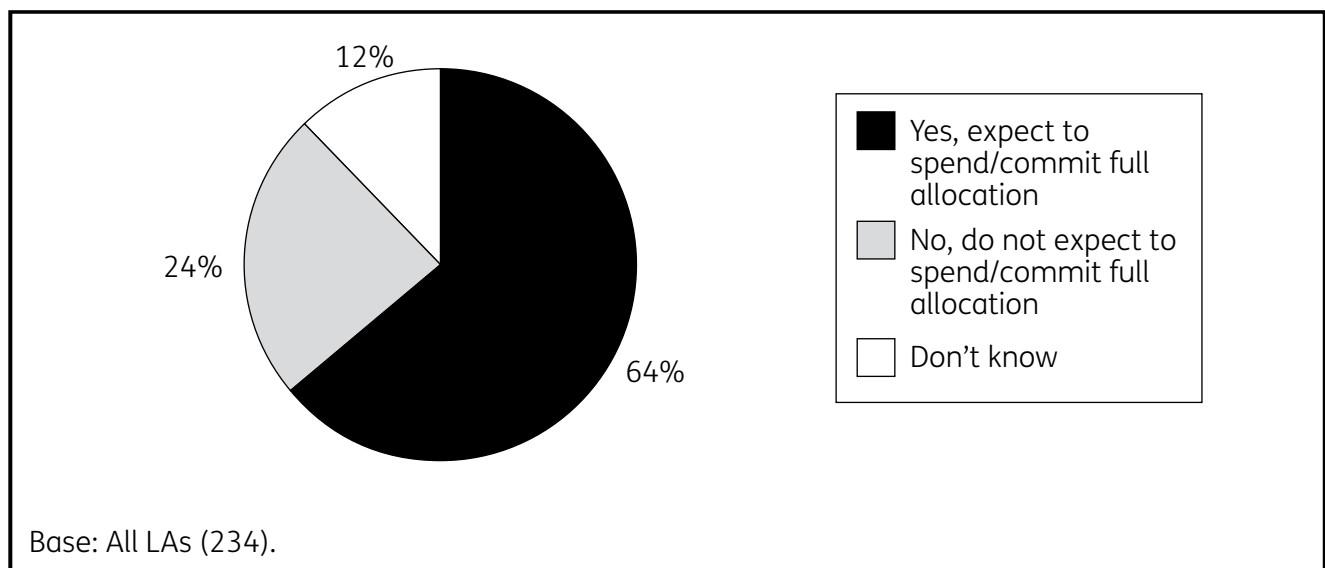
- those with learning difficulties (36 per cent contracted out versus 19 per cent not contracted out);
- those with medical needs (41 per cent contracted out versus 24 per cent not contracted out);
- those escaping domestic violence (36 per cent contracted out versus 20 per cent not contracted out).

There were significantly higher numbers of English unitary authorities than average that said they would concentrate on the following groups:

- those with learning difficulties (33 per cent);
- those with medical needs (40 per cent);
- those escaping domestic violence (33 per cent);
- vulnerable people (57 per cent).

English unitary authorities, together with Welsh authorities (both 33 per cent) and English metropolitan authorities (32 per cent) were significantly more likely to have said they would concentrate on hostel leavers than were English districts (six per cent) and London Boroughs (ten per cent).

**Figure 1.8 Does your LA expect to spend/commit your full DHP allocation in this financial year or not?**



LAs were asked if they expected to spend/commit to their full DHP allocation in this financial year<sup>11</sup> and approximately two-thirds (64 per cent) said that they would, almost a quarter (24 per cent) said that did not expect this to happen.

<sup>11</sup> This financial year meaning 2011–2012.

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LAs in Scotland (87 per cent) were significantly more likely to have said that they expected to spend/commit to their full DHP allocation in this financial year than any other region or type of authority. LAs from the following regions were more likely to have said that they did not expect to spend/commit to their full DHP allocation in this financial year:

- East (37 per cent);
- London (32 per cent);
- Yorkshire and Humberside (29 per cent);
- South West (27 per cent);
- South East (26 per cent);
- West Midlands (24 per cent).