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Pensions



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Social Research

# Local Authority Insight Survey Wave 36

Discretionary Housing Payments

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February 2024

DWP research report no. 1047

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# Voluntary statement of compliance with the Code of Practice for Statistics

The Code of Practice for Statistics (the Code) is built around 3 main concepts, or pillars, trustworthiness, quality and value:

- trustworthiness – is about having confidence in the people and organisations that publish statistics
- quality – is about using data and methods that produce assured statistics
- value – is about publishing statistics that support society’s needs for information

The following explains how we have applied the pillars of the Code in a proportionate way.

## Trustworthiness

The National Centre for Social Research worked with the Department for Work and Pensions to understand the aims of the research and policy background, and to develop the design of the questionnaire and research materials. The delivery and analysis was carried out impartially and complies with the expected standards of the [Government Social Research Code](#).

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## Quality

The data in this report was gathered via an online and telephone survey of local authorities, conducted by the National Centre for Social Research, followed up by in-depth interviews with a smaller subset of local authorities.

Analysis of the dataset was conducted by the National Centre for Social Research in accordance with their internal quality assurance processes. Additionally, an anonymised dataset was provided to the Department for further quality control.

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## Value

The findings of this research have been used to inform Departmental thinking around the Spending Review 2019, as well as reviewing the impact and aims of the Discretionary Housing Payment system within Housing Benefit and Universal Credit.

Research with local authorities has been improved due to this research, including creating stronger links to key staff, utilising innovative methods of communication, and ensuring research is collaborative between researchers and respondents.

# Executive summary

This report discusses the findings from a mixed method study asking local authorities (LAs) in England and Wales about how they award and manage Discretionary Housing Payments (DHPs). Based on a survey and interviews with Housing Benefit (HB) staff it includes information on the management and use of DHP awards and identifies how LAs spend their overall allocation. The research looks across a range of LAs that typically under-spend, spend exactly or top-up their DHP budget annually and illustrate some of the factors that influence this.

- These findings are based on the perspectives of LA staff. Whilst they may be informed by data collected by LAs, the research questions focused on gathering opinions and insight as opposed to specific numerical data.
- DHP awards
- LAs reported that since November 2017 the average mean amount awarded for one-off DHP awards was £658. For ongoing awards, the average amount awarded was £53.
- DHPs were more likely to be awarded on an ongoing, rather than a one-off basis.
- The most commonly reported reason for deciding on whether to award DHP was whether claimants already had enough income to cover their housing costs.

## Factors influencing the spend of budgets

- The main factors LAs identified as influencing the spend of the budgets were local circumstances, the awareness of DHPs, overall demand, and council policy.

## Priorities for awarding DHPs

- DHPs are used by local authorities to prevent homelessness, support housing transitions and when doing so can save the LA housing-associated costs.
- More than half (57%) of local authorities reported that they had priority claimant groups, and following acute risk of homelessness (37% of LAs) these included those at risk of domestic violence (22% of LAs) and people leaving care (19% of LAs)
- The *responsive* approach to DHP awarding was characterised by LAs trying to prevent claimants' situation from worsening when they were near or already in crisis, e.g. covering rent shortfalls for claimants at risk of eviction or homelessness
- The *proactive* use of DHPs related to a series of actions focused on changing and improving claimants' circumstances, for instance by facilitating the process of claimants moving into affordable accommodation. Where DHPs were used

more proactively LAs wanted to utilise them with claimants at as early a stage as possible.

### **Reliance on DHPs**

- Survey data demonstrates a clear trend towards ongoing support of claimants who make repeat applications for DHP support.
- The circumstances driving repeat applications can be understood as both structural and individual.
- The local employment market and shortage of adequate accommodation were commonly cited as impacting a claimant ability to transition away from using DHPs despite making changes to their personal circumstances and choices.
- Individual factors such as health issues typically meant people were not able to change their circumstances.
- LAs used a range of approaches to reduce reliance including the use of conditions on any award which included: asking claimants to seek alternative accommodation or engage with housing services (97%), engagement with financial support services (86%), and reducing non-essential spending (77%) or trying to seek employment or engaging with employment services (66%)

### **Changing demand and the future for DHPs**

This study demonstrates an increase in the number of applications for DHPs in the last three years, though no real change in award lengths was reported. The data most clearly points to changes in the type of claimant applying for DHP with LAs reporting those in rent arrears accounting for the biggest increase.

- The data also suggest that DHP is increasingly applied for by people in work; suggesting economic factors are becoming more determinant.
- LAs particularly held the view that those applying for DHPs were more financially vulnerable than they used to be.
- Comparison was drawn between what was seen to have been a 'traditional' DHP claimant who were typically using DHP to manage a transition, such as being temporarily out of work with increasing demand from claimants in more precarious circumstances, such as being on the brink of eviction.
- A further reported driver for change has been the roll out of Universal Credit (UC), which was linked to increased demand, and particularly from vulnerable groups.
- LAs also reported a lack of synchronicity with UC in terms of administration.
- The changes in administration and lack of access to data or information on claimants and their awards has also impacted Housing Benefit teams' ability to target those potentially in need of DHPs.
- The overall future of DHP after 2020 was also raised by some LAs as a potential challenge. LAs rely heavily on DHP, and they highlighted that without DHP there would be a gap in support for financially vulnerable people.

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# List of abbreviations

<b>DHP</b>	Discretionary Housing Payment
<b>DWP</b>	Department for Work and Pensions
<b>HB</b>	Housing Benefit
<b>HRA</b>	Homelessness Reduction Act
<b>LA</b>	Local authority
<b>LAIS</b>	Local Authority Insight Survey
<b>LHA</b>	Local Housing Allowance
<b>RSRS</b>	Removal of the Spare Room Subsidy
<b>UC</b>	Universal Credit

# Summary

This report discusses the findings from a mixed method study asking local authorities (LAs) in England and Wales about how they award and manage Discretionary Housing Payments (DHPs). Based on a survey and interviews with Housing Benefit (HB) staff it includes information on the management and use of DHP awards and identifies how LAs spend their overall allocation from the Department for Work & Pensions (DWP). This research has looked across a range of LAs that typically under-spend, spend exactly or top-up their DHP budget annually and illustrate some of the factors that influence this.

These findings are based on the perspectives of LA staff. Whilst they may be informed by data collected by LAs, the research questions focused on gathering opinions and insight as opposed to specific numerical data.

## **DHP awards**

Local authorities reported that since November 2017 the average mean amount awarded for one-off DHP awards was £658. For ongoing awards (such as 12 weekly awards for rent shortfall) the average amount awarded was £53 per week. These amounts are based on approximate amounts provided by respondents.

- DHPs were more likely to be awarded on an ongoing, rather than one-off basis
- The most commonly reported reason for deciding on whether to award DHP was whether claimants already had enough income to cover their housing costs

## **Factors influencing the spend of budgets**

From those who responded to the survey, half of local authorities reported that they had underspent their DHP allocations, with 20% having spent it exactly and 30% having reported an overspend via topping-up. The main factors LAs identified as influencing the spend of the budgets can be seen in the Figure 6.1 of the main report.

## **Priorities for awarding DHPs**

The report also identifies priorities different LAs apply to how they award DHP and the different claimant groups and circumstances that lead to applications.

- DHPs are used by local authorities to prevent homelessness, support housing transitions and when doing so can save the LA housing-associated costs
- More than half (57%) of local authorities reported that they had priority claimant groups and following acute risk of homelessness (37%) these included those at risk of domestic violence (22%) and people leaving care (19%)

LAs also reported how they used the awarding of DHPs towards these priorities and groups, and these responses have been categorised as responsive and proactive approaches:

- The *responsive* approach was characterised by LAs trying to prevent claimants' situation from worsening when they were near or in crisis, e.g. covering rent shortfalls for claimants at risk of eviction
- The *proactive* use of DHPs related to a series of actions focused on changing and improving claimants' circumstances, for instance by facilitating the process of claimants moving into affordable accommodation. Where DHPs were used more proactively LAs wanted to utilise them with claimants at as early a stage as possible. For example, Housing Benefit teams working with other LA teams to identify vulnerable claimants and offer DHPs as a way to prevent their situation deteriorating further.

### **Reliance on DHPs**

Survey data demonstrates a clear trend towards ongoing support of claimants who make repeat applications for DHP support. The circumstances driving repeat applications can be understood as both structural and individual. The local employment market and shortage of adequate accommodation were commonly cited as impacting a claimant ability to transition away from using DHPs despite making changes to their personal circumstances and choices. In contrast, individual factors such as health issues typically meant people were not able to change their circumstances, e.g. by looking for employment or moving into different non-adapted properties. These factors were not clearly distributed between particular types of LA areas but do in some instances reflect local contexts and circumstances.

LAs used a range of approaches to reduce reliance including the use of conditions on any award which included:

- asking claimants to seek alternative accommodation or engage with housing services (97%).
- engagement with financial support services (86%)
- reducing non-essential spending (77%) and trying to seek employment or engaging with employment services (66%)

The second half of the report considers the changing demand for DHPs over the last three years (2016-2019) and in particular what changes have been experienced for the management and delivery of DHPs with the introduction of Universal Credit (UC). This report also includes findings on how LA respondents considered the efficacy of DHPs and what future challenges they saw for themselves and their claimant group.

### **Changing demand and the future for DHPs**

This study demonstrates an increase in the number of applications for DHPs in the last three years, though no real change in award lengths was reported.

The data most clearly points to changes in the type of claimant applying for DHP with LAs reported those in rent arrears accounting for the biggest increase.

- The data also suggest that DHP is increasingly applied for by people in work; suggesting economic factors are becoming more determinant.

- LAs particularly held the view that those applying for DHPs were more financially vulnerable than they used to be.
- Comparison was drawn between what was seen to have been a ‘traditional’ DHP claimant who were typically using DHP to manage a transition, such as being temporarily out of work with increasing demand from claimants in more precarious circumstances, such as being on the brink of eviction.

A further reported driver for change has been the roll out of UC, which was linked to increased demand, and particularly from vulnerable groups.

- LAs also reported a lack of synchronicity with UC in terms of administration.
- The changes in administration and lack of access to data or information on claimants and their awards has also impacted Housing Benefit teams’ ability to target those potentially in need of DHPs.

Respondents talked about the future of DHPs based on what they saw in the external environment as driving demand and the diversification of claimants, as well as administrative and budgetary challenges. The overall future of DHP after 2020 was also raised by some LAs as a potential challenge. LAs rely heavily on DHP, and they highlighted that without DHP there would be a gap in support for financially vulnerable people.

# 1. Introduction

This report presents findings from mixed method research with local authorities (LAs) on Discretionary Housing Payments (DHPs). The research involved a survey of 216 LAs in England and Wales and 35 semi structured telephone interviews with Housing Benefit (HB) staff. As such the findings solely reflect the views of participants within LAs. The research aimed to explore the current approaches taken by local authorities regarding DHPs, particularly on allocation, spend, strategy, changes in demand, and the impact of Universal Credit (UC). The research particularly sought insights and perceptions, so the exploration of these themes was, on the whole, via participant experiences rather than factual data and statistics.

## 1.1 Overview of DHPs

DHPs are a discretionary scheme that allows LAs to make monetary awards to people experiencing financial difficulty with housing costs who qualify for HB or the housing costs element of UC. 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).

DHPs for Scotland were devolved from 1 April 2017, under the Scotland Act 2016 implementing the Smith Commission Agreement. Therefore, Scotland was not included in the scope for this research.

## 1.2 Research context

At the end of each financial year, the Department for Work and Pensions (DWP) 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.

In 2017/18, central government contributed £166.5 million to DHP funding in England and Wales. This was reduced to £153 million in 2018/19:<sup>1</sup>

- In 2017/18, the majority of LAs, who submitted returns, have reported spending less than or equal to their central government allocation of DHP funding (71% of LAs). This decreased to 65% in 2018/9.
- In 2017/18, total spending on DHPs in England and Wales (including additional funding provided by LAs) was 99% of the total central government allocation, amongst LAs submitting returns. This decreased to 96% in 2018/19.

However, whilst overall DHP spend is well-evidenced, there remained evidence gaps around demand for DHPs and how LAs allocate them, as well as the effect of Universal Credit on DHP administration in local authorities, which this research was designed to address.

## 1.3 Research approach

We used a mixed-method design to explore four broad objectives put forward by DWP to frame the enquiry:

1. To gather LAs' perspectives on DHPs in their area, particularly changing demands, and the use of DHPs more strategically or for localised housing issues;
2. To understand motivations for LAs' DHP processes and procedures and reasons for any changes/future changes
3. To build DWP's understanding of LAs' approach to DHP decision-making and integration with other welfare support services;
4. To understand how LAs consider the effectiveness of DHPs and their ability to move claimants away from reliance on DHPs;

### 1.3.1 Survey methods

An online survey was sent to Revenue and Benefit Managers (and those in a similar position) at 348 local authorities in England and Wales in November and December 2018. An initial email and advance letter were sent, along with follow-up telephone calls to encourage participation.

A positive response rate of 62% was realised, the highest achieved by the Local Authority Insight Survey (LAIS) series for 10 years, with 201 responses to the survey which covered 216 LAs. As outlined in Table 1.1 there was a good spread of participants by type of authority and region. Nevertheless, the response rate varies somewhat between regions.

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/724614/use-of-discretionary-housing-payments-2017-to-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/724614/use-of-discretionary-housing-payments-2017-to-2018.pdf)

*Interpreting quantitative findings:* the quantitative findings presented are based on frequencies and cross-tabulations. All percentages cited in this report are rounded to the nearest whole number and all differences described in the text (between different groups of authorities) are statistically significant at the 95% level or above. This means there is 95% certainty that any difference found in the data represents a difference in the population. As part of this analysis it has been attempted to further categorise the relationship between responses and level of spending in that LA that could help build typologies, but instead found great variation between different LAs.

**Table 1.1 Participants to the survey**

	Total	% of all LAs	% completed survey	Numbers of LAs that completed the survey	Response rate (%)
<b>English District</b>	201	58	56	120	60
<b>London</b>	33	9	10	22	67
<b>Metropolitan</b>	36	10	13	27	75
<b>Unitary</b>	56	16	15	33	59
<b>Welsh</b>	22	6	7	14	63
<b>Total</b>	348	100	100	216	62

**Table 1.2. Response rate to the survey by region**

Region	Response Rate %
<b>East Midlands</b>	53
<b>East of England</b>	64
<b>London</b>	67
<b>North East</b>	46
<b>North West</b>	79
<b>South East</b>	64
<b>South West</b>	59
<b>Wales</b>	64
<b>West Midlands</b>	53
<b>Yorkshire and the Humber</b>	57
<b>Total</b>	62



### 1.3.2 Interview methods

Qualitative research was carried out using semi-structured telephone interviews with 35 key personnel from the Housing Benefit teams in participating LAs. The interviews were carried out between November 2018 and January 2019.

The research aimed for a diverse sample to generate a range of perspectives, and key sampling criteria is shown in Table 1.3:

**Table 1.3 Primary sampling criteria for interview respondents**

<b>Level of DHP spending</b>	<b>Under-spenders = &lt;95%</b>
<b>Determined by percentage spend variation over three years of annual return data.</b>	<b>On-target spenders = 95% - 105%</b>
	<b>Top-up spenders = &gt;105%</b>
<b>Size of LA</b>	Small LAs = <150,000
<b>Determined by size of DHP budget allocation.</b>	Medium LAs = 150,000 – 500,000
	Large LAs = >500,000
<b>LA based in England or Wales</b>	32/4 split
<b>LA participated in survey</b>	(nb: no linking between responses was done)

Secondary criteria of geography and the date of UC roll out was also monitored (i.e. early and more recent adopters). These additional criteria were important to ensure some range and diversity in responses as LAs experience different local housing markets and pressures and variation in experience of implementing welfare reform.

The study used the sample frame from the LAIS of Revenue and Benefits Managers at 348 LAs. Emails were sent to a sample of 108 Revenue and Benefits Managers that matched this sampling criteria. The final sample interviewed for this research was made up of 35 respondents from 36 separate LAs in England and Wales.

Each interview was conducted with a topic guide designed in collaboration with the DWP. Interviews lasted around 30 minutes, although there was some variation in length from 20-45 minutes. 35 interviews were digitally recorded with participants' consent and transcribed for analysis.

*Interpreting qualitative findings:* The reporting of qualitative findings deliberately avoids giving numerical values, since qualitative research cannot support numerical analysis. This is because purposive sampling seeks to achieve range and diversity among sample members rather than to build a statistically representative sample, and because the questioning methods used are designed to explore issues in depth within individual contexts.

Interview recordings were transcribed verbatim and analysed using a thematic approach. Transcripts were coded in Nvivo according to an analytical framework

developed from the topic guide used in interview (see Appendix A). Thematic analysis enables a thorough summary of the data to be produced according to cases and patterns in the data as it is coded. These codes are summarised into themes which are reviewed, defined and named for use in final reporting.

Similarly, to the survey data, where sub-group analysis was conducted with the qualitative findings, there were no consistent correlations between themes and different types of LA. Further analysis tested relationships between things like whether all large LAs noted an issue with homelessness, or whether all LAs in Southern England had issues with high rents but there were no clear groupings.

Verbatim quotes are used to illuminate findings. They are labelled to indicate the LA participant code, size, geography and level of DHP budget spend. Further information is not given in order to protect the anonymity of research participants. Quotes are drawn from across the sample.

## 2. DHP Overview

This chapter provides an overview of the number and level of Discretionary Housing Payment (DHP) awards and applications local authorities (LAs) who responded to the survey make and receive. This section also explores the variation in how LAs spend their allocated DHP budgets and identifies the factors they reported that drive this.

### 2.1 DHP award amounts

Local authorities reported that since November 2017 the average mean amount awarded for one-off DHP awards was £658. For ongoing awards (such as 12 weekly awards for rent shortfall) the average amount awarded was £53. These amounts are based on approximate amounts provided by respondents<sup>2</sup>. However, as illustrated in Table 2.1 when considering the median, this average falls to £538 for one-off to £29 for ongoing awards. Most local authorities also reported making awards for lower amounts than applied for, with 41% doing this frequently and 55% doing so occasionally. Only 4% never made an award for less than the amount asked for and no local authority said they always awarded DHPs at lower amounts than asked for.

**Table 2.1 DHP Average Award Amount<sup>3</sup>**

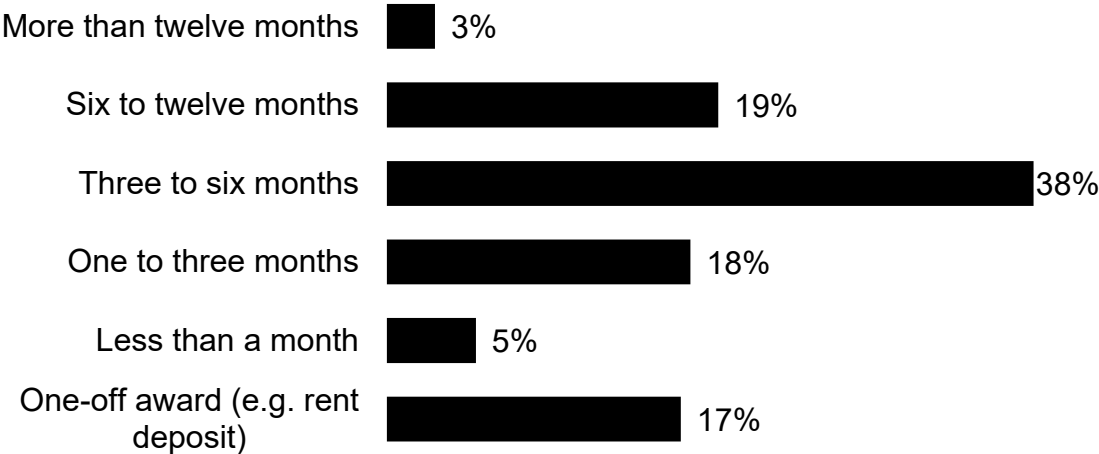
	One-off awards	Ongoing awards per week (such as 12 weekly awards for rent shortfall)
Mean	£658	£53
Median	£538	£29
<i>Base</i>	(172)	(173)

As shown in Figure 2.1, 17% of all DHPs awarded were one-off in nature. However, DHPs were more commonly awarded on an ongoing basis (82%).

#### **Figure 2.1 Average duration of DHP awards across all local authorities**

<sup>2</sup> Local authorities were only asked for approximate amounts at this questions, however, survey respondents were Revenue and Benefit Managers who would be familiar with the amounts awarded in DHPs by their local authority.

<sup>3</sup> Four outliers were trimmed in calculating the average one-off awards figure and two in producing the ongoing awards average.



Base: All local authorities (167)

These data demonstrate a trend across LAs towards ongoing support of claimants, rather than one-off awards. Some of the factors driving this reliance is discussed further in Section 3.2.

### 2.1.1 Applications

Local authorities received the majority of DHP applications via paper forms (59%) followed by online applications (37%) with face-to-face or phone applications reported by very few. This represents a shift from 2016 when 77% of applications were made using paper forms and only 17% online, although the majority do still continue to use paper.<sup>4</sup>

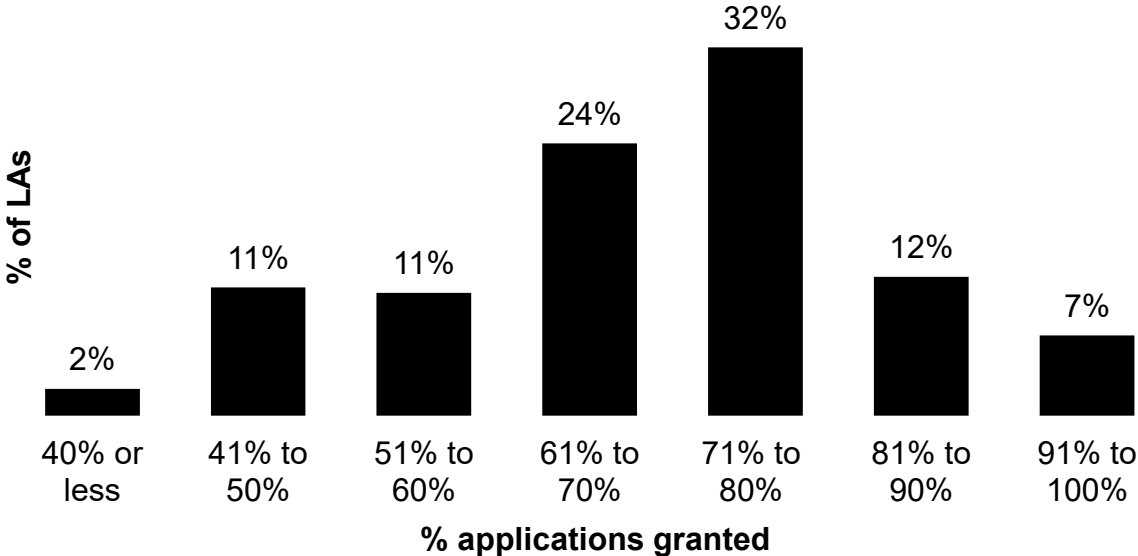
Almost all (99%) of local authorities signposted claimants to DHPs in some way. Most authorities signposted claimants to DHPs using local authority materials, with 88% of authorities doing so either always or frequently. Similarly, 86% of authorities always or frequently signposted claimants to DHPs through local services or organisations. Less commonly 55% of authorities always or frequently identified and initiated contact with tenants who might benefit from DHPs and 48% signposted people via Jobcentres. Survey responses indicate that authorities that directly engaged with tenants who might benefit from DHPs (as oppose to relying on signposting through e.g. local services) were more likely to grant a higher proportion of applications received.

### 2.1.2 Percentage of applications granted

On average, across all responding local authorities, 70% of new DHP applications were granted. Figure 2.2 shows what proportion of local authorities granted different percentages of the applications they received.

<sup>4</sup> Department for Work and Pensions, (2016) *Findings from the Local Authority Insight Survey Wave 31: Discretionary Housing Payments, Temporary Accommodation and Universal Support delivered locally*, London: DWP.

**Figure 2.2 Percentage of DHP applications granted by local authorities<sup>5</sup>**



*Base: All respondents (213)*

Local authorities were also asked about what factors influenced their decisions to award DHPs. Most common was whether claimants already had enough income to cover their housing costs, reported by 45% of local authorities. Also reported were a lack of information (13%) or the claimant’s conduct (12%), such as a lack of engagement with the HB team or ‘imprudent’ spending. Ten percent of respondents selected “Other” which included circumstances where claimants were not experiencing a shortfall in rent or were not entitled to Housing Benefit (or the housing element of Universal Credit).

For most local authorities (63%) repeat applications for DHP were not automatically flagged through their systems and instead had to be manually noted. An automatic flagging system was used by 18% of authorities and 9% used caseload managers’ knowledge of the claimant to monitor repeat applications. Only 6% of local authorities said they did not monitor repeat applications at all. However, although most authorities monitored repeat applications, only 29% said they had a separate decision-making process for assessing repeat applications.

## 2.2 Managing DHP budget allocations

The annual budget returns that authorities submit to the Department for Work and Pensions (DWP) demonstrate variation in whether they spend their full DHP allocation. As outlined in Chapter 1, authorities have been categorised as under-spenders, on-target spenders, or top-up spenders. The survey data presented

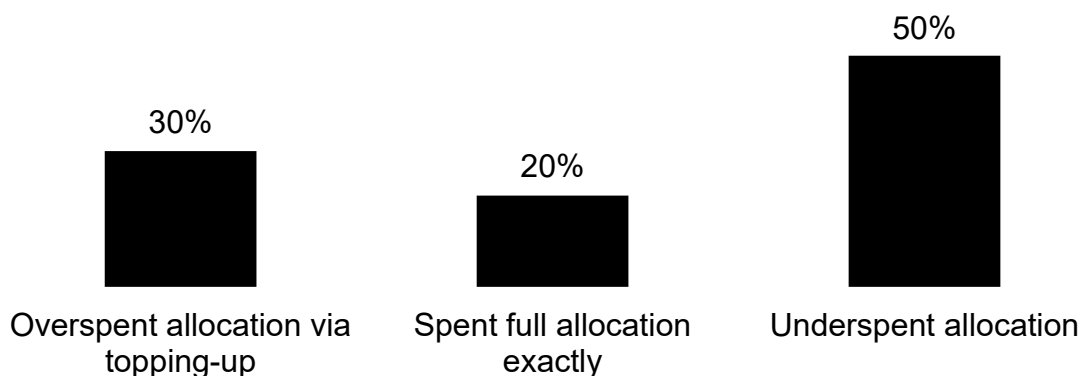
<sup>5</sup> Due to rounding percentages may not add up to 100per cent.

demonstrates how LAs reported on how they had spent their DHP budget and qualitative interviews helped to further understand the factors that influenced this.

Most LAs (78%) reported that they aimed to spend all or most of their allocation, whilst 12% reported no specific approach to ensuring they spent their whole budget, and the remaining 8% said they aimed to overspend. In terms of budget management across the annual period, most authorities (80%) reported that they did not split their budget up, rather they allocated it as needed until it was used up. Only 4% said they split their budget into 12 monthly budgets, 2% that they split it into 4 quarterly budgets and less than 1% that they divided into 2 6-monthly budgets. Only 14% of authorities did give an “Other” answer and one common response here was that authorities monitored their spending as they went along to ensure they did not under or overspend.

Broadly in line with official statistics, as shown in Figure 2.3 for the financial year 2017/18, from those who responded to the survey, half of local authorities reported that they had underspent their DHP allocations, with 20% having spent it exactly and 30% having reported an overspend via topping-up.<sup>67</sup>

**Figure 2.3 Spending of DHP allocation by local authorities**



*Base: All respondents (216)*

### 2.2.1 Top-up spenders

The most common reason LAs reported for topping-up their budget allocation was because they deemed DHPs to be more effective for claimants than other actions they could take, reported by 46% of authorities.<sup>8</sup> A further third (34%) reported that they had topped-up DHPs because they deemed them to be more cost-effective than other possible actions. An “Other” response was also common, given by 37% of authorities; the reasons given included an increased demand for DHPs, that they topped-up to ensure all needs were met, the impact of the benefit cap, the roll out of

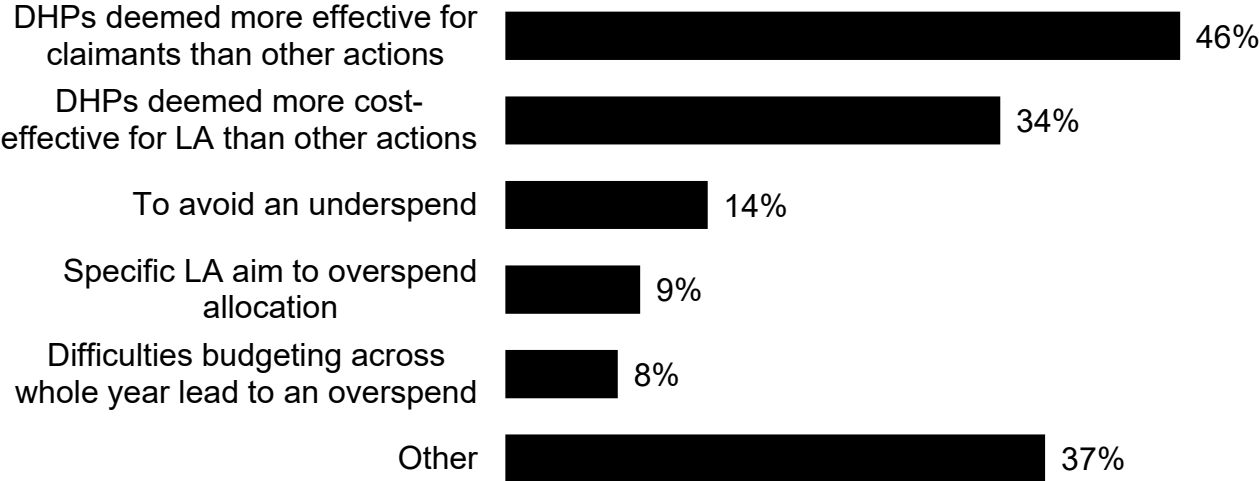
<sup>6</sup> <https://www.gov.uk/government/collections/discretionary-housing-payments-statistics>

<sup>7</sup> Though this study has defined spending ranges to demarcate the level at which LAs spend their allocated budget, underspending can mean small underspends to ensure they do not go over budget.

<sup>8</sup> The question did not include an example of ‘other actions’ and so these are unspecified.

UC and that current funding did not meet demand. Figure 2.4 shows the percentage of authorities selected each reason.

**Figure 2.4 Reasons local authorities topped-up their DHP funding<sup>9</sup>**



Base: All authorities which overspent their DHP allocation (65)

**Factors in top-up spending**

Where LAs spent beyond their DHP allocation, interview respondents indicated there were two key factors at play. The first was that there was support from the council to top up the DHP allocation with additional funds and the second was that the need for additional funds was driven by local demand for DHP.<sup>10</sup>

For example, as DHPs were seen to be an important measure in preventing homelessness, funding from the homelessness prevention team was used to top-up:

*“To say overspend [...] might be interpreted as mismanagement of the finances. That’s not how we operate. We get funding from DWP and we make up an additional amount through funding from our homelessness prevention team, so that we always have sufficient money that we can pay within reason. As long as they [claimants] achieve the desired goals [meet conditions], we will pay the DHPs.”*

LA\_E068 – average, city, East, top-up spender

In areas where the effects of welfare reform were particularly acute, demand for DHP was high.<sup>11</sup> If this was the case, it was inevitable that demand for DHP outstripped the allocation. This meant that, if an LA had support from other council funds, they could use additional funding to meet this demand. There was also evidence that the

<sup>9</sup> LAs could select multiple responses at this question so percentages do not add up to 100%.  
<sup>10</sup> Policy guidance means that DHPs can be topped up to 150% by authorities using their own funds, as this additional coverage is not funded by DWP.  
<sup>11</sup> Encompassing a range of changes to welfare support, such as the Removal of the Spare Room Subsidy, the Benefit Cap, and the Local Housing Allowance freeze.

types of awards had an effect: where LAs supported claimants by awarding large one-off payments for rent deposits, there was evidence of higher overall expenditure.

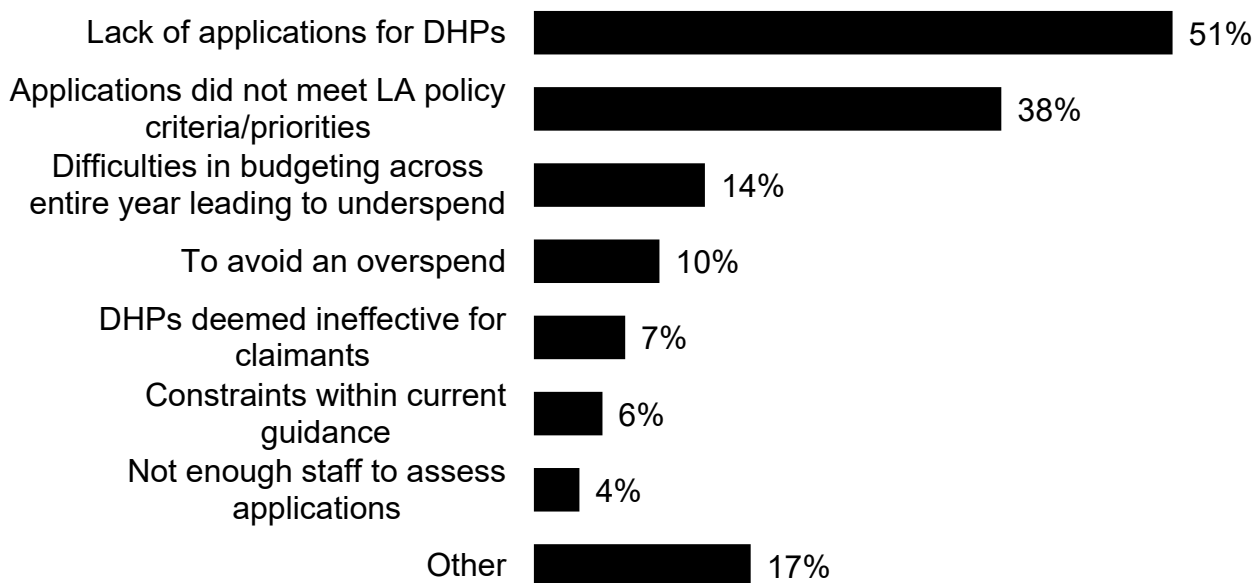
*“We’ve got a lot of people affected by the welfare reforms which are effectively, if you like the engine for the DHP these days, so over 96% of our discretionary housing payments go to people affected by one welfare reform or another.”*

LA\_E322 – large, city, North West, top-up spender

## 2.2.2 Under-spending

Among those authorities that underspent their budget allocation, half said that it was due to a lack of applications for DHPs (51%). Another 38% said it was because the applications they received did not meet with their policies or criteria for awarding them. Other common answers were difficulties with budgeting across the entire year leading to underspending (14%) and that they had been aiming to avoid an overspend (10%). Nearly a fifth (17%) of authorities gave an “Other” response at this question. These included that the authority had only underspent their allocation by a small amount, that payments had rolled into the next financial year or that they had experienced issues with their computer system leading to an underspend. Figure 2.5 shows the percentage of authorities that gave each answer.

**Figure 2.5 Reasons local authorities did not spend their full DHP funding<sup>12</sup>**



*Base: All authorities that underspent their DHP allocation (109)*

<sup>12</sup> LAs could select multiple responses at this question so percentages do not add up to 100per cent.



### **Factors in under-spending**

Interviews with authorities identified as under-spenders further explored the range of reasons for doing so. Most commonly discussed were local factors, inaccuracies in recording information, and a lack of publicity and/or proactive work.

**Local factors:** Local factors included date of UC rollout, average local rents, and dominant claimant group. A lack of need prior to UC going full service was identified as one reason for not spending the full amount. This was particularly true where UC was rolled out partway through the financial year. LAs reported this was because the effects of UC were not immediate and it therefore took time for additional UC-related applications to come through.

Where LAs' average local rent was low, and they predominantly had claimants subject to the Removal of the Spare Room Subsidy (RSRS), their spend tended to be lower than their allocation as they did not have to award large amounts for claimants to meet their RSRS penalty.

**Inaccuracies recording information:** There were instances in which LAs recorded inaccurate financial information. This included inaccuracies with the recording database system, and entry errors around the beginning or end of the financial year which affected annual returns.

**Lack of publicity:** LAs identified a lack of awareness among private landlords and relevant council departments (e.g. the rent team) and potential claimants as well as a lack of proactive work targeting potential claimants as further reasons for underspending the DHP allocation.

### **2.2.3 On-target spenders**

Interviews with authorities that spent exactly the budget allocated highlighted a balance of internal and external factors as follows:

**Internal factors** - There was the view that money allocated for DHPs was provided for people in need, therefore it should be used to its full capacity. There was also an awareness of the lack of alternative funding for certain groups of vulnerable people, so returning any funds for DHPs was seen to contradict this need. Another internal factor was the local council and its policies. Where councils had a policy to spend the full DHP allocation, not doing so would lead to criticism and scrutiny. This was in part because DHPs are discretionary, and so offer more flexibility in how they can be used compared with other funding that LAs receive.

*“We would be subject to severe criticism by our members if we're being given a discretionary budget and not using it.”*

LA\_E368 – large, city, London, on-target

**External factors** – On-target spenders reported that local demand due to the impact of welfare reform made it essential for them to spend their entire DHP allocation. The need to support the level of claimants made it impractical for LAs to return any of the DHP allocation they received. LAs were aware of public perceptions and media representation. This was another factor in spending the full allocation, as it motivated

LAs to not underspend. There was a need to 'save face', informed by past experiences where LAs faced criticism from charities and the media due to underspending.

*"I feel as though we've got a robust process in place for dealing with DHPs and the pressure is coming externally for us to spend money sometimes, to spend it all then and not to send anything back."*

LA\_W016 – large, rural, Wales, on-target

How LAs manage their DHP allocation relates to local contextual (e.g. average local rents) as well as process factors (e.g. whether/how DHPs are actively advertised). This local variability in particular makes it difficult to group these spending types by any other demographics as even areas similar in for example overall size may approach DHPs differently as a result of their local context. Chapter 3 explores in more detail the different priorities local authorities had for awarding DHPs which further demonstrates the variation in need across different places that influences the spending of awards.

## 3. Using DHP Awards

This section looks at the aims or priorities local authorities (LAs) had for making Discretionary Housing Payment (DHP) awards and discusses the approaches they took to meeting these purposes. It also explores how LAs used conditions and what respondents said about claimant reliance on DHPs and the strategies in place to respond to this.

### 3.1 Priorities for awarding DHPs

LAs responding to the survey were asked if they had priority areas for awarding DHPs. More than half (57%) of local authorities reported that they did, with the other 43% saying they left it up to the decision maker's discretion as to how claims should be awarded. Authorities with larger DHP budget allocations were more likely to have set policy priorities for awards. Among those with a budget of more than £500,000 for DHP funding, 78% of authorities had had policies to guide how they were spent, whereas of those with budgets of less than £150,000 only 49% had set priorities.

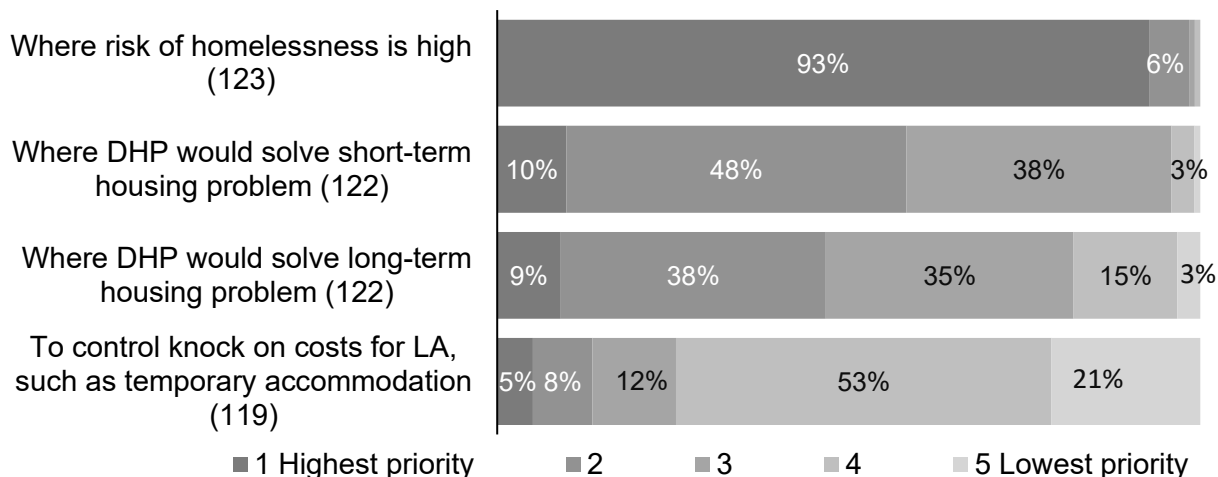
#### 3.1.1 Ranking of priorities

Local authorities were asked to rank in order of importance four factors that might affect their decision making when awarding DHPs. The most important factor that emerged was a high risk of claimant homelessness. This was followed by whether the award would solve a short- or long-term risk of homelessness, which were very similarly ranked. Figure 3.1 shows the average ranking authorities gave each factor.

**Figure 3.1 Ranking by local authority of priorities for awarding DHPs<sup>13</sup>**

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<sup>13</sup> Labels for percentages of 1% or less have not been included in this chart.



Base: all local authorities with set priorities for awarding DHPs (base for each priority appears next to in brackets)

More qualitatively, respondents discussed their priority areas in the following ways:

**Preventing homelessness** - The prevention of homelessness was a key priority for awarding DHPs and driven by several considerations: first, the need to avoid disruption to the individual and their family; second, to save costs to the LA, particularly due to the high costs of temporary accommodation relative to private accommodation; finally, the aim of preventing homelessness was related to the introduction of the Homelessness Reduction Act, which places a duty on councils to prevent and relieve homelessness.<sup>14</sup>

**Preventing evictions** - In particular in the absence of alternative affordable accommodation and the costs of temporary accommodation, LAs saw it as vital to maintain people in properties. However, the risk of eviction was more acute in areas where LAs reported that private landlords were reluctant to accept Universal Credit (UC) claimants, or were terminating tenancies once claimants moved over to UC.

*“I think the biggest issue is landlords are terrified of universal credit from our point of view. Some of our local landlords are just serving a notice seeking possession just because they're on universal credit or they've gone over to it. I think that's completely unsustainable and they're scaring people.”*

LA\_209 – small, rural, East, on-target

**Enabling a move into affordable accommodation** – There were two interrelated considerations enabling moves into affordable accommodation: firstly, to reduce claimants’ reliance on DHPs so that they are no longer affected by key welfare reforms, such as the Removal of the Spare Room Subsidy (RSRS); secondly, to adhere to government guidelines of freeing up social housing properties. However, there was a view that the shortage of suitable accommodation in local areas made it difficult for claimants affected by the RSRS to move.

*“[T]he kind of policy intention so far as it is intended to ... free up RSL stock, we feel is a bit one size fits all and hasn't necessarily taken into account regional variations in housing stock and housing costs. So it's fair to say a lot*

<sup>14</sup> <http://www.legislation.gov.uk/ukpga/2017/13/contents/enacted>

*of people are affected by the under-occupation penalty ... since it came in in 2013 are very unlikely to be able to move.”*

LA\_E322 – large, city, North West, Top-up spender

**Alleviating effects of poverty** – In some LAs, DHPs were part of an overarching strategy aimed at alleviating the effects of poverty. As part of an anti-poverty strategy, DHPs were intended as measures to reduce homelessness, for instance by getting individuals outside of temporary accommodation, as well as improving claimants’ wellbeing and isolation. One way of doing this was to use the DHP payment to incentivise claimants to leave their accommodation, for instance “to go down the shops and buy a pint of milk or a paper.”

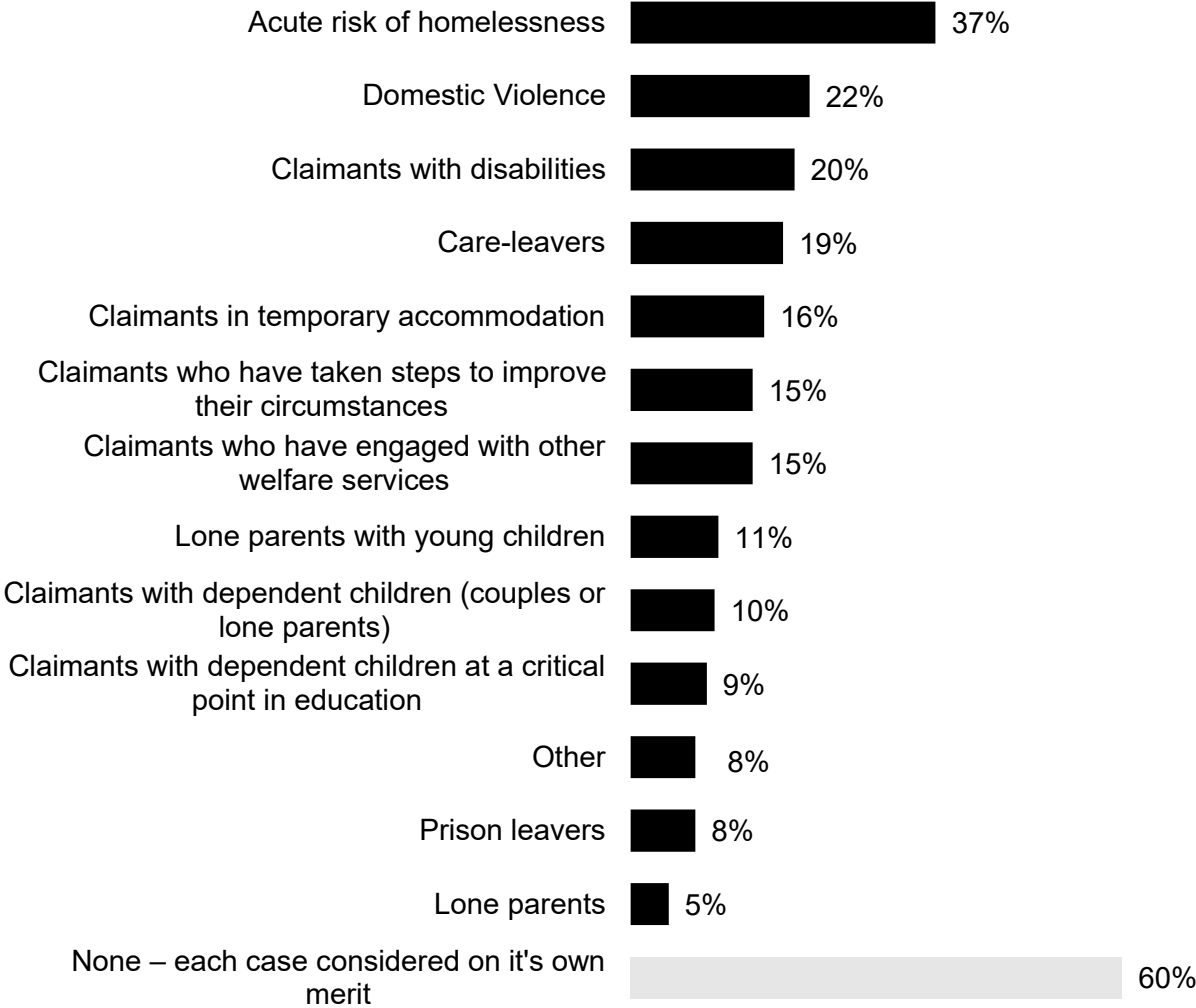
*“It’s something that’s overlooked when we talk about anti-poverty strategies ... what we don’t want is people to be locked up in their homes and not be able to go out because they just simply don’t have the money.”*

LA\_E224 – small, rural, Yorkshire, on-target

### 3.1.2 Priority claimant groups

Further to having priority areas for funding, a proportion of authorities also indicated they would prioritise particular claimant groups for DHP awards. Following acute risk of homelessness (37%), this also included those at risk of domestic violence (22%) and people leaving care (19%). Figure 3.2 shows the percentages of all authorities that prioritised particular claimant groups.

**Figure 3.2 Percentage of local authorities prioritising different groups for the award of DHPs**



Base: all local authorities (216)

Smaller local authorities<sup>15</sup> were more likely to make awards based on each case’s merit, rather than by prioritising particular groups. Nearly three quarters (74%) of small authorities did not prioritise any groups for DHP awards, compared with 45% of large authorities (those receiving more than £500,000 in DHP funding).

Looking at particular groups, large authorities<sup>16</sup> were more likely to prioritise care leavers, those with disabilities, people with dependent children or dependent children at a critical stage in their education, lone parents, those at risk of domestic violence or homelessness, and those in temporary accommodation. For instance, half of large authorities (51%) prioritised those at acute risk of homelessness, compared with 26% of small authorities. Similarly, large authorities were more likely to prioritise those at risk of domestic violence, 39% compared with 8% among small authorities.

Those authorities which topped-up their DHP allocation were also more likely to prioritise certain groups of claimants. For instance, 19% of local authorities in this

<sup>15</sup> Defined here as receiving an average DHP budget of less than £150,000.

<sup>16</sup> Defined here as receiving an average DHP budget of more than £500,000.

group prioritised lone parents with young children, compared with 6% of authorities that underspent their allocation. Authorities which were top-up spenders were also more likely to prioritise those with dependent children at a critical stage in their education and people in temporary accommodation

One driver for identifying priority groups was to mitigate the impact of welfare reforms and effectively address claimants' circumstances. Where a large proportion of claimants locally were affected by a specific reform (e.g. the benefit cap), LAs prioritised this group, by for instance proactively reaching out to affected individuals and encouraging them to apply for DHPs. LAs also had priority groups where DHPs constituted a sensible and cost-effective way of addressing claimants' circumstances. For example, respondents suggested that keeping disabled claimants in their adapted accommodation was beneficial to the individual and more cost effective to the LA:

*"We look to protect disabled people in adapted properties, which we think is a specific area where money has been spent on adapting a property, so we don't want to have to move or we don't want the person to have to move to another property where further adaptations are going to have to be made."*

LA\_W12 – average, coastal, Wales, Under-spender

An alternative approach was to treat claimants on a case by case basis but to leave enough flexibility to prioritise individuals rather than specific groups. A key criterion used within this approach was to assess the level of risk claimants faced of losing their home and facing homelessness.

*"We take each case as it comes on its own merits ... we don't have a family that have got four kids against a family of one child or a single person. The only thing that takes priority sometimes is we're aware that they are threatened with homelessness whoever that might be. So that case may take priority over some of the cases."*

LA\_E020 – average, town, West Midlands, on-target

What this example also indicates is that decision making can be down to individuals in Housing Benefit teams, influenced by the aims and strategy of particular LAs where relevant. The benefits or challenges of this approach were not explicitly discussed by any interview respondents, but the potential burden of critical decisions impacting for example, an eviction, being made by individual officers was noted.

Finally, as Figure 3.2 shows, the majority (60%) of authorities said that they did not prioritise any groups for the award of DHPs. In these examples, every claimant was judged on a case by case basis to ensure fairness and to avoid underspending from the allocated DHP pot. To achieve this, one respondent noted that their DHP policy was designed to be as open as possible:

*"We've got our DHP policy and we've really kept it as open as possible, because what we don't want to do is have set criteria as such which means that ... we don't spend our funding and ... we disadvantage other claimants."*

### 3.2 Approaches to making awards

Whilst all LAs are subject to common parameters for what they can spend DHP budgets on, LAs were also asked about how they tended to approach the use DHPs within these parameters. Qualitative data suggest LAs were awarding DHPs with two main purposes; one more responsive and one more proactive, and in both cases, utilising the flexibility of DHP was deemed crucial to meeting unique claimant demands as they arose.

<b>Responsive</b>	<b>Proactive</b>
<b><i>Preventing claimants’ situations worsening</i></b>	<b><i>Helping claimants improve their circumstances and reduce reliance</i></b>

These categories also relate to a theme more fully explored in Section 3.3 which identifies where structural and individual factors impact groups of claimants and their reliance on DHPs. The data clearly demonstrates that changes to personal circumstances and choices are in some cases limited by structural factors which in particular is impacting the most vulnerable more heavily.

Using DHP in a *responsive* way was characterised by LAs trying to prevent claimants’ situation from worsening when they were near or in crisis, e.g. covering rent shortfalls for claimants at risk of eviction. LAs said that it was quite common to only receive applications from claimants when they were near crisis, making it difficult to be any more proactive about the use of DHPs. Relatedly, LAs felt they lacked data about which claimants might need support through DHP. This issue has become particularly acute since the roll-out of UC, as the UC system is not accessible by LA Housing Benefit teams leading to reliance on claimants informing LAs about these circumstances. This meant that LAs could only respond to claimants as they approach LAs for support.

Local factors, for example variation in local average rents, could lead to the effects of the Local Housing Allowance (LHA) freeze being particularly acute and using DHP responsively enabled LAs to support those in need.

In these contexts, and as an example of where structural factors are having an effect, LAs were less able to move claimants to more suitable accommodation, and so DHP was key in responding to the needs of claimants in these situations.

The lack of transport and employment opportunities in rural areas was also a feature. With respect to work, the data suggests an increasing number of claimants do have some form of employment in contrast to a more traditional claimant who might be in receipt of job-seekers allowance. Significantly, local patterns of variation – such as areas where zero-hours contracts or low-pay sectors are more common – indicate an



ongoing financial need for some people for additional support for housing costs, despite being in-work.

The *proactive* use of DHPs related to a series of actions focused on changing and improving claimants’ circumstances, for instance by facilitating the process of claimants moving into affordable accommodation. Where DHPs were used more proactively LAs wanted to utilise them with claimants at as early a stage as possible. For example, Housing Benefit teams working with other LA teams to identify vulnerable claimants and offer DHPs as a way to prevent their situation deteriorating further.

The use of DHPs as a proactive measure also allowed LAs to support vulnerable people whilst staying within their budgets. For example, identifying claimants that could move into affordable housing and assisting them with this meant that claimants should need less support in the future. These activities could also prevent claimants from accruing high arrears, which is often the case for claimants on the brink of eviction.

*“To make them in a more sustainable situation moving forward and make sure they’re in a sustainable housing situation [...] get people into properties which are affordable for them in the longer-term. So, they don’t have to rely upon the benefits system and the DHP longer-term”*

LA\_E172 – average, coastal, S East, top-up spender

As noted, LAs that took a proactive approach used particular methods to meet their aims. Advertising DHPs was one of these methods. To do this, LAs worked with jobcentres and local charities, as well as other LA departments.

**Table 3.1 Good practice - signposting**

LAs used job centres as a place to signpost potential claimants to DHPs. To ensure this was effective, LAs regarded good working relationships with jobcentres as important. In one example, rather than relying on jobcentre advisers to signpost, the LA had LA staff sit in local Jobcentres several times a week, where they informed individuals about the availability of DHPs.

Local authorities aimed to use a range of channels to make sure that potential DHP claimants were aware that DHP existed and might be a useful support for them.

*“We also promote through our Jobcentre. We’re quite lucky that our Jobcentre is the other side of our staff car park, so we work quite closely with them and we have an officer in there one day a week doing universal credit and welfare benefits, council tax, housing benefit stuff. She’s over there promoting that and doing applications and things as well*

LA\_E172 – average, coastal, South East, top-up spender

Another step that LAs took was making sure that information about DHPs were accessible online, and that the application process was transparent and simple.

The responsive or proactive use of DHPs by LAs were not mutually exclusive activities and in both cases, DHPs were also used for items such as removal costs to ensure people could move into more affordable accommodation and, as a result, would no longer rely on DHPs. One respondent noted that the one-off payment for removal costs was offset by no longer having to issue a monthly DHP payment to cover the costs resulting from Removal of the Spare Room Subsidy (RSRS), referred to as “under-occupation”:

*“[I]f we gave somebody £300 and we were able to find a local company who would do great prices for simple moves and people moving, we could then say, well actually if their rent was £25 more because of under-occupation, over a short period we could actually recoup that £300 for the move.”*

LA\_E072 – small, rural, East, top-up spender

LAs also identified DHPs as a useful measure to cover deposits, rents in advance or fees in order to help enable claimants to move into affordable accommodation. Additional fees (e.g. credit checks) appeared to be particularly prominent in private accommodation; in individual cases, this meant that DHPs could be used to simultaneously cover expenses related to credit checks, rent in advance and deposits.

Predominantly used more responsively, some LAs also used the DHP fund to pay for white goods and regarded such a payment as a ‘carrot’ to incentivise claimants to move. For instance, one respondent recalled instances where claimants were concerned about not affording white goods and therefore unwilling to move into more affordable accommodation; to resolve this, the LA used the DHP fund to pay for white goods and helped the move go through:

*“They didn’t want to move from places because they couldn’t then afford to carpet the new place or have white goods in the new place. They didn’t want to move, so it was helping people to move into their correct-sized properties, cheaper properties by helping them out in that way.”*

LA\_E154 – small, city, South East, on-target

## 3.3 Reliance on DHPs

As highlighted in Section 2.1, survey data demonstrates a clear trend towards ongoing support of claimants and analysis of qualitative data suggests both structural and individual factors explain claimants’ reliance on DHPs. These factors were not clearly distributed between particular types of LA areas but do in some instances reflect local contexts and circumstances.

### 3.3.1 Structural factors

**Local employment market** – A lack of local employment opportunities or precarious work contracts, notably zero-hour contracts, contributed to some claimants relying on

DHPs to maintain their tenancy. Without DHPs, affected claimants did not have the financial resources to retain their tenancy, despite being in work.

*“I think this is a very large area, but I think income tends to be a big area. So obviously people who are on low income, who are on zero contracts ... those people tend to have a high dependency on DHP...”*

LA\_E335 – large, city, West Midlands, Top-up spender

**Shortage of adequate accommodation** – A lack of alternative and affordable social housing for people affected by RSRS meant that this group could rely on DHPs more than other type of claimants and were issued with several DHP awards a year:

*“[Lack of social housing] does become an issue, especially for under-occupiers. It's the main one we find the issue with. Social landlord, social tenancies - we'll have some people who will make four or five applications over the course of a year.”*

LA\_E091 – small, rural, North West, Under-spender

### 3.3.2 Individual factors

**Health issues** – LAs reported that claimants with a long-term illness or those living in adapted properties typically relied on DHPs, as their conditions meant that they typically were not able to change their circumstances, e.g. by looking for employment or moving into different non-adapted properties.

**Financial means** – A lack of financial means to move to the private sector meant that some claimants maintained their tenancy in the social sector through DHPs. They lacked the money to pay large deposits or pay off their arrears, which was required to move into private accommodation. In some cases, private landlords also requested a guarantor to protect themselves against non-payment of rent; this constituted a further barrier for social housing claimants considering moving into private accommodation, as they did not necessarily have access to a prospective guarantor:

*“If you move in the private sector at least at the moment, you've got to find at least two months' rent in advance and deposit and a guarantor in some cases. So, people haven't got that financial resource, so some people have been in the same accommodation and have maintained that accommodation and rent using the DHP for one or two years.”*

LA\_E129 – small, town, South East, Under-spender

**Having a 'right' to DHP** – There was a view among some respondents that certain claimants felt 'entitled' to a DHP without demonstrating the willingness to better their circumstances and meet conditions. Respondents felt that this was particularly the case if claimants knew that their circumstances (e.g. being part of a priority group) meant they were likely to be repeatedly awarded DHPs.

### 3.3.3 Transitioning claimants away from reliance on DHPs

To address potential reliance on DHPs, survey respondents were asked to indicate what processes (from a set list) they had or were planning to put in place to address potential reliance on DHPs. The two most frequent responses also reflected in the interviews were:

- *signposting claimants to other welfare services* (83%), with another 5% of authorities planning to introduce this. Typically, external signposting included referring individuals to seek debt and budgeting guidance, e.g. from Citizens Advice.
- *integrating DHPs with other authority services*, such as financial advice or housing services, which was already being done by 72% of authorities with 7% planning to introduce it. For instance, LAs would signpost claimants to the Housing team when requesting claimants to move accommodation or LA-specific employability teams to receive employment support. Importantly, the extent to which LAs could support individuals was also dependent on the type of claimant group.

Accessing other services was often a condition of a DHP award, a strategy explored further in the Section 3.4.

Additionally, respondents identified using time-limited DHP awards as a key mechanism to ensure that DHPs were delivered as a solution to imminent short-term problems rather than as a long-term solution. This was considered important to prevent claimants from becoming reliant:

*“[W]e do have boundaries on the length of time ... because we don't want people to get over reliant on having the DHP as a support for too long. We do see it here locally just as a temporary short-term measure to address urgent acute need rather than long-term chronic need.”*

LA\_E289 – small, coastal, South East, on-target

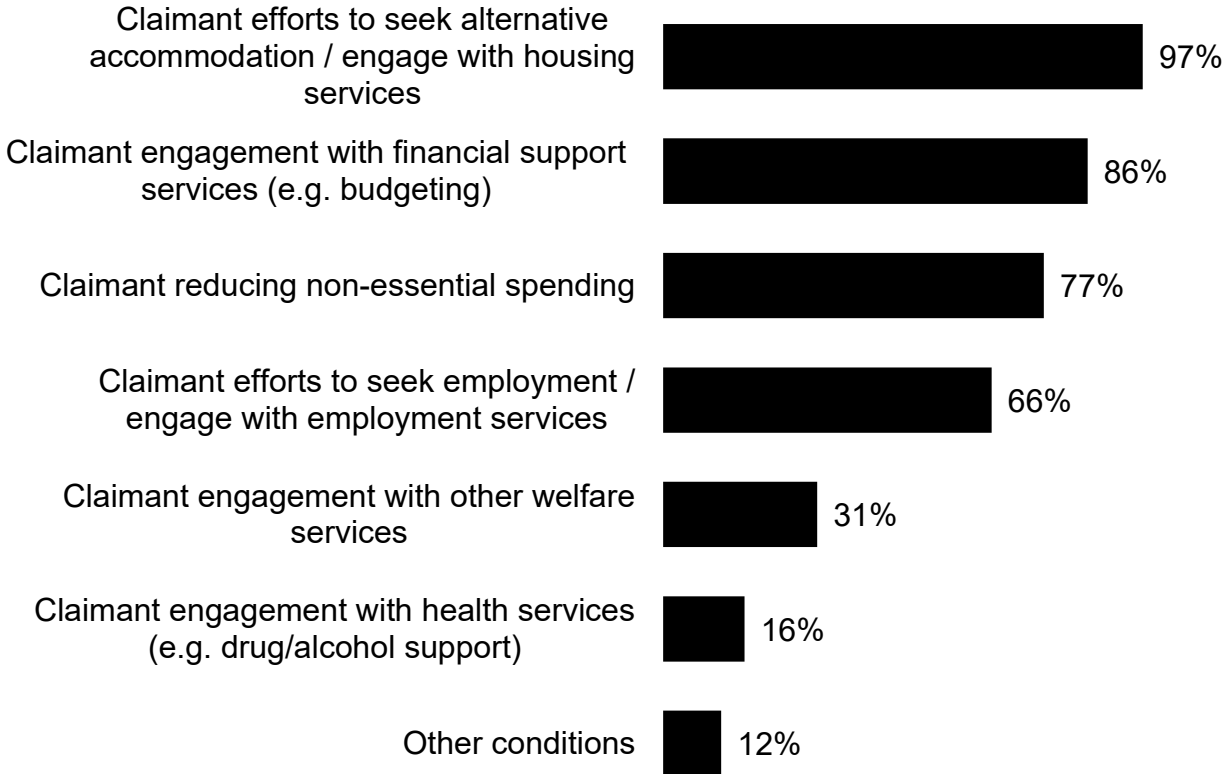
By also gradually reducing the award amount for repeat applicants, LAs aimed to transition claimants away from reliance. However, gradual reductions to DHP payments accounted for the possibility of changes (e.g. to personal budgeting) taking longer than the initial time period of the DHP award (e.g. 13 weeks); a smaller payment therefore provided claimants with extra support while they sought support such as budgeting advice.

## 3.4 DHP conditions

A majority (79%) of local authorities applied some form of conditions to the award of DHPs, although generally not in all cases. Only 7% of authorities applied conditions in all or almost all cases, 21% in most cases and around half (50%) in some cases.

Of those local authorities which applied conditions, almost all said their local authority asks claimants to seek alternative accommodation or engage with housing services (97%). Other common conditions applied by authorities were engagement with financial support services (86%), reducing non-essential spending (77%) and trying to seek employment or engaging with employment services (66%). Figure 3.3 shows the proportion of local authorities who applied these conditions.

**Figure 3.3 Types of conditions applied by local authorities when awarding DHPs<sup>17</sup>**



*Base: All authorities which applied conditions to some of their DHP awards (170)*

**3.4.1 Conditionality and decision making**

Most local authorities which applied conditions to the award of DHPs used an assessment of how far claimants had met those conditions as part of the criteria for awarding DHPs to them in the future. Nearly two thirds (63%) said this was a major factor and a third (34%) said it was a minor factor, while only 4% said it played no role in decisions. There was no clear relationship between LAs who over- or under-spent and their approach to awarding DHPs.

Interviews demonstrated that there were two contrasting approaches to their implementation: one approach was flexible, for example, if not getting DHP would leave a claimant in a situation of hardship, but they did not meet the conditions, some

<sup>17</sup> LAs could select multiple responses at this question so percentages do not add up to 100per cent.

LAs would still make the award. LAs who took a more flexible approach were those who assessed each application individually, case by case.

*“We don't say, 'Well, you've got to try to move within six months.' We don't provide that type of guidance or conditionality. It's more of a general check on whether they are trying to change their position themselves.”*

LA\_W002 – large, coastal, Wales, Top-up spender

Another approach was firm: if conditions were not met, then claimants were not re-awarded a DHP. In these cases, DHP awards were contingent on individuals following certain steps, e.g. seeking budgeting advice or taking active steps to move accommodation. However, strict conditionality did not in itself mean that LAs would reject repeat applications, but LAs were more likely to be rigorous in their review and scrutinise the steps taken by claimants before deciding on re-awarding a DHP:

*“So, we would give an initial award and expect them to be doing that. Now when that award comes to an end, they can apply for another award and we will look at it, but we'll look to see what they've actually done .... They need to be helping themselves with the support out there.”*

LA\_E047 – large, rural, North East, on-target

*“The main aim is to get people engaging with our Housing team and also debt advice agencies before we do actually make an ongoing award”*

LA\_E107 – small, town, South West, under-spender

However, there were some claimants for which this was not possible; those with long-term health conditions or disabilities will need support indefinitely. In addition, for those who were in adapted accommodation, it was considered cheaper to provide support through DHP than to pay for a new property to be adapted for their needs. For these types of claimants, LAs did not tend to apply conditions when deciding on first or subsequent awards.

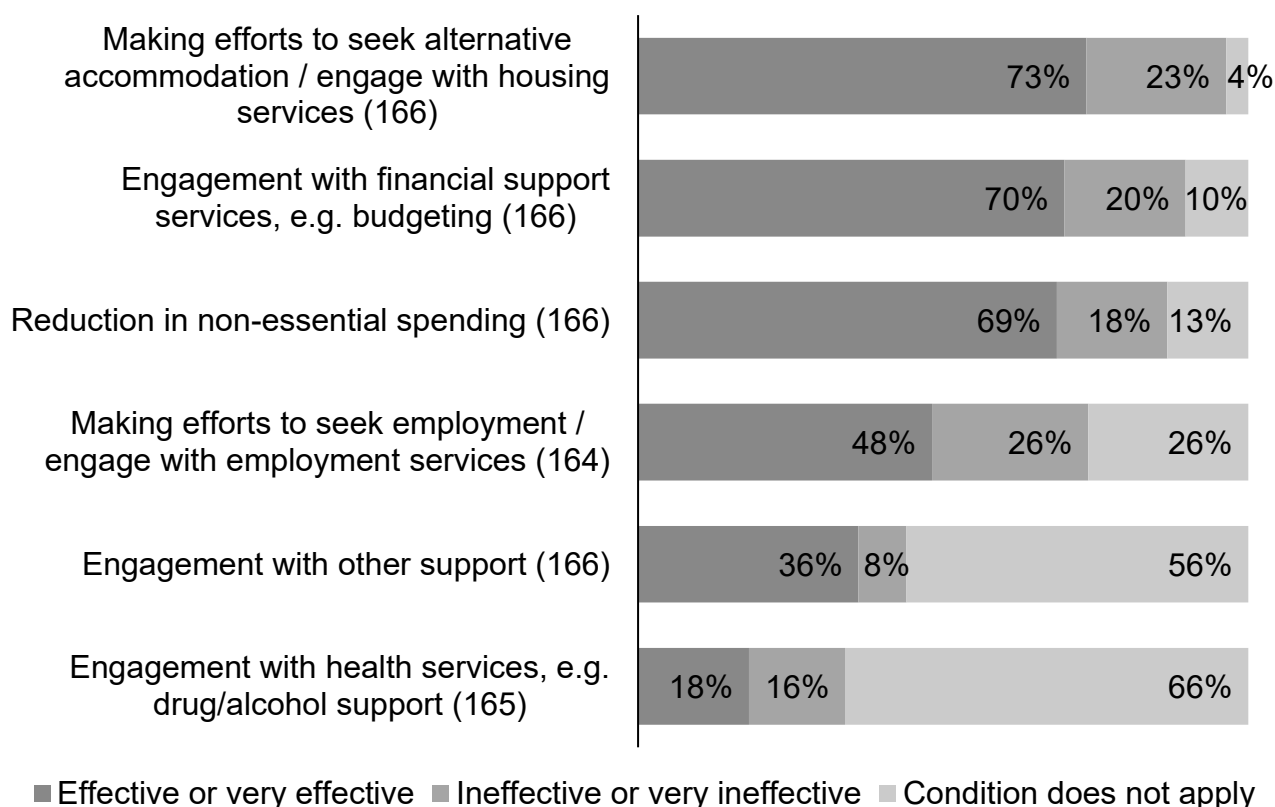
### **3.4.2 Perceived efficacy of conditions**

Local authorities were asked in the survey to rate several different conditions that their authority might apply to the award of DHPs in terms of how effective they were at enabling better housing outcomes or reducing demand for DHPs. The three conditions most commonly ranked as effective were:

- requiring claimants to try and seek alternative accommodation or engage with housing services;
- requiring claimants to engage with financial support services, and;
- requiring claimants to reduce non-essential spending.

Making DHPs conditional on looking for other accommodation or engaging with housing services was reported as very effective by 11% of authorities and effective by 63%, although around a fifth (22%) said it was ineffective. Similarly, requiring people to engage with financial support services was reported as very effective by 8% of authorities and effective by 62%, with 18% reporting it was ineffective. Asking claimants to reduce non-essential spending was reported as very effective by 7% of authorities, as effective by 62% and ineffective by 15%.

**Figure 3.4 Proportion of local authorities which found different conditions to be effective**



*Base: all local authorities which apply conditions to the award of DHPs (base for each condition appears next to it in brackets)*

In interviews, respondents largely viewed conditions as effective because they allowed LAs to create and manage expectations among claimants. Outlining conditions as part of the application process made it clear for claimants, so if they were turned down for an award it was not a surprise. Conditions were also seen to be effective in the sense that they give claimants “something that they have to work within”. Having conditions created clear boundaries and targets for claimants. The use of conditions was also seen as a useful deterrent, stopping claimants from making unnecessary (repeat) claims. Although it was a challenge for LAs to measure or quantify the effectiveness of conditions, they found the number of appeals to be a useful proxy for effectiveness.

*“Probably a good example; 'You said you're going to downsize' and then six months later we contact them and they're saying, 'Well, can we have some more DHP?' We're saying, 'Well, looking at your situation, you haven't bid on any houses, you haven't tried to move' so we may look to say, 'Well, you haven't helped yourself, so we can't continue to pay.’”*

LA\_E154 – small, city, South East, On-target



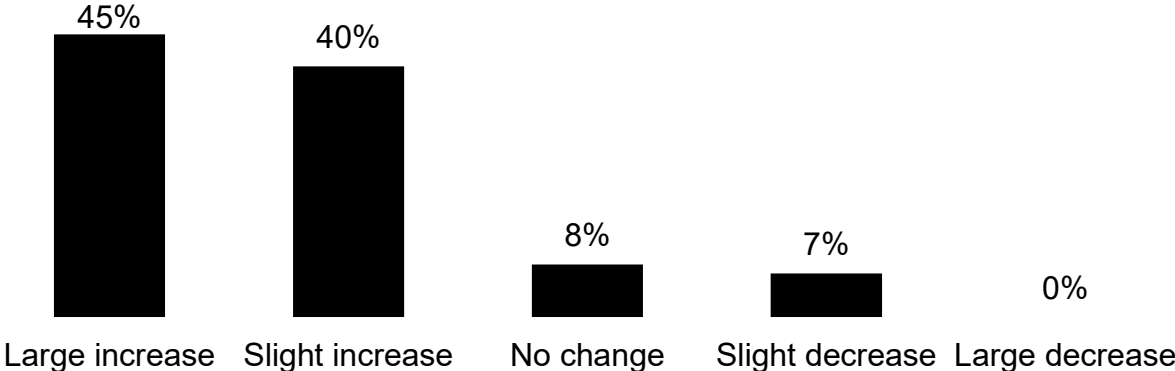
# 4. Changing demand for DHPs

This chapter seeks to understand any changes in demand for or awards of Discretionary Housing Payments (DHPs) over the last three years. These changes have principally been looked at in terms of length of award and claimant type. The section also considers the impact of changes to Universal Credit (UC) from Housing Benefit (HB) on the use and award of DHPs.

## 4.1 Changes over the last three years

As demonstrated in Figure 4.1, LAs' perceptions to changes in the number of applications over the past three years demonstrate that the majority (85%) had seen some increase over this time; with almost half identifying a large increase. No LAs reported a large fall.

**Figure 4.1 Change in the number of DHP applications over the past three years**



*Base: All local authorities (216)*

Respondents largely attributed these increases to the impact of welfare reforms and the introduction of Universal Credit. Local authorities particularly mentioned Local Housing Allowance not keeping up with rents and the introduction of new benefit cap levels, but also referred generally to perceptions of reduced levels of support available to people.<sup>18</sup> Other reasons given providers being more active on behalf of

<sup>18</sup> The new lower, tiered benefit cap launched in November 2016 with the phased roll-out completed by February 2017.

tenants in applying for DHPs, rising rent levels, wider knowledge of DHP availability by support organisations and social landlords, and increased activity on the part of authorities to publicise DHPs.

Qualitative interviews also indicated that each time a new reform was introduced, there was a new “spate” of people applying for DHPs. Interviews also uncovered a range of localised issues that led to increased demand for DHPs. In some cases, the loss of local support systems, such as charities or suppliers was leading to an increase in DHP applications. For example, in one local authority, claimants relied on a local charity to supply white goods at a reduced rate. When this charity closed, claimants needed support in equipping their homes with appliances, so demand for DHP increased. In another case, local housing charities closed, and so claimants lost an external financial resource. More people then had to turn to DHPs for support meeting their rent payments.

Increased applications were also reported as the result of efforts to improve application procedures that could both improve the experience for claimants and reduce the time spent assessing applications. In these cases, LAs used an online application that looked only at claimants’ finances. Applications were approved or denied based on the financial situation of applicants alone, similar to an application for a credit card, for example. This made the process simpler and more transparent for claimants, meaning that the number of applications for DHPs increased.

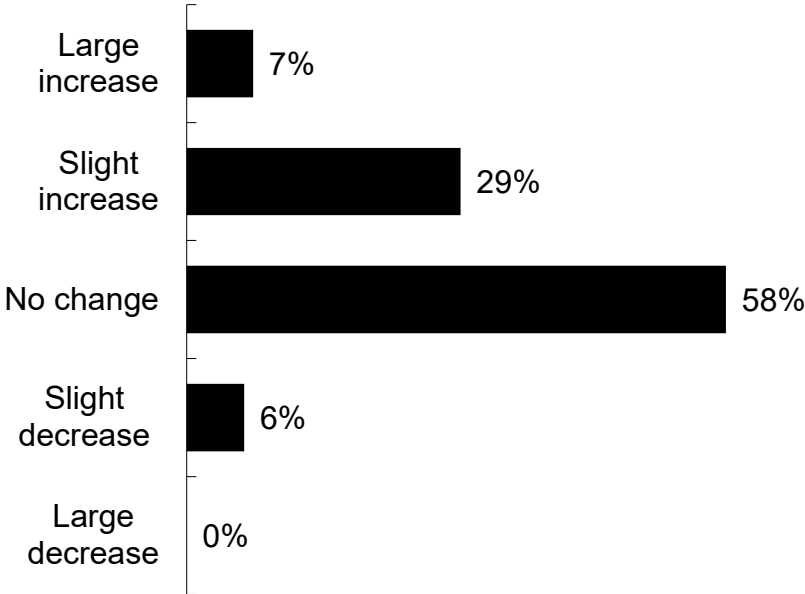
### **4.1.1 Change in number of and length of awards**

A majority of authorities reported an increase in the proportion of DHP claims being awarded, with 12% reporting a large increase and 45% a slight increase. Slightly more than a third (36%) reported no change, while only 7% reported a slight decrease, and 1% a large decrease. Reasons for reporting an increase included:

- increased demand;
- the introduction of Universal Credit and changes to benefit cap levels;
- a greater awareness of benefits among claimants and;
- local authorities aiming to spend their full funding amount.

With respect to changes in award length, Figure 4.2 demonstrates that most local authorities reported no change.

#### **Figure 4.2 Whether average award length has changed in the last three years**

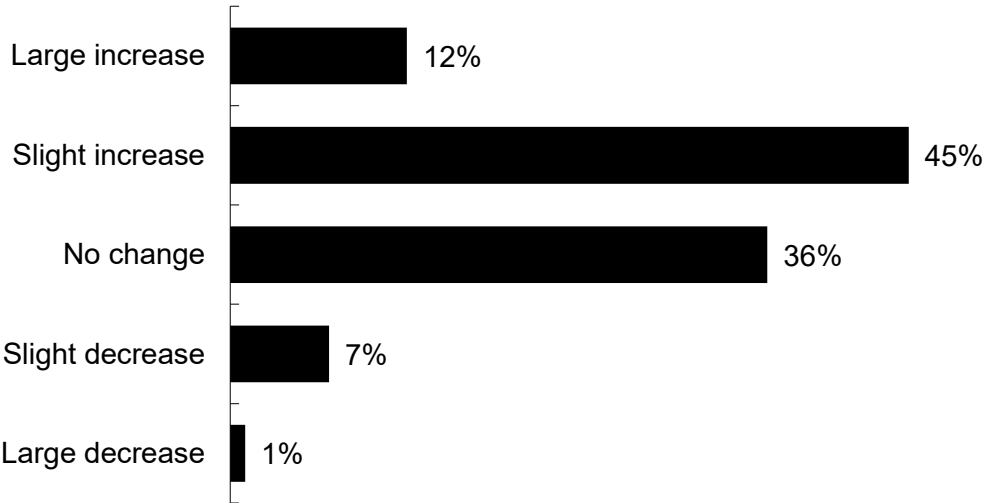


Base: All local authorities (212)

When asked why the average length of their DHP award had changed over the past three years, the most common response was the impact of welfare reform and the introduction of Universal Credit. Other reasons included repeat applications and claimants who were unable to change their circumstances, leading to awards being for longer periods.

A majority of local authorities reported an increase in the average amount being paid out in each DHP award, shown in Figure 4.3.

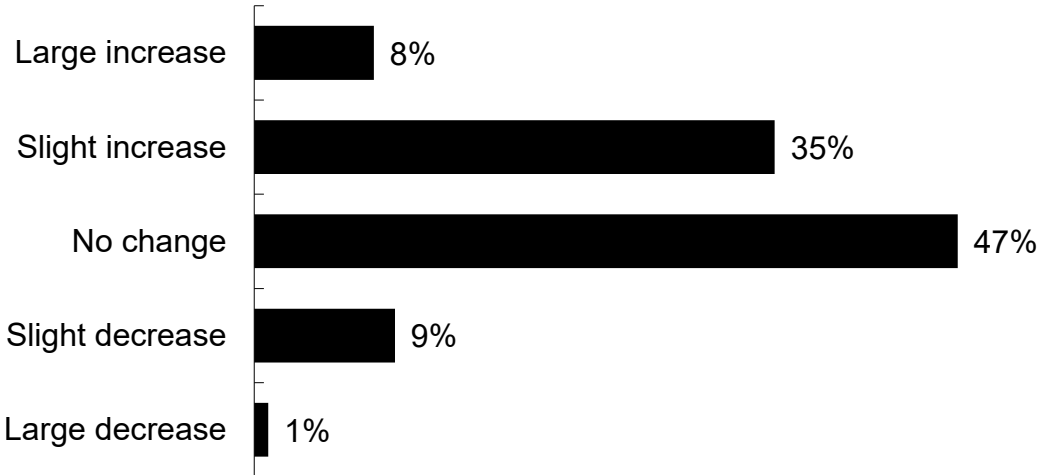
**Figure 4.3 Whether average award amount has changed in the last three years**



Base: All local authorities (212)

Among local authorities which reported an increase, common reasons given included the impact of welfare reforms including the introduction of UC and the changes to the benefit cap, increasing renting costs and more cases where tenants had fallen into arrears. A large minority (43%) of local authorities also reported an increase in the proportion of applications for DHPs being awarded, although 47% reported no change in the proportion being approved,

**Figure 4.4 Whether the proportion of successful applications for DHPs has changed in the last three years**



*Base: All local authorities (213)*

Among LAs that reported an increase in the proportion of DHPs being awarded, LAs said this was because of increasing demand, the introduction of Universal Credit, the benefit cap, a greater awareness of benefits among claimants and local authorities aiming to spend their full funding amount. Among those who reported the award rate had gone down the reasons reported were that demand had increased while their DHP budgets had not and that budgets had fallen.

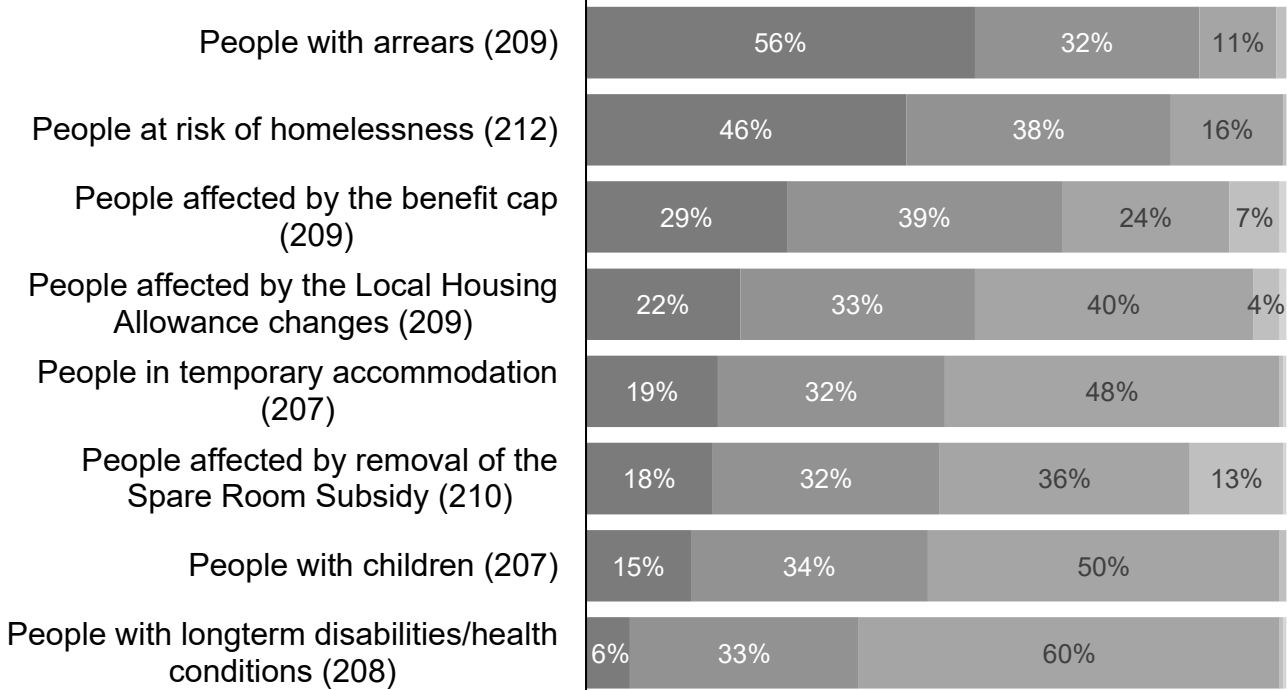
### 4.1.2 Change by type of claimant

In response to the survey, authorities identified claimants in rent arrears as the group accounting for the greatest increase in applications with 56% of authorities reporting a large increase and 32% a small increase in this group. This was followed by those at risk of homelessness, which 46% of authorities reported a large increase in and 38% a slight increase. Those affected by the introduction of new benefit cap levels were also reported to account for a large increase (29%) and slight increase (39%) of claimants.

However, it should be noted that a number of authorities reported increases in applications from all of the different types of claimant asked about in the survey. Around half of authorities reported either a large or slight increase in people affected by controls to Local Housing Allowance, people living in temporary accommodation,

those affected by the Removal of the Spare Room Subsidy and those with children. Figure 4.5 shows the percentages for all groups asked about.

**Figure 4.5 Change over the past three years in the type of claimants<sup>19</sup>**



■ Large increase ■ Slight increase ■ No change ■ Slight decrease ■ Large decrease

*Base: all local authorities (base for each type of claimant appears next to each group)*

Through interviews, LAs particularly held the view that those applying for DHPs were more financially vulnerable than they used to be. Comparison was drawn between what was seen to have been a ‘traditional’ DHP claimant who were typically using DHP to manage a transition, such as being temporarily out of work with increasing demand from claimants in more precarious circumstances, such as being on the brink of eviction. This finding is reflected in previous waves of the LAIS series; in Wave 24 and 25 from 2014, DHPs were used mostly as transitional measures for short-term circumstances such as pregnancy, family breakdown, or specific changes to LHA rates. By 2016, Waves 31 and 32 of the LAIS suggested that DHPs were increasingly being used for structural and long-term issues, and now LAs have seen this increase further.<sup>2021</sup>

LAs also described changes to who was applying for DHPs. They indicated that the family status of claimants has changed: fewer pensioners and single people were

<sup>19</sup> Data labels for percentages of 1per cent or less have not been included in the chart.  
<sup>20</sup> <https://www.gov.uk/government/publications/local-authority-insight-survey-wave-24-rr847>  
<https://www.gov.uk/government/publications/local-authority-insight-survey-wave-25>  
<sup>21</sup> <https://www.gov.uk/government/publications/discretionary-housing-payments-temporary-accommodation-and-universal-support-delivered-locally-local-authority-insight-survey-wave-31>  
<https://www.gov.uk/government/publications/local-authority-insight-research-wave-32>

applying for DHPs now, but more single-parent families were applying than in previous years. In addition, LAs highlighted that increasingly the people who apply for DHPs are in work, whereas previously it was predominantly those in receipt of job seekers allowance or income support. These two changes are further indication that the demand for DHPs are not driven by housing availability and costs alone, but also by broader changes to the economy and labour market – structural factors – that impact individual circumstances.

*“The traditional DHP applicant would be somebody who had just had a rent increase midway through a year... so they’d have a shortfall between their Housing Benefit and their rent. In the last seven or eight years, we’ve seen an increasing number of people who have been made homeless, need help with deposits, rent in advance...”*

LA\_E289 – small, coastal, South East, On-target spender

Taken together, the changes to claimants’ personal circumstances alongside structural changes highlight why DHP demand can be high. When claimants have a rent shortfall, this is often due to circumstances beyond their control such as the economy or high rents. Alongside this the impact of welfare reform has led to more limited support for housing costs. When these factors combine, there are more claimants in financially vulnerable situations that DHPs are not able to mitigate.

## 4.2 Changes between UC and HB

Changes between UC and HB were predominantly identified through the survey and discussed in terms of amount and length of award, changes in demand and claimant group.

### 4.2.1 Changes in awards

Most authorities reported that there were no differences in the length of award (75%) or award amount (55%) made under Universal Credit compared with Housing Benefit. Where there were differences, almost one-fifth reported that HB awards tended to be for longer periods compared with just 6% for UC awards; while one-third reported that UC tended to be for higher amounts than HB awards.

Local authorities in areas where UC had been rolled out before June 2018 were also more likely to report that DHP awards under UC were for larger amounts than authorities which transferred to UC after that date.<sup>22</sup> In early roll-out areas 44% of authorities said UC awards were higher, compared with 24% of authorities in later roll-out areas. Correspondingly, late roll-out UC areas were more likely to report no differences in award amount (65% compared with 44% among early roll-out areas).

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<sup>22</sup> UC Full Service rolled out firstly in London and South-East England, where rents are higher and therefore this may be location-specific, rather than related to UC policy or administration. UC Live Service was firstly rolled out across the North-West England.

There were no reported differences in the length of awards between early and late roll out areas.

## 4.2.2 Changes to demand

Local authorities (62%) reported that the roll-out of UC has meant an increase in applications for DHPs, predominantly due to the five-week wait for benefits payments that many claimants were subject to.<sup>23</sup> Local authorities reported that this left some claimants with a financial shortfall and rent arrears, increasing demand for DHPs to prevent eviction or accrual of further arrears. A third of authorities reported no change and only 5% a decrease.

Local authorities in areas where UC was rolled out early were more likely to report increased DHP demand, 76% compared with 50% among authorities in late roll-out areas. Correspondingly, late roll-out areas were more likely to report no change in demand, 45% compared with 19% among those in early roll-out areas. The proportions reporting a decrease in demand were very low among both groups, at 5% among both late and early roll-out authorities.

LAs where UC has been rolled out have also seen an increase in applications from claimants on UC. This often goes hand in hand with a decrease in HB applicants, as people move off HB and into UC or new claimants begin claiming UC. In addition, the applications from UC claimants present a more diverse set of personal circumstances, such as a greater range of family types.

## 4.2.3 Changes to proportion of groups of claimants

Local authorities were asked through the survey whether certain vulnerable groups had increased as a proportion of their overall caseload after the transition to UC from HB. More than half (59%) of authorities reported people with rent arrears now made up an increased proportion of their overall caseload, while 50% reported an increase in people at risk of homelessness. Smaller numbers of authorities reported that other groups had increased as a proportion of their overall caseload:

- nearly a fifth (17%) reported claimants with children,
- 15% those in temporary accommodation,
- and 10% people with disabilities.

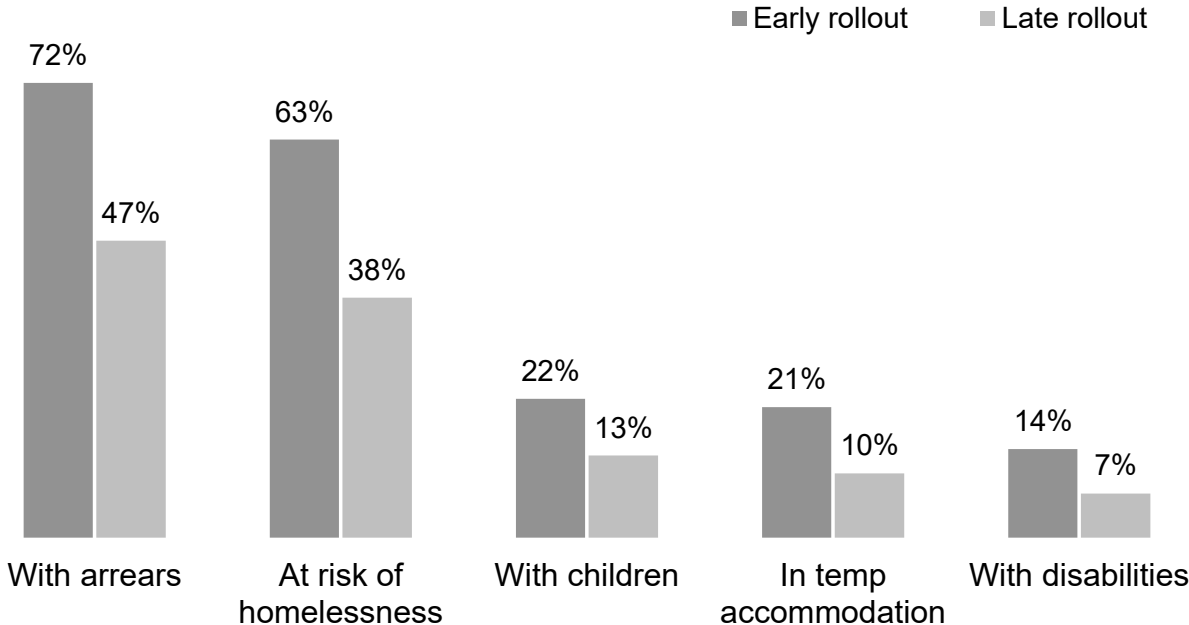
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<sup>23</sup> Since the rollout of UC, DWP have made a number of improvements to the **waiting period** to ensure claimants have enough money to manage until the first UC payment is made, including the system of hardship payments, benefit advances and budgeting loans. The Autumn Budget 2017, introduced a further package of measures, including: advances of up to 100 per cent of the indicative award available and increasing the repayment period to 12 months; removing the 7-day **waiting period**; and providing an additional payment of 2 weeks of HB to support claimants when they transition to UC.

Authorities were also more likely to report no change between HB and UC for claimants with children, those in temporary accommodation and those with disabilities, compared with those at risk of homelessness and those in rent arrears. The proportion reporting a decrease in these groups as a proportion of overall caseload was low across all categories, ranging from between 1% and 4%.

Areas where UC had been rolled out early were also more likely to report an increase in the proportion of people with rent arrears and at risk of homelessness in their total caseload than late roll-out areas.<sup>24</sup> Figure 4.6 shows the proportion of authorities which saw an increase for different groups under UC. Looking at those with children and those with disabilities, there were no statistically significant differences between authorities which rolled UC early and those which rolled it out late.

**Figure 4.6 Proportion of authorities which reported an increase of particular groups under UC**



Base: all local authorities (195-201)

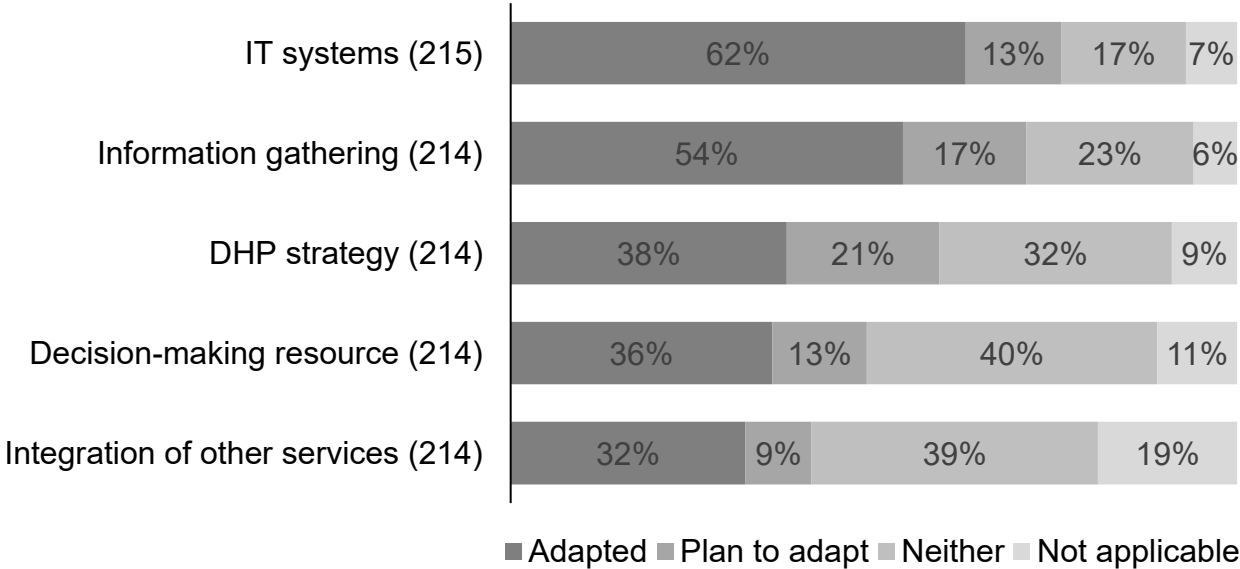
### 4.2.4 Adaptations to the introduction of UC

In addition to the impact of UC on DHP applications and awards, local authorities reported a range of strategic and administrative adaptations they have made in response. See Figure 4.7 for a summary.

**Figure 4.7 Elements of DHP administration adapted due to the introduction of UC**

<sup>24</sup> Again this may be due to the early rollout of UC Full Service in London and South-East England, where rents are higher and therefore this may be location-specific, rather than related to UC policy or administration. UC Live Service was firstly rolled out across the North-West England.





*Base: all local authorities (base for each element of DHP administration appears next to each group)*

In terms of their decision-making processes, 36% of authorities had adapted these for the transition, although two fifths (40%) said they had not made any changes. Over a third of authorities (38%) had adapted their DHP strategy to account for the transition to UC, while 21% planned to do so. Almost a third of authorities (32%) had not yet made any strategic changes, with 9% reporting the need for changes didn't apply to them.

The majority of authorities noted changes to their IT systems (62%) and information gathering (54%) and almost a third (32%) said they had adapted the integration of others services. A number of authorities noted they intended to make changes to these areas. These responses demonstrate that both the practical aspects of adaptation and planning related changes (e.g. strategy and information gathering) were necessary.

When asked in interview what challenges UC presented to the administration of DHPs, local authorities gave a variety of examples, primarily relating to resources and administrative challenges resulting from the transition. A disconnect between UC's housing element and DHPs also made it difficult to know how much rent shortfall people faced, sometimes leading to the claimant's information on this being relied on. Another reported issue was that DHP awards could not be made until the UC housing decision had been made, which caused additional delays. The increase

in administration was also reported to have increased the burden on local authorities' funding.<sup>25</sup>

Both survey and interview data suggest that the administration, award and claimant groups for DHPs have undergone changes in the last three years and demonstrate the fit of the original design of DHPs as a temporary, short-term solution is increasingly challenging. Within these changes, Chapter 5 offers a perspective on whether authorities think DHPs effective for their intended purpose and their views on how they see DHPs in the future.

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<sup>25</sup> **New Burdens** funding has been provided to LAs by DWP to cover additional costs associated with UC. This funding was £13m in 2017/18, £14m in 2018/19 and £18m in 2019/20. Additionally, in 2018 DWP provided an additional one-off contribution of £4.7m to recognise further costs caused in the early stages of rollout.

## 5. Effectiveness and the future of DHPs

This chapter summarises qualitative data on how respondents viewed the efficacy of Discretionary Housing Payments (DHPs) for their intended use both for claimants and for local authorities (LAs) themselves. It also discusses how respondents saw the future of DHPs.

### 5.1 Effectiveness

Chapters 1-4 have illustrated an up to date picture of DHP applications, awards and claimants offered by local authorities, as well as drawing attention to strategies and priorities LAs have set for the use of their DHP allocations. Authorities were asked to reflect on whether in their current circumstances, they think DHPs are effective. The ways in which they were deemed effective was different for claimants and local authorities.

#### 5.1.1 For claimants

**To improve claimants' mental and physical wellbeing** – As a tool to reduce financial difficulties, respondents believed DHPs could be beneficial to claimants' overall mental and physical wellbeing. For instance, the certainty of receiving rents or deposits was seen to increase claimants' sense of control, giving them the necessary "breathing space" to make the required changes, such as looking for new accommodation:

*"[I]t has an impact on the person's health and well-being as well, because obviously if someone has got rent arrears or can't afford their rent and everything ... they've got a bit of leeway and they know that their rent is going to be covered for the next however many weeks or few months."*

LA\_E248 – average, coastal, South West, under-spender

**To improve claimants' skillset** – There was a view that DHPs were an effective tool to improve claimants' skillset (e.g. personal budgeting skills) as a result of the subsequent engagement with services signposting individuals achieved:

*"DHPs are a great tool to put people on the straight and narrow but also give them the skills and opportunities to give them skills to make sure that they're not going to need to come back for the DHPs."*

LA\_E209 – small, rural, East, on-target

**To improve claimants' circumstances** – In particular for claimants encountering short-term problems (e.g. rent arrears), DHPs were considered a useful tool to change claimants' circumstances. For example, they were an effective measure to enable claimants to move to an affordable accommodation by clearing arrears.

However, a contrasting view was that DHPs could be ineffective in providing adequate support for claimants to change their circumstances. For instance, respondents felt that the time-limited nature of awarding DHPs could be inadequate, therefore making repeat applications more likely. For instance, there was a view that changes to personal budgeting would require more time than the initial timeframe for a DHP payment. In particular, for people whose situations were unlikely to change, (e.g. the disabled or those with long-term health conditions), having to make repeat applications did not appear particularly effective:

*“I think it's a shame for those people that they have to apply for it every single year and it's unknown for them and we can't ever commit to it. ... it's just for those people I don't think it really works. I don't think it's the right answer. ... I think it's because the idea of DHP is such a short-term measure but for those people it's not.”*

LA\_E154 – small, city, South East, on-target

## 5.1.2 For local authorities

**To facilitate engagement with wider support** – One view was that DHPs constituted the “carrot” to ensure claimants could access the necessary holistic support (e.g. debt and budgeting advice) that could build minimise their reliance on benefits and services and improve their overall circumstances.

*“It's underpinning a wraparound service around an individual really is what we use it for and if it wasn't there it would be very difficult to get customers to engage in the support that's there. It's a bit of a carrot to be fair ... by saying that we will underpin, or we'll support you financially, people will engage more if the authority is seen to be giving them something as well.”*

LA\_E068 – average, city, East, Top-up spender

**To decrease reliance on temporary accommodation** – There were two cost-effective ways DHPs reduced reliance on temporary accommodation: Firstly, by helping claimants move from temporary accommodation into mainstream accommodation, DHPs constituted a cost-saving mechanism for the LA. Secondly, by providing payments to cover rent shortfalls or enabling claimants to move by paying deposits, LAs avoided the costs that would result from homelessness.

However, a different view was that DHPs were ineffective insofar as they did not provide long-term, sustainable solutions for LAs to fill the gap in support left by the impacts of welfare reforms. DHPs were seen as a “sticking plaster” rather than a long-term solution, because they did little to address structural issues that impacted on DHP administration, such as the shortage of affordable and adequate housing.

*“What they seem to do is that, especially when under occupancy came in, it was, ‘Right, you’re now going to be subject to under occupancy charge, but that’s fine because we’ve given authorities more money for DHP, so you’ll get a DHP.’ So, you’re taking it out of one hand and just giving it in another.”*

LA\_E047 – large, rural, North East, on-target

### 5.1.3 Exploring the contradictions

There was variability across LAs in whether or not they thought DHPs were effective. Views on effectiveness centred on three main contradictions around (i) improving and changing claimants’ circumstances; (ii) providing long-term support; and (iii) offsetting the impact of welfare reforms (e.g. RSRS).

**Improving/changing claimant circumstances** – While DHPs can provide the necessary “breathing space” for claimants to make changes and meet the conditions of the payment, the time-bound nature of the awards means they are not always effective in doing so and make repeat applications more likely.

**Providing long-term support** – One view was that DHPs could provide more long-term support, since people can reapply should their circumstances not change. However, a different view was that people whose circumstances are not going to change (e.g. long-term ill, physically disabled) require permanent and non-conditional support, not time-limited support.

**Offsetting welfare reform** – Some respondents regarded DHPs as effective tools to address the implications of welfare reforms, notably the Removal of the Spare Room Subsidy (RSRS). In contrast, others were less certain of the way that welfare reforms, intended to cut costs, might be driving the need to use other benefits and services in other parts of the system via DHPs.

## 5.2 Future challenges

Discussions in interviews about the future of DHPs largely focused on authorities identifying what they saw in the external environment as driving demand and diversifying types of claimant, as well as administrative and budgetary challenges for the local authority.

*“[T]he problem is that in the past if someone was living in social sector housing they could expect to have their rent met in full... Now we’re paying them 14% or 25% short of the full rent. That is inevitably going to put a strain on the financial resources of that family... Welfare reform as a rule has cut back, not just on the rents, but on other aspects [so] anybody who is in receipt of benefit will be finding that they have less money overall. So inevitably the call on the DHP pot is always going to be quite high. There is no obvious reason why it would reduce at the moment.”*

LA\_W008 – average, coastal, Wales, on-target spender

Most authorities expected demand for DHPs to increase, both in the short and medium term. In the next year 38% of authorities expected a large increase in demand and 47% a slight increase. Only 12% thought there would be no change and three percent that there would be a slight fall in demand. No authorities reported thinking there would be a large decrease. A similar picture was reported when looking across the next five years, 86% of authorities expecting an increase in demand, 9% expecting no change and 5% predicting a fall in demand.

## 5.2.1 For claimants

LA staff identified three potential future challenges for DHPs relating to claimants: lack of suitable housing, the economy, and changes in the day-to-day realities of claimants. These challenges were largely based on the current context of DHP applications and decision making that LA staff witnessed, and thought might continue.

### **Lack of suitable housing**

Local authorities identified the lack of suitable and affordable housing as a key concern going forward. As noted, in the discussion around LA priorities, this was something that local authorities found to be a challenge. They felt that, unless something changed, this challenge was unlikely to be reduced.

For example, LAs across different geographies identified the demand for smaller one- and two-bedroom properties is greater than the number of smaller properties available. LAs identified this as a key factor in claimants applying for DHPs: the RSRS meant they needed help with their housing costs, and the lack of properties meant that small families and single people are unable to move to more suitable properties. As such, LAs said that this challenge was unlikely to change without building more social housing or changing the RSRS, therefore this was likely to be an ongoing challenge that claimants faced.

*“[W]hereas before the LHA [Local Housing Allowance] rates had been set at the bottom 30<sup>th</sup> percentile of rents at that mark, now we’re looking at really a 10% or 15% rate because of the resulting rent inflation that we’ve had in the local area. By 2020, there will be virtually zero privately rented housing in the local area that will be anywhere near the LHA rates”*

LA\_E289 – small, coastal, South East, on-target spender

In addition to the lack of smaller houses, there is also a lack of affordable properties. LAs noted that high rents in the private rented sector combined with the LHA freeze made renting unaffordable for some families and individuals. Furthermore, it was not an option for them to move to another area where rent might be cheaper due to things like employment opportunities and access to transport. Without interventions like rent caps, LAs stated that this challenge was also unlikely to be mitigated.

### **The economy**

The perception of ongoing economic instability was also highlighted as a future concern for LAs and DHPs. As has been demonstrated throughout this report, the current economic climate has impacted demand for DHPs and transformed claimants' needs. LAs were concerned that this would continue to be a challenge and create further strain on the DHP budget. There were also concerns around the risk of another recession in the near future, and the impact this would have. As one benefits manager put it, *"that will just blow everything out of the water."* (LA\_E289 – small, coastal, South East, on-target).

### **Changes in day-to-day realities**

This report has also illuminated the changing everyday realities of claimants. LAs were concerned about these changes going forward. The changing employment market, increasing cost of living and accessibility of transport were all named as factors in being able to move to affordable accommodation. DHPs alone cannot mitigate all of these factors, but there will be an ongoing need for support for claimants with increasingly diverse needs.

*"When they address the housing issue in this country and get people to build affordable houses, cap rents at certain levels, then DHPs may not be required as much, but as long as rents stay the same level and governments don't give councils money to do that, demand for DHPs will remain higher for the next two to five years without question"*

LA\_E020 – average, town, West Midlands, on-target

## **5.2.2 For local authorities**

Local authorities also had concerns for the future administration of DHPs, and how they would be able to use DHPs going forward. As with the concerns for claimants, the future challenges discussed here relate closely to current challenges discussed throughout this report.

### **LHA freeze**

The LHA freeze repeatedly came up as a concern throughout the interviews and this was highlighted as likely to continue to be a concern for LAs as long as the freeze continues. Whilst the LHA continues to be frozen, rents continue to increase at a much higher rate than inflation.

### **Universal Credit**

The full impact of UC is yet unknown. For this reason, LAs commonly highlighted UC as a potential future challenge for DHP budgets within local authorities. This was for several reasons.

- Without a change to the lack of synchronicity between UC and DHP system, it will remain a challenge for LAs to fully support DHP applicants who are on UC.
- The five-week delay when transitioning to UC was also raised as a future challenge as it makes it difficult for claimants to budget. When people are financially vulnerable, and they do not have monthly paid work, this delay can

mean that people end up in arrears. This could be mitigated with DHP if it was possible to make awards in advance, but this is not currently part of the DHP policy.

- LAs also noted that private landlords were wary about renting to people on UC. This was in part because, under UC, landlords no longer get the housing payment direct to them unless they apply for an Alternative Payment Arrangement. In addition, UC is seen as a sign of financial vulnerability, rather than of sufficient support, so landlords do not trust that UC claimants will be financially-reliable tenants. As a result, landlords increasingly require a lot of money in advance (up to 6 months' rent and a large deposit) as a precaution. This then affects the DHP budget, and claimants will need support with larger amounts of money.

### **Future DHP budgets**

LAs raised concerns about the DHP budget for two reasons. First, on an annual basis, LAs described difficulties in managing their DHP budget in advance. They felt the advanced notification they received did not give them enough time to plan or alter policies. As such, LAs suggested that an indicative budget could be given further in advance. Without a change, it will remain a challenge for LAs to implement new strategies in light of budget changes.

The overall future of DHP after 2020 was also raised as a potential challenge. LAs rely heavily on DHP, and they highlighted that without DHP there would be a gap in support for financially vulnerable people.

### **Changing nature of claimants**

Perhaps the most crucial future challenge is the changing nature of claimants needs and diversification of claimants as a group. Throughout this report it has been reported by LAs that claimants are increasingly in work but in need of long-term support with their housing costs. Instead of helping claimants through a rough patch, LA decisions around DHP are (becoming) much more critical. Further, LAs felt there is currently nothing else in the welfare landscape that can do what DHPs do and LAs voiced general concerns that, even with DHP for support, claimants were increasingly in financially precarious situations that could lead to sustained vulnerability.



## 6. Conclusion

The aim of this study was to gather detailed evidence to explore the award and management of Discretionary Housing Payments (DHPs) in different local authority (LA) areas. It sought to understand a current picture of how LAs award DHPs and what these awards are spent on as well as what factors influence how DHPs are distributed and what strategies or priorities LAs follow in spending their allocations. The study also wanted to further understand circumstances where certain claimant groups develop reliance on DHPs. In addition, this study has examined the changing demand for DHPs over the last three years and in particular to consider the effect of the roll out of Universal Credit (UC).

The first section of this concluding chapter draws out the main priorities and decisions that LAs identified in terms of who their claimants are and how DHPs can meet their needs – noting the emergence of a specific group of repeat claimants for whom DHP is the only available support for their circumstance. This is followed by bringing together respondents' views on changes to demand for DHPs over the last three years and what they see as future challenges.

### 6.1 DHP awards and priorities

Discretionary Housing Payments (DHPs) are used by local authorities (LAs) to prevent homelessness, support housing transitions and when doing so can save the LA housing-associated costs. Against these aims, LAs used a mixture of responsive and proactive approaches to using DHPs and utilising their flexibility was deemed crucial to meeting unique claimant demands as they arose.

Survey data suggest LAs had seen general increases in applications for DHPs and the most common duration of awards was between three and six months. This is an interesting finding given the anticipated use of DHPs as a one-off award. These data demonstrated a clear trend towards ongoing support of claimants and analysis of qualitative data suggests both structural and individual factors explain claimants' reliance on DHPs.

DHPs were also used by LAs for priority groups. One reason for identifying priority groups was to mitigate the impact of welfare reforms and effectively address claimants' circumstances. Where a large proportion of claimants locally were affected by a specific reform (e.g. the benefit cap), LAs prioritised this group, by for instance proactively reaching out to affected individuals and encouraging them to apply for

DHPs. LAs also had priority groups where DHPs constituted a sensible and cost-effective way of addressing claimants’ circumstances. For example, respondents suggested that keeping disabled claimants in their adapted accommodation was beneficial to the individual and more cost effective to the LA.

**Managing DHP budgets** – How much of their DHP allocation LAs spent annually related to local contextual (e.g. subject to the Local Housing Allowance (LHA) freeze) as well as practical (e.g. how good their signposting was) factors. From those who responded to the survey, half of local authorities reported that they had underspent their DHP allocations, with 20% having spent it exactly and 30% having reported an overspend via topping-up. Figure 6.1 outlines the main factors LAs identified as influencing the spend of the budgets.

**Figure 6.1 Factors influencing DHP budget spend**

<b>Under-spend</b>	<b>On-target</b>	<b>Top-up spend</b>
<b>Local factors; a lack of need prior to going full service UC</b>	Demand for DHPs; local demand due to the impact of welfare reforms made it essential to spend entire allocation	Demand for DHP; local area affected strongly by welfare reform, leading to high demand for DHP that outstripped the allocation
<b>Lack of publicity; lack of awareness among landlords and potential claimants</b>	Good signposting; using internal and external relationships to ensure awareness of and access to DHPs	Supported from council to top-up; council’s commitment to providing additional funding for DHPs meant that they were able to go beyond the allocation within the legal parameters
<b>Inaccuracies recording information</b>	Council policy; council-wide policy to spend the full amount	

**Reliance on DHPs** – Survey data demonstrates a clear trend towards ongoing support of claimants who make repeat applications for DHP support. The circumstances driving repeat applications can be understood as both structural and individual. The local employment market and shortage of adequate accommodation were commonly cited as impacting a claimant ability to transition away from using DHPs despite making changes to their personal circumstances and choices. In contrast, individual factors such as health issues typically meant people were not able to change their circumstances, e.g. by looking for employment or moving into different non-adapted properties.

LAs demonstrated diverging approaches to awarding repeat claimants; one actively relating to case history and one not. In either case, LAs also commonly used processes to support claimants to transition away from needing DHP. These typically

included signposting claimants to other welfare services, such as Citizens Advice and integrating DHPs with other LA services, such as the housing service. These two approaches often constituted conditions that claimants were subject to if they were to be considered for repeat applications in the future.

Whilst conditions were commonly applied and seen as quite effective in some circumstances – particularly as they helped to set expectations with claimants as to the intended temporary nature of support; it was clear from the data that there are a group of repeat claimants for whom DHP is the only suitable support for their current circumstances.

## 6.2 Changing demand and future challenges

This study demonstrates an increase in the number of applications for DHPs in the last three years, though no real change in award lengths was reported.

The data most clearly points to changes in the type of claimant applying for DHP with LAs reported those in rent arrears accounting for the biggest increase. The data also suggest that DHP is increasingly applied for by people in work; suggesting economic factors are becoming determinant. LAs particularly held the view that those applying for DHPs were more financially vulnerable than they used to be. Comparison was drawn between what was seen to have been a ‘traditional’ DHP claimant who were typically using DHP to manage a transition, such as being temporarily out of work with increasing demand from claimants in more precarious circumstances, such as being on the brink of eviction.

LAs also described changes to who was applying for DHPs. They indicated that the family status of claimants has changed: fewer pensioners and single people were applying for DHPs now, but more single-parent families were applying than in previous years. These two changes are further indication that the demand for DHPs are not driven by housing availability and costs alone, but also by broader changes to the economy and labour market – structural factors - that impact individual circumstances.

**Universal Credit** – A further reported driver for change has been the roll out of UC, which was linked to increased demand, and particularly from vulnerable groups. LAs also reported a lack of synchronicity with UC in terms of administration. The changes in administration and lack of access to data or information on claimants and their awards has also impacted Housing Benefit teams’ ability to target those potentially in need of DHPs. However, some LAs were also making a series of adaptations in response.

**Effectiveness** – The efficacy of DHPs was discussed for claimants and local authorities and in both cases was contested. Broadly speaking, DHPs were seen as effective when claimant circumstances were a more traditional ‘fit’ for DHPs, but LAs reported an increase in non-traditional cases where DHP still applied or was necessary. Effectiveness was discussed in relation to three main themes (i)

improving and changing claimants' circumstances; (ii) providing long-term support; and (iii) offsetting the impact of welfare reforms (e.g. the benefit cap).

**Future challenges** – Respondents talked about the future of DHPs based on what they saw in the external environment as driving demand and the diversification of claimants, as well as administrative and budgetary challenges.

The most common challenges discussed for claimants were:

- *Lack of suitable accommodation*: will continue to constrain the choices of claimants to make changes to their circumstances and access affordable properties.
- *Changing realities for claimants*: such as the employment market, increasing cost of living and accessibility of transport were all named as factors in being able to move to affordable accommodation making it likely there will be an ongoing need for support for claimants with increasingly diverse needs.

For LAs the future administration of DHPs in the context of an ongoing LHA freeze and ongoing roll out of UC was of primary concern. LAs highlighted that the current parameters for DHP use for example, does not allow for making awards in advance; where such a change might better support an anticipated gap for the most financially vulnerable claimants when transitioning to UC.

In summary, meeting the changing needs of claimants in the context of DHPs intended purposes poses an increasing challenge. This report has highlighted the extent to which DHP administration is increasingly a difficult fit for many claimants' current circumstances; and where such circumstances are increasingly determined by structural factors rather than the agency of individuals to make changes. The overall future of DHP after 2020 was also raised by some LAs as a potential challenge. LAs rely heavily on DHP, and they highlighted that without DHP there would be a gap in support for financially vulnerable people.

# Appendix A: Research materials

This summary includes the survey questionnaire and topic guide used in interviews.

## A1. Survey Questionnaire

### Local Authority Insight Survey (LAIS) Wave 36

#### Questionnaire specification

**Note:** questions followed by {V1 Qxx} are repeated questions from LAIS Wave 31. The question number reported is their question number from Wave 31.

ASK ALL

#### IntroLAI

Thank you for taking part in this survey. This wave of the survey includes questions about Discretionary Housing Payments (DHPs). The information you provide will help the Department for Work and Pensions (DWP) understand how current and future housing policy decisions affect LAs and claimants. It will help DWP understand the support that LAs need from DWP and will inform the future policy strategy.

Please consult other colleagues who can help you in providing relevant information when completing these questions.

#### DHPIntro

Discretionary Housing Payments (DHPs) are a discretionary scheme that allows local authorities (LAs) to make monetary awards to people experiencing financial difficulty with housing costs or towards their rental liability. Only those who qualify for Housing Benefit or Universal Credit with housing element are eligible for DHPs. DHPs are awarded at the discretion of each LA and can provide help with on-going housing costs or one-off expenses.

An LA is given a limited amount of funding by central government for DHPs. In addition to this, English and Welsh LAs are able to top up the funding to a maximum of two and a half times this figure using their own funds.

**DHPApp** {V1 Q16}

Which option below describes how your LA **mainly** receives DHP applications?  
(Select one)

- Paper form application
- Phone application
- Face to face application
- Online application
- Other – please specify
- Don't know

**DHPAct** {V1 Q21}

Over the past twelve months, approximately what percentage of new DHP applications in your LA leads to an award?  
0..100

**DHPTrk** {V1 Q4}.

How does your LA monitor repeated applications for DHPs?  
(Select one)

- Automatically flagged on system
- Noted on system (but not automatically flagged)
- Caseload manager knowledge/recall of claimant
- Do not monitor
- Other – please specify

**DHPRpt** {V1 Q5}

Does your LA have a separate decision-making process for **repeat applications for** DHPs compared to a claimant's first application?

- Yes
- No

**DHPPrtis** {V1 Q8}.

Does your LA have specific policy priorities for awarding DHPs?

- Yes
- No – up to decision-maker's discretion

*IF DHPPrtis = 1 'Yes'*

**DHPPRnk** {V1 Q8}.

Please rank the following considerations in order of priority for awarding DHPs in your LA (e.g. where '1' is highest priority):

- Where risk of homelessness is high
- DHP would solve short-term housing problem

- DHP would solve long-term housing problem
- To control knock-on costs for our LA (e.g. from temporary accommodation)
- Other – please specify

Soft Check: ONLY to be displayed IF all rows do not contain DK/REF.

“Please choose each rank from 1 to 5. The ranking(s) [number(s)] are missing.”

Hard check: If duplicate ranking number recorded.  
 "Please choose each ranking only once. The ranking(s) [number(s)] have been chosen more than once. "

*IF DHPPRnk=5*  
**DHPPRnkOth**

Please enter a description for other considerations for awarding DHPs in your LA.  
 OPEN RESPONSE {2000}

*ASK ALL*  
**DHPPGp**

Does your LA prioritise applications from any of the following groups? (select all that apply)

- No – each case considered entirely on own merit
- Care-leavers
- Prison leavers
- Claimants with disabilities
- Claimants with dependent children (couples or lone parents)
- Lone parents (all)
- Lone parents with young children
- Claimants with dependent children at a critical point in education
- Domestic Violence
- Acute risk of homelessness
- Claimants in temporary accommodation
- Claimants who have engaged with other welfare services
- Claimants who have taken steps to improve their circumstances
- Other – please specify

**DHPpt**

Since November 2017, approximately what proportion of DHPs were awarded for the following lengths of time?

DHP Award Length	%
One-off award (e.g. rent deposit)	
Less than 4 weeks/1 month	
4 weeks to 12 weeks/1 month to 3 months	
12 to 26 weeks/3 months to 6 months	

DHP Award Length	%
26 to 52 weeks/6 months to 12 months	
More than 52 weeks/12 months	

Hard check: If total percent is not 100%.

"Total of percentages entered is (less/more) than 100%. Please amend."

### DHPAam

Since November 2017, what is the approximate average amount per DHP award?

Please split out between one-off (e.g. rent deposit) DHPs and ongoing DHP awards (e.g. a 12-weekly award for rent shortfall)

- Average one-off award amount: £
- Average ongoing award amount: £ per week

### DHPCond

Does your LA apply conditions to claimants receiving DHP awards? (select one)  
Please note in this case *conditions* are defined as claimant actions required by the LA for the award of DHPs – this can include prior to, during, and after DHPs.

- No – our LA does not apply conditions to DHP recipients
- Yes – our LA applies conditions in some cases
- Yes – our LA applies conditions in most cases
- Yes – our LA applies conditions in all/almost all cases

ASK IF DHPCond = 2,3, 4

### DHPConAp

Which of the following types of conditions does your LA apply? (select all that apply)

- DHPs conditional on claimant's efforts to seek alternative accommodation / engage with housing services
- DHPs conditional on claimant's efforts to seek employment / engage with employment services
- DHPs conditional on claimant's engagement with financial support services (e.g. budgeting)
- DHPs conditional on claimant's engagement with health services (e.g. drug/alcohol support)
- DHPs conditional on claimant's reduction in non-essential spending
- DHPs conditional on claimant's engagement with other welfare services (please specify)
- Other conditions – please specify

ASK IF DHPCond **NOT** 'No our LA does not apply conditions...'

### DHPReAwd {V1 Q7}

At the end of a conditional DHP, does your LA use the failure or success of the claimant in meeting the conditions as a factor in **re-awarding** a DHP?



- Yes, a major factor
- Yes, a minor factor
- No, it is not a factor

ASK ALL

**DHPRjRs** {V1 Q27}

Approximately what proportion of DHP claims are rejected for each of the reasons below?

Reason for rejection	Percentage of rejections
Lack of information	
Incorrectly filled-out forms	
DHP would not help/support claimant	
DHP would not be cost-effective	
Insufficient funding	
Alternative support available	
Inconsistent with LA policy	
Claimant has sufficient income to cover housing costs	
Claimant not a priority group	
Claimant conduct (e.g. lack of engagement, imprudent spending, etc.)	
Other – Please specify	

Hard check: If total percent is not 100%.

"Total of percentages entered is (less/more) than 100%. Please amend."

ASK IF AT DHPRjRS PERCENTAGE COLUMN FOR GRID ROW=11 is > 0

**DHPRjRsOth**

Please enter a description for reason for rejections of DHP claims.

OPEN RESPONSE [400]

ASK ALL

**DHPSnPst** {V1 Q14}

Please rate the frequency of the following activities that your LA utilises to signpost DHPs to claimants

Activity	Always	Frequently	Occasionally	Never	Don't know
Signposting DHPs through LA material					

Activity	Always	Frequently	Occasionally	Never	Don't know
Signposting DHPs through local services and/or organisations					
LA identifies and initiates contact with tenants who may benefit from DHPs					
LA works with local job centres and work coaches					
No specific signposting – contact with LA initiated by HB tenant in all cases					
Other – please specify					

ASK IF AT *DHPSnPst* THE PERCENTAGE COLUMN FOR GRID ROW=6 IS EQUAL TO 'Always/Frequently/Occasionally'

**DHPSnPstOth**

Please enter a description for which LA signposts claimants to DHPs through 'Other' means.

OPEN RESPONSE [400]

ASK ALL

**DHPLowA** How often do you award DHPs for an amount lower than the claimant applied for?

- Always
- Frequently
- Occasionally
- Never

**DHPInfo** {V1 Q3}

Which of the following information/data does your LA collect to inform DHP decisions? (Select multiple)

- Basic financial information – income, benefit income, rent.
- Detailed financial information – non-rental bills, non-essential spending, loans, etc.
- Basic circumstances – length/type of tenure, dependents, employment status etc.
- Detailed circumstances – family/relationship details, work history, etc.
- Efforts made to improve circumstances

- Interactions with LA/welfare services
- Other information – please specify

**DHPYrSp {V1 Q1}**

Does your LA have a specific aim for spending your DHP allocation over the financial year?

(Select one)

- Our LA aims to spend all or most of our DHP allocation
- Our LA aims to underspend our DHP allocation by more than 10%
- Our LA aims to overspend our DHP allocation via topping up funding
- Our LA aim for DHP spend varies from year-to-year
- Our LA has no specific aim

**DHPspendall**

Did your LA spend its full allocation of DHP funding in the financial year 2017/18?

- Yes – overspent allocation via topping-up
- Yes – spent full allocation exactly
- No – underspent allocation

**DHPFinYr {V1 Q12}**

How did your LA allocate the DHP budget across the 2017/18 financial year?

(Select one)

- Split into twelve equal (monthly) budgets
- Split into four quarterly (3 monthly) budgets
- Split into two equal (6 monthly) budgets
- Budget not split up into parts but allocated as needed until all used up
- Other - please specify
- Don't know

*ASK IF DHPspendall = 'no'*

**DHPLfTOv {V1 Q2}**

Why did your LA not spend its full allocation of DHP funding in the financial year 2017/18?

(Select multiple)

- Difficulties in budgeting across entire year leading to underspend
- To avoid an overspend
- DHPs deemed ineffective for claimants
- Constraints within current guidance
- Lack of applications for DHPs
- Applications did not meet LA policy criteria/priorities
- Not enough staff to assess applications
- Specific LA aim to underspend allocation

- Other – please specify

ASK IF DHP Spendall = ‘Yes – overspent allocation via topping-up’

**DHPOvS** Why did your LA overspend its full allocation of DHP funding in the financial year 2017/18?

(Select multiple)

- Difficulties in budgeting across entire year leading to an overspend
- To avoid an underspend
- DHPs deemed more effective for claimants than other actions
- DHPs deemed more cost-effective for LA than other actions
- Specific LA aim to overspend allocation
- Other – please specify

ASK ALL

**DHPStgy** {V1 Q9}

Does your LA have a strategy to ensure that the DHP allocation is spent most effectively? In this case, *effective* is defined as cost-effective for LA or in supporting claimant with rental costs (e.g. preventing homelessness/large arrears).

- Yes
- No

**DHPNWif** {V1 Q11}

Please can you select the **three most common** reasons for awarding DHPs under the “**Non welfare-reform related – Other (to help with on-going rental costs for any other reason)**” category in the monitoring returns?

Reason for DHP	Select
To pay outstanding non-housing related costs (e.g. utility bills)	
To reduce arrears	
To prevent eviction	
To support claimants into work	
UC transition related rental costs	
To support claimants in Temporary Accommodation	
To cover rent increase	
To cover loss of income due to work changes	
To cover loss of income due to change in family/relationship circumstances	
Other one-off cost (please specify)	
Other ongoing cost (please specify)	

**DHPCh**

Has there been a change in the number of DHP applications in your local authority over the past three years?

**Please note your answers can be based on your general perception if you do not keep records of this information.**

- Yes – Large increase in the number of DHP applications
- Yes – Slight increase in the number of DHP applications
- No change
- Yes – Slight decrease in the number of DHP applications
- Yes – Large decrease in the number of DHP applications

**DHPWCh**

Please can you explain why you think there has been a change in the number of DHP applications in your local authority over the past three years?  
(Open)

**DHPChAp {V1 Q24}**

Have you seen a change in the numbers of applications from any of the following groups over the past three years?

**Please note your answers can be based on your general perception if you do not keep records of this information.**

Group	Large increase	Small increase	No Change	Small decrease	Large decrease
Claimants in Temporary Accommodation					
Claimants with children					
Claimants with disabilities/long-term health conditions					
Claimants with arrears					
Claimant at acute risk of homelessness					
Claimants affected by the Local Housing Allowance changes					
Claimants affected by the					

Group	Large increase	Small increase	No Change	Small decrease	Large decrease
Removal of the Spare Room Subsidy					
Claimants affected by the benefit cap					
Other (Please specify)					

ASK IF AT DHPChAp the percentage column for grid row=9 is equal to 'Large Increase', 'Small Increase', 'No change', 'Small decrease' or 'Large Decrease'.

**DHPChApOth**

What was the 'Other' group you have seen a change in the number of applications from in the last three years?

*OPEN RESPONSE [400]*

*ASK ALL*

**DHPChLg {V1 Q17}**

Not including DHP awards for one-off costs (such as rent deposits), has there been a change in the average length of DHPs awarded over the past three years?

**Please note your answers can be based on your general perception if you do not keep records of this information.**

(Select one)

- Yes – Large increase in length
- Yes – Slight increase in length
- No change
- Yes – Slight decrease in length
- Yes – Large decrease in length

IF DHPCHLG **NOT** 'No change'

**DHPChLY {V1 Q18}**

Please can you explain why you think there has been a change in the average length over the past three years?

(Open)

*ASK ALL*

**DHPChAv {V1 Q19}**

Has there been a change in the average award amount of DHPs awarded over the past three years?

**Please note your answers can be based on your general perception if you do not keep records of this information.**

(Select one)

- Yes – Large increase in award amount
- Yes – Slight increase in award amount
- No change
- Yes – Slight decrease in award amount
- Yes – Large decrease in award amount

*IF DHPChAv NOT 'No change'*

**DHPChAY** {V1 Q20}

Please can you explain why you think there has been a change in the average award amount of DHPs over the past three years?

(Open)

*ASK ALL*

**DHPChNm** {V1 Q22}

Has the proportion of **successful DHP applications** in your local authority changed since April 2017?

- Yes – Large increase in proportion of successful DHP applications
- Yes – Slight increase in proportion of successful DHP applications
- No change
- Yes – Slight decrease in proportion of successful DHP applications
- Yes – Large decrease in proportion of successful DHP applications

*IF DHPChNm='Yes'*

**DHPChNY** {V1 Q23}

Please can you explain why you think there has been a change in the proportion of successful DHP applications over the past three years? (Open)

*ASK ALL*

**DHPBnDf** {V1 Q28}

Are there any differences in **amount** between Universal Credit and Housing Benefit DHP awards? (Select multiple)

- UC awards tend to be higher awards
- HB awards tend to be higher awards
- No differences
- Don't know

*IF DHPBnDf = DK*

**DHPBnDfDK**

Can you please explain why you couldn't answer the previous question. This will help us understand why the question could not be answered so we can improve these questions in the future.

Open

*ASK ALL*

**DHPBnLn**

Are there any differences in **length** between Universal Credit and Housing Benefit DHP awards? (Select multiple)

- UC awards tend to be longer awards
- HB awards tend to be longer awards
- No differences
- Don't know

*IF DHPBnLn = DK*

**DHPBnLnDK**

Can you please explain why you couldn't answer the previous question? This will help us understand why the question could not be answered so we can improve these questions in the future.

Open

*ASK ALL*

**DHPBnAp** {V1 Q29}. Are there any differences in the proportions of the following claimant groups between those applying for DHPs on Universal Credit compared with those on Housing Benefit?

<b>Claimant Group</b>	Increased proportion of caseload under UC	Decreased proportion of caseload under UC	Stayed the same	Don't know
Claimants in Temporary Accommodation				
Claimants with children				
Claimants with disabilities/long-term health conditions				
Claimants with arrears				
Claimant at risk of homelessness her				
(Please specify)				



ASK IF DHPBnAp=6

**DHPBnApOTh**

“What was the ‘Other’ claimant group?”

OPEN RESPONSE [2000]

ASK ALL

**DHPUCImp** {V1 Q30}

Do you feel that the transition to Universal Credit is affecting the demand for DHPs in your LA?

- Yes, increasing the demand
- Yes, decreasing the demand
- No change in the demand

*IF DHPUCImp = ‘Yes increasing the demand’ or DHPUCImp = ‘Yes, decreasing the demand’*

**DHPUCFtr** {V1 Q31}

What are the factors behind UC affecting demand in your LA?

(Open)

ASK ALL

**DHPUCAd** {V1 Q39}

Which of the following elements of DHP administration have you adapted or plan to adapt for the introduction/rollout of Universal Credit?

<b>Element of DHP Administration</b>	<b>Adapted</b>	<b>Plan to adapt</b>	<b>Neither</b>
IT systems			
Decision-making resource			
Information gathering			
Integration of other services			
DHP strategy			
Other – Please specify			

*ASK IF AT DHPUCAd the percentage column for Grid Row=6 is Adapted, Plan to adapt*

**DHPUCAdOth**

“Please enter a description for the ‘Other’ element of DHP administration.”

OPEN REPSONSE [2000]

ASK ALL

**DHPUCCh** {V1 Q40}

What challenges, if any, does the introduction/rollout of Universal Credit present to the DHP administration in your LA? (Open)

**DHPOfHv** {V1 Q35}

What processes has your LA introduced or plans to introduce to help support claimants to transition away from reliance on DHPs? (Select multiple)

<b>Process</b>	<b>Already introduced</b>	<b>Plans to introduce</b>	<b>Not planning to introduce</b>
Making DHPs conditional on claimant's actions or engagement with welfare services			
Signposting claimants to other welfare services			
DHPs integrated with other LA services (e.g. financial advice/Personal Budgeting Support, housing services, etc.)			
Other – please specify			

{ASK IF AT DHPOfHV the percentage column for Grid Row=4 is Already introduced, Plan to introduce}

**DHPOfHvOth**

“What was the ‘Other’ process your LA has introduced or plans to introduce?”

OPEN RESPONSE [400]

ASK IF DHPCond = 2,3,4

**DHPOfPr {V1 Q36}**

How effective do you find making DHPs conditional in transitioning claimants away from reliance on DHPs? Please note *effective* is defined in this case as enabling better housing outcomes or reducing demand to avoid overspend]

<b>Condition</b>	<b>Very effective</b>	<b>Effective</b>	<b>Ineffective</b>	<b>Very Ineffective</b>	<b>Don't Know</b>	<b>Condition does not apply</b>
Making DHPs conditional on claimant's efforts to seek alternative accommodation / engage with housing services						
Making DHPs conditional on claimant's efforts to seek						

<b>Condition</b>	<b>Very effective</b>	<b>Effective</b>	<b>Ineffective</b>	<b>Very Ineffective</b>	<b>Don't Know</b>	<b>Condition does not apply</b>
employment / engage with employment services						
Making DHPs conditional on claimant's engagement with financial support services (e.g. budgeting)						
Making DHPs conditional on claimant's engagement with health services (e.g. drug/alcohol support)						
Making DHPs conditional on claimant's reduction in non-essential spending						
Making DHPs conditional on claimants engagement with other support (please specify)						
Other conditions – please specify						

ASK IF DHPOfPr6=1-4

DHPOfPrOth

“What is the other support claimants have to engage with?”

OPEN RESPONSE [400]

*ASK IF DHPOfPr7=1-4*

DHPOfPrOth2

“What are the other conditions your local authority puts on DHPs?”

OPEN RESPONSE [400]

## **Future of DHPs**

*ASK ALL*

**DHPDm1Y** {V1 Q41}

How do you expect your DHP demand to change in the next year?

- Large increase
- Slight increase
- No change
- Slight decrease
- Large decrease
- Don't know

*IF DHPDm1Y = DK*

**DHPDm1YDK**

Can you please explain why you couldn't answer the previous question? This will help us understand why the question could not be answered so we can improve these questions in the future.

Open

*IF DHPFtDm NOT 'No change'*

**DHPCh1Y** {V1 Q42}

What do you expect to be driving this change? (Open)

*ASK ALL*

**DHPDm5Y** {V1 Q43}

How do you expect your DHP demand to change in the next five years?

- Large increase
- Slight increase
- No change
- Slight decrease
- Large decrease
- Don't know

*IF DHPDm5Y = DK*

**DHPDm5YDK**

Can you please explain why you couldn't answer the previous question? This will help us understand why the question could not be answered so we can improve these questions in the future.

Open

*IF DHPDm5Y NOT 'No change'*

**DHPCh5Y** {V1 Q44}

What do you expect to be driving this change? (Open)

ASK ALL

**DHPFutr** {V1 Q45}

What challenges does your LA face in the future administration of DHPs? (Open)

Permissions to pass LA level data to DWP

ASK ALL

**LADatP**

NatGen Social Research will pass responses from the survey back to DWP on an anonymised basis. However, to help improve the advice and support it offers to LAs, DWP would like to be able to see the responses you have given linked to you and your LA.

Would you be willing for us to pass your responses back to DWP in this way?

Yes

No

**DWPCont**

DWP may want to contact you again in relation to this survey to pick up on some of the issues you have raised and/or to offer advice or support where appropriate.

Would you be willing for the DWP to contact you about this survey in the future?

Yes

No

**Contact details updates**

**ContDInt**

Finally, we would be grateful if you could confirm or amend the contact details we have for you.

**FrstnmC (first name)**

-----

**LstnmC (last name)**

-----

**Job title**-----

**LATeam**

In which team do you work and what is this team responsible for?

OPEN RESPONSE [2000]

**Phone number**-----

**E-mail)**-----

***Postal address***

**Adr1C** -----

**Adr2C**-----

**Adr3C**-----

**Adr4C**-----

**PCodeC**-----

**Questionnaire end confirmation**

**LAISSubmit**

Thank you for taking part in this survey! Please click the 'Next' button to confirm that you have completed the questionnaire and to send us your reply.

Please note that you will not be able to go back to the questionnaire once you have clicked the 'Next' button here.

## A2. Interview Topic Guide

### **Research aims:**

The research aims to explore the current approaches taken by local authorities (LAs) regarding Discretionary Housing Payments (DHPs), particularly on allocation, spend, strategy, changes in demand, and the impact of Universal Credit. This aims to gather information on prevalent practices in the use of DHPs, delivery mechanisms, and the perspectives of LA staff on opportunities for improvement, to inform the 2019 Spending Review.

There are four broad objectives put forward by DWP:

1. To gather LAs' perspectives on DHPs in their area, particularly changing demands, and the use of DHPs more strategically or for localised housing issues;
2. To build DWP's understanding of LAs' approach to DHP decision-making and integration with other welfare support services;
3. To understand how LAs consider the effectiveness of DHPs and their ability to move claimants away from reliance on DHPs;
4. To understand motivations for LAs' DHP processes and procedures and reasons for any changes/future changes

### **Overview of topics to be covered in semi-structured interviews:**

- **Why LAs underspent/overspent their allocation and their approach to funding**
- **LA strategic planning of DHP spend**
- **Changes in demands, including the impact of Universal Credit**
- **Integration of DHPs with other welfare support services**
- **The future of DHPs and challenges**

### **How to use this topic guide:**

- This document is a guide to the principal themes and issues to be covered in the interview
- Given the technical nature of the subject, the opening questions for the different areas are pre-written. This ensures a level of direction and purpose. However, researchers will still need to be responsive and flexible in their questioning throughout the interview
- Probes such as 'why', 'how' etc. are not included in the guide. These are asked by researchers as and when appropriate
- Green – high-importance, Red – lower-importance

## Preamble

- Preamble - Thank participant for agreeing to take part
- Introduction to NatCen – independent research organisation and a registered charity.
- Brief explanation of the nature and purpose of the study – the research aims to explore the current approaches taken by local authorities (LAs) regarding Discretionary Housing Payments (DHPs), particularly on amount of DHP allocated to the LA, proportion of allocation spent, strategy, changes in demand, and the impact of Universal Credit. This aims to gather information on prevalent practices in the use of DHPs, delivery mechanisms, and the perspectives of LA staff on opportunities for improvement, to inform the 2019 Spending Review. The focus is, therefore, on gathering opinions and views rather than specific numerical data.

## Reassurances

- Participation is voluntary – you can choose not to discuss any issue. Free to withdraw at any stage of the interview. Interview length is 30 min
- Neutrality of the researcher – simply to ask questions and get a better picture to inform policy
- Confidentiality: we will treat what you say in accordance with GDPR regulation. Individuals will not be named in the published report
- Permission to record (verbal): Reasons for this is to have an accurate record of what is said. Data is stored securely on encrypted digital recorder and secure folders on NatCen's computer system. Data will be deleted at the end of the project. (Ask to repeat permission for benefit of recording, when interview commences)
- Any questions

## 1. Introduction and context setting [3 min]

**Section aim:** to 'warm up' participant and gather contextual information about their current role and responsibilities

- **Participant background**
  - Job title and responsibilities
  - Length of time in role
  - Brief summary of DHP allocation and spend

## 2. LA approach to funding/allocation locally [8-12 mins: most important]



**Section aim:** to expand and explore the LA's approach to the funding/allocation of DHPs and their priorities in awarding DHPs, focusing on their local area.

**Key prompts:** As the focus is on local issues, it will be important to prompt, e.g. if interviewee notes that tackling homelessness is an aim for the LA, ask if that is a local issue.

- **Expanding on the LA's spend of their DHP allocation**
  - Reasons why they either spent the full allocation, did not spend their full allocation, or over-spent and didn't increase their allocation
  - Staff roles in the LA on DHP decision-making and overall funding [*aim: to understand the overall LA approach to DHP as it fits within their LA aims more generally*]
    - *Front-line decisions*
    - *Managerial review*
    - *Financial oversight*
- **Exploring LA's priorities on DHP awards in their local area** [*Aim: to understand the overall goal of the LA, such as tackling homelessness, or reducing reliance on temporary accommodation*]
  - LA overall strategy for awarding DHPs
    - *Cost-effectiveness*
    - *Priority need claimants*
    - *Monthly budgeting* [*Aim: to find out what kind of budgeting the LA do. Do they do monthly or annual budgets? Or none at all?*]
    - *Welfare reform vs non-welfare reform*
  - Factors in awarding DHPs – **award amount** and **length**
    - *Claimant circumstances* [*Example: moved house recently or change in employment status*]
    - *Financial/relationship issues*
    - *Solving a problem – long/short-term*
    - *Reasons for DHP rejections*
  - Repeated applications to DHPs
    - *Tracking* [*example: Do the LA track who applies for DHP?*]
    - *Impact on decision-making* [*example: does the LA award to the same people repeatedly? Or are repeat awards avoided?*]
- **Localised approach (if this hasn't already been drawn out in above questions)**
  - Local issues affecting how the LA administers their DHP allocation
    - *Labour market issues*
    - *High rents*
    - *Lack of social housing*
    - *Poor quality landlords*
  - Local priorities vs national priorities

### 3. Effectiveness of DHPs [8 mins: High-importance]

**Section aims:** to understand how LAs measure the effectiveness of DHPs - this may be cost-effectiveness, or looking at whether DHP is effective in solving problems

(e.g., once DHP payments are made, is there a saving in temporary accommodation costs? Would more funding enable the LA to be more effective by tackling more problems?); to understand considerations of how DHPs are used differently across the regions to maximise impact

- **Measuring effectiveness of DHPs**
  - How the LA measures effectiveness
    - *Cost-effectiveness*
    - *Review of awards to track patterns*
    - *Data collection*
- **Importance of DHPs and role in LAs**
  - How important are DHPs to your LA in terms of:
    - *Flexibility in terms of use (when compared with, e.g., housing benefit)*
    - *Mitigation of welfare reforms*
    - *Covering non-welfare reform support*
- **Medium and long-term effects of DHPs for claimants**
  - Difference in effects of DHP between claimants on short-term versus medium/long-term support
  - Different considerations/priorities when awarding DHPs
  - Impacts on recipients
    - *Positive/negative*
  - Localised issues affecting use of longer-term awards
    - *Strategic use of longer-term awards*
- **Use of conditions in DHPs** [*aim: to understand the conditions that the LA put in place for claimants who are awarded DHP – but there is data on this already*]
  - Types of conditions imposed and frequency
    - *Increasing work hours/looking for work, using other support service, etc.*
    - *Percentage of claims that have conditions*
    - *Specific groups having certain conditions (e.g. addictions)*
  - Effectiveness of the conditions
    - *In getting claimants to work or other wider aims*
    - *In fulfilling the conditions*
    - *In transitioning away from DHPs*

## 4. Recent changes in demand [8 mins: High importance]

**Section aim:** to explore how demand for DHPs has changed in each LA, what is driving the changes in demand, LAs' response to the changing demand, and the future of DHP administration. Focus on general trends and recent changes, but not a specific time period as that will depend on the LA.

- **Changes in applications and awards (focus on trends – not figures as the quantitative data are already available)**

- Have there been any changes in demand
- If so, what change has been seen:
  - *Number of applications*
  - *Average length of DHPs*
  - *Average award amount*
  - *Claimant types*
  - *Differences between UC and HB claimants [aim: to understand the challenges surrounding claimant engagement]*
    - *Claimant groups*
    - *Lack of engagement with other LA services*
    - *Lack of UC data in LAs*
- Reasons behind changes
  - *Localised issues*
  - *UC*
  - *Welfare reforms*
- Changes to percentages of rejections
  - *Reasons*
- **LA's response to changing demand**
  - Changing DHP processes
    - *More/less oversight*
  - Managing staffing resources
    - *Expanding DHP teams*
    - *Training*
  - Reprioritising caseloads
  - Changing strategy
- **Future of DHPs**
  - Expectations of DHP demand to change – short-term and long-term
  - Reasons why change is expected
    - *UC rollout*
    - *Localised issues*
    - *Claimant group changes (e.g. more older claimants)*

## 5. Integration of DHPs with other welfare services [Less important]

**Section aim:** To examine how LAs integrate DHPs into their overall welfare support programme and explore different views on the broader use of DHPs.

### **Key questions (ask these if time is tight):**

- Do DHP form a central part of your support to claimants? *[aim: to get a sense of how important DHPs are in the broader welfare support scheme.]*
- Is there an issue with reliance on DHP? How do you deal with this?

- **How DHPs are integrated into broader welfare support**
  - How and why do LAs integrate DHP with their other welfare services
  - DHPs as a centrepiece of the welfare reform
    - *Flexibility*

- Funding of the integration
    - *From DHP funding*
    - *General LA fund*
    - *No costs*
  - Effectiveness of the integration
    - *Improvements*
    - *Future plans*
  - Engaging DHP claimants with other support services [*aim: to understand how DHPs are taking claimant circumstances into account (which they should be doing).*]
  - How UC and DHPs have been integrated
    - *Adaptions of different elements of administration*
      - *IT*
      - *Information gathering*
      - *Decision-making*
    - *Challenges of UC integration*
    - *Future UC migration and DHP usage*
  - Examples of good practice of using DHPs in conjunction with other support
- **How LAs help support claimants away from reliance on DHPs** [*aim: to better understand the issue of reliance on support that is intended to be temporary*]
    - Concerns that claimants are/may become reliant on DHPs
    - Methods to ensure claimants don't become reliant on DHPs
    - Support to transition away
      - *Signposting to other services*
      - *Specific work with claimants e.g. plans*
      - *Conditional DHPs*

## 6. Recommendations and conclusions [3 mins]

- Future challenges in DHP administration?
- Are there any improvements which could be made to the DHP policies either within your LA or more broadly by DWP that could improve their effectiveness?
- Further use of discretionary payments in addition to DHP [*aim: to understand whether LAs would like further/additional discretionary payments relating to housing than they have now, or if having guidelines make things easier.*]
  - *Effectiveness against local issues*
  - *Flexibility to target policies and wider strategies (e.g. homelessness reduction)*

### Check if anything else to add, thank and close

- Any questions
- Reinforce that everything discussed will be reported on anonymously. We will not include any information in outputs produced that will personally identify any participants in the group.

Reassure participants that they are able to contact you after the interview if there is anything reflect on and do not want mentioned in the final output.