



Department
for Work &
Pensions

Use of Discretionary Housing Payments GB – Analysis of Returns from Local Authorities

April 2015 – March 2016

Background information and methodology

6 July 2016

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Introduction

Discretionary Housing Payment (DHP) is a discretionary scheme that allows local authorities (LAs) to make monetary awards to people experiencing financial difficulty with housing costs who qualify for Housing Benefit (HB), or who have housing costs for rental liability in their Universal Credit (UC) award.

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; and,
- 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).

At the end of each financial year, the Department 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.

Reflecting the need for additional accountability following the large increase in funds for DHPs, since 2013/14, LAs have been asked to provide details of their use of DHP funds. This monitoring information is being collected twice yearly; in the middle and at the end of the financial year. These returns are collated as management information to help inform policy development of the administration of DHP and the allocation of funds in subsequent years. They also provide information on how LAs are using DHP funding to support those affected by the different welfare reforms.

Due to the high profile and public nature of DHP usage, and in line with the Official Statistics guidance, the financial and monitoring returns from LAs have been published as an on-going Official Statistic since December 2014.

This Official Statistic is released biannually with both releases each year covering information collected through the monitoring return, and the end of year release also including information from the financial returns. The next release in this series will be the analysis of the mid-year monitoring returns for April to September 2016.

The current statistical release presents a summary of the financial and monitoring returns, including a further breakdown by reform and intended purpose of DHP from these returns, covering the financial year from April 2015 to March 2016.

These statistics have not been assessed by the UK Statistics Authority, and have not been designated as National Statistics.

Previous releases of this series are provided at the link below:

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

Background

The Government first introduced DHP funding in 2001, allocating £15 million to support HB claimants in need of further financial assistance towards housing costs. This core amount was increased and maintained at £20 million from 2002 to 2011, when a series of welfare reforms were introduced. Since the recent welfare reforms, central government has increased its contribution towards DHPs to provide transitional support to households affected by the reforms. In total in 2015/16, central government allocated £125 million of DHP funding to be distributed amongst LAs.

Table 1: DHP government funding for Great Britain (£million)

DHPs	2011/12	2012/13	2013/14	2014/15	2015/16
Core	20	20	20	20	15
Local Housing Allowance	10	40	40	40	25
RSRS	-	-	55	60	60
Benefit cap	-	-	65	45	25
Total	30	60	180	165	125
Additional over Core	10	40	160	145	110

Source: Housing Benefit subsidy circulars available from:

<https://www.gov.uk/government/collections/housing-benefit-for-local-authorities-subsidy-circulars>

The allocation methodology of the central government contribution towards DHPs to each LA in 2015/16 was shared with the LA associations for England, Scotland and Wales. Although DHP funding was notionally allocated for each reform, LAs have discretion about how they actually use the funding.

In addition to the central government contribution, English and Welsh LAs are able to top up DHP funding up to a maximum of two and a half times this figure using their own funds (for instance, a local authority receiving £100,000 as DHP central government funding could top up this amount with £150,000 of their own funds, giving them a total possible expenditure of £250,000).

Scotland

In 2015/16, the Scottish Government made an extra £35 million available to fund DHPs above the £13.3 million contribution from central government; bringing the total funding for Scottish LAs to £48.3 million. The additional funding from the Scottish

Government was made available with the explicit intention of being used to fully mitigate the removal of the spare room subsidy policy.

In November 2014, the power to determine the limit of LA expenditure on DHP was devolved. Following this, the Scottish Government laid the DHP (Limit on Total Expenditure) Revocation (Scotland) Order (<http://www.legislation.gov.uk/ssi/2014/298/contents/made>) to remove the upper limit on DHP expenditure in Scotland. As a result, the limit of two and a half times the central government contribution no longer applies in Scotland.

As the funding position in Scotland is different from that in the rest of GB, this publication reports results which exclude Scottish LAs (GB excluding Scotland) as well as results for GB as a whole. The analysis makes no further specific reference to the additional funding stream provided by the Scottish Government, and it is not included in the central government DHP allocation presented. The Scottish Government releases a series of publications providing detail on its overall DHP use, which are available using the following link:

<http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/dhp>

Methodology

DHP Financial Returns

All LAs are required to supply their end-of-year DHP financial returns to the Department for accounting purposes. These detail how much of the government contribution towards DHPs LAs have spent, including any additional expenditure above this amount, within the financial year. This information is the definitive measure of LAs' DHP expenditure for 2015/16. The analysis of this data focuses on comparing total spend (including other funding streams) against the central government allocations.

Although the financial returns in 2014/15 and 2015/16 both measure actual expenditure, any comparison of expenditure across the two years should be treated with caution as government contribution to DHPs differed across the years. In addition, the number of people affected by different welfare reforms and requiring support from DHP may be different from one year to another. Data relating to 2014/15 is available from the following location:

<https://www.gov.uk/government/statistics/use-of-discretionary-housing-payments-financial-year-201415>

DHP Monitoring Returns

The monitoring returns are voluntary returns submitted by LAs that provide details on the amount spent from April 2015 to the end of March 2016. The voluntary nature of these returns means that some LAs may not provide the information. .

The figures presented are based on, nationally, 319 LAs who responded by 16 May 2016. This represents 84 per cent of all LAs in Great Britain. In addition, , the LAs that did submit monitoring returns are a representative spread of each country in Great Britain; England, Wales and Scotland all having a greater than 75 per cent return rate.

Table 9: Proportion of LAs providing monitoring return financial purpose of award data

	England	Wales	Scotland	Great Britain	Great Britain (excl Scotland)
Percentage of local authorities providing monitoring return financial reform data (%)	85	77	78	84	84

Source: DHP Monitoring returns for the period April 2015 to March 2016

In order to better assure the quality of the data, a comments box was added to the monitoring return template for 2015/16. This was for the use of LAs to explain any differences between their financial return and monitoring return. This showed that whilst the majority of LAs were providing monitoring return figures net of recovered DHP awards, some LAs were providing gross figures i.e. including DHP awards that had been overpaid and subsequently recovered. .

The analysis of the monitoring returns focuses on comparing total spend (including other funding streams) against the central government allocations.

As noted in the end of year publication in June 2015, in 2014/15 the monitoring return template was changed to request information on actual expenditure rather than committed expenditure to take account of the different DHP payment policies across LAs.

Also, for the end of year position, it was requested that LAs, alongside overall actual spend, replace the awards volumes by purpose with actual spend by purpose.

This additional financial information about the intended purpose of the DHP award was provided by 278 LAs across Great Britain in 2015/16, equivalent to 73 per cent.

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Since the LAs who provide returns vary each year, we are unable to make meaningful comparisons of expenditure between years.

Table 10: Proportion of LAs providing monitoring return financial reform data

	England	Wales	Scotland	Great Britain	Great Britain (excl Scotland)
Percentage of local authorities providing financial purpose of award data (%)	75	55	72	73	73

Source: DHP Monitoring returns for the period April 2015 to March 2016

Individual LAs are free to choose how they record and collate the information; however a template spreadsheet was provided to guide the process. This template can be found at:

<https://www.gov.uk/government/publications/hb-bulletin-g42016>

DHP awards were classified using the following housing welfare reform categories:

- benefit cap;
- removal of the spare room subsidy in the social rental sector;
- local housing allowance reforms;
- combination of reforms;
- other (non-welfare reform).

The intended outcomes of the successful DHP claim were classified using the following categories:

- to help secure a move to alternative accommodation (e.g. rent deposit);
- to help with short-term rental costs until the claimant is able to move to alternative accommodation;
- to help with short-term rental costs while the claimant seeks employment;
- to help with on-going rental costs for disabled persons in adapted accommodation;
- to help with on-going rental costs for foster carers;
- to help with short-term rental costs for any other reason.

DWP did not require details of individual claims, only requesting the total amount spent under each category and under each outcome.

This data cannot be used to make reliable projections of future spending. The amounts spent in the next financial year will be dependent on the level of future

claims for DHPs and LAs' decisions on the management of the available DHP funding.

Data Quality

This publication reports the data as provided by LAs, without detailed verification. However, during the quality assurance process, any discrepancies observed were reviewed in discussion with local authorities where possible. Any resubmissions of corrected returns received by 7 June 2016 were accepted and included in the analysis. No results were altered without the explicit consent of the submitting local authority.

There are three other sources of information that could be used to help understand the quality of the data collected:

- the mid-year official statistics publication:
<https://www.gov.uk/government/statistics/use-of-discretionary-housing-payments-april-to-september-2015>
- the previous year's official statistics and ad hoc publications:
<https://www.gov.uk/government/collections/discretionary-housing-payments-statistics>
- and Scottish Government's official statistics on use of DHPs in Scotland:
<http://www.gov.scot/Topics/Statistics/Browse/Social-Welfare/dhp/31Mar2016>

Definitions

Removal of the Spare Room Subsidy (RSRS)

In April 2013 the removal of the spare room subsidy policy came into effect. This policy applied to working age social rented sector housing benefit claimants (pensioner households are exempt). Where claimants are deemed to occupy more bedrooms than they need, as defined by the social sector size criteria, they are subject to a weekly reduction in their housing benefit.

Benefit Cap

Rolled out from April and fully implemented from September 2013, the benefit cap is a limit on the total amount of benefit that most working age households can get to £500 for couples and households with children and to £350 for single person households.

LHA Reforms

Tenants who rent from a private landlord and receive housing benefit generally have their claim assessed under the Local Housing Allowance (LHA) rules. These determine the maximum amount payable in a given area depending on the household characteristics of the claimant. Reforms to the LHA system since April 2011 have generally restricted the eligible rent that can be met through housing benefit.

Actual and Committed Expenditure

Actual expenditure is the amount actually paid during the period in question. Committed expenditure relates to mid-year returns and is both the actual amount paid during the first half of the year, plus any payments promised for the second half.

Local Authority Associations Steering Group

The Local Authority Associations Steering Group is the main forum for DWP to consult with local authority associations. It considers significant strategic issues on the design and administration of Housing Benefit and other DWP issues that affect these.

Feedback

We welcome feedback

Please let us know what you think of the presentation and content of our statistical releases.

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Useful links

This document, the statistics release and supporting tables can be found here:

<https://www.gov.uk/government/collections/duse-of-discretionary-housing-payments>

Information on Official Statistics is available via the UK Statistics Authority website:

<http://www.statisticsauthority.gov.uk/>

Information about statistics at DWP is available via the Department's website:

<https://www.gov.uk/government/organisations/department-for-work-and-pensions/about/statistics>

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