

# 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 removal of the spare room subsidy, which were not all in place at the time of the survey, 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, in total an extra £360 million of funding is being provided to LAs for the award of DHPs. The main aim of this section was to find out whether and how LAs uses of DHPs have changed since April 2011.

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 statistically significant sub-group differences. We have not commented on differences that are not significant. When possible, comparisons are made with the findings from the previous wave of the survey which was conducted in the autumn of 2011. Where percentages do not sum to 100, this may be due to computer rounding, the exclusion of 'don't know' or 'other' categories, or multiple answers.

LAs were asked to identify the full range of situations where a DHP was currently<sup>1</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 Officers' determination<sup>2</sup> (97 per cent). In 2011, a change in family circumstances which meant that rent could not be paid was the second most frequently selected situation. However, at this wave of the survey, nine in ten LAs also said that they awarded DHPs to assist under 35s on a temporary basis to give them time to move home. The other major year-on-year difference in the findings was the increase in the proportion of LAs saying that they awarded DHPs because the tenant was in rent arrears (52 per cent compared with just one per cent in 2011) and to provide rent in advance/rent deposit (45 per cent compared with 28 per cent in 2011).

When LAs were also asked to list just the three most common reasons where a DHP was awarded, the most frequently mentioned situation remained where the rent could not be met in full either due to the LHA rate or the rent officer determination (89 per cent). It was followed by providing assistance to people under 35 (64 per cent), a change in family circumstances (41 per cent) and rent arrears (25 per cent).

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<sup>1</sup> 'Currently' was used in the question wording and applies to the period during interviewing for this survey which ran from 22 October to 14 December 2012.

<sup>2</sup> Rent officers determine the LHA rate for every LA in England.

LAs were also asked to indicate approximately what percentage each situation accounted for out of the total DHP allocation: on average, 41 per cent of all DHPs were awarded when rent could not be met in full because of the LHA rate or rent officer determination, 16 per cent were awarded to provide assistance to people aged under 35 and a further 10 per cent when there had been a change in family circumstances.

In terms of the increased likelihood of awarding DHPs to specific groups since the new regulations, there has been a very clear change in priority at this wave of the survey to single people aged 25-34 (75 per cent of LAs said they were more likely to have awarded them to this group since the new regulations).

Almost half of LAs (48 per cent) said that the number of DHPs awarded for short periods of three months or less had increased since transitional protection (TP) began to end;<sup>3</sup> in contrast to last year where 28 per cent said that this had increased since the new regulations. When LAs were asked to rate the three most important reasons for offering a short-term DHP award, 82 per cent said that it was to support a tenant until the end of a tenancy, 38 per cent also said that they offered them because longer-term awards were not affordable, and one in three offered them as a short-term payment to landlords as part of rent and/or tenancy negotiation (35 per cent) or because the tenant was in rent arrears (32 per cent)

Over half (55 per cent) of LAs said that the number of DHPs awarded for periods of more than three months since TP began to end had increased. When a follow-up question was asked about the maximum periods for which DHPs had been awarded, half said 52 weeks and more than a quarter said 26 weeks.

LAs were also asked about changes to the patterns of awarding DHPs to existing tenants (i.e., those who had been tenants prior to April 2011 and were not affected by the change in LHA regulations) since the new regulations. More than a third (36 per cent) said they were more likely to award DHPs to existing tenants compared with 17 per cent at the previous wave which is a significant increase.

Changes to the Shared Accommodation Rate were introduced January 2012: unless they are in an exempt category, single childless people under the age of 35 are now only eligible for the shared accommodation rate. In this context, two in three LAs (65 per cent) had already reviewed their allocation criteria for under 35s and one in three (34 per cent) had not; at the previous wave of the survey in 2011, just 43 per cent had already undertaken a review but a further 37 per cent intended to review. Amongst those LAs that had already reviewed their allocation criteria for under 35s, the most frequently cited changes were to extend/use those currently used for 16–24-year-olds (67 per cent) and represents an increase on 2011 when 53 per cent said that they had either already made this change or were planning to make it.

LAs were asked if they expected to spend/commit to their full 'additional' DHP allocation in the financial year and two thirds (66 per cent) said that they did, as opposed to a fifth (19 per cent) that said they did not expect to spend/commit to the full amount.

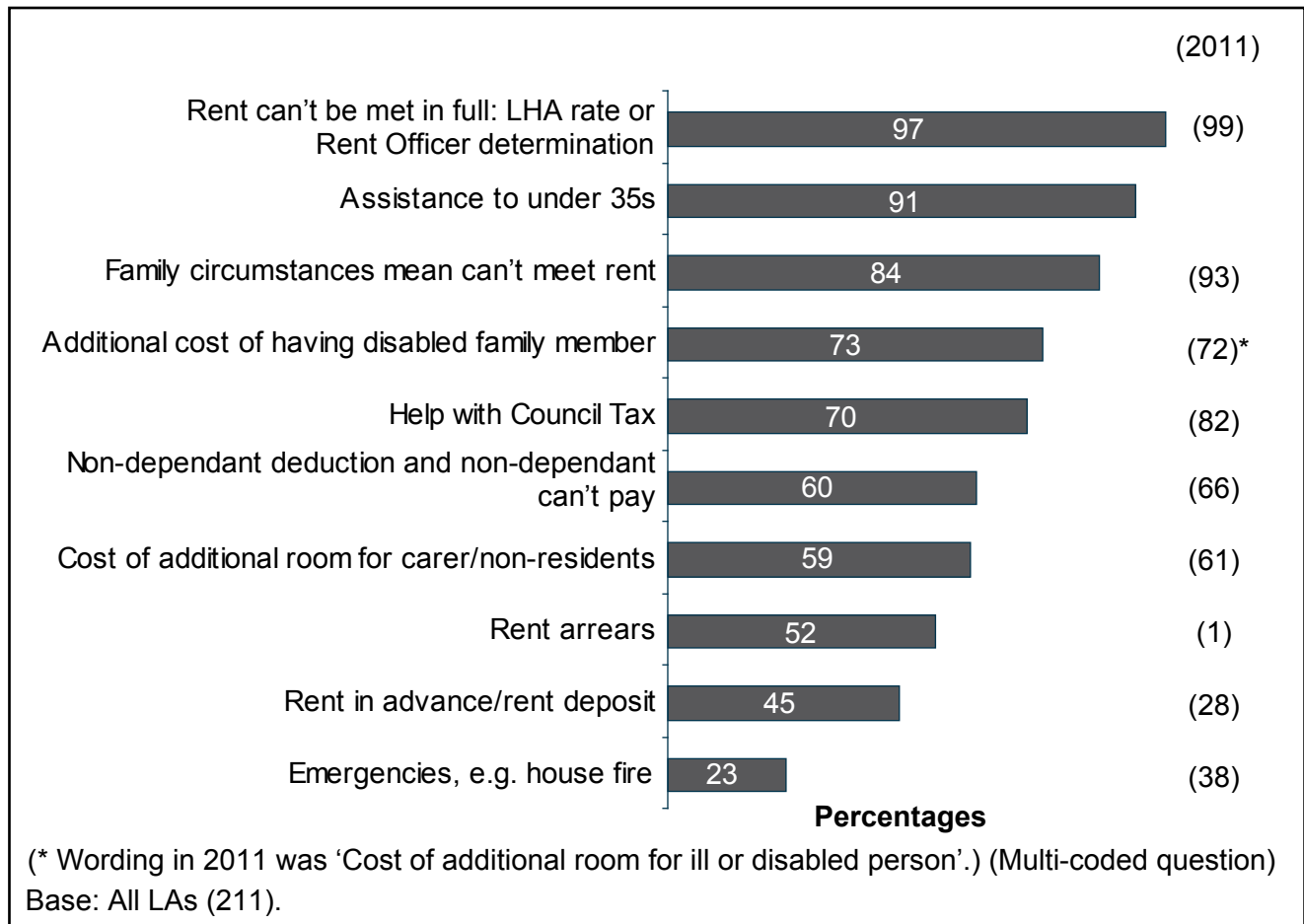
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<sup>3</sup> Following the changes to LHA from April 2011, a period of TP was introduced to give existing claimants time to look for alternative accommodation or adjust to their revised award of HB.

## 1.2 Main findings

This section 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>4</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. As in 2011, almost all LAs awarded DHPs where rent could not be met in full either because of the LHA rate or the rent officer determination (97 per cent and 99 per cent in 2011). In 2011 the second most frequently cited situation was family circumstances; however, this was no longer the case in 2012 when nine in ten LAs said that they awarded DHPs to assist under 35s on a temporary basis to give them time to move home (91 per cent). Even though fewer LAs at this wave of the survey said that they awarded DHPs when family circumstances meant claimants could not afford the rent, it was still selected by 84 per cent (93 per cent in 2011). Around one in seven also mentioned the additional cost of having a disabled family member (73 per cent, which is virtually the same as in 2011) and help with Council Tax (70 per cent, down from 82 per cent in 2011).

<sup>4</sup> 'Currently' was October – December 2012.

Non-dependent deductions and emergencies were selected by fewer LAs than last year (60 per cent and 23 per cent respectively) while the cost of an additional room for a carer/ non-residents was mentioned by the same (59 per cent). However, there has been a large increase in the proportion of LAs saying that they awarded DHPs because the tenant was in rent arrears (52 per cent, compared with just one per cent in 2011) and to provide rent in advance/rent deposit (45 per cent, compared with 28 per cent in 2011).

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

**Table 1.1 In what situation does your LA currently award a DHP?: Additional responses**

	Percentages
Pregnancy/expecting a baby/imminent birth of baby/single, under 25 and pregnant	6
Help with mortgage payments in certain circumstances	3
Reduction in income/income shortfall/financial hardship/financial pressures	3
Debt/growing debt	3
Low income/poverty	2
Shortfall in rent (reason unspecified)	2
When moving to larger accommodation/more suitable accommodation	1
Personal crisis	1
Other <sup>5</sup>	9

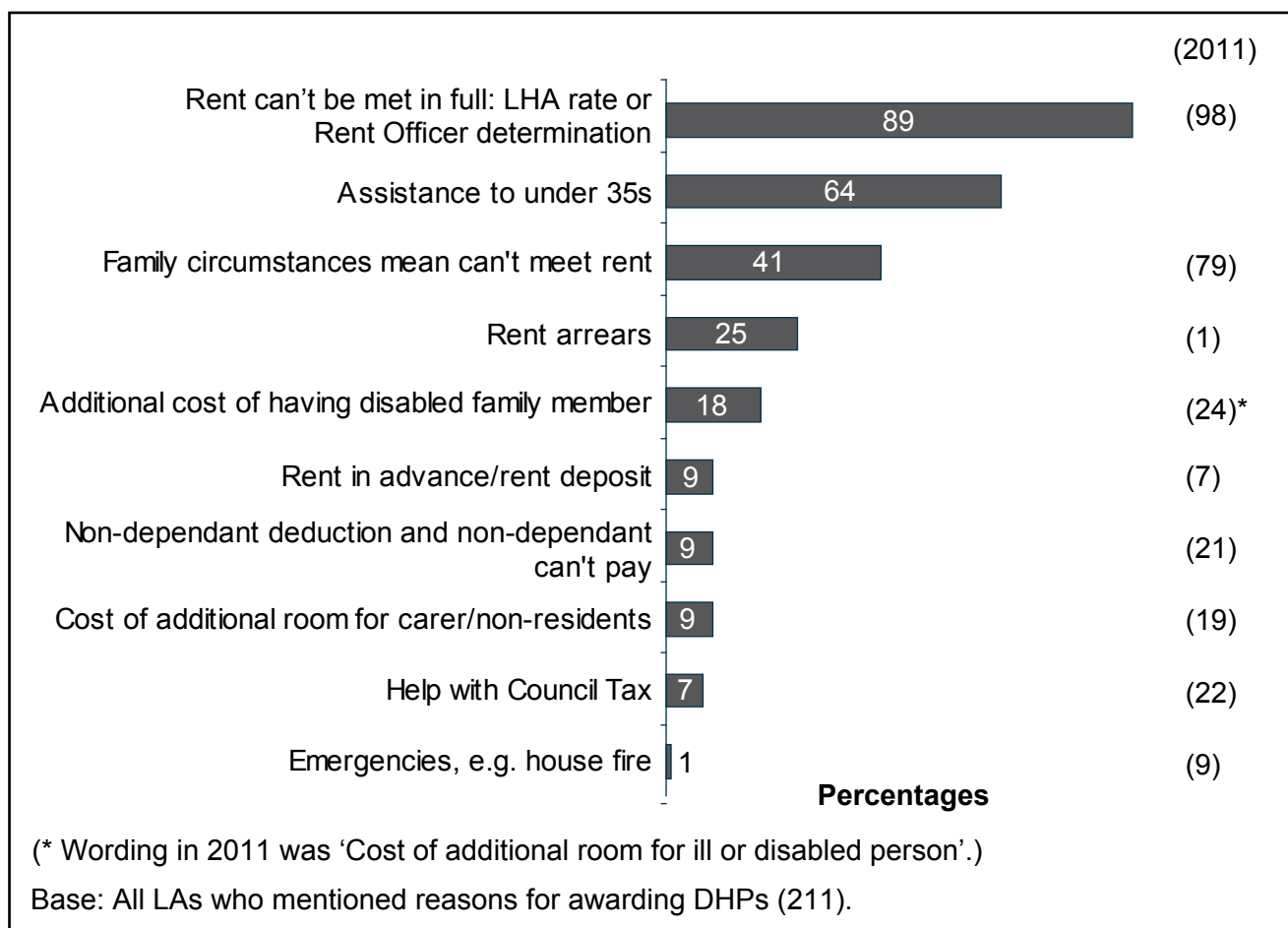
There were some interesting significant differences by LA type. English Metropolitan Districts and London Boroughs were significantly more likely than Scottish LAs and English Districts to say they have used DHPs for tenants in rent arrears (71 per cent and 68 per cent compared with 35 per cent and 48 per cent). In addition, London Boroughs were significantly more likely than English Unitary authorities and English Districts to have given assistance to people under 35 (100 per cent versus 88 per cent and 87 per cent respectively).

<sup>5</sup> This included awaiting court case to gain custody of children; assisting with potential benefit cap; joint tenant vacates; elderly and vulnerable and substance misuse under 35; improving financial status; removal costs were subject to LHA restriction; claimant previously homeless; claimant advised incorrectly of LHA rate; escaping domestic violence; moving home; covering additional bedroom where the occupier is single pregnant female; end of transitional protection; temporarily meet full rent where landlord agrees to give a new tenancy at LHA level; combination of several factors rather than just one of the above shown; meet shortfall prior to a projected increase in entitlement; bereavement; restricted single room rate; 13-week protections extended; levels of poor budgeting.

Perhaps not surprisingly, LAs with a high caseload<sup>6</sup> were generally more likely than those with a low caseload to have awarded DHPs for most of the situations in Figure 1.1. In addition, they were also more likely than medium caseload authorities to award DHPs:

- where there was a non-dependant deduction and the non dependant couldn't pay;
- to meet additional costs because a family member was ill/disabled; and
- where there was a change in family circumstances.

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



When LAs were also asked to list just the three most common reasons where a DHP was currently awarded, the most frequently mentioned situation remained where the rent could not be met in full either due to LHA rate or the rent officer's determination. While still cited by 89 per cent of LAs, this represents a decrease from the 2011 responses (98 per cent). The key change on last year's findings was that in 2012 nearly two-thirds of LAs (64 per cent) said that providing assistance to people under 35 was one of their top three most common reasons for awarding DHPs (no LAs had mentioned this in 2011). This was selected by a high percentage of English Metropolitan Districts (86 per cent) and LAs with a medium Housing Benefit/Council Tax Benefit caseload (77 per cent).

<sup>6</sup> High caseload = over 20,000.

<sup>7</sup> 'Currently' was October – December 2012.

There has also been a large increase in the proportion of LAs mentioning rent arrears in 2012 (25 per cent versus one per cent in 2011) and this increased to 41 per cent of London Boroughs (zero per cent in 2011), 39 per cent of LAs that had contracted-out administration (three per cent in 2011) and 33 per cent of LAs with a high caseload (one per cent in 2011).

When LAs were asked to list all of the reasons for awarding a DHP, rent in advance/rent deposit showed a big year-on-year increase (from 28 per cent in 2011 to 45 per cent in 2012); however, when they were asked about the three most common reasons, just nine per cent mentioned it (seven per cent last year).

There has been a relatively large overall decrease since 2011 in the proportion of LAs mentioning family circumstances (to 41 per cent), non-dependant deductions and non-dependant can't pay (nine per cent) and cost of additional room for carer/non-resident (nine per cent), help with Council Tax (seven per cent) and emergencies (one per cent).

**Table 1.2 What approximate percentage does each situation make up of total DHPs?**

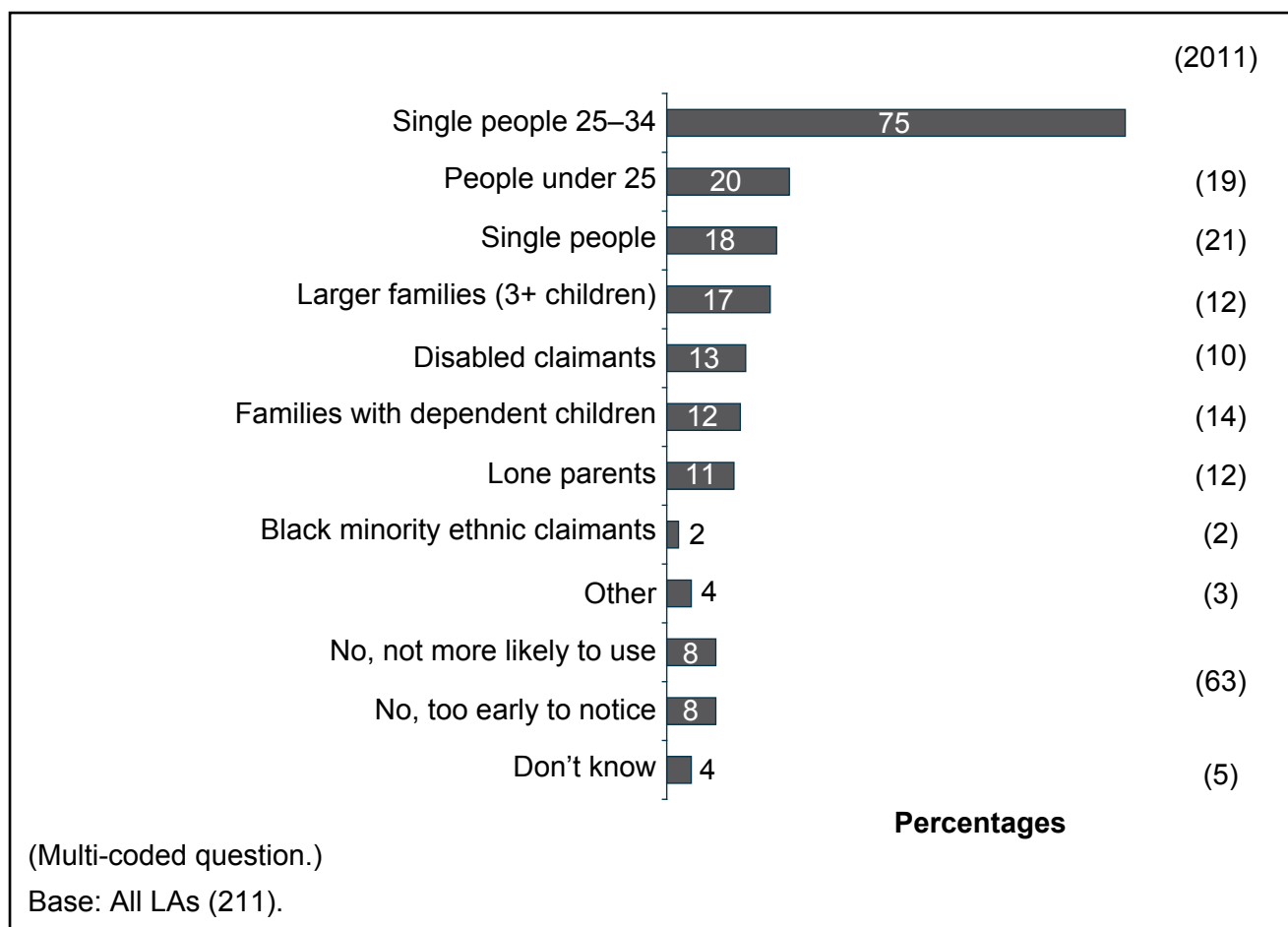
	Mean (percentages)
Rent can't be met in full because of LHA rate or rent officer determination	41
Assistance to under 35s	16
Change in family circumstances meant can't meet rent	10
Meet additional cost because family member is ill/disabled	7
Tenant in rent arrears	6
Non-dependant deduction and non-dependant can't pay	4
Help with Council Tax	4
Rent in advance/rent deposit	3
Cost of additional room for carer/other non-resident	3
Emergencies	1
Help with mortgages	0.5
Other	4

Base: All LAs except those saying 'don't know' or 'not stated' at A1 ('In what situations does your LA currently award a DHP?') (208).

For each of the situations where DHPs were awarded, LAs were asked to indicate approximately what percentage each of these situations accounted for out of the total DHP allocation. LAs were told that their answer could be based on their general perception if they had not kept a record and 74 per cent said that they had given an estimate.

The percentage that each LA gave for each situation was then averaged out across all authorities and is presented in Table 1.2. Although LAs said that on average 41 per cent of all of the DHPs awarded were when rent could not be met in full because of the LHA rate or rent officer determination overall, they also said that on average one in six (16 per cent) were awarded to provide assistance to people aged under 35 and a further one in ten (10 per cent) when family circumstances meant that rent could not be met. The other situations each made up less than 10 per cent of total DHPs.

**Figure 1.3 Since the new regulations has your LA been more likely to use DHPs for any of the following groups of claimants?**

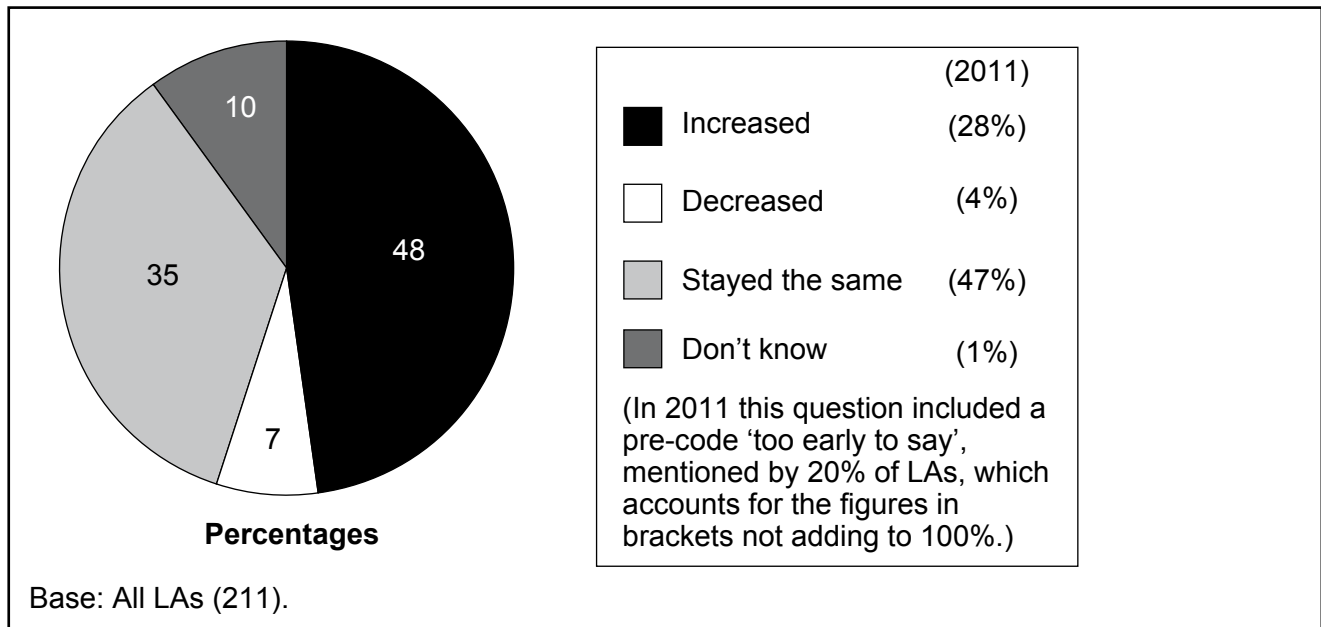


LAs were asked if there had been an increased likelihood of awarding DHPs to specific groups since the new regulations had been implemented. There has been a very clear change in priority at this wave of the survey to single people aged 25-34 (75 per cent said they were more likely to have awarded them to this group). However, this rises to 95 per cent among English Metropolitan Districts. Interestingly, Scottish LAs were the least likely to have seen an increase in the use of DHPs for single people aged 25-34 (53 per cent).

Other findings are similar to the last wave, although there has been a slight increase in the proportion of LAs mentioning larger families with three or more children (17 per cent in 2012 compared with 12 per cent in 2011). London Boroughs were particularly likely to have seen an increase in the use of DHPs for larger families (45 per cent).

It is worth noting that London Boroughs were particularly likely to highlight an increase in the use of DHPs for almost all of the different groups of claimants shown above, for example 32 per cent mentioned families with dependent children, 27 per cent lone parents and 14 per cent black and minority ethnic claimants.

**Figure 1.4** Would you say that since the TP began to end, the number of DHPs awarded for periods of three months or less has increased, decreased or stayed the same?



Almost half of LAs (48 per cent) said that the number of DHPs awarded for short periods of three months or less had increased since TP began to end<sup>8</sup>, compared with last year when 28 per cent said that it had increased since the new regulations.

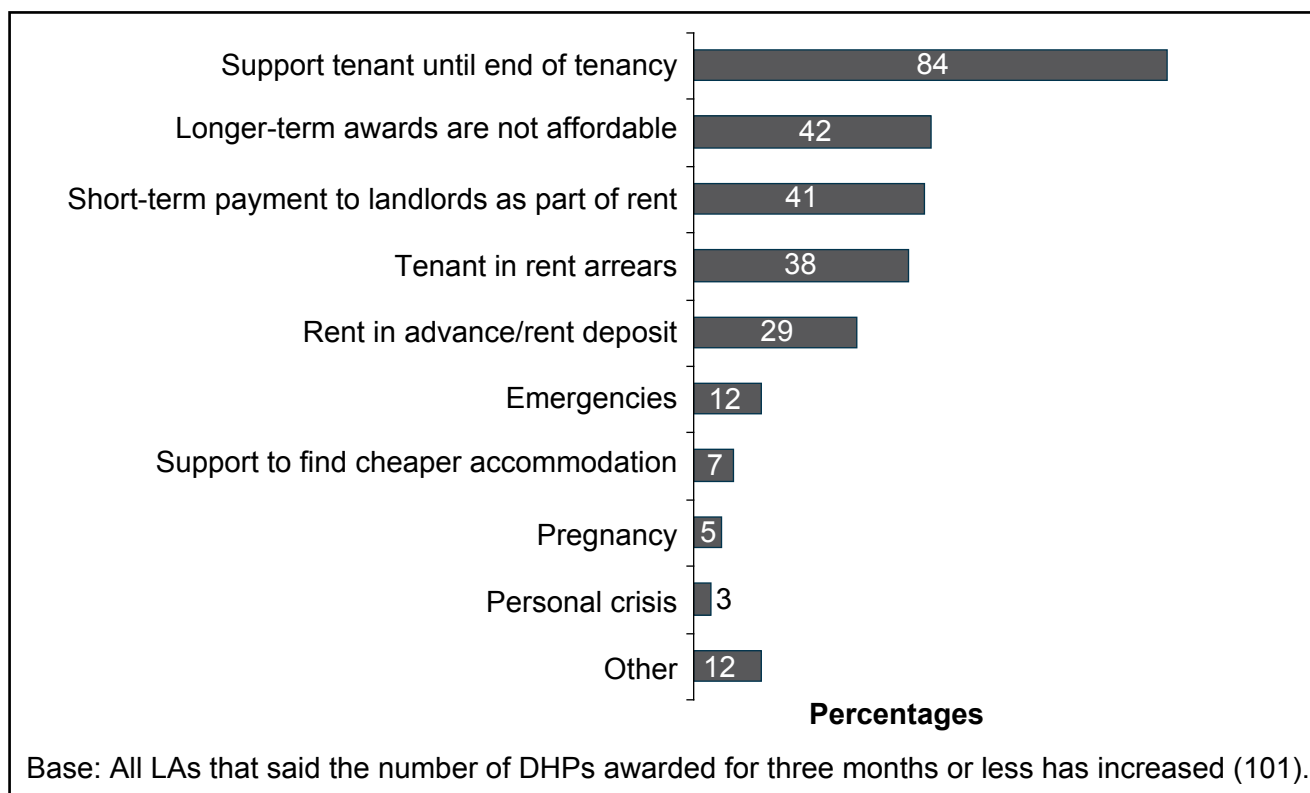
Compared with the previous wave of the survey, fewer said the number of DHPs awarded had remained the same (35 per cent) and slightly more said that it had decreased (seven per cent).

Findings are consistent across all sub-groups, although there is a significantly high percentage of LAs in Yorkshire and Humberside saying that the number had decreased – three LAs out of 12 (or 25 per cent).

<sup>8</sup> Following the changes to LHA from April 2011, a period of TP was introduced to give existing claimants time to look for alternative accommodation or adjust to their revised award of HB.



**Figure 1.5 What are the reasons for offering a short-term (short-term meaning three months or less) DHP award?**

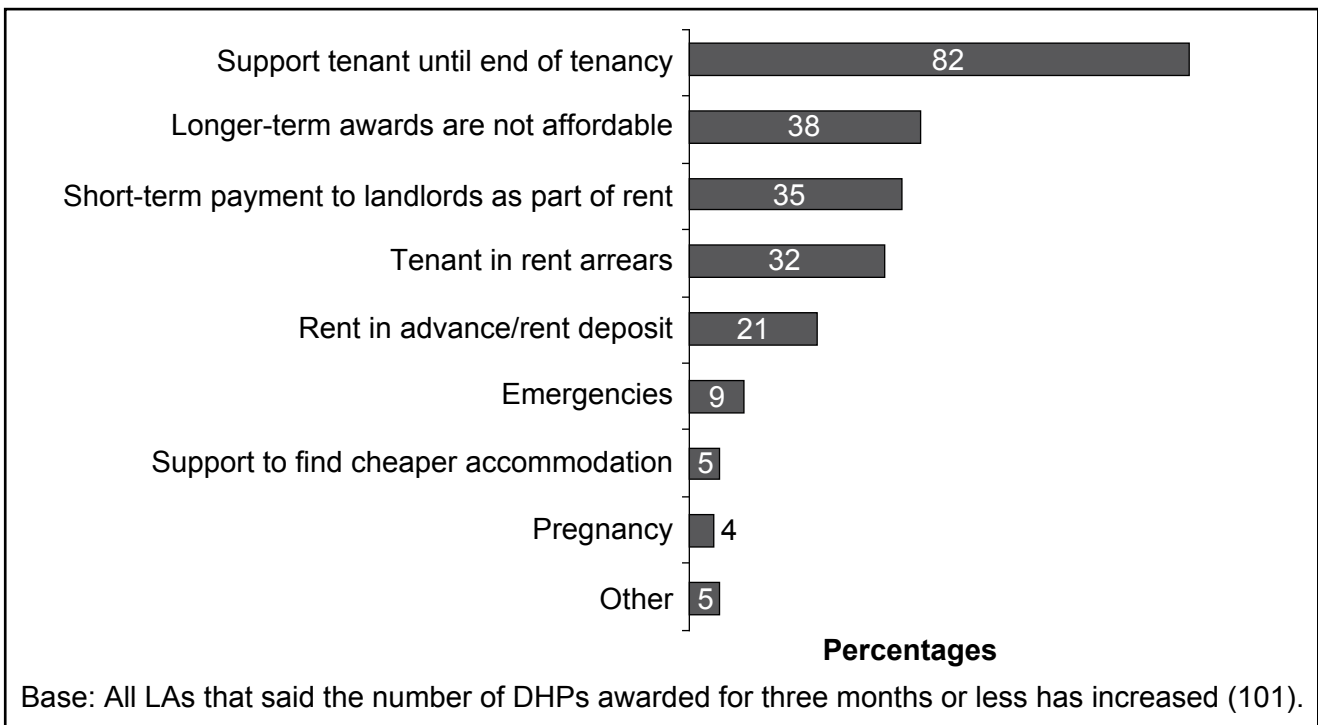


Those LAs that said the number of short-term awards had increased were asked what the main reasons were for LAs offering a short-term DHP award. By far the most frequently mentioned reason was to support the tenant until the end of a tenancy (84 per cent).

Two in five also said that they offered them because longer-term awards were not affordable, as a short term payment to landlords as part of rent and/or tenancy negotiation or because the tenant was in rent arrears (42 per cent, 41 per cent and 38 per cent respectively). Three in ten also cited rent in advance/rent deposit (29 per cent).

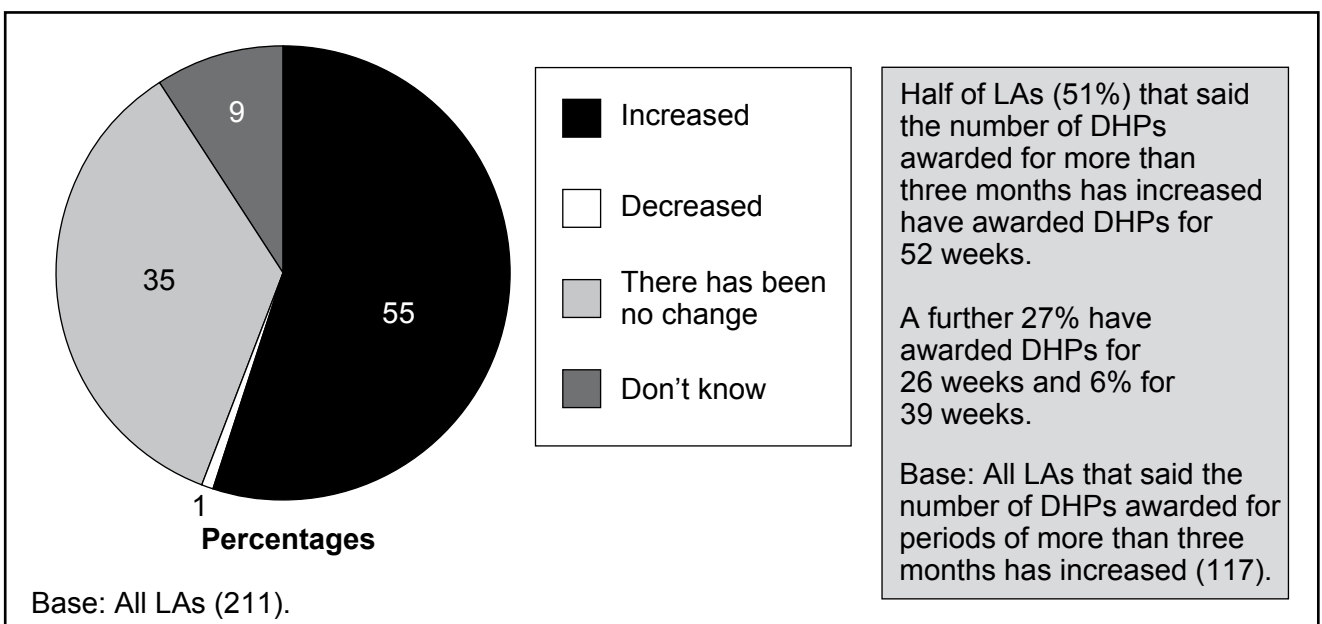
There are some differences in the findings according to LA type. London Boroughs were particularly likely to have offered a short-term DHP award because longer-term awards were not affordable (77 per cent) and as a short-term payment to landlords as part of rent and/or tenancy negotiation (62 per cent). English Metropolitan Districts and high caseload authorities were also particularly likely to have offered a short-term DHP award as a short-term payment to landlords as part of rent and/or tenancy negotiation (89 per cent and 62 per cent respectively), while high caseload LAs were also significantly more likely than low and medium caseload authorities to use short-term awards for emergencies (28 per cent).

**Figure 1.6 What are the three most important reasons for offering a short-term (short-term meaning three months or less) DHP award?**



When LAs were asked to rate the three most important reasons for offering a short-term DHP award, 82 per cent mentioned supporting a tenant until the end of a tenancy. As Figure 1.6 indicates, the relative importance of the reasons very much reflects the answers at the previous question. Once again, a high proportion of London Boroughs used short-term DHP awards because longer-term awards were not affordable (77 per cent).

**Figure 1.7 Would you say that since the TP began to end, the number of DHPs awarded for periods of more than three months has increased, decreased or stayed the same? What is the maximum period that DHPs have been awarded for?**

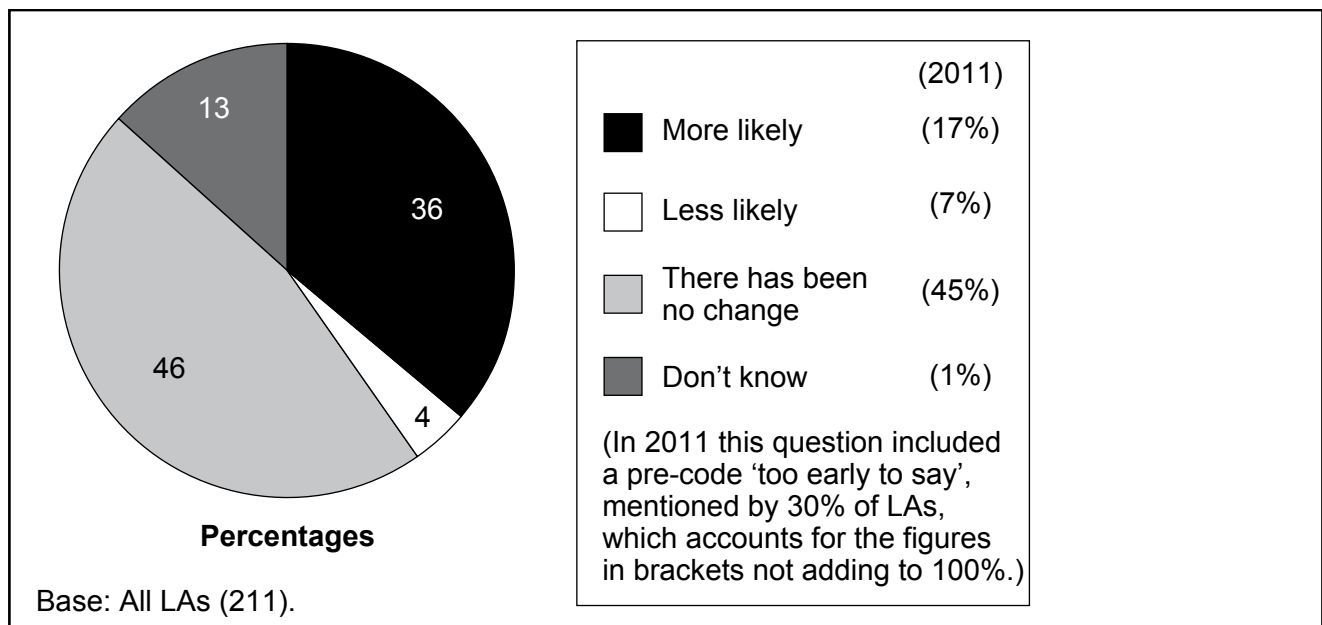


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With regard to changes in the number of DHPs awarded for periods of more than three months since TP began to end, over half of LAs said that the number had increased (55 per cent), with this rising to 81 per cent of English Metropolitan Districts. On the other hand, 35 per cent said there has been no change and just one per cent noted a decrease.

When a follow-up question was asked about the maximum periods for which DHPs had been awarded, half (51 per cent) said 52 weeks. More than a quarter (27 per cent) said 26 weeks and six per cent said 39 weeks. LAs with a high caseload and London Boroughs were particularly likely to have awarded a DHP for 52 weeks (65 per cent and 83 per cent respectively).

**Figure 1.8 Would you say that since the regulations changed in April 2011 your LA has been more or less likely to use DHPs for existing tenants (i.e. those who had been tenants prior to April 2011 and were not affected by the change in LHA regulations) or has there been no change?**

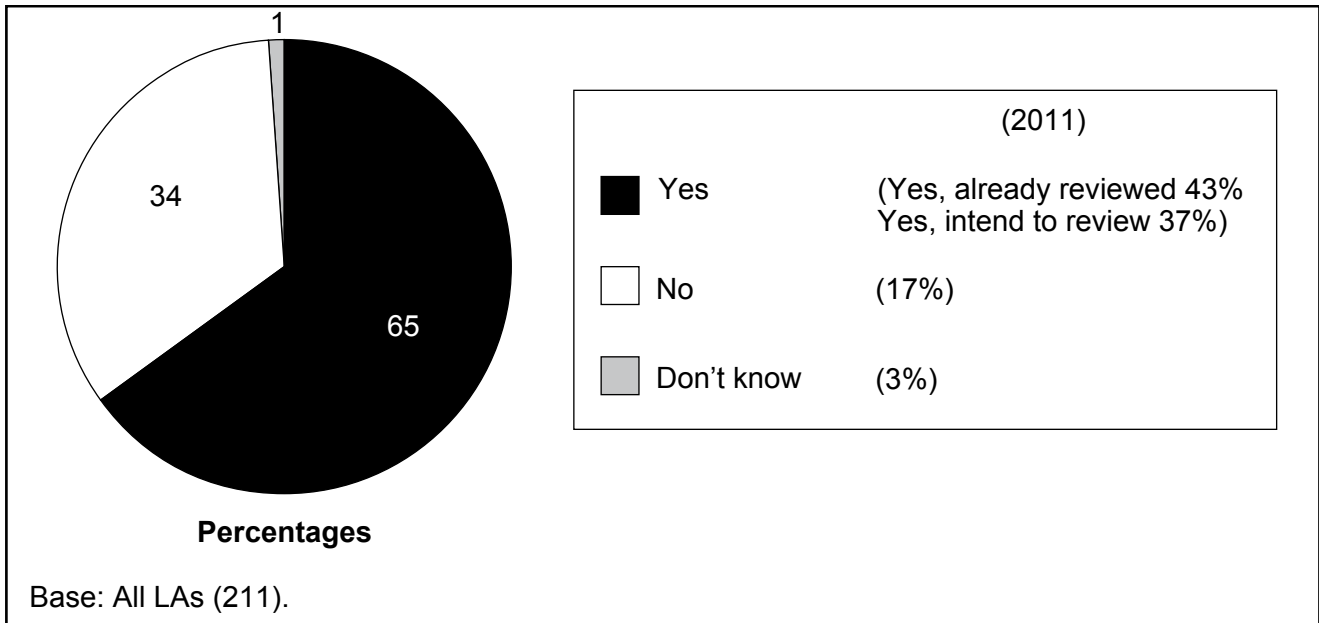


LAs were also asked about changes to the patterns of awarding DHPs for existing tenants since the new regulations. More than a third (36 per cent) said they were more likely to award DHPs to existing tenants compared with 17 per cent at the previous wave which is a significant increase.

Just under half said there had been no change (46 per cent) and four per cent said they had been less likely to award DHPs for existing tenants since the new regulations.

Findings were very consistent across all sub-groups, although a significantly higher percentage of LAs that had contracted-out administration said they were more likely to have awarded DHPs to existing tenants (57 per cent versus 33 per cent of LAs without contracted-out administration). In addition, Scottish LAs were particularly likely to have said that there had been no change (71 per cent).

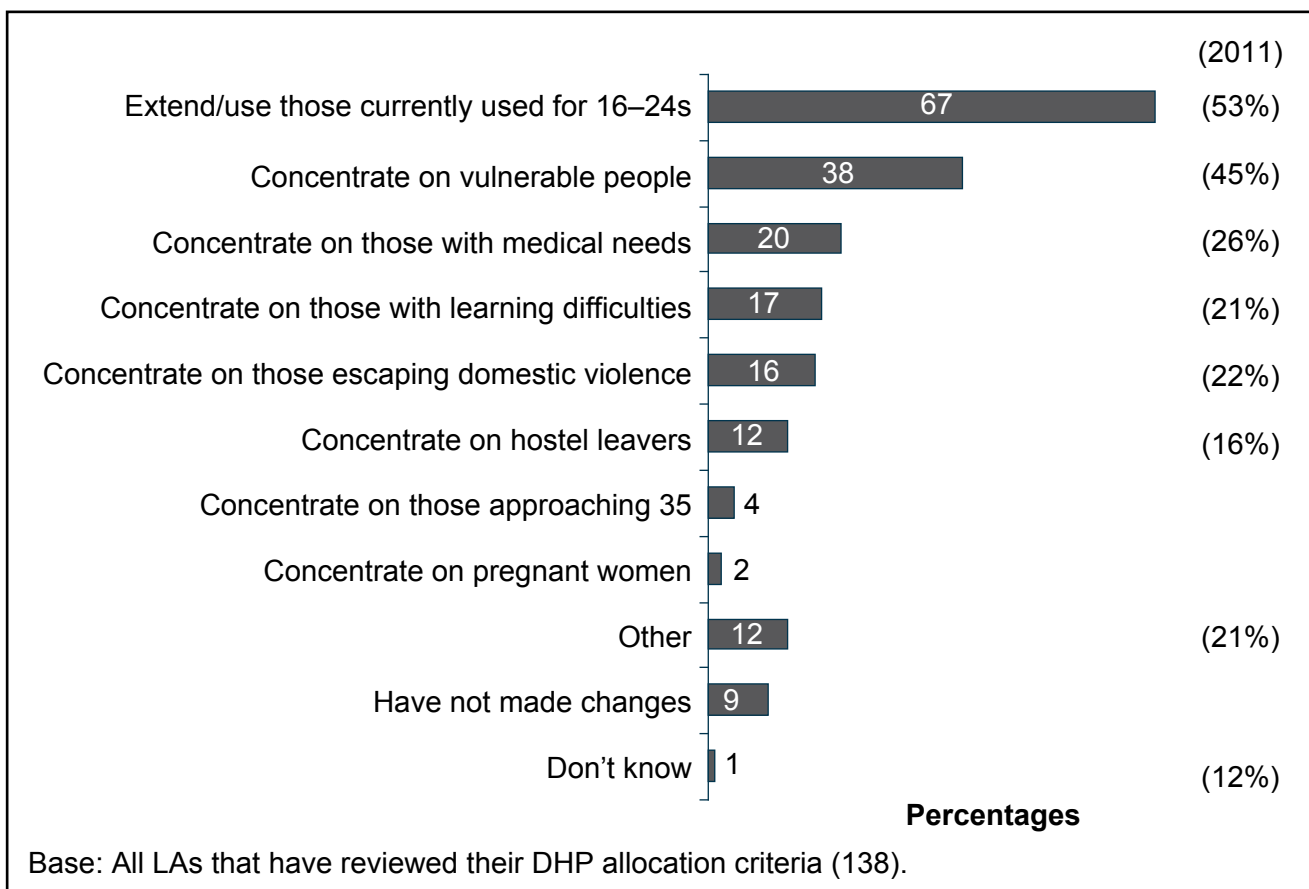
**Figure 1.9** In January 2012 the LHA regulations for shared accommodation changed so that, unless they are in an exempt category, all single persons under 35 are now only eligible for the shared accommodation rate. Has your LA reviewed your DHP allocation criteria in response to these changes to LHA regulations from January 2012?



Changes to the LHA introduced in January 2012 mean that single childless people under the age of 35 are now only eligible for the shared accommodation rate (unless they are in an exempt category). In this context, two in three LAs (65 per cent) have already reviewed their allocation criteria for under 35s; at the previous wave of the survey in 2011, just 43 per cent had already undertaken a review but a further 37 per cent intended to review.

One in three LAs (34 per cent) had not already undertaken a review in 2012 with this rising to 53 per cent of Scottish LAs and 43 per cent of LAs with a low caseload. Conversely, high and medium caseload authorities were particularly likely to have already undertaken a review (both 73 per cent).

**Figure 1.10 What changes, if any, has your LA made to your DHP allocation criteria in response to these changes to LHA regulations from January 2012?**

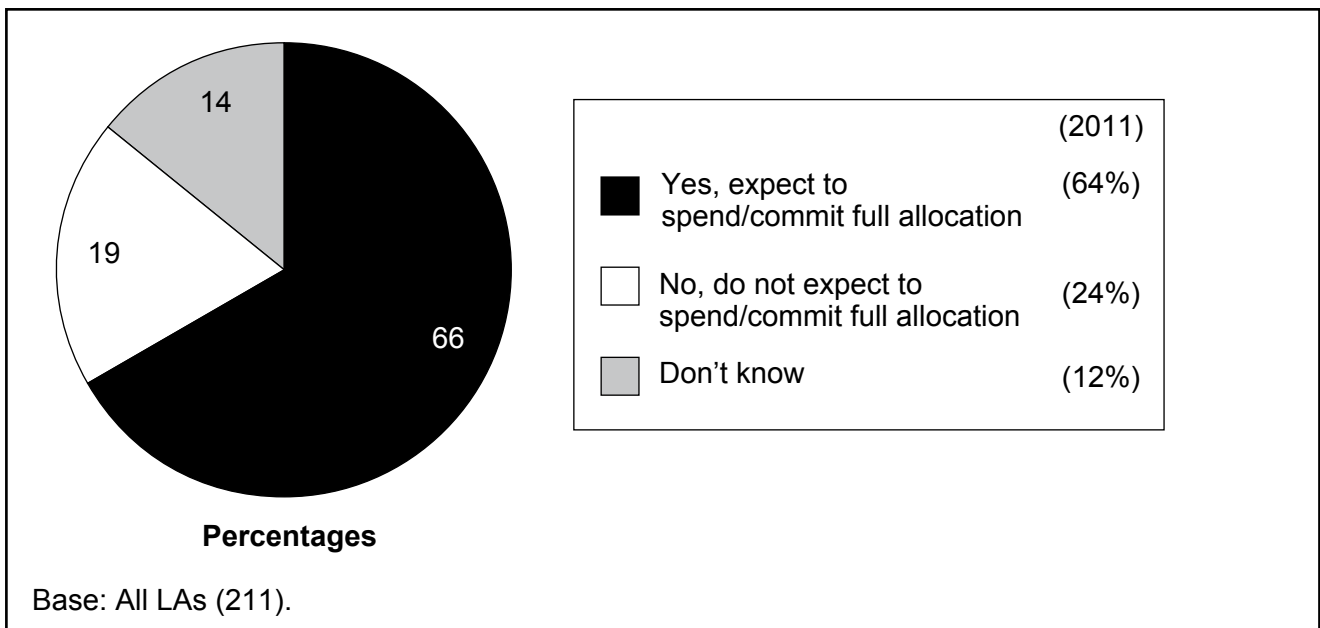


Amongst the LAs that had already reviewed their allocation criteria for under 35s, the most frequently cited changes were to extend/use those currently used for 16–24-year-olds which was mentioned by 67 per cent and represents an increase on 2011 when 53 per cent said that they had either made this change or were planning to make it.

Every other criteria shown on the chart above was selected by fewer LAs than in 2011, although still nearly two in five (38 per cent) said that they concentrated on vulnerable people and one in five said that they were concentrating on those with medical needs (20 per cent).

London Boroughs were more likely than English Districts to have mentioned many of the criteria in Figure 1.10; however, English Districts were significantly more likely to have said that they had extended or used the criteria currently used for 16–24-year-olds (74 per cent versus 47 per cent). LAs with a high caseload were also significantly more likely than low caseload LAs to have mentioned that they were concentrating on those with learning difficulties, those with medical needs, those escaping domestic violence, vulnerable people and hostel leavers.

**Figure 1.11 Does your LA expect to spend/commit your full ‘additional’ DHP allocation in this financial year or not?**



LAs were asked if they expected to spend/commit to their full ‘additional’ DHP allocation in this financial year and two thirds (66 per cent) said that they did, as opposed to a fifth (19 per cent) that said they did not expect to spend/commit to the full amount. Overall, LAs were slightly more likely to have said that they would spend/commit to their full ‘additional’ allocation than in the previous year but the difference is not significant.

LAs in Scotland and English Metropolitan Districts were much more likely than English Districts to have said that they expected to spend their allocation (82 per cent, 81 per cent and 61 per cent respectively).