

## Discretionary Housing Payments (DHP) Scheme

Each financial year Government allocates a DHP grant to local Councils. The grant allows for payments to be made to households requiring further financial assistance. Payments are made to assist households with housing costs and can only be made to applicants receiving housing benefit or Universal Credit Housing Cost Benefit.

The Scheme stems from the Discretionary Financial Assistance Regulations 2001. It is administered in line with guidance and best practice from the Department for Work & Pensions, is influenced by court and tribunal case law and operates locally through our [DHP Policy](#). Since 2013, the Council has worked with a joint Housing and Benefits Policy for the application of DHPs, recognising and realising the synergies from the combined approach.

Applications, decisions for payments and monitoring the fund are handled by the Council's Benefits Service.

The table below shows the DHP grant we received and how much we spent.

	Grant £	Spend £
2013/14	129,610	127,827
2014/15	165,494	164,350
2015/16	140,671	139,924
2016/17	171,280	171,477
2017/18	284,178	284,087
2018/19	236,000	235,858
2019/20	208,883	208,137
2020/21	267,941	82,846 ytd

Profiling the spend of the DHP budget across a year is tricky. Spend is front loaded in the year due to weekly awards only being made for periods within the financial year, meaning at the beginning of the year help can be granted for a full 12 months if necessary but by the time March comes, a similar application can only be paid for the remaining weeks, budget permitting. As Members are aware, actors on financial vulnerability are endless, from personal crises to national policy to global pandemics. Ensuring there is an adequate budget available for the year while maintaining fair and consistent decisions is a challenging balance to strike.

By the halfway point of the year the target is usually to have spent around 70% budget. This year, with the extraordinary circumstances, the spend was under 30%.

A stay on evictions and relaxation of recovery for rent arrears since the pandemic struck has brought about a significant reduction of DHP applications. Even regular virtual meetings with landlords, Clarion in particular, Citizens Advice and Crosslight Debt Advice have only brought us to this level of spend. Interestingly, debt advice services report a similar position, with a significant downturn in customers due to the easing of financial recovery across the board and the support through measures such as the furlough scheme. Although the situation is constantly changing, it is highly unlikely the DHP fund will be spent by 31 March and will be returning a large

amount of the funding to Government, unless we take a different or additional approach.

The use of DHP funding to complement the landlord incentive scheme pilot is the proposed use of funding that meets the objectives of the DHP fund, our local policy, can provide essential financial assistance to households in temporary accommodation or prevent the need for temporary accommodation and foster future relationships with landlords.

The following information relevant to this report is taken from the Department for Work and Pensions DHP guidance manual and sets out how we are able to use DHP funding for the proposed purpose.

Although use of the payments is discretionary, some basic rules apply:

- The claimant must be entitled to Universal Credit that includes a housing cost element towards rental liability, or
- The claimant must be entitled to housing benefit, and
- The claimant requires further financial assistance.

Any unspent DHP funding is returned to the Department for Work and Pensions at the end of the financial year.

A DHP may cover all or part of a shortfall between rent and benefit or assist with the cost of taking up a tenancy.

A DHP can be awarded for a rent deposit or rent in advance for a property that the claimant is yet to move into only if they are already entitled to HB or UC at their present home or at the point payment is made.

When awarding a DHP for a rent deposit or rent in advance a local authority may wish to be satisfied that:

- the property is affordable for the tenant
- the tenant has a valid reason to move
- the deposit or rent in advance is reasonable.

Using DHPs to help with a rent deposit or rent advance may be particularly appropriate to help 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 if, for example, the local authority rent deposit scheme is limited or exhausted. The regulations are wide enough to permit this on the basis of a claimant's entitlement to HB or UC at their current home. A DHP can therefore be made towards housing costs for a property other than the one for which benefit has been awarded.

There is a limit on the DHP award so that it does not exceed the weekly or monthly eligible rent on the claimant's home. However, the limit only applies where the award is calculated as a weekly housing benefit or monthly Universal Credit sum, for example, to meet an ongoing rent shortfall. In a case where the award is for rent in

advance or a deposit, the weekly or monthly limit does not apply because a lump sum is being awarded to meet an immediate housing need. As a lump sum payment for a deposit or rent in advance is not made in respect of a period, it is only necessary that the claimant is entitled to HB or UC at the point the award is made.

If the deposit or rent in advance is for a property outside of the local authority area this does not prevent a payment being made if the claimant is currently in receipt of HB or UC within the area. Claimants placed by the local authority in temporary accommodation are treated as within area regardless of the physical situation of the property.

Once a DHP has been made to a landlord or claimant for a deposit or rent in advance, the regulations do not permit recovery of the DHP except under specific circumstances such as the application being found to be fraudulent. An informal agreement may be made at the time of the award for part or full repayment, however, this is not enforceable.

DHPs are not specifically linked to any rent deposit or rent in advance scheme and their discretionary nature allows them to be used for this purpose. Each local authority decides how they operate their local scheme.