



Department  
for Work &  
Pensions

# Use of Discretionary Housing Payments

Analysis of annual financial and monitoring returns  
from local authorities

June 2014

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# Introduction

1. The Discretionary Housing Payment scheme (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) or the housing costs element of Universal Credit (UC).

2. As part of the package of welfare reforms introduced since 2011, the government contribution towards DHPs has significantly increased to help LAs support people affected by some of the key changes to HB, namely:

- the introduction of the benefit cap, which is administered through HB;
- the removal of the spare room subsidy (RSRS) in the social rented sector; and,
- the 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. A DHP can also be awarded to cover one-off housing costs, such as the cost of deposits, rent in advance, and moving belongings.

5. At the end of each financial year the Department requires local authorities to provide details of their DHP expenditure for financial accounting purposes. This data includes details of how much of the government contribution an LA has spent and any additional expenditure above that. This statistical release sets out local authority DHP expenditure in 2013/14 from these accounting returns. This information has been included in the publication due to the high profile and public nature of DHP usage over 2013/14 to provide the definitive level of LA expenditure on DHPs.

6. In addition, starting in 2013/14, LAs were requested to provide details to DWP of their use of DHP funds. These monitoring returns are collected twice yearly, in the middle of the financial year and at the end of the financial year. This statistical release also presents a summary of the information in the monitoring returns, covering the full financial year from April 2013 to March 2014.

7. These monitoring returns were collated to help inform policy development of the administration of DHP and allocation of funds in subsequent years. They have been released as an ad hoc statistic given the high profile nature of the information and therefore publication has been deemed to be in the public interest. They will provide information on how LAs are using DHPs to support people affected by the welfare reforms and the type of choices that people are making in response to the reforms. These management information have not been quality assured with the same rigour as those denoted as official statistics or National statistics. Any future releases of management information on usage of DHPs will be classed as official statistics.

## Contact details

### Queries about the content of this document

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## Background

### DHP funding

8. Prior to 2011, when the first of the government's welfare reforms were introduced, the government contribution to DHPs was £20 million per year. Following recent welfare reforms, central government funding has been raised to reflect the need for additional financial support for some household affected by the reforms, dependent on their circumstances. In total, in 2013/14, LAs received a share of £160 million DHP funding from central government, with the option of bidding for a proportion of a £20 million<sup>1</sup> RSRS bidding fund. A total of 86 local authorities (out of 380) made bids with £12.9m of this fund being allocated.

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<sup>1</sup> This £20 million is included in the current reporting wave and is included in the £55 million RSRS row in table 1.

**Table 1: DHP Government funding (£million)**

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

9. The allocation of the government contribution towards DHPs to each LA in 2013/14 was agreed following consultation with local authority associations. The allocations reflected the distribution of the estimated impacts of the policies in each area, as far as possible. Whilst amounts were notionally allocated for each reform measure, LAs received a single allocation and had discretion about how the funding was used.

## Methodology

10. This statistical release contains two sets of management information. The first set of information is taken from the end-year DHP financial returns that all local authorities are required to supply the Department for accounting purposes. This details how much of the government contribution towards DHPs that LAs have spent and any additional expenditure above this amount within the financial year. This information is the definitive measure of LAs' DHP expenditure for 2013/14.

11. The second set of information is taken from the end-year DHP monitoring returns. These provide more detail on how DHP funding has been used, but they are voluntary returns and information is not provided by all LAs. For these returns, the Department asked LAs to provide information on their *committed* DHP awards from April 2013 to the end of March 2014. This is intended to include the amounts paid during the period and future payments they have committed to that span the end of the financial year. It is important to note that because committed awards may span more than one financial year, expenditure figures from the monitoring returns will not necessarily match those from the financial returns.

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

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

14. 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.

15. 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 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.

16. 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.

17. This publication reports the data as provided by LAs, without any detailed verification. In a small number of cases, some potential inconsistencies in the data were identified and, where possible, checked with the relevant LA. Data returns were only adjusted with the agreement of the LA.

**18. LAs are able to top up their government contribution towards DHPs to a maximum of two and a half times this figure from their own funds** (for instance, a local authority receiving £100,000 as DHP government contribution, could spend up to an additional £150,000 giving a total expenditure limit of £250,000). In 2013/14 the Scottish Government allocated Scottish LAs a share of a £20 million pot with the stated intention that this was used to award DHPs. The Welsh Government similarly provided just over £1 million to Welsh LAs for the same purpose. This additional funding is not included in the DHP allocations presented here, but will be reflected in the reported expenditure figures (as will any other additional DHP funding provided from LA resources).

# Results

## DHP Financial Returns

19. The figures presented are based on financial returns received from LAs. These returns contain information on actual expenditure during the financial year. The underlying LA level data is available on the DWP website:

<https://www.gov.uk/government/publications/use-of-discretionary-housing-payments-2013-to-2014>

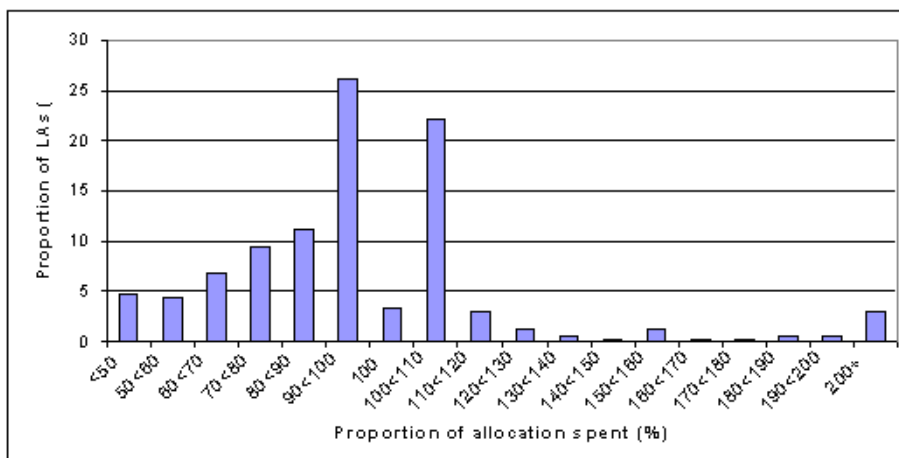
20. Table 2 below compares the reported DHP expenditure for the reporting period, with the overall DHP allocation for 2013/14 by country, including funding provided from the bidding scheme.

**Table 2: DHP expenditure compared with allocation**

	DHP spending (Apr 2013 Mar 2014) £	DHP allocation 2013/14 (including bidding scheme) £	DHP spending as % of allocation
<b>England</b>	139,969,498	149,343,803	94%
<b>Wales</b>	7,724,176	7,274,829	106%
<b>Scotland</b>	28,700,215	16,269,675	176%
<b>Great Britain</b>	176,393,889	172,888,307	102%

Source: DHP financial returns for the period from April 2013 to March 2014.

**Chart 1: DHP expenditure distribution**



Source: DHP financial returns for the period from April 2013 to March 2014.

21. Chart 1 and Table 3 show the distribution of DHP spending as a percentage of the full-year allocation. Just over 63 per cent of LAs have spent less than 100 per cent of their allocation, and a third has spent more than 100 per cent of their allocation.

**Table 3: DHP expenditure distribution**

Percentage of allocation spent (%)	Number of LAs	Cumulative number of LAs	Percentage of LAs	Cumulative percentage of LAs
<50	18	18	4.7%	4.7%
50<60	17	35	4.5%	9.2%
60<70	26	61	6.8%	16.1%
70<80	36	97	9.5%	25.5%
80<90	43	140	11.3%	36.8%
90<100	100	240	26.3%	63.2%
100	13	253	3.4%	66.6%
100*<110	84	337	22.1%	88.7%
110<120	12	349	3.2%	91.8%
120<130	5	354	1.3%	93.2%
130<140	2	356	0.5%	93.7%
140<150	1	357	0.3%	93.9%
150<160	5	362	1.3%	95.3%
160<170	1	363	0.3%	95.5%
170<180	1	364	0.3%	95.8%
180<190	2	366	0.5%	96.3%
190<200	2	368	0.5%	96.8%
200+	12	380	3.2%	100.0%

Source: DHP financial returns for the period April 2013 to March 2014

\* Not including LAs that spent exactly 100 per cent

22. Table 4 shows the extent to which LAs in each country spent more or less than their government contributions towards DHPs. Negative figures indicate under-spending and positive figures indicate over-spending. Note that this figure represents the net difference between amounts spent by LAs over the government contribution (additional to the government contribution) and amounts unspent by LAs, which spent less than their contribution. At the end of the financial year, 240 out of 380 LAs across Great Britain under-spent by £13,285,430 against the available government contribution. This amount is in addition to the £7.1 million unallocated from the bidding scheme. A total of 13



LAs spent exactly 100 per cent of their DHP allocation, while 127 overspent by £16,791,012 against the available government contribution.

**Table 4: Amount over/under-spent by country**

	Over-spending		Under-spending		Number of LAs which spent 100% of their allocation	Net amount over/ under-spent (£)
	Number of LAs	Amount over-spent (£)	Number of LAs	Amount under-spent (£)		
<b>England</b>	85	3,403,220	231	12,777,525	10	- 9,374,305
<b>Wales</b>	15	475,384	5	26,037	2	449,347
<b>Scotland</b>	27	12,912,408	4	481,868	1	12,430,540
<b>Great Britain</b>	127	16,791,012	240	13,285,430	13	3,505,582

Source: DHP financial returns from the period April 2013 to March 2014

## DHP Monitoring Returns

23. The figures presented in this section are taken from the monitoring returns described in the methodology section. As they are based on committed spending and do not include returns from some LAs, the amounts are not directly comparable with DHP expenditure from the financial returns. They do, however, illustrate how much funding LAs have committed to spending, the welfare reform that is linked to the award and its purpose. The figures presented are based on data from the LAs who responded by Friday 16<sup>th</sup> May 2014, i.e. **88% (335)** of all LAs. The underlying LA level data is available on the DWP website:

<https://www.gov.uk/government/publications/use-of-discretionary-housing-payments-2013-to-2014>

24. Table 5 shows the proportions of DHP awards and DHP committed spending attributed to each welfare reform measure. A total of 392,453 awards were made in 2013/14.

**Table 5: Proportion of DHP committed on each welfare reform - GB**

<b>Welfare reform</b>	<b>Number of awards</b>	<b>Amount committed (£)</b>	<b>Percentage of total awards</b>	<b>Percentage share of total amount committed</b>
<b>Benefit Cap</b>	22,128	26,320,749	6%	16%
<b>RSRS</b>	255,599	80,805,904	65%	50%
<b>LHA</b>	42,053	21,128,789	11%	13%
<b>Combination of welfare reforms</b>	8,018	4,621,518	2%	3%
<b>Award not for welfare reforms</b>	64,652	29,764,977	16%	18%
<b>Total</b>	<b>392,453</b>	<b>162,642,877</b>	<b>100%</b>	<b>100%</b>

Source: DHP monitoring returns for the period from April 2013 to March 2014.

25. Table 6 compares the percentage of DHP committed spending and awards attributed to each main reform measure by country. The left-most columns show the percentage of DHP awards broken down by reform, whereas the right-most ones show the percentage of the committed spending devoted to each measure.

**Table 6: Proportion of DHP committed on each welfare reform by country**

<b>Welfare reform</b>	<b>Percentage of total awards</b>			<b>Percentage share of total amount committed</b>		
	<b>England</b>	<b>Wales</b>	<b>Scotland</b>	<b>England</b>	<b>Wales</b>	<b>Scotland</b>
<b>Benefit Cap</b>	7%	2%	1%	20%	4%	3%
<b>RSRS</b>	60%	67%	81%	43%	56%	77%
<b>LHA</b>	12%	12%	6%	14%	16%	8%
<b>Combination of welfare reforms</b>	2%	1%	1%	3%	2%	2%
<b>Award not for welfare reforms</b>	18%	17%	11%	20%	23%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: DHP monitoring returns for the period from April 2013 to March 2014

26. Table 7 shows the number of awards by the expected purpose of the award.

**Table 7: Number of DHP awards by purpose**

<b>Expected outcome</b>	<b>Number of awards</b>	<b>Percentage of total awards</b>
<b>Help secure a move to alternative accommodation (e.g. rent deposit)</b>	24,938	7%
<b>Help with short-term rental costs until the claimant is able to move to alternative accommodation</b>	100,248	26%
<b>Help with short-term rental costs while the claimant seeks employment</b>	36,383	9%
<b>Help with on-going rental costs for disabled person in adapted accommodation</b>	14,000	4%
<b>Help with on-going rental costs for foster carer</b>	667	<0.5%
<b>Help with short-term rental costs for any other reason</b>	207,031	54%
<b>Total</b>	<b>383,267</b>	<b>100%</b>

Source: DHP monitoring returns for the period from April 2013 to March 2014.

Note: The total number of awards doesn't match with that reported in Table 5 because some LAs did not provide a breakdown of awards by purpose.

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**June 2014**