

Discretionary Housing Payments Guidance Manual

Including Local Authority Good Practice Guide

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Introduction

Purpose of this guidance

- 1.0 This guidance is for local authorities (LAs) in England, Scotland and Wales who are responsible for administering Discretionary Housing Payments (DHPs). It updates the previous guidance issued in April 2013.
- 1.1 From April 2013 the guidance was updated to reflect amendments to the Discretionary Financial Assistance Regulations which ensure the scheme covers the introduction of Universal Credit and abolition of Council Tax benefit.
- 1.2 In addition to the guidance, a revised good practice guide is included which offers advice on how DHPs can be used to provide support to claimants affected by some of the key welfare reforms, including:
 - the benefit cap;
 - removal of the spare room subsidy in social rented sector;
 - reductions in local housing allowance
- 1.3 To continue to assist claimants through the transitional period of these reforms further central Government funding towards DHPs will be provided in 2014/15.
- 1.4 The good practice guide is intended to act as an aid; however, LAs have overall responsibility for how DHPs are administered and paid, taking into account the impact of the welfare reforms and any other relevant factors. Due to the discretionary nature of the scheme it is important that LAs are flexible in their decision making.
- 1.5 This guidance also provides details on existing assurance arrangements that LAs are required to follow, and continues to uphold reporting measures introduced from April 2013 that will help provide information about the use of DHPs.

What are Discretionary Housing Payments?

- 1.6 DHPs may be awarded when a LA considers that a claimant requires further financial assistance towards housing costs and is in receipt of a social security benefit which qualifies them for a DHP payment.
- 1.7 The regulations covering DHPs are the Discretionary Financial Assistance Regulations 2001 referred to in this guidance as 'the regulations.'

- 1.8 Amendments to the regulations are covered by the Council Tax Benefit Abolition (Consequential Amendments) Regulations 2013 (which came into force on 1 April 2013) and a further set of Universal Credit Consequential Amendment Regulations. The Universal Credit consequential amendments are currently being prepared, however this guidance explains the changes these regulations will bring.
- 1.9 You should be aware that although the regulations give you very broad discretion, decisions must be made in accordance with ordinary principles of good decision making, i.e. administrative law. In particular, LAs have a duty to act fairly, reasonably and consistently. Each case must be decided on its own merits, and your decision making should be consistent throughout the year.
- 1.10 Once you have met your authority's overall cash limit you cannot award any more DHPs. By cash limit we mean two and a half times your government contribution. If you award above this limit, you are breaking the law. The legislation which specifies the overall limit on expenditure is Article 7 of the Discretionary Housing Payment (Grants) Order 2001.
- 1.11 Any unspent DHP funding will be returned to DWP at the end of the financial year.

What do we mean by housing costs?

- 1.12 Housing costs are not defined in the regulations and this gives you a broad discretion to interpret the term. In general, housing costs means rental liability; however, housing costs can be interpreted more widely to include:
 - rent in advance;
 - deposits; and
 - other lump sum costs associated with a housing need such as removal costs.
- 1.13 As stated in previous guidance, following the abolition of Council Tax benefit from April 2013, DHPs can no longer be awarded towards Council Tax liability. This means any DHPs being paid towards Council Tax liability must have ended on 31 March 2013. A shortfall between local Council Tax support and council tax liability cannot be met by DHPs.
- 1.14 The Council Tax Benefit Abolition (Consequential Amendments) Regulations 2013 remove reference to Council Tax and Council Tax benefit within the Discretionary Financial Assistance Regulations 2001.

What do we mean by ‘further financial assistance’?

- 1.15 There is no definition of the phrase ‘further financial assistance’ in law. It is up to you how you interpret it. However, in most cases a claimant will need to demonstrate that they are unable to meet housing costs from their available income or that they have a shortfall as a result of the welfare reforms.
- 1.16 How you determine this is up to you, taking into consideration the claimant’s financial circumstances and any other relevant factors.
- 1.17 The level of payment may cover all or part of a shortfall in rent or assist with the cost of taking up a tenancy.
- 1.18 See [Administering DHPs](#) and [The level of a DHP](#) later in this guidance.

Deciding whether to award a DHP

What are the criteria for award?

- 2.0 Before you make a payment you must be satisfied that the claimant is entitled to:
- Housing Benefit (HB); **or**
 - Universal Credit (UC) that includes a housing element towards rental liability: **and**
 - requires further financial assistance with housing costs.
- 2.1 A claimant who is receiving local Council Tax support **only** is not eligible for a DHP. This means a claimant who is receiving local Council Tax support but has not yet been awarded HB or UC is not eligible for a DHP.
- 2.2 For the purposes of this guidance, any reference to UC is where the claimant meets the above criteria, i.e. a housing element towards rental liability is included.

What types of shortfalls can DHPs cover?

- 2.3 The various types of shortfalls that a DHP can cover include (but are not limited to):
- reductions in HB or UC where the benefit cap has been applied;
 - reductions in HB or UC following the removal of spare room subsidy in the social rented sector;
 - reductions in HB or UC as a result of local housing allowance restrictions;
 - rent officer restrictions such as local reference rent or shared room rate;
 - non-dependant deductions in HB, or housing cost contributions in UC;
 - rent shortfalls to prevent a household becoming homeless whilst the housing authority explores alternative options;
 - reductions due to income tapers.

Rent deposits and rent in advance

- 2.4 You can award DHPs for a rent deposit or rent in advance for a property that the claimant is yet to move into if they are already entitled to HB or UC at their present home.
- 2.5 When awarding DHPs for a rent deposit or rent in advance, you may wish to satisfy yourself that:
- the property is affordable for the tenant; and
 - the tenant has a valid reason to move; and
 - the deposit or rent in advance is reasonable.

You should bear in mind that it may not always be possible for the claimant to seek the most affordable accommodation, for example, when someone fleeing the home due to domestic violence needs to seek a place of safety such as a refuge service.

- 2.6 You may also wish to establish with the claimant whether they:
- are due to have a deposit or rent in advance in respect of their existing tenancy returned to them; or
 - have received assistance from another department within the LA towards a rent deposit (such as a rent deposit guarantee scheme or similar).
- 2.7 DHPs are not specifically linked to any other rent deposit or rent in advance scheme. They are discretionary payments that you may consider

using for this purpose. There may be other local schemes that offer similar support towards rent deposits or rent in advance, such as local emergency support provided by LAs. Each LA decides locally how they operate their scheme.

- 2.8 Using DHPs for this purpose may be particularly appropriate to help existing claimants move to alternative accommodation where their award of HB has been restricted following one of the welfare reforms. It may also be appropriate to consider using DHPs for this purpose where your LA rent deposit scheme is limited or exhausted.
- 2.9 The regulations are wide enough to permit this on the basis of a claimant's entitlement to one of the eligible benefits at their current home. The regulations allow for DHPs to be made towards housing costs for a property other than the one for which benefit has been awarded.
- 2.10 Although Regulation 4 places a limit on the DHP award so that it does not exceed the weekly or monthly eligible rent on the claimant's home, the limit only applies where the award is calculated as a weekly (HB) or monthly (UC) sum, for example, to meet an ongoing rent shortfall.
- 2.11 In a case where you are awarding a DHP for rent in advance or a deposit, the weekly limit does not apply as you are awarding a lump sum to meet an immediate housing need. See [The level of a DHP](#) later in this section.
- 2.12 When awarding a DHP for a deposit, you may wish to include information about landlords' legal obligations to protect any deposit paid in a Government approved tenancy deposit protection scheme. Compliance with this requirement will help reduce the need for future help with deposits. Further information can be found by following this link:

[Tenancy Deposit Protection](#)
- 2.13 When making a DHP to assist the claimant with securing a new tenancy you might want to consider making the payment to the landlord rather than the claimant.
- 2.14 As a lump sum payment for a deposit or rent in advance is not made in respect of a period, you only need to be satisfied that the claimant is entitled to HB or UC at the point you make the award.
- 2.15 If the deposit or rent in advance is for a property outside of your area this does not prevent you from making a payment if the claimant is currently in receipt of HB or UC in your area.

- 2.16 Once a DHP has been made to the claimant for a deposit or rent in advance, the legislation does not require the claimant to repay this to the authority at the end of tenancy, however, it is up to you how you treat such payments.

DHPs and two homes

- 2.17. The regulations allow you to award DHPs on two homes when someone is treated as temporarily absent from their main home, for example because of domestic violence.
- 2.18 In this case, if the claimant is treated as liable for rent on both properties, and in both cases there is a shortfall, they could have DHPs in respect of both properties subject to the weekly limit on each property.

See [The level of a DHP later in this section.](#)

- 2.19 If the claimant is only treated as liable for payments on one dwelling but is having to pay rent on two, a weekly DHP could be made up to the level of the weekly eligible rent on the dwelling from which they are temporarily absent. For example, a claimant may be temporarily absent from their normal dwelling to stay near a child receiving treatment in hospital. They are not treated as liable for payments on the temporary dwelling, but are still incurring housing costs for their normal home. A DHP could be considered to help cover costs on the claimant's permanent residence.
- 2.20 In cases of domestic violence the victim may have fled from, or to, another area to seek safety. You may wish to collaborate with other local authorities to establish which authority should take the DHP application (the authority where the home is located or the refuge service where the victim is currently living).

What DHPs cannot cover

- 2.21 There are certain elements of a claimant's rent that cannot be included in housing costs for the purposes of a DHP because the regulations exclude them.
- 2.22 Excluded elements are:
- ineligible service charges
 - increases in rent due to outstanding rent arrears
 - certain sanctions and reductions in benefit.

See [Appendix A](#) for more details

The level of a DHP

- 2.23 If the purpose of the DHP is to meet an on-going rental liability, it is entirely up to you how much you decide to meet. However, the level of DHP must not exceed the weekly or monthly eligible rent on the home.
- 2.24 Eligible rent means all the payments specified in Regulation 12(1) of the Housing Benefit Regulations 2006 or the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 except those specified in Regulation 12(3)(b)(i) to (iii) of those regulations, i.e. deductions in respect of certain specified service charges.
- 2.25 In addition, eligible rent now includes the maximum amount of housing costs within UC towards a rental liability, as specified within Regulation 26 of the UC Regulations 2013.
- 2.26 From April 2013, LAs will have begun to receive DHP applications from claimants who are in receipt of UC. The calculation of UC is based on various elements (including a housing element if applicable); however, the final award consists of one monthly payment that does not include an identifiable amount towards housing costs. If the claimant is eligible for a housing element within UC, the final award will always include an element towards this.
- 2.27 Where a claimant is in receipt of UC, LAs will be able to identify the **maximum** housing element that has been used. For example, if a claimant's rental liability is £500.00 per month, you will be able to identify the maximum eligible rent for UC purposes, which may be the same or less than the contractual rent. The maximum eligible rent in the UC award is the same as the maximum DHP that can be made.
- 2.28 You can decide on the level of DHP providing it does not exceed the eligible rent, taking into consideration the claimant's overall financial and personal circumstances.
- 2.29 The Discretionary Financial Assistance Regulations require that the level of DHP does not exceed the weekly or monthly eligible rent (if paid as a weekly/monthly sum). Although you may take HB or UC into consideration when considering a DHP, this does not reduce the weekly eligible rent.
- 2.30 For lump sum payments such as deposits or rent in advance the weekly limit does not apply.

Payment cycles

- 2.31 Payments to meet a weekly or monthly rental liability may be made at the same frequency as the HB or UC payment. It is for you to decide the frequency of payments.

Applying for DHP

The application process

- 3.0 The regulations require that there must be an application for DHP before the LA can consider making a payment.
- 3.1 However, that does not necessarily mean that there has to be a written application form. How you choose to operate the application process is up to you. If you decide not to use a written form you may decide to accept applications by another means, for example by telephone, in face to face customer interviews or electronically.
- 3.2 Although you can decide what constitutes an application in each case, there must be something in each instance which triggers the application. This could be something as simple as a telephone call asking the claimant if they wish to apply for DHP. You should also bear in mind that LAs have a duty to act consistently. LAs might automatically invite claimants who have suffered a shortfall in their rent as a result of the welfare reform changes, to make an application for DHP while at the same time advising the claimant of mitigating actions.

Who can apply for DHPs

- 3.3 In most cases, the person who applies for a DHP will be the person entitled to HB or UC.
- 3.4 However, you can also accept applications from someone acting on behalf of the person concerned, such as an appointee or advocate if the person is vulnerable and requires support or if the person has requested someone to act on their behalf.

Who you can pay

- 3.5 DHPs may be paid to someone other than the claimant if you consider it reasonable to do so.
- 3.6 That could be an agent, an appointee or a landlord. In the case of a person who is entitled to rent rebate, DHPs can be credited to the rent account.

Information a claimant must give

- 3.7 When someone applies for a DHP, they must give you:
- information you require to make a decision or look at a decision again (for example details of income, capital and expenditure)
 - any other information you consider reasonably necessary in connection with their application.
- 3.8 In establishing if the claimant requires further financial assistance, you can decide how to treat any income or expenditure, taking into consideration the purpose of the income where appropriate.
- 3.9 For example, you may decide to disregard income from disability related benefits as they are intended to be used to help pay for the extra costs of disability. As part of the application process you should take care to ascertain whether such money is committed to other liabilities for which it was intended, such as Motability schemes or provision of care, seeking evidence regarding expenditure from the claimant. If you do decide to take such income into account then you should consider providing an explanation to the claimant as to why you have done so.
- 3.10 You can also take account of unavoidable costs that the claimant may have such as fares to work. This may include, for example, people who have had to move as a result of welfare reforms such as increasing the age threshold for the shared accommodation rate or the introduction of the benefit cap.
- 3.11 You will need to decide locally how you treat income and expenses when calculating the amount of the DHP. However, in all cases you should consider what is reasonable and not create a process that is too onerous for the claimant.
- 3.12 If a claimant is receiving HB, the details you hold regarding a person's income and rental liability can also be used to assess DHP applications.
- 3.13 If a claimant is in receipt of UC, any information held for local Council Tax support may also be used to process a DHP application. If you do not hold this information, data sharing powers introduced on 2 July 2012 (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/226241/a5-2012.pdf) provide a gateway for LAs to obtain relevant information from DWP. Further details on this process will be provided prior to when UC is rolled out nationally.

Telling the claimant of the decision

- 3.14 If someone applies for DHP, you must tell that person of the DHP decision in writing and with reasons, as soon as is reasonably practicable. You must be consistent and avoid unnecessary delay, bearing in mind an application for DHPs is often to deal with an immediate need.
- 3.15 When issuing a decision you may also want to provide information about the process for reviewing the decision that you have in place. As DHPs are discretionary arrangements, there are no appeal rights to a Social Security Tribunal, although the route of judicial review is available. See [Dispute procedures](#) later in this guidance.
- 3.16 You should also clearly distinguish the dispute/appeal rights that apply to HB, UC and/or local Council Tax support. It is important that claimants are not inadvertently led to believe that such appeal rights also apply to DHPs.
- 3.17 There is no legal requirement to notify landlords of a DHP decision, although you may wish to do so where the claimant has consented. However, you should be careful not to breach any obligations of confidentiality owed to the claimant, including:
- under Article 8 of the European Convention on Human Rights (ECHR) (right to respect for private and family life); and
 - data protection law.
- 3.18 If you are already paying HB to the landlord and later award a DHP you may wish to advise that the DHP is also being paid directly to them. This may equally apply where a person is getting UC and some element of that is being paid to the landlord in respect of housing costs.

Backdating a DHP

- 3.19 You should look at each application on its own merits when deciding whether or not to backdate a DHP. There are no restrictions on the length of the backdating period beyond a prohibition on awarding DHP for any date prior to 2nd July 2001, when the scheme began, but you do have a duty to act consistently.
- 3.20 We amended the regulations from 7 April 2008 to make it clear that a DHP can only be considered for a period where the linked HB is payable. This is of particular relevance to requests for a period of backdated DHP.
- 3.21 You may think it appropriate to make a backdated DHP award in cases

where a claimant subject to a rent shortfall due to welfare reforms has accrued rent arrears during the transition period between a reduction in benefit and moving into employment. In this case it would be prudent for the LA to award a backdated DHP to cover the arrears so as not to undermine the claimant's move into employment. In other cases DHP could be used to facilitate a move of home (such as through a mutual exchange) where a landlord will not allow a move for someone who is in arrears.

Administering DHPs

Who can accept applications?

- 4.0. Only a LA can accept applications for DHPs but this can include any department within the authority, including departments dealing with claims for local Council Tax support.
- 4.1 As DHPs are not payments of HB, provisions which allow Jobcentre Plus or Pension Service offices to accept claims in certain circumstances do not apply.

Who can administer DHPs?

- 4.2 Who administers DHPs is entirely up to you. Your authority has the choice as to who, or which department, within your LA will administer, determine and award DHPs.

When can a DHP application be made?

- 4.3 There are no rules on when a person can apply for DHP, although a payment can only be considered where there is a linked entitlement to HB or UC. You should ensure claimants are made aware of any time frame for applying and providing information in respect of a DHP application.
- 4.4 Where changes to benefit legislation are anticipated, such as the removal of the spare room subsidy in the social rented sector or the introduction of the benefit cap, you may decide it is helpful to allow applications for DHPs from claimants in advance.
- 4.5 This may help you to manage the application process and avoid any potential surge in demand, as well as alleviate uncertainty for some claimants. You may then decide to inform the claimant of an award that

could start at a future date, subject to any subsequent change in circumstances.

Method of payment

- 4.6 DHPs may be delivered via HB payment systems and may also be paid alongside HB payments. However the authority must be able to differentiate, in any given case, between HB and DHPs, i.e. there must be a clear audit trail.
- 4.7 If a DHP is paid with HB, notifications to the claimant must clearly show how much is HB and how much is the DHP.
- 4.8 When DHP is awarded to a UC claimant, LAs may consider paying it at the same time as the monthly UC payment.

Contracting out

- 4.9 A contractor can carry out all functions relating to the administration of DHPs. This includes making decisions on whether or not to award a DHP.

Maintenance of DHPs

Length of payments

- 5.0 The length of time over which you make a payment is up to you, however, extra funding has been allocated in 2014/15 to give Local Authorities the confidence to make long term awards where appropriate. When there is a specific end date, you should make it clear to the claimant what the period of the award is. You may also want to provide information on how to re-apply for a DHP if necessary.
- 5.1 There is no limit to the length of time over which a DHP may be made. It may be appropriate for you to make a short term award to give a claimant time to sort out their financial or housing circumstances, particularly if they are trying to find alternative accommodation or gain employment. A time-limited award may also be appropriate when an impending change of circumstances will result in an increase in benefit.
- 5.2 Alternatively, you may wish to make a long term or indefinite award until the claimant's circumstances change. You may wish to bear in mind that it may be more appropriate to make a long term award in cases where a claimant's circumstances are unlikely to change, and making a short term award will cause them undue distress. The start and end dates of an award are decided by LAs on a case by case basis.
- 5.3 For example, if you were to award a DHP to a disabled claimant who lives in significantly adapted accommodation in the social rented sector but who is subject to the removal of the spare room subsidy, you should consider making the DHP on a longer-term basis, including an indefinite award subject to a relevant change in their circumstances. DHPs should also be considered on a longer term basis for claimants who have a medical condition that makes it difficult to share a bedroom. Long term awards could also be made in cases where a disabled child who would normally be expected to share a bedroom under size criteria rules requires a separate room, and provides evidence that this is the case but does not meet the HB criterion of being in receipt of the Middle and Higher rates of DLA Care . [See Section 2 of the Good Practice Guide for more details.](#)
- 5.4 The purpose of the award may be to meet a one off housing need such as a deposit or rent in advance. In this instance there is no requirement to specify the period of the award.

Change of circumstances

- 5.5 A claimant receiving DHP is required to notify you of any changes of circumstances which may be relevant to their DHP application.
- 5.6 You need to make sure the recipient is aware of the changes they should report. There is no statutory timescale for notification; however claimants should be advised to notify changes as soon as reasonably practicable. It is for you to decide the means by which such changes are notified.
- 5.7 Many change of circumstances that claimants have a duty to report for HB or UC purposes may also be relevant to their DHP application. You may use such information to review the level of the DHP.

When you can stop paying a DHP

- 5.8 There are instances other than a change of circumstances when DHPs can be stopped.
- 5.9 You can stop making any further DHPs:
- if you decide that DHPs are being, and/or have been made because someone has misrepresented or failed to disclose a material fact, fraudulently or otherwise; and/or
 - when they have been paid as a result of an error.

Overpaid DHPs

- 5.10 You can recover DHPs if you decide that payment has been made as a result of misrepresentation or failure to disclose a material fact, either fraudulently or otherwise. You may also recover DHPs if you decide they have been paid as a result of an error made when the application was determined.
- 5.11 You may not recover DHPs from ongoing HB or UC. This is unlike HB overpayments where there is a regulatory provision to allow recovery from ongoing HB.
- 5.12 There is also no provision for recovery of overpaid DHPs from other prescribed benefits.
- 5.13 Therefore the only method of recovery if a DHP is overpaid is to request repayment of the debt from the claimant. This may be in the form of an invoice or however you choose to do so, for example using debt collection agencies or via the courts.

Dispute procedures

Introduction

- 6.0 The LA can review a DHP decision in the event of a dispute or where the claimant asks for a re-consideration.
- 6.1 However, decisions on DHPs do not carry a right of appeal to a Social Security Tribunal. The route of judicial review is available, and the Local Government Ombudsman if there is an allegation of maladministration
- 6.2 There is flexibility as to how you apply any dispute/re-consideration process. You may look at a decision again in the light of representations made by the claimant (in whatever form you decide) or whenever you consider it appropriate.
- 6.3 You may also review a DHP decision in the event of a dispute either at the time of the initial rejection or subsequent to a cancellation or recovery. We do not set out circumstances in any more detail. However, you do need to be consistent.

Reviewing the decision

- 6.4 You may also decide who in the authority looks at a decision again. There is no requirement that the review arrangements take any particular form as long as the authority is consistent and the original decision maker is not involved.
- 6.5 To minimise the risk of legal challenge you are advised to ensure that the review is carried out by a more senior colleague than the person who made the original decision.

Notifying the claimant

- 6.6 Notify the claimant of a review outcome in writing with reasons as soon as is reasonably practical.

Assurance and Reporting Measures

DHP claim form

- 7.0 The Discretionary Housing Payments (Grants) Order 2001 requires LAs to submit a claim form providing details of DHP expenditure. This request occurs twice a year – 1 September and 30 April. LAs are required to complete and return the form to DWP accounting services.
- 7.1 The claim form must be signed by the Responsible Finance Officer within the LA (pursuant to S.151 of the Local Government Act 1972 or S.95 of the Local Government (Scotland) Act 1973 as appropriate). Due to the increase in DHP funding and following discussions with the National Audit Office, the Department has strengthened its assurance arrangements by including some more requirements in the local authority certificate to be signed off.
- 7.2 In addition to providing details of DHP expenditure, the Responsible Finance Officer must certify that all entries on the claim form are accurate and expenditure has been made in accordance with this guidance and the regulations governing DHPs.

DHP funding 2014/15

- 7.3 The baseline funding towards DHPs is £20 million per year. Following the introduction of the welfare reforms, central Government funding has been increased to will help LAs to continue to assist claimants transition to the welfare reforms, and to make long term awards as appropriate for those with on-going needs. In 2014/15 the total DHP pot is £165 million.
- 7.4 The allocation of funding was agreed following consultation with local authority associations and the distribution formula is intended, as far as possible, to target resources according to need within each authority.
- 7.5 LAs will continue to receive a single allocation – funding will not be ring fenced into categories. However, following the increased funding LAs are required to provide DWP with some additional information.

Reporting Measures

- 7.6 From April 2013, DWP has looked at how DHPs are being used to support claimants affected by the welfare reforms. In addition to the annual DHP

claim form and separate from the accounting returns, LAs are asked to continue to provide supplementary data twice yearly, in October and in April.

- 7.7 Following a successful application for DHPs, you should record if the claimant has been affected by one of the following:
- benefit cap
 - removal of spare room subsidy in social rented sector
 - local housing allowance restrictions
 - combination of reforms
 - no impact
- 7.8 In 2013/14 the Department requested that Local Authorities record the amount committed at the start of an award and supply that information in the monitoring report.
- 7.9 In 2014/15 we are requesting that you report the amount actually paid out to a claimant. For example, if you have awarded a DHP of £10.00 per week for 10 weeks, and the award runs for that whole period, you should record £100.00. If it is a one-off payment, simply record the amount paid. If there is a change of circumstances, and an award ceases you should record the amount of the award actually paid out to the claimant. [Full details at Appendix B]
- 7.10 Additionally, you should record the intended outcome when making an award. The outcomes are broadly grouped into the areas that cover the policy intention of DHPs:
- 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 disabled person in adapted accommodation
 - To help with on-going rental costs for foster carer
 - To help with short-term rental costs for any other reason
- 7.11 How you collect and record this data is up to you. The information will be gathered using a return form that will be issued to LAs as part of a 'S' circular. The summary of the information supplied should be consistent

with the total figure in the DHP claim form submitted. The Department will issue a circular highlighting the deadlines for submission.

- 7.12 DWP does not require details of individual applications. We will only request the total amounts spent under each category and the numbers of claimants under each outcome (e.g. £5000.00 spent expenditure on claimants affected by the benefit cap, and 300 awards were made to help claimants' on-going rental costs while they look for employment).

Discretionary Housing Payments

Good Practice Guide

Section 1:

Support for claimants affected by the benefit cap

Background to the benefit cap

- 1.0 From April 2013, the total amount of benefit paid to working-age claimants has been subject to a cap. For the purposes of applying the benefit cap we define a household as a claimant, their partner and any children they are responsible for and who live with them.
- 1.1 The benefit cap is applied either through HB or UC, as appropriate.
- 1.2 Initially the benefit cap was applied only by LAs through HB payments. When a household's total benefit entitlement exceeds the cap the LA will reduce the level of HB by the excess amount. A de minimis amount of £0.50 will be paid when the reduction of the excess would otherwise remove all payments of HB.
- 1.3 Where UC is in payment the benefit cap will be applied through UC, starting with all new claims for UC and eventually to those migrating onto UC from existing benefits.
- 1.4 Total entitlement to benefit payments has been capped at £500 per week for couples and lone parent households. The level of entitlement for single adults is capped at £350 per week.
- 1.5 For those getting UC the cap will be applied for the assessment period, which will be monthly. The direct monthly equivalent limits are £2167 for couple and lone parent households and £1517 for single households.
- 1.6 There are some exemptions from the cap among benefit recipients. The benefit cap is intended to increase work incentives, therefore we will exempt households that are considered to be "in-work." Claimants in receipt of HB will be considered in-work and be exempt from the benefit cap if they are entitled to Working Tax Credit.
- 1.7 Claimants on UC are considered to be in-work if they earn £430 or more gross per month which is equivalent to 16 hours at the National Minimum Wage (NMW).
- 1.8 We will also exempt households when someone is in receipt of:

- Industrial Injuries Benefit (and equivalent payments made as part of a War Disablement Pension or the Armed Forces Compensation Scheme);
 - Employment and Support Allowance with a support component. For those on UC this will be limited capability for work and work-related activity;
 - Disability Living Allowance or its replacement Personal Independence Payment;
 - Attendance Allowance;
 - Armed Forces Independence Payment;
 - Where a person is not receiving Disability Living Allowance, Attendance Allowance or a War Disablement Pension because they are in hospital or a care home, the exemption will continue to apply;
 - War widows and widowers are also exempt.
- 1.9 There is a grace period of 39 weeks for those claimants who have been in work for the previous 12 months and find that their circumstances have changed because their job has ended. This allows people time to find alternative employment or consider other options to avoid the impacts of the cap.
- 1.10 HB paid to households in supported exempt accommodation is disregarded from the benefit cap calculation. The disregard applies both to benefit cap cases under HB and under UC. While this does not mean that these households are exempt from the benefit cap, by not including HB in the calculation, we expect that the majority of these cases will no longer be affected by the cap.

Support for those subject to the benefit cap

- 1.11 The Government has provided additional funding for DHPs to support those claimants affected by the benefit cap who, as a result of a number of complex challenges, cannot immediately move into work or more affordable accommodation.
- 1.12 The funding for DHPs is specifically aimed at a number of groups who are likely to be particularly affected by the benefit cap. These include (but are not limited to):
- Those in temporary accommodation;
 - Individuals or families fleeing domestic violence;
 - Those with kinship care responsibilities;
 - Individuals or families who cannot move immediately for reasons of health, education or child protection;

- Households moving to, or having difficulty finding more appropriate accommodation
 - Those with dual liability for housing costs.
- 1.13 There will be a number of ways that claimants affected by the benefit cap may re-act to having their HB reduced. The intention is that the majority will move into work and so become exempt from the cap. Some may choose to move whilst others may consider other means by which they might be able to meet any short fall such as trying to negotiate a reduction in their rent or meeting the shortfall from other income or capital.
- 1.14 Those who are affected by the cap will continue to have access to and receive support from Jobcentre Plus and, where appropriate, the Work Programme to help them find work. People in receipt of working tax credit will be exempt from the cap.
- 1.15 DHPs can make an important contribution to managing the transition for claimants whilst they make the necessary changes to adapt to the application of the benefit cap. It is important to note that there will not be enough funding to meet every shortfall as a result of benefit cap so LAs will need to target this funding at those who need it most. The allocation of this funding reflects the varying impact of this measure on different LA areas.
- 1.16 There may be circumstances when DHP is awarded and a subsequent successful application for an exempting benefit that is awarded retrospectively means the HB is paid again. We recommend that when deciding whether it is reasonable to make a DHP the LA considers the risk of eviction if arrears arise that may subsequently be covered by HB. For example, the risk may be very low for local authority tenants and low for others with a good payment record but less so for claimants renting in the private sector.
- 1.17 The following examples show how DHPs can be used to assist those affected by the benefit cap.

Example

Mr and Mrs Smith rent a 3 bedroom property at £340.00 per week. They have two children and receive the following benefits:

Jobseekers Allowance: £113.70, Child Tax Credit: £88.07, Child Benefit: £47.60, Housing Benefit: £340.00. **Total welfare benefits: £589.37**

The benefit cap for Mr and Mrs Smith is £500.00 per week; therefore, their award of housing benefit is reduced to £250.63 per week (reduction

of £89.37). Mr Smith has been unemployed for some time and has found it difficult to find employment in his usual vocation; he is currently attending his local Work Programme provider for support to find work.

In addition, Mr and Mrs Smiths oldest child is 15 years old and in the process of completing her GCSE's at school. Mr and Mrs Smith have found a cheaper property that would take them below the benefit cap in another area but it would mean their oldest child would have to move schools. They believe this would have a negative impact on their child's education.

You may decide to award a weekly DHP of up to £89.37 until Mr or Mrs Smith move into work or their eldest child completes her GCSEs.

Example

Ms Martin has two children and is receiving HB for temporary accommodation where she has been living for three months waiting for a permanent move.

In addition to her Jobseekers Allowance, Child Benefit and Child Tax Credits, Ms Martin is receiving higher than average HB as a result of the cost of rent for temporary accommodation. This means the benefit cap will apply to her.

Ms Martin is struggling to move into work as she does not have any qualifications or work experience. She is participating on the Work Programme to develop her skills and try to find work.

You may decide to award a DHP until permanent accommodation can be found for Ms Martin or she is able to move into work so she no longer has the benefit cap applied.

Example

Mr Benn is claiming Universal Credit for himself, his partner and four children. Mr Benn is currently appealing the decision that he doesn't have limited capability for work and work-related activity. As no one in the household meets the criteria for an exemption the benefit cap will be applied.

Mr Benn does not want to adapt his circumstances to avoid the benefit cap until he is notified of the decision from his appeal. You may decide, subject to your assessment, to award a DHP until Mr Benn's appeal is heard and decided.

Section 2:

Support for claimants affected by removal of the spare room subsidy

Background to the removal of the spare room subsidy in the social rented sector

- 2.0 As from April 2013 working-age claimants living in the social rented sector face a reduction to their eligible rent if they are under-occupying their property. The level of under-occupation is determined by the local housing allowance size criteria (however, the Shared Accommodation Rate is not applicable).
- 2.1 The rates of reduction to the eligible rent for those affected by this measure are:
- 14% where there is under-occupation by 1 bedroom; and
 - 25% where there is under-occupation by 2 or more bedrooms.
- 2.2 We continue to expect that most claimants affected by this measure will find ways of making up the shortfall themselves, in order to remain in their existing home.
- 2.3 We would encourage all LAs to continue their work of engaging with affected claimants and working out effective ways of mitigating the effects of any reduction in entitlement.

Support for disabled people living in significantly adapted accommodation

- 2.4 The Government has committed additional funding to the DHP fund to continue to support disabled people living in significantly adapted accommodation, including any adaptations made for disabled children.
- 2.5 For claimants living in specially adapted accommodation, it will sometimes be more cost-effective for them to remain in their current accommodation rather than moving them into smaller accommodation which needs to be adapted. We therefore recommend that local authorities identify people who fall into this group and invite an application for DHP.
- 2.6 There is no definition of significantly adapted accommodation. It is up to LAs to decide what constitutes significantly adapted accommodation, based on local knowledge and individual circumstances.

- 2.7 The allocation of the additional funding for disabled people broadly reflects the impact of this measure and the additional funding needed to support this group. However, due to the discretionary nature of the scheme, LAs should not specifically exclude any group affected by the removal of the spare room subsidy or any other welfare reform. It is important that LAs are flexible in their decision making.
- 2.8 For example, where there has been no significant adaptation to a property, but a member of the household has a long term medical condition that creates difficulties in sharing a bedroom, we recommend that DHPs are also considered in these circumstances.

Example

Mr and Mrs Thom rent a four bedroom house from a registered housing provider. They have two children, a girl of 7 and a boy of 5. They receive Housing Benefit to cover the full rent of £90 per week.

Under the size limit rules they are considered to be under-occupying the house by two bedrooms as the children are both under ten years old and would be expected to share a room. As the Thoms are under-occupying by two bedrooms a 25% reduction of £22.50 would be applied to the eligible rent meaning they would now receive Housing Benefit of £67.50 per week.

Mrs Thom is in a wheelchair and significant adaptations have been made to the property to make it more accessible. If the family moved to a smaller home, that property would then need to be adapted at considerable expense. Therefore, you should consider awarding a DHP of £22.50 per week to enable the family to remain in their current adapted house.

Support for approved or prospective adoptive parents

- 2.9 Claimants who have been approved as adopters are required to have a bedroom for an adopted child. Until the child forms part of the household, removal of the spare room subsidy may apply and DHPs can be used to provide support in the interim period.
- 2.10 Similarly, people going through the approval process to become adoptive parents will need to show that they have a spare room for a child. If a DHP is paid on this basis it will be the responsibility of the claimant to inform the LA of any change of circumstances if, for example, they were not subsequently approved.

- 2.11 In some cases the LA will specify that an adopted child should have their own room, and not share with another child. DHPs may be used on an on-going basis to provide support where an additional bedroom is not allowed for housing benefit purposes.

Example

Ms Roberts rents a 3 bedroom flat from her local authority. She already has one daughter of her own, aged 7. She is matched with her new adoptive child, a 5 year old girl, and the child moves into the third bedroom. Under the size criteria rules, the family is considered to be under-occupying the home by one bedroom as the children are both under ten years old and expected to share a room.

However social workers have made it clear that this particular adopted child must be able to have a room of their own because of the nature of their early life experiences. You should therefore consider awarding DHP in order to maintain the adoption.

Support for approved or prospective foster carers

- 2.12 Foster Carers are allowed **one** extra bedroom under the size criteria rules providing they have fostered a child or became an approved foster carer within the last 52 weeks. This also applies to formal Kinship Carers in Scotland.
- 2.13 Some claimants may be caring for siblings, or for two or more unrelated foster children, and require additional bedrooms. National minimum standards for Fostering Services state that a foster child over the age of 3 should generally have their own room. However, the size criteria rules only allow foster carers (or formal Kinship Carers in Scotland) to have one extra bedroom; therefore a DHP may be awarded to help cover any reduction in housing benefit due the additional rooms that are required.
- 2.14 People going through the approval process to become foster carers will need to show that they have a spare room to be approved. If a DHP is paid on this basis it would be up to the claimant to inform the LA of any change of circumstances if, for example, they were not subsequently approved.

Support for disabled children

- 2.15 The Government has amended legislation to allow an extra bedroom for a severely disabled child eligible for the middle or highest rates of Disability Living Allowance(DLA) care who would normally be expected to share a room under the size criteria rules, but is not reasonably able to do so due to severe disability.
- 2.16 The Housing Benefit and Universal credit (Size Criteria)(Miscellaneous Amendments) Regulations 2013 and the Rent Officers(Housing Benefit Functions) Amendment (No.2) Order 2013 came into force from 4 December 2013.
- 2.17 To be considered under this legislation the child in question must have been assessed and be entitled to the DLA care component at the highest or middle rates. If the child meets the DLA criteria then the LA would need to assess whether or not the child`s disability makes it unreasonable for them to share a bedroom, taking the full facts of the case into consideration.
- 2.18 In cases where a child is not entitled to DLA care at either the middle or highest rate but the claimant advises that their child is unable to share, consider whether awarding DHP is appropriate. You may wish to consider cases where a claim has been made for DLA but has not yet been assessed or where the child's disability makes sharing a room difficult, for example when it impacts on the long-term sleep patterns of another child.
- 2.19 LAs will now need to review all cases awarded under previous guidance to ascertain whether or not reassessment is required in light of the amended regulations. These use entitlement to the DLA care component at the middle or higher rates to determine whether a child is severely disabled and so potentially eligible for an additional bedroom.
- 2.20 Upon reassessment it may be found that HB has been awarded for an additional bedroom, but that the child is not severely disabled within the definition provided in the amended legislation. LAs will need to identify these cases and in these cases the LA can consider whether an award of a DHP is warranted. We would therefore recommend that LAs identify these cases and invite an application for DHP where this appears appropriate.

Section 3: Support for claimants affected by LHA reforms

Background to the changes to LHA rates

- 3.0 Since April 2011, there have been a number of changes to the way LHA rates are calculated and restrictions to the amount that can be paid to claimants. It is likely these changes contributed to an increase in demand for DHPs, particularly as transitional protection finished at the end of December 2012. The changes were as follows:
- the removal of the five bedroom rate;
 - removal of the £15 a week excess;
 - setting LHA rates at the 30th percentile of local rents in each Broad Rental Market Area, rather than the median ;
 - the introduction of weekly caps for each property size - these were fixed for the first two years and are now uprated annually;
 - extension of the age threshold for the Shared Accommodation Rate for single people from age 25 up to 34.
- 3.1 Since April 2013, LHA rates are now uprated annually in line with the appropriate rate for that year, ie by 1% in April 2014 and April 2015. This means that in April 2014, LHA rates will be set at the lower of either the 30th percentile of local rents or the previous rate increased by 1%.
- 3.2 The Government, however, has made available some Targeted Affordability Funding to increase some LHA rates by up to 4% (subject to the maximum LHA limits), in those areas where there are the greatest divergences between rates and rents. The LHA rates for each Broad Rental Market Area are published on the respective Rent Officer websites for England, Scotland and Wales
- 3.3 The on-going impact of all of these measures depends on the choice of accommodation made by the claimant, other budgetary pressures they may be faced with and whether their landlords restricts rent increases in line with LHA rates. As there are variations in local rental markets some claimants may have a greater shortfall between their LHA and their rent.

Support for those subject to LHA restrictions

- 3.4 Following the changes to LHA from April 2011, a period of transitional protection was introduced to give existing claimants time to look for alternative accommodation or adjust to their revised award of HB.
- 3.5 Although transitional protection ended for the vast majority of claimants at the end of December 2012, some claimants may still need assistance with any shortfalls between their LHA and the amount of rent they have to pay. Additionally, the extension of the age threshold for the Shared Accommodation Rate may result in a greater demand for DHPs.
- 3.6 Limiting increases to LHA rates, such as uprating by 1% from April 2014, could mean that some claimants have a greater shortfall between their LHA and their rent and increase the demand for DHPs in some areas, depending on the levels of local rent increases.
- 3.7 The Government has increased the DHP budget aimed at helping local authorities to provide additional support to claimants who have been impacted by these changes.
- 3.8 There are many ways in which LAs can help claimants deal with any shortfalls between their LHA and rent without reliance on DHPs. This includes assisting claimants with rent negotiations with their landlords and liaising with partners such as welfare rights teams for benefit maximisation, debt counselling or money advice. By helping claimants manage their money it reduces the likelihood of re-applications for DHPs.
- 3.9 The following examples show how DHPs may be used to assist those affected by the LHA changes.

Example

Harry has to move from his bed-sit in central London as his housing benefit no longer meets his rent. His only income is from a part-time job with his net pay amounting to £100 per week.

With the assistance of his LA he finds a bed-sit in another borough within the LHA rate with a rent of £101 per week and he receives HB of £85.40 per week. However, he now has bus fares of £20 per week instead of being able to walk to work. This leaves him struggling to pay his rent and meet his day-to-day living expenses.

He discusses his problems with the Citizens' Advice Bureau and they suggest he applies for a DHP. One of the LA's objectives is to use DHPs to help people maintain their employment.

The LA carries out an income assessment and establishes that Harry has the following weekly expenses:

Rent: £15.60
Travel: £20.00
Food: £50.00
Heating: £20.00
Debts: £10.00
General expenses: £20.00
Total: £135.60

Harry's weekly earnings of £100.00 per week clearly do not cover his weekly expenses. The LA decides to award a DHP of £30.00 per week which will help Harry towards his rent. They also refer him to an advice agency to discuss his debt arrangements and agree to review the case in 6 months.

Example

Susan is aged 34 and works part time, earning £120.00 per week. Her rent is £200.00 per week and she receives HB of £171.40 per week.

Following the introduction of the shared accommodation rate for those aged under 35; the maximum LHA rate for Susan reduces to £126.00. This means her HB reduces to £97.40 per week.

The reduction in benefit means Susan is struggling to pay her rent, however she does not wish to leave her job where she hopes to gain full time employment in the near future. In addition, Susan will turn 35 in 3 months time.

She applies for a DHP and the LA agrees to pay £74.00 per week for a period which will equal the previous amount of HB in payment. The LA agrees to pay this until Susan turns 35 or moves into full time employment.

Section 4: Managing the DHP scheme

Overview

- 4.0 The good practice examples are to help you to decide whether or not to award a DHP. But first and foremost you should be aware that this is a discretionary scheme. Therefore you should consider each case on its own merits rather than on a set of rigid pre-defined criteria.
- 4.1 A policy that is too rigid will effectively prevent you from exercising your discretion properly in individual cases. This could make some of your decisions vulnerable to challenge by judicial review.
- 4.2 However, this does not mean that you must not develop a policy at all; it simply means that your policy must be flexible and allow for deviation for unusual cases, however rare.
- 4.3 The examples are simply ideas as to what you may wish to think about when considering a DHP. You should bear in mind that in some cases, there may be a good reason for doing things differently.

Objectives for award

- 4.4 Some authorities have certain objectives in mind when considering whether to make an award of DHP. These include:
 - alleviating poverty
 - encouraging and sustaining people in employment
 - tenancy maintenance and homelessness prevention
 - safeguarding residents in their own homes
 - helping those who are trying to help themselves
 - keeping families together
 - supporting domestic violence victims who are trying to move to a place of safety
 - supporting the vulnerable or the elderly in the local community
 - helping claimants through personal and difficult events
 - supporting young people in the transition to adult life, or
 - promoting good educational outcomes for children and young people
 - supporting the work of foster carers
 - supporting disabled people to remain in adapted properties
 - supporting care leavers

Publicising DHPs

- 4.5 It is important to publicise the existence of DHPs as they are a key element of the Government's strategy for managing reductions to HB or UC arising from welfare reform.
- 4.6 For a cash-limited scheme such as this, ensuring that organisations which support individuals, as well as individuals themselves, are aware of the help available is an important factor. The Government has increased the DHP budget to assist with the transition of welfare reforms and it is important that the increased funding is made available to those who most need it. It is good practice to publicise DHPs for vulnerable groups, such as people affected by domestic violence or those leaving care services.
- 4.7 In order to raise awareness of DHPs you may wish to consider various methods of communication such as
- including information on all HB decision notices where there is a shortfall;
 - leaflets and posters;
 - giving advice on DHPs when people come to the LA to discuss a claim;
 - proactively assisting vulnerable claimants to make applications by, for example, visiting them in their own homes;
 - informing external and internal bodies that give advice (money advice, welfare rights, homelessness, housing etc.) of the existence of DHPs;
 - developing and establishing links to ensure awareness of the scheme among staff working in housing options, homelessness and adult and children's services;
 - including DHP advice as part of your general welfare advice services;
 - making landlords aware of the scheme (private landlords, housing associations and Registered Providers);
 - establishing links with social housing tenants and residents' organisations to ask them to help raise awareness of the scheme;
 - raising awareness by having information of the scheme available at tenants and residents' forums;
 - information on your LA website or arranging to include information on partner housing association websites;
 - information on Choice Based Lettings scheme websites;
 - information within literature or communications relevant to housing allocations policies or placements;
 - raise awareness through interviews with local radio, including stations targeting different ethnic groups; or
 - targeted communications aimed at those likely to be affected by telephone, text message or other social media such as Twitter.

Administration of DHPs

4.8 It is entirely up to you how you administer DHPs but you may wish to consider the following suggestions:

- would using the same payment cycles as the claimant's HB make the system easier to operate?
- a second member of staff could check the decision to ensure consistency;
- some LAs find a partnership approach between HB departments and other housing departments such as Housing Options, Housing Strategy and private rented sector access schemes highly effective in making best use of DHPs;
- you could set up a system, for example a spreadsheet, to ensure awards are reviewed and monitored;
- you may wish to visit claimants in their own home as it helps to confirm their circumstances and establish what further help or advice they require;
- when a change of circumstances means that an award of HB or UC is reviewed, you could review the DHP award at the same time, as the change of circumstances may mean that the criteria for DHP are no longer met, or a different amount may be appropriate;
- you could identify at the time of the first award whether a second award might be necessary, and issue a review form prior to the end of the award asking what action has been taken during the period of the award;
- paying DHPs from the date on the application form would make things more transparent for both LAs and claimants, though backdating and paying in advance is allowable;
- claimants normally have to arrange their finances quickly and so you could ensure that decisions on DHP applications are made within four weeks;
- linking DHP applications with a benefit maximisation application;
- incorporating a review mechanism for longer term awards.

Notifying decisions on DHPs

4.9 Claimants will need clear information about the decision on their DHP application. You can include information about the DHP decision on the HB notification form (but you should make it clear that DHPs are not HB, do not attract appeal rights and should specify the amount of the DHP).

4.10 Where you have made a decision on the award claimants will need the following information:

- the reasons for an award decision (be it positive or negative), the start and end dates of the award – and the reason for those dates;
- their dispute rights (if you have a disputes procedure);
- information on who to contact if they need further help or advice.

Disputes procedures

4.11 It is good practice to have a disputes procedure. This could also help to reduce the probability of a legal challenge. Examples of good practice are:

- involve an officer other than the one who made the original decision;
- depending on resources have a panel of senior officers review the application;
- the decision letter should clearly state the reasons for a negative decision;
- claimants know who they can complain to in the first instance;
- claimants are given some idea how long the process will take;
- if they disagree with the first decision they should know where they may go next.

Section 5: Further examples of good practice

5.0 The following are further examples of good practice (in the form of questions you may wish to consider or facts that you may wish to take into account) that you may find helpful when considering a DHP award. What questions you decide to ask and how you form a decision based on the responses to such questions is up to you. Each case should be treated individually.

Prevention of homelessness

5.1 Homelessness can have a negative impact for the household concerned in terms of health, education and employment prospects. Also, temporary accommodation used to house the homeless can be expensive. Therefore, early intervention to prevent homelessness should be a key issue for LAs. You may wish to consider how DHPs could help where:

- a DHP would prevent the household from being evicted and becoming homeless;
- an award of DHP would be central to the person being able to access or maintain employment, education or training and so they are less likely to become homeless;
- paying DHPs to households, who have previously been homeless, would help to increase the long-term sustainability of their accommodation;
- you could work with homelessness organisations, and those operating rent deposit schemes, as well as your council's homeless section to prevent loss of tenancy.
- paying DHP to care leavers where additional support is needed as they move into their home to increase the long-term sustainability of their accommodation .

The tenancy

5.2 You could consider the following issues concerning the tenancy.

- Is there scope for the landlord to reduce the rent?
- Can your housing options or homelessness prevention team help the claimant to negotiate a lower rent if the claimant feels unable to attempt to do so themselves?
- Does the claimant have a fixed term tenancy and if so when does this end?

- Can the tenant leave the tenancy without incurring a financial penalty?
- Could the tenant afford the tenancy before they took it on?
- Could a DHP enable the accommodation to become affordable in the interim, allowing the tenant time to find alternative accommodation?

The household's financial circumstances

5.3 Although there are no rules on the financial issues to be taken into account when considering the award of DHPs, you may wish to think about the following.

- Does the claimant have other debts to pay?
- Have they sought advice on how to clear their debts?
- Can the claimant re-negotiate non-priority debts, such as credit card agreements?
- Is the claimant entitled to other welfare benefits and not claiming them?
- Do they have any capital or disregarded income that they could use to make up the shortfall (bearing in mind its intended purpose)?
- Is there anyone else willing to make up the shortfall?
- Is it reasonable to expect any non-dependants to make an additional contribution to meet the shortfall?
- Can the claimant change their spending pattern on non-essential items?
- Is the claimant taking long-term action to help their problems in meeting their housing costs?
- Could the claimant afford the rent when they moved in?
- Can the claimant increase his or her hours or do any overtime?
- Is the claimant in work but with high travel costs, because of distance from work or split shifts for example?

The household's medical circumstances, health or support needs

5.4 You may wish to consider whether the following apply.

- Does the household have health or support needs which require them to remain in a particular property (including the needs of children)?
- Does the household have a health problem which means that the choice of housing is restricted either temporarily or permanently?
- Does the claimant require an extra room because of a health problem that affects them or a member of their household?
- Does the household have to live where they do because of the need for access to medical or support services – for example a particular hospital?

- Does the household have extra health-related expenses, such as the need for therapeutic classes or non-prescription medicine?

Other circumstances

5.5 There may be other circumstances applying to the claimant or a member of their household which you think need to be taken into account:

- Is the claimant fleeing domestic violence? This may mean they need safe accommodation on an emergency basis so the concept of having time to shop around for a reasonably priced property is not appropriate
- Does the household have to live in a particular area because the community gives them support or helps them contribute to the district?
- Is the claimant expecting a child and had her HB restricted to that of smaller accommodation until the child is born?
- Is the claimant a single person living in an area where there is a shortage of shared accommodation?
- Is the claimant a care leaver who has a reduction in their LHA rate after becoming 22 years old?
- Is there a particular reason that the claimant chose to live in this accommodation?
- Is the property the cheapest available in the area for the household's needs?
- Does living in the area mean a better chance of employment?
- Would it be helpful to pay DHPs when a training scheme is almost, but not yet complete?
- Would it be helpful to pay DHP where the household contains children at a critical point in their education?
- Is someone in the household undertaking care duties for relatives in the neighbourhood?
- Does the claimant have a child who is temporarily living away from home, but is expected to return home shortly?
- You could consider paying the DHP to those returning to the workplace as an encouragement for others to do the same.

Likely duration of award

5.6 Local Authorities can consider making longer term awards where appropriate, for example where a claimant has ongoing needs, such as a disabled person living in specially adapted accommodation. However, the length of time over which an award of DHPs can be paid is up to you, but you may find it helpful to consider the following:

- Is any need likely to be short-term?

- Is the claimant likely to require assistance in meeting their housing costs for as long as they remain in the property?
- You could consider paying DHPs until the earliest opportunity that cheaper accommodation could reasonably be sought.
- You could consider paying DHPs until a particular milestone, such as the end of training or first possible break clause in a tenancy.
- Is it in the best interest of the claimant, and financially prudent, to award a DHP to allow the claimant to continue to live in their current home?

Backdating of DHPs

5.7 When backdating an award you may wish to consider:

- the claimant's age, health and personal circumstances
- make-up of household
- the local housing market
- whether the claimant has taken up a mitigating option

Section 6: Profiling your budget and managing transition

Profiling your DHP budget

- 6.0 As the DHP scheme has been in place for some years you are likely to have built up expertise and local knowledge enabling you to profile your DHP budget to meet demand over the course of the year.
- 6.1 Following welfare reform changes you may be able to use information you already hold to predict when demand is going to increase and the likely scale of the shortfalls.
- 6.2 It may be helpful to gather and analyse information you hold on your benefit systems to help you profile your DHP budget.
- 6.3 You may need to work with partner housing associations or registered providers as well as the department responsible for the local authority's own stock, to profile the impact of the welfare reforms.
- 6.4 You may want to profile your caseload to identify certain groups among those potentially affected by the changes, and establish the level of demand among those groups in relation to your scheme's objectives (see paragraph 6.15 below for a list of groups you may wish to target for DHPs).
- 6.5 Although the Department has already carried out various Equality Impact Assessments in relation to HB reform, available on the DWP website, you may want to carry out a more detailed assessment for your area.
- 6.6 In considering the likely demand for DHPs, you may also want to explore what other funding is available for providing assistance in your local area where there may be some overlap with DHPs in what it can be used for, such as help with removal costs.
- 6.7 You may wish to use other information you already hold to predict where the demand for DHPs may be. For example you could take account of the following.
- Do you have information on the range of rents charged in the area?
 - Can you establish volumes of claims that include people who are disabled or frail or families with school age children who may be less able to move?
 - Are you likely to use funding to pay for lump sum assistance for rent in advance and deposits?

- 6.8 You may also be able to reduce some demand by offering claimants alternative support and advice in advance of considering whether a DHP is appropriate. In many cases it may be possible for tenants to stay at their existing accommodation at a reduced rent. For example, you may consider paying HB directly to the landlord if they are prepared to reduce their rent to the level of the LHA rate.
- 6.9 By taking action in advance of the financial year to analyse your caseload you will have useful information that will help you profile and prioritise your budgets.
- 6.10 Your DHP budget will need to be carefully monitored and managed, for example keep records on:
- amounts requested against amounts awarded
 - type of accommodation
 - reason for award
 - duration of award
 - claimant characteristics.

Managing the transition

- 6.11 Have you had an authority wide discussion on your overall strategy on issues including the following:
- providing information on the changes and ensuring that claimants have adequate time to consider their options;
 - making information on DHPs more available;
 - providing housing advice and help with negotiating reductions in rents with landlords (since April 2011 you have discretion to pay HB direct to the landlord if it helps the claimant to secure or retain an existing tenancy);
 - providing housing options advice for those affected by changes to HB in the social rented sector;
 - how best the homelessness prevention, housing options teams or partner housing associations can work with the HB administration team to identify cases where a DHP may be appropriate, for example, can they:
 - help to collect evidence to inform DHP decisions;
 - negotiate with the landlord to reduce the contractual rent;
 - advise on length of awards if they are helping to find an alternative tenancy;
 - advise on length of awards if longer-term or indefinite periods may be appropriate;

- whether assistance with rent in advance and deposits is likely to be needed or is there a local deposit guarantee scheme for people who might move;
- whether Adult and Children’s services or other external organisations can be involved in applications from people with disabilities to advise on their accommodation needs. You may find it helpful, if you don’t do so already, to work closely and strengthen links with such services in your LA to help inform decisions on DHPs (it is important to keep in mind whether you would need claimant consent to share information between services);
- whether additional resources for processing claims are needed;
- if you need to reconsider and streamline your processes; and
- whether to allow for DHP decisions to be made in advance of HB changes coming into force.

6.12 Have you considered working with neighbouring LAs if your claimants will be more likely to find accommodation outside of your own area?

For example:

- agreeing that as the exporting LA you will meet the cost of rent in advance and deposit for a property, or help with removal costs (if there is a need to do so through DHPs);
- having mechanisms in place to ensure that the new LA is aware that you have made such an award;
- discussing availability of accommodation and other services such as school places;
- involving your homelessness prevention teams, other housing advice teams or partner housing associations in these discussions;
- agreeing that the importing LA might make DHPs to help with fares to work if these are increased as a consequence of the move.

6.13 If people from neighbouring areas are likely to be moving into your LA area have you had discussions with other departments on possible increases in demand, for example, on school places or social services support?

Considering your DHP strategy to take account of increased demand

6.14 Given the numbers of people affected by the changes, awarding DHPs to meet all shortfalls is not going to be a viable option. You will need to consider how best to target the funding within your priority groups, whilst remembering that each case must be considered on its own individual merits.

6.15 Some groups you may want to assist to stay in their home are, for example:

- families with children at a critical point in their education;
- young people leaving local authority care;
- families with kinship care arrangements. Children who go into the care of family and friends are often extremely vulnerable and will usually benefit from the stability of remaining in a familiar area and continuing to attend their local school;
- families with a child temporarily in care but who is expected to return home. What constitutes temporary will be at your discretion;
- families with a social services intervention, for example highly dependent adults, children at risk or involvement in a family intervention project;
- families with a disabled child not in receipt of upper or middle rate DLA but whose condition makes sharing a room difficult;
- people who have had to flee domestic violence or have moved because of the threat of violence in another area;
- where someone in the household is expecting a baby (including those currently in shared accommodation or subject to an under-occupation reduction);
- ex-homeless people being supported to settle in the community;
- people with health or medical problems who need access to local medical services or support that might not be available elsewhere;
- people with disabilities who need, or have had, significant adaptations made to their property, or where they are living in a property particularly suited to their needs;
- where the claimant or someone in their household has a disability which requires them to have a larger property than would usually be the case for the size of their household due to, for example, a medical condition that might mean they are unable to share a bedroom;
- people with disabilities who receive informal care and support in their current neighbourhood from family and friends which would not be available in a new area. In this respect you may also consider families who have a child with a disability who rely heavily on local support networks;
- the elderly or frail who have lived in the area for a long time and would find it difficult to establish support networks in a new area;
- people who need to live near their jobs because they work unsocial hours or split shifts; or where moving home may mean living in an area where public transport would be inadequate to enable them to sustain their current job.

Appendix A: What DHPs cannot cover

- 1.0 These are the elements of a person's rent, and shortfalls in benefit that cannot be met by a DHP under the legislation.
- 1.1 **Ineligible charges:** service charges which are ineligible for HB cannot be covered by a DHP. These are as specified in Schedule 1 to the Housing Benefit Regulations 2006 and Schedule 1 to the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006. Nor can DHPs cover charges for water, sewerage, and environmental services – as defined and calculated under the HB provisions.
- 1.2 **Increases in rent due to outstanding rent arrears:** Regulation 11(3) of the Housing Benefit Regulations 2006 and Regulation 11(2) of the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 refer. This refers to those cases where a claimant's rent is increased on account of outstanding arrears which are owed by the claimant in respect of their current or former property.
- 1.3 **Sanctions and reductions in benefit:** DHPs cannot meet these because to do so would undermine the effectiveness of the sanctions or reduction in benefit. These are:
 - any reduction in Income Support (IS) or income-based Jobseeker's Allowance (JSA(IB)) due to a Reduced Benefit Direction (RBD) for failure to comply with the Child Support Agency in arranging maintenance. The RBD is a reduction in benefit of 40% of the personal allowance and only applies to IS or JSA(IB)
 - any reduction in benefit as a result of non-attendance at a work-focused interview. This applies both where the person's HB is reduced and when any other benefit that the person is receiving, such as income support is subject to a sanction
 - any reduction or loss of benefit due to a JSA employment sanction. JSA is not payable for the period of sanction if they have contributed towards their unemployed status, for example, by leaving employment voluntarily or failing to attend a prescribed training scheme. In such cases, it may be possible for a reduced rate of JSA to be paid under the JSA hardship provisions
 - any reduction in benefit due to a JSA sanction for 16/17 year olds – for certain young people who receive JSA under a Severe Hardship Direction. JSA is not payable for the period of the sanction if they have contributed towards their unemployed status, for example, by leaving

unemployment voluntarily or failing to attend a prescribed training scheme, or

- any restriction in benefit due to a breach of a community service order
- any reduction in UC due to a sanction as specified under regulation 100 of the UC Regulations 2013

- 1.4 **Benefit suspensions:** HB or UC can be suspended either because there is a general doubt about entitlement or because a claimant has failed to supply information pertinent to their claim. In such cases, it would not be permissible to pay DHPs instead. One of the intentions of the suspension provisions is to act as a lever to ensure that the claimant takes the necessary steps to provide the authority with the required information/evidence - paying DHPs could reduce the effectiveness of this lever.
- 1.5 **Rent, when the person is getting Council Tax support but not HB or help with housing costs in UC:** in other words, when a person is only getting local Council Tax support, you cannot award a DHP towards a rental liability.
- 1.6 **Shortfalls caused by HB or UC overpayment recovery:** when recovery of an HB or UC overpayment is taking place, such shortfalls should not be considered for a DHP.

Appendix B: DHP Monitoring

- 1.0 Starting in April 2014, the Department will be asking local authorities to report the amounts of DHPs actually spent during each half of the financial year to support people affected by the welfare reform changes.
- 1.1 These monitoring returns are intended to provide intelligence on how local schemes are operating. They are separate from the formal accounting returns used for subsidy purposes, which are still required.
- 1.2 Reporting periods will span 1st April-30th September for the half yearly returns and 1st April – 31st March at the end of the year. LAs will be asked to return the reports for the first half of the year in October 2014
- 1.3 The key to recording the DHP expenditure is when the payment is actually made to the individual. Expenditure should be recorded in the year in which it actually occurs.
- 1.4 Where an award is paid in more than one reporting period, it needs to be split along the lines of the actual expenditure, as opposed to assigning all expenditure to the point at which the award is made.
- 1.5 For example, if a local authority has awarded a DHP of £10.00 per week for 10 weeks, and the award runs for that whole period, they should record £100.00. If it is a one-off payment, they should simply record the amount paid. If there is a change in circumstances, and an award ceases, LAs should record the amount of the award actually paid out to the claimant. Finally at the mid year point the amount reported should be the total of an award that has actually been paid to a claimant as of 30/09/2014

Examples

Example 1: One-Off Payment

A DHP is awarded on 02/09/2014 as rental deposit for £300. The LA should £300 in their report for April-September 2014/15 as this is the amount paid.

Example 2: A full, unbroken award

A claimant is paid DHP of £300 on 02/08/2014 for a period of 6 weeks at a rate of £50 per week to help with short-term rental costs while the claimant seeks employment.

The payment covers the whole period of 6 weeks. The LA should record £300 in their report for April-September 2014.

Example 3: Change in Circumstance

DHP is paid on 01/09/2014 at £10 per week covering the period from 01/09/2014 to 26/10/2014, a period of 8 weeks. The claimant subsequently moves to suitably sized accommodation causing DHP to cease on 28/09/2014, after 4 weeks. The amount to be reported will be the amount paid out to the claimant, £40 (£10pw X 4 weeks), not £80 amount committed at the start of the award as done in 2013/14.

Example 4: Six month reporting stage

At the 6 monthly reporting stage the Department asks that local authorities only return how much of an award has been paid out as of **30/09/2014**. For example, where a DHP was paid on 01/09/2014 at £10 per week covering the period from 01/09/2014 to 26/10/2014, a period of 8 weeks, LAs should record the amount paid out from 01/09/2014 to 30/09/2014 (ie. 4 weeks and 2 days at £10 =£42)

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