



Department
for Work &
Pensions

Discretionary Housing Payments

DWP response to the consultation on the
Discretionary Housing Payments guidance manual

December 2012

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1.0 Introduction

- 1.1 The Department for Work and Pensions conducted a consultation between 1 August 2012 and 31 August 2012 on proposed changes to the Discretionary Housing Payments guidance manual for local authorities. This report summarises the findings of the consultation and sets out what we will do next. The Department thanks all those who responded.

The reason for consulting

- 1.2 Discretionary Housing Payments (DHPs) were introduced in July 2001 and are used by local authorities (LAs) to provide financial assistance to claimants in receipt of housing benefit and/or council tax benefit, when the LA considers that additional help with housing costs is required.
- 1.3 Housing costs are generally defined as rental or council tax liability, but can also include other costs such as a rent deposit. DHPs may be awarded as a one-off payment or periodically for a period the LA considers appropriate.
- 1.4 From April 2013, DHPs will be extended to people receiving Universal Credit (UC) providing they have a rental liability and are eligible for support towards housing costs.
- 1.5 The Discretionary Financial Assistance Regulations 2001 provide the legal framework for DHPs. Although DWP provides guidance to LAs on how DHPs can be used, LAs have a large degree of discretion over the scheme and there are few regulatory restrictions.
- 1.6 As a result of announcements during the passage of the Welfare Reform Act 2012, the central government contribution towards DHPs has been increased to help LAs provide support to people affected by some of the key welfare reforms, namely:
- Introduction of the benefit cap;
 - Introduction of the social sector size criteria;
 - Local housing allowance reforms.
- 1.7 To take account of these developments the current guidance issued in March 2011 has been revised. Although much of the guidance remains relevant, changes were needed to take account of the increased funding and its intended purpose.
- 1.8 In particular, the guidance now includes a good practice guide that offers advice on how DHPs can be used to support certain categories of claimants and how LAs can contribute to the process of welfare reform by using DHPs. The consultation also asked for views on the proposed method of accounting for expenditure.

The consultation

1.9 The consultation was made available on the DWP website and was publicised among stakeholder groups. Although the consultation was primarily aimed at LAs it was open to any other groups, organisations or individuals with an interest in DHPs.

1.10 The consultation asked for views about the following issues in particular:

- Is the guidance clear on how DHPs can be used, and who will be eligible from April 2013?
- Are the examples in the good practice guide helpful (with regards to prioritising DHPs)?
- Would you like to see more or less examples?
- What are your views on the monitoring arrangements?

1.11 Although those taking part in the consultation were asked for their views on the above questions, any other comments or recommendations were invited.

2.0 Summary of responses

2.1 In total, there were 89 responses to the consultation. The majority of responses were from LA departments responsible for the administration of DHPs.

2.2 The responses were made up as follows:

Type of respondent	Numbers:	%
Local authority department responsible for DHPs	53	60%
Charity or advice agency	16	18%
Housing agency	7	8%
Other organisation / government association	5	6%
Other local authority department, such as homeless team	4	4%
Private individual	4	4%

2.3 The responses included a combination of direct answers to the questions set out in the consultation document and a variety of comments, questions and recommendations.

2.4 Although most were in favour of the revised guidance, the majority of respondents took the opportunity to comment on particular sections within the guidance. The comments, questions and recommendations were wide-ranging, covering the content, format and style of the guidance manual.

2.5 Based on the wide range of responses, it would be disproportionate to report on every response; however, there were several recurring comments and these are summarised in the following sections.

2.6 Sections 3.0 to 6.0 of this report cover the specific questions asked within the consultation document. Where necessary, we have included a response from DWP for clarification.

3.0 Is the guidance clear on how DHPs can be used, and who will be eligible from April 2013?

- 3.1 A total of 44 respondents answered this question and the general consensus is that the guidance is clear, easy to read and helpful for LA staff involved in the administration of DHPs. North Ayrshire Council summarised this with their response:

'The guidance manual is concise, is written in easy to understand language and will provide a useful tool to staff when making DHP decisions.'

- 3.2 Other responses include:

'The guidance is very clear on the use of DHPs, and enhances the guidance issued in March 2011.'

'We are generally satisfied with the draft guidance; much of the suggested good practice guide has already been integrated into our work.'

'The DHP guide is clear in covering who will be eligible for DHPs and in particular those who will be affected by the April 2013 changes.'

'The guidance itself is a clear, easy to read document and although lengthy for its purpose it will be a useful tool in making DHP decisions.'

- 3.3 A number of frequent comments or questions are highlighted in the remainder of this section.

DHP regulations

- 3.4 The Discretionary Financial Assistance Regulations provide the legal framework for DHPs. They will be amended from April 2013 following the introduction of UC and the abolition of council tax benefit.

- 3.5 Some respondents would have preferred to view the amended regulations alongside the draft guidance manual, and there were requests for more reference to the regulations within the guidance.

- 3.6 Liberata, who provide business support services said:

'In general, the guidance is clear regarding who will be eligible from April 2013 however it would have been beneficial to compare the guidance with the draft regulations to confirm the interpretation.'

DWP Response

- 3.7 We are amending the DHP regulations to bring them into line with provisions in the Welfare Reform Act 2012. Specifically, we will be removing reference to council tax benefit as a qualifying benefit for DHPs and adding reference to UC (where support for housing is included).
- 3.8 The amendments to the DHP regulations are minor and there is no change in the policy. They are consequential amendments to ensure that DHP legislation reflects the wider policy changes already agreed as part of the Welfare Reform Act.
- 3.9 Draft regulations will be made available at the beginning of 2013. We are unable to publish anything sooner as it is necessary to wait until the current Local Government Finance Bill is given Royal Assent (this will allow us to lay our commencement orders to abolish council tax benefit); and also until the UC regulations have been laid. Amending the DHP regulations is not possible until these other legislative provisions are in force because we cannot add reference to other regulations until they exist.
- 3.10 However, we thought that it was important to provide a draft of the DHP guidance in advance of the legal changes so that LAs had time to comment on them, and to make necessary arrangements to implement software changes. The final guidance will have reference to the necessary regulations.

Eligibility criteria

- 3.11 At present, those in receipt of housing benefit and/or council tax benefit are eligible for a DHP. From April 2013, the regulations will be amended to allow those in receipt of HB or UC to apply. However, recipients of UC who claim a DHP must have a rental liability and be eligible for housing costs within their award.
- 3.12 Although most respondents felt the guidance was clear, there were some questions regarding UC claimants and who would be eligible to apply under the amended regulations. Cheshire East Council asked:
- ‘Does a person have to be getting help with housing costs in UC to get a DHP or just UC in general? E.g. they may get no help with housing costs if the amount they get is capped.’
- 3.13 This was echoed by The London Borough of Newham who said:
- ‘The manual needs to be clearer about the grounds for entitlement to a DHP where the claimant is receiving UC. It appears to be that the claimant gets UC and has a rental liability, however it is not clear whether the customer needs to be getting the housing element of UC.’

DWP Response

- 3.14 We have revised the guidance to make it clearer that customers in receipt of UC must have:
- i) a rental liability; and
 - ii) be eligible for housing support within UC.
- 3.15 Under UC, the final award will not contain an identifiable amount towards housing costs; therefore, it is only necessary to be satisfied that a person is eligible for housing support towards a rental liability when the award of UC is being calculated.
- 3.16 UC is a single payment which is affected by the claimant's financial situation; once the disregard and taper have been applied in respect of any earnings, income, capital or savings it is not possible to separate the award into amounts that correspond to individual elements. If a person is eligible for housing support towards a rental liability, the end award will always include an element towards housing costs.
- 3.17 A customer with council tax liability only, for example an owner occupier, is not eligible for DHPs. This also means a claimant who is receiving council tax support but has not yet been awarded HB or UC is not eligible.

DHPs and Universal Credit

- 3.18 A large number of respondents requested more detail on how LAs will calculate and maintain DHPs for people in receipt of UC. In general, the following questions were asked:
- How will LAs access UC claim information?
 - Will a breakdown of the UC award be available, in particular details of housing costs?
 - Will LAs be notified of changes to UC claims?
- 3.19 Data sharing was clearly a concern among LAs. Aberdeenshire Council summarised this by stating:
- ‘At this point in time it is unclear how much access local authorities will have access to DWP data following the introduction of universal credit. The power to share data may be contained within the Act but the issue is the level of detail shared by DWP and the means for doing so.’
- 3.20 A large number of LAs are also concerned that the UC award will not identify the level of award towards housing costs. Newcastle City Council said:

‘As customers will not receive a specific amount towards housing costs within their UC, how will we determine the housing shortfall amount?’

3.21 Similar responses include:

‘In order to consider a request for DHPs, it is vital that LAs are provided with the element of the claimants UC that is attributable towards housing costs.’

‘Will LAs be able to establish how much the rent charge is, what it includes and also what has been paid towards housing costs? It appears that the claimant will not be notified of how much has been paid for housing costs, therefore how would they know how of their rent is covered and whether to apply for a DHP to make up the difference?’

‘If we are not aware of the element of UC which relates to housing costs we could be paying someone twice for the same thing. This seems to run contrary to the principle of universal credit. DWP will need to provide a breakdown of the UC award to LAs for this to work.’

DWP Response

3.22 We recognise the need for a simple, stream-lined data sharing process in order for LAs to consider claims from customers in receipt of UC. This includes LAs having access to details of any changes to UC. We are currently taking steps to design this process and will liaise closely with LAs. Further details will be provided when they become available.

3.23 As explained in paragraph 3.15, although the calculation of UC will be based on various elements the final award will consist of one monthly payment in arrears. Being paid monthly will help people budget effectively and reflect the world of work where 75% of all employees receive wages monthly. This will help smooth the transition into monthly paid work, encourage claimants to take personal responsibility for their finances and to budget on a monthly basis.

3.24 The monthly award will not show a specific amount for housing costs. To do so would be inconsistent with the aims of UC as set out above. However, LAs will be able to identify the maximum housing costs element that has been used. For example, if a claimant’s rental liability is £500.00 per month, the data will show the maximum eligible rent for UC purposes, which may be the same or less than the contractual rent.

3.25 LAs will need to decide if a person is eligible for a DHP, taking into consideration their financial and personal circumstances and any other relevant factors. In this respect, LAs will be required to take a rounded approach when assessing claims for DHPs.

3.26 The Discretionary Financial Assistance Regulations require that the level of DHP (if paid as a periodic sum) does not exceed the weekly eligible rent. This means that although LAs may take into consideration any award of HB or UC, it does not prevent them from making a DHP.

3.27 The guidance will be amended to clarify the above points.

DHPs and Council Tax

3.28 At present the regulations allow LAs to award DHPs towards council tax liability. From April 2013 council tax benefit will be abolished and LAs will start to provide local council tax support. Following this change, DHPs will no longer be available for council tax liability.

3.29 A small number of respondents would like to continue to use DHPs towards council tax liability. CenSus partnership between Adur, Horsham and Mid Sussex District Councils said:

‘In relation to the proposed changes to the DHP scheme, we feel that the specific prohibition for an authority to consider payment of or towards council tax is wrong and unnecessarily prohibitive.’

DWP Response

3.30 Prior to the consultation we identified that less than 3% of the original £20 million DHP allocation was used towards council tax, therefore there is not a particularly strong case for continuing to use DHPs towards council tax liability once CTB is abolished and support for council tax is localised.

3.31 In addition, the increased funding towards DHPs has been made to specifically support those with a rental liability who may see a reduction in their housing support.

DHPs and the social sector size criteria

3.32 The Government has provided £30 million to its DHP funding to help LAs support those affected by the social sector size criteria. In particular, foster carers and disabled people living in significantly adapted accommodation.

3.33 There was some concern over prioritising particular groups affected by the size criteria. London Borough of Tower Hamlets Council said:

‘The guidance only recommends awards to be made in two specific circumstances (for size criteria). Given that local authorities are to retain discretion in respect of the criteria on which awards are based, any fettering of that discretion, recommended by DWP guidance could leave the authority vulnerable to a successful legal challenge.’

3.34 Other responses include:

‘The guidance fails to provide any clarity on how councils are to decide which disabled people with adapted properties should be supported

and which shouldn't. What also needs to be made clear is that there is no increase in DHPs for other claimants affected by the size criteria.'

'The Council would prefer the guidance to indicate if the DHP funding can be used to support people subject to the size criteria but who do not fall into foster carer or adapted accommodation categories.'

- 3.35 Some respondents also asked for definition of a 'significantly adapted accommodation,' to enable them to make a more informed decision when assessing claims from people who fall into this category.

DWP Response

- 3.36 The additional funding of £30m is aimed specifically at two groups –

- Disabled people living in significantly adapted accommodation; and
- Foster carers

- 3.37 DWP recognises that people who fall into one of these groups may face particular difficulties if the social sector size legislation applies to them, and it would be sensible for LAs to consider prioritising claims for DHPs from such groups.

- 3.38 However, it is for LAs to determine how they use their DHP allocation taking into account the impacts of the welfare reforms and any other relevant factors. Due to the discretionary nature of the scheme, LAs should not exclude any group affected by the social sector size criteria or any other welfare reform. It is important that LAs are flexible in their decision making.

- 3.39 DWP has purposely not provided a definition of significantly adapted accommodation in the guidance. It will be up to LAs to decide what constitutes significantly adapted accommodation as they are best placed to make decisions based on local knowledge and individual circumstances.

Length of DHP award

- 3.40 Some respondents expressed concern about using DHPs as a long term solution and would like clarification on the longer term aims and objectives of the scheme.

- 3.41 Cheshire West and Chester Council said:

'We were not happy with the change from short term support to longer term support which is indicated, and feel that DHPs should be a short term solution with problems resolved rather than unresolved and funded indefinitely.'

- 3.42 Similar responses included:

'Further clarity is required regarding the alignment of DHP payments and the transitional period of the reforms and if there is an expectation that DHPs will eventually stop from a given point in time.'

'It is felt that although the guidance is clear, the long term legacy of dealing with people whose benefit entitlement has been affected by legislative changes remains unclear. On a short term basis, DHP funding may assist vulnerable claimants however, long term, it is not felt that DHP funding would be sustainable for the predicated number of affected claimants within Birmingham.'

'The original use of the DHPs by local authorities was as a temporary solution to tide someone over for a short period of time, until their circumstances could be altered. Should the DHP budget be used by local authorities to provide a fix for what is essentially a longer term problem, the available DHP budget will be reduced rather more quickly.'

'Whilst the fund is no doubt useful in times of sudden crisis, it is not suitable as a long term means of paying rent shortfall in the case of a long term sick or disabled person.'

DWP Response

- 3.43 The regulations do not limit to the length of time over which a DHP may be made and it is within the nature of the scheme to leave duration to LAs and the circumstances of the case. It may be awarded for a short period of time to give a customer time to sort out their financial circumstances or for an indefinite period until the claimant's circumstances change. The start and end dates of an award are decided by LAs on a case by case basis.
- 3.44 The increased funding towards DHPs has been agreed until the end of the spending review (2014/15). We are unable to provide further details with regards to DHPs. This will be an issue for Ministers when considering the next spending review.
- 3.45 We recognise that some groups, such as disabled people living in adapted accommodation and foster carers, may continue to require additional financial support beyond 2014/15 and we will need to look closely at how that support is maintained, whether by DHPs or by some other means.

DHPs and rent in advance / deposits

- 3.46 DHPs can only be awarded in respect of housing costs. In general, housing costs means rental liability; however, it can also be interpreted to include rent in advance, deposits and other associated housing costs.

- 3.47 There were a number of requests for clarification on using DHPs for deposits or rent in advance; and how using DHPs in this way blend with other schemes. Hackney Council said:

‘It would be helpful if the guidance contained more examples of DHP awards for advance payments, deposits, removal costs and other non-rent related costs.’

- 3.48 Other responses include:

‘It is unclear from the guidance how the use of DHP to cover rent deposits gels with the Scottish Government’s rent deposit scheme and the impact the repayment of loans has on DHP budgets.’

‘The guidance does not appear to address the issue around lump sum payments in connection with rent in advance or deposits. The DWP intention is clear – however, this does not accord to caselaw and although as an authority we welcome guidance, we do refer to the legislative requirement above DWP intention.’

‘You have stated that DHPs are limited to the weekly eligible rent on the customers home on one hand, then also said LAs can make awards for rent deposits or rent in advance on the other. A rent deposit or rent in advance is normally a higher amount than the weekly eligible rent.’

DWP Response

- 3.49 We are aware that there are other local schemes that offer similar support towards rent deposits or rent in advance, such as local welfare provision. It will be up to LAs to decide locally how they operate each scheme, within the relevant legislation.
- 3.50 DHPs are not linked to any other rent deposit or rent in advance scheme; they are discretionary payments that LAs may consider using for this purpose and there is no requirement for the payment to be returned to the LA. However, it is up to LAs to decide locally how they wish to treat any DHP used for this purpose.
- 3.51 DHPs can only be used towards the cost of a deposit or rent in advance when the claimant is currently in receipt of housing benefit or UC. This may be appropriate to help an existing claimant move to affordable accommodation following a reduction in their benefit as a result of one of the welfare reforms.
- 3.52 Regulation 4 of the Discretionary Financial Assistance Regulations places a limit on the amount of DHP that can be awarded. We are aware of the ruling regarding DHPs following an application for judicial review in the Gargett case; however, we consider that it applies to periodical costs in respect of the dwelling that the customer occupies rather than one off payments such as those for a rent deposit or rent in advance. In addition, the judge in the case was not asked to consider

using DHPs for a deposit or rent in advance, therefore this does not form part of the decision.

- 3.53 If LAs are of the opinion that the weekly limit should apply, we would advise that an amount equivalent to a deposit or rent in advance could be achieved by calculating the DHP over the number of weeks applicable. For example, if the eligible rent is £100 per week, a DHP of £400.00 could be awarded which would cover 4 weeks of the eligible rent. Either way, payments for a deposit or rent in advance are achievable.
- 3.54 However, we take the view that insofar as it relates to regulation 4; the Gargett decision applies to periodical costs in respect of the current dwelling and not lump sums for a one-off cost.

Publicising DHPs

- 3.55 The guidance manual recommends that LAs publicise DHPs as they are a key element of the Government's strategy to support those affected by welfare reform. Recommendations include producing leaflets and posters and liaising with external bodies such as welfare agencies.
- 3.56 Some respondents expressed concern that publicising DHPs too widely will raise public expectations and lead to an increase in claims that cannot be met. Birmingham City Council said:
- 'Advertising the availability of the scheme may generate false expectations amongst those seeking to mitigate the impacts of welfare reform. For example, some local housing markets are unaffordable prior to the introduction of changes to local housing allowance, and the availability of DHPs may raise expectations which cannot be met.'

DWP Response

- 3.57 This is not a new recommendation; earlier versions of the guidance contained advice on publicising DHPs. It is right that information is made available to members of the public who can take advantage of the scheme.
- 3.58 The guidance includes advice on publicising DHPs to the general public and other groups, such as housing associations and welfare agencies. For a cash-limited scheme such as this, ensuring that organisations that support individuals, as well as individuals themselves, are aware of the help available is an important factor.
- 3.59 The Government has provided up to £155 million for 2013/14; and up to £125 million for 2014/15 to assist with the transition of welfare reforms and we think it is important that the increased funding is made available to those who most need it. However, the administration of DHPs is rightly in the hands of local authorities who are best placed to

make local decisions based on local needs. This includes the way they are publicised.

- 3.60 The additional funding towards DHPs is not based on replacing lost benefits as a result of the welfare reforms. To do so would undermine the purpose of the reforms. Instead, the Government has agreed to provide some additional resources which LAs can use to assist those most affected to adjust to a long-term, affordable approach.
- 3.61 It is expected that those affected by some of the key welfare reforms will move into employment or seek alternative accommodation without requiring much if any assistance from the DHP scheme.

4.0 Are the examples in the good practice guide helpful (with regards to prioritising DHPs)?

4.1 A total of 43 respondents answered this question, and the general consensus was that the examples provided were helpful and a useful tool for staff processing DHP claims.

4.2 The Welsh Government said:

‘The examples are extremely helpful and direct administrators to the ‘new’ areas of work, i.e. benefit cap, under occupancy in the social rented sector and local housing allowance restrictions.’

4.3 This was echoed by Reigate and Banstead Council who stated:

‘We found the examples to be clear and helpful, particularly to those officers who are new to administering DHPs.’

4.4 Other respondents, although in favour of examples, would prefer to see more complex examples or examples of how claims for DHPs can be prioritised.

4.5 East Riding of Yorkshire Council said:

‘The examples are helpful in giving details of the types of changes and how they may be eligible for a DHP, however, they do not really give information to help in prioritising DHPs.’

4.6 Glasgow City Council had a similar response, and stated:

‘The examples are good indications of individual decisions that might be taken, but do not appear to show how a decision between relative priorities might be made.’

4.7 Hull City Council said:

‘The examples of good practice are fine in themselves, taken in isolation of each type of problem likely to face a customer and their household. However, they do not adequately reflect the fact that the majority of people will not be faced with just one of these reforms, but a combination of some or all of them.’

DWP Response

4.8 The examples within the guidance are simply to offer some general scenarios where an award of DHPs may be appropriate. The examples provided may be used as an aid by LAs when considering claims for DHPs or may be used to help shape DHP policies.

- 4.9 However, we recognise that there will be a variety of situations where a DHP may be made, and LAs are best placed to make those decisions based on local circumstances. We do not expect LAs to stick rigidly to the examples provided; it is important that LAs are flexible.
- 4.10 We will look at the examples provided in the guidance and revise where necessary based on some of the responses to the consultation.

5.0 Would you like to see more or less examples?

- 5.1 A total of 43 respondents answered this question; the majority being from LAs. Most respondents felt that the number of examples was adequate. Birmingham City Council said:

‘As the examples given provided a good mix of scenarios it was not felt that further examples would be required.’

- 5.2 Other responses include:

‘Keep the number of examples as shown in proposed guidance manual.’

‘We found the examples useful and found there are sufficient examples given.’

‘The number of examples appears about right.’

‘Our view is that no more examples are necessary.’

‘We are happy with the number and type of examples provided.’

- 5.3 Some respondents would like to see a wider variety of examples, or more detailed examples covering the decisions faced by local authorities. Tower Hamlets Council summarised this by responding:

‘If the guidance is intended for public domain, it would be more beneficial from a local authority perspective to adapt the examples to illustrate the real choices faced when deciding DHP applications.’

- 5.4 Other responses include:

‘More examples, especially relating single people and LHA restrictions would be helpful.’

‘Perhaps some examples of what the DWP would think are inappropriate applications for DHP could be useful with reasons for the decisions.’

DWP Response

- 5.5 The general consensus is that the number of examples provided within the guidance is sufficient; therefore we do not intend to amend this. However, we will look again at the types of examples provided taking into account individual responses.

6.0 What are your views on the monitoring arrangements?

6.1 A total of 57 respondents answered this question. Central Government funding towards DHPs has been increased to £155 million for 2013/14. Following the increased funding, we asked for comments on the proposed arrangements to monitor how DHPs are being used to support those affected by the welfare reforms.

6.2 The majority of respondents accepted the proposals to monitor how DHPs are being used and several LAs advised they already maintain local records on DHP expenditure.

6.3 Responses from LAs:

‘These arrangements are acceptable. We currently monitor our DHPs closely therefore this is not much change.’

‘The monitoring arrangements are okay and should not be too onerous to comply with.’

‘It is understandable that DWP has decided to monitor how DHPs will be used to support those claimants affected by welfare reforms in view of the significant increase in the Government contribution.’

6.4 Although most respondents found the monitoring arrangements reasonable, there were some concerns over the proposed monitoring arrangements, in particular that it could be difficult for LAs to select a particular reason when making an award. Some LAs also expressed concern that being restricted to record one of four reasons would restrict the discretion they have when assessing claims for DHPs. London Borough of Newham said:

‘Newham accepts monitoring is necessary but not for the purpose of restricting DHP awards to the Governments target groups. Providing decisions fall within the scope of the DHP legislation, LAs should be free to use their entire budget for whatever purposes they consider appropriate.’

6.5 Hull City Council had similar concerns, and asked:

‘Are you expecting each LA to ring fence the specific amounts as per the guidance? Is that how you want us to administer the funds or are we able to allocate as we see fit? Do the extra pots of DHP money need to be kept separate for monitoring arrangements or not?’

DWP Response

- 6.6 The essence of DHPs is that they can be awarded for a wide variety of reasons; therefore we recognise that it may be difficult for LAs to select a single reason when making a payment and to do so might appear to remove some discretion. It has never been DWP's intention to limit the discretion of LAs within the scope of the regulations.
- 6.7 Taking this into consideration, the guidance about monitoring will be revised to make it clear that LAs will continue to decide locally on the reason for making an award. Once an award has been made, for any legitimate reason the LA considers appropriate, we will ask LAs to record the following information about the payment:
- 6.8 Firstly, whether or not the claimant has been affected by one of the key welfare reforms, namely: the benefit cap, social sector size criteria, LHA reforms or a combination of reforms. In addition, the total amount paid to the claimant. For example, if the award is £10.00 per week for 20 weeks, the total award should be recorded as £200.00. If the payment is a one-off payment, then simply the amount paid.
- 6.9 Secondly the broad or main outcome expected from that award:
- To help secure and move to alternative accommodation (e.g. rent deposit)
 - To help with short-term rental costs until the claimant is able to secure and move to alternative accommodation
 - To help with short-term rental costs while the claimant seeks employment
 - To help with on-going rental costs for foster carer
 - To help with on-going rental costs for disabled person in adapted accommodation
 - To help with short term rental costs for any other reason
- 6.10 It is important to note that we are not asking LAs to provide the specific reason for making an award, rather what the LA hopes to achieve by making a payment. Our view is that these arrangements will strike the right balance between providing information on how DHPs are being used and preserving the discretionary nature of the scheme.
- 6.11 The information will not be used to challenge LAs on their expenditure; it will be used as management information only to provide an in-year snap-shot of how DHPs are supporting claimants affected by some of the welfare reforms and the choices tenants are making in response to those reforms.
- 6.12 DWP does not require details of individual claims. The information will be gathered using a return form that will be issued to LAs twice yearly. We will issue a circular highlighting the deadlines for submission.

- 6.13 It will be a matter for individual LAs how they record and collate the information; however, we will provide a template that LAs may use for recording the required information.

New burdens

- 6.14 A number of LAs expressed their concern over the increased administration the new measures will bring. Birmingham City Council said:

‘Our concern would be how the additional monitoring would be financed within the council, on top of the additional resources that will be required to administer the DHP process.’

- 6.15 Similar responses include:

‘It is implied that the on going monitoring arrangements will be manual and consistent on the part of each local authority, this will be extremely time consuming and onerous on LAs. Will there be any additional funding available to either enhance software or employ additional resources?’

‘At the moment we have no requirement to provide details of why a DHP has been awarded. As this is a new requirement and the volumes of DHPs are likely to increase, is the DWP considering additional funding?’

DWP Response

- 6.16 Until recently, the government contribution towards DHPs has been £20 million per year. From 2013/14, LAs will receive a significant increase in their individual allocations and we think it is good practice to look at how the increased funding is being used to help claimants through the transitional period of welfare reform. Responses to the consultation indicate that many LAs already record data on DHP expenditure and our view is that these measures will provide useful information for the individual LA and DWP.
- 6.17 However, we recognise that these measures may result in some increased administration and we have considered this as part of the new burdens estimate.

DHP Funding

- 6.18 The allocation of funding is intended, as much as possible, to target resources according to need. Although the DHP budget has been increased with specific groups in mind, LAs will continue to receive a single allocation at the start of the year.

- 6.19 The amount allocated to LAs will not be broken down into categories as this would potentially fetter the discretionary nature of the scheme, and it is up to LAs to decide locally how they award DHPs.
- 6.20 The extra funding has been made to help LAs support people through the transitional period of welfare reform and the DHP guidance should be used as an aid when making decisions. However, LAs have ultimate responsibility for the scheme and their decisions.

7.0 Conclusion

- 7.1 There was continuing need and support for the guidance and its practical examples. Although the responses to the consultation were mostly positive, there is a general concern within LAs about prioritising claims in line with the increased funding and a lack of clarity about the policy intention.
- 7.2 The amendments to the current guidance reflect the wider changes that are taking place as a result of the Welfare Reform Act; however, the aim of DHPs remains unchanged.
- 7.3 Due to the discretionary nature of the scheme the guidance is not intended to prohibit or limit how LAs award DHPs, within the powers provided by the regulations. Although we have identified customers that LAs should consider prioritising it is equally important that LAs are flexible, taking into account local demand and circumstances.
- 7.4 Not every one affected by the welfare reforms will require help from DHPs. We expect people to make choices about their housing needs and those who are able to move quickly or resume work can do so without needing discretionary help.
- 7.5 The level of funding is not intended to compensate for changes in the benefit system. Welfare reform is aimed at encouraging people to move into work, increase their hours, and/or move to more affordable accommodation. It is anticipated that the behavioural changes that the reforms are intended to encourage will take place in many cases without assistance from DHPs.
- 7.6 Reforming the benefit system aims to make it fairer, more affordable and better able to tackle poverty, worklessness and welfare dependency. However, DHPs are intended to provide further financial assistance, on a temporary basis, to people who are experiencing particular difficulties or hardship. There is no automatic entitlement to DHPs, and LAs have the discretion to make decisions on a case by case basis.

8.0 Next Steps

- 8.1 The DHP guidance will be revised where necessary, taking into account the responses to the consultation and adding clarification if required. Although we have focussed on a number of recurring responses to the consultation, all individual responses will be considered and help shape the final guidance.
- 8.2 We will continue to liaise closely with LAs with regards to the data sharing process for UC claimants, and provide further details as they become available.
- 8.3 The Discretionary Financial Assistance Regulations, which provide the legal framework for DHPs, will be amended shortly after the UC regulations have been laid. Although we are presently unable to provide an exact date, we aim to have the DHP regulations amended early next year and they will come into force on 1 April 2013.
- 8.4 The changes to the regulations will allow UC claimants to apply for a DHP from April 2013, subject to the conditions as explained in this report. It will also exclude council tax benefit as a qualifying condition.
- 8.5 Following amendments to the regulations, the final DHP guidance will be made available to LAs and published on the DWP website. The guidance will be effective from April 2013 and will replace the current guidance issued in March 2011. However, we will provide LAs with a draft copy of the guidance in advance of these changes.