



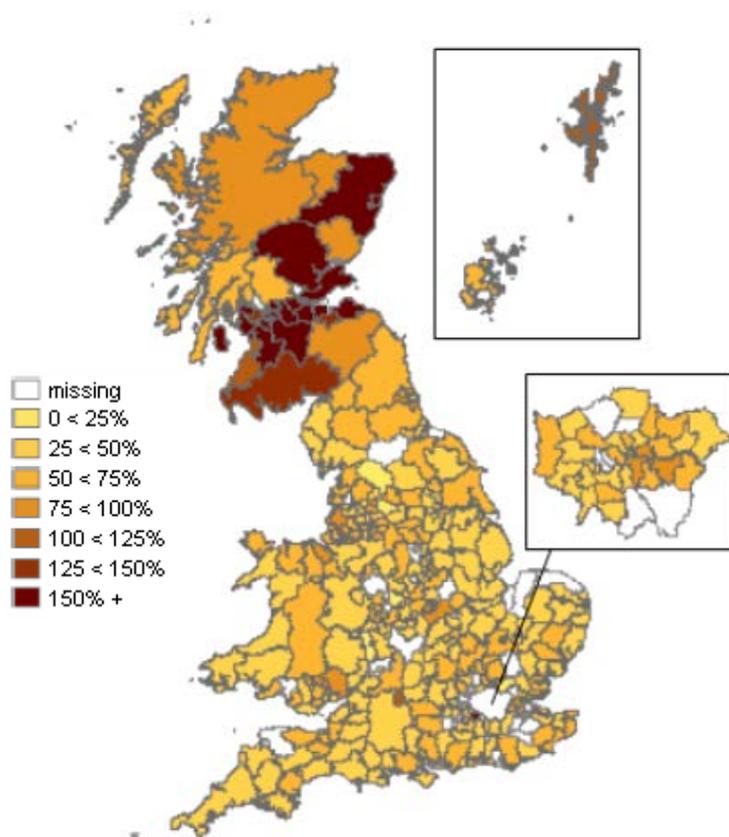
Use of Discretionary Housing Payments GB - Analysis of Mid-Year Returns from Local Authorities April - September 2014

Discretionary Housing Payments (DHPs) are awards that can be made by local authorities (LAs) to Housing Benefit claimants who are experiencing financial difficulty with housing costs. To reflect the different rules that now apply to DHPs in Scotland, analysis has been conducted for both Great Britain (GB) and Great Britain excluding Scotland.

Main findings:

- In 2014/15, the central government contributed £165 million to DHP funding
- Of those LAs that submitted returns, the majority have reported spending less than 50% of their central government allocation of DHP funding (GB: 52% of LAs, GB excl. Scotland: 57%)
- Of those LAs who submitted monitoring returns, GB excluding Scotland has spent around 52% of its full year central government allocation and 65% when including Scottish LAs.

Chart 1: Local Authorities in Great Britain: Percentage of central government DHP allocation spent.
April 2014 - September 2014



Source: DHP monitoring returns for the period April to September 2014

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Introduction

Discretionary Housing Payment (DHP) is a discretionary scheme that allows local authorities (LAs) to make awards to people experiencing financial difficulty with housing costs who qualify for Housing Benefit (HB) or the housing costs element of Universal Credit (UC).

As part of the welfare reforms package introduced from 2011, the government has significantly increased its contribution towards DHPs to help LAs support those affected by some of the key changes to HB, namely:

- the introduction of the benefit cap, which is administered through HB;
- 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 ongoing housing costs or one-off expenses (e.g. moving costs).

Reflecting the increased accountability given large increase in funds for DHPs, from 2013/14 LAs were requested to provide details of their use of DHP funds. This information is being collected twice yearly; in the middle and at the end of the financial year. This statistical release presents a summary of these monitoring returns, covering the period from April to the end of September 2014.

These monitoring returns were collated as management information to help inform policy development of the administration of DHP and the allocation of funds in subsequent years. Due to the high profile nature of the information, last year it was deemed in the public interest to publish as a pair of ad hoc releases (links provided below). This year, due to the ongoing high profile and public nature of DHP usage, it has been deemed in the public interest to publish as an Official Statistic. The monitoring returns will provide information on how LAs are using DHP funding to support those affected by the welfare reforms and the types of choices people are making in response to the reforms.

6 month ad hoc release: Use of Discretionary Housing Payments - Analysis of Mid-Year Returns from Local Authorities:

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

12 month ad hoc release: Use of Discretionary Housing Payments - Analysis of Annual Financial and Monitoring Returns from Local Authorities:

<https://www.gov.uk/government/statistics/use-of-discretionary-housing-payments-2013-to-2014>

Any future collection of management information on the usage of DHPs will be collated and released as an Official Statistic biannually. The next release in this series will be the analysis of end of year monitoring returns (supplemented by analysis of annual financial returns which provide complete data on total DHP spending by local authorities over the financial year).

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

Due to a data quality issue we are not able to present information on the numbers of awards made in this publication (please see the section on data quality within the methodology chapter).

Background

Prior to 2011, when the first of the government’s welfare reforms were introduced, government contribution to DHP funding was a core amount of £20 million per year. Since the recent welfare reforms, central government has increased its contribution towards DHPs to support households affected by the reforms. In total in 2014/15, the government contributed £165 million of DHP funding to be distributed amongst LAs.

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

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

Source: Housing Benefit subsidy circulars available from: <https://www.gov.uk/government/collections/housing-benefit-for-local-authorities-subsidy-circulars>

The allocation of the central government contribution towards DHPs to each LA in 2014/15 was agreed following consultation and feedback with local authority associations. As far as possible, the allocation reflects the distribution of estimated impacts of the recent welfare reforms in each area. Although DHP funding was notionally allocated for each reform, LAs have discretion about how they used 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 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 2014/15, the Scottish Government has made an extra £35 million available to fund DHPs above the £15.2million contribution from Central Government; bringing the total funding to £50.2million. The additional funding from Scottish Government has been made available with the explicit intention of being used to fully mitigate the removal of the spare room subsidy policy.

The Scottish Government has also introduced legislation (<http://www.legislation.gov.uk/ssi/2014/298/contents/made>) to remove the upper limit on DHP expenditure in Scotland, so that the limit of two and a half times the central government contribution no longer applies in Scotland.

As the funding position in Scotland is significantly different from that in the rest of GB, this publication reports results which exclude Scottish LAs as well as results for GB as a whole. The analysis makes no further specific reference to this additional funding stream and it is not included in the central government DHP allocation presented.

Results

Table 2 compares the reported DHP expenditure for the reporting period with the overall DHP allocation for 2014/15 by country.

Table 2: DHP expenditure compared with full year allocation

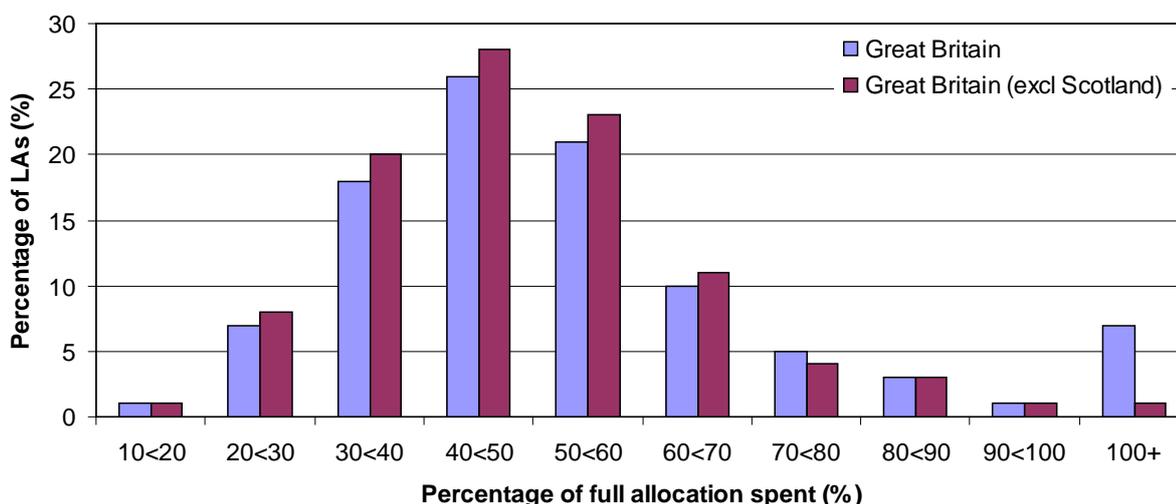
	DHP spent (Apr-Sept 2014) (£)	DHP allocation 2014/15 (£)	Spent as percentage of allocation
England	65,107,340	124,658,688	52%
Wales	4,258,234	7,522,419	57%
Scotland	25,436,598	14,230,035	179%
Great Britain	94,802,172	146,411,142	65%
Great Britain (excl Scotland)	69,365,574	132,181,107	52%

Source: DHP monitoring returns for the period April to September 2014

Notes: The DHP allocations shown here are for those LAs who have submitted monitoring returns. For this reason the total allocation for Great Britain does not sum to £165 million.

Chart 2 and **tables 3a** and **3b** below show the distribution of DHP expenditure as a percentage of full-year allocation for both Great Britain, and Great Britain excluding Scotland. The majority of LAs in Great Britain have spent less than fifty per cent of their full-year allocation at the mid-year point.

Chart 2: DHP expenditure distribution for both Great Britain, and Great Britain excluding Scotland



Source: DHP monitoring returns for the period April to September 2014

Table 3a: DHP expenditure distribution for Great Britain

Percentage of allocation spent at mid-year (%)	Number of LAs	Cumulative number of LAs	Percentage of LAs	Cumulative percentage of LAs
10<15	0	0	0%	0%
15<20	3	3	1%	1%
20<25	4	7	1%	2%
25<30	20	27	6%	8%
30<35	17	44	5%	13%
35<40	43	87	13%	26%
40<45	45	132	13%	39%
45<50	42	174	13%	52%
50<55	35	209	10%	62%
55<60	36	245	11%	73%
60<65	20	265	6%	79%
65<70	15	280	4%	84%
70<75	11	291	3%	87%
75<80	6	297	2%	89%

Percentage of allocation spent at mid-year (%)	Number of LAs	Cumulative number of LAs	Percentage of LAs	Cumulative percentage of LAs
80<85	5	302	1%	90%
85<90	5	307	1%	92%
90<95	3	310	1%	93%
95<100	2	312	1%	93%
100+	23	335	7%	100%

Source: DHP monitoring returns for the period April to September 2014

Note: Percentages may not sum to 100% due to rounding

Table 3b: DHP expenditure distribution for Great Britain excluding Scotland

Percentage of allocation spent at mid-year (%)	Number of LAs	Cumulative number of LAs	Percentage of LAs	Cumulative percentage of LAs
10<15	0	0	0%	0%
15<20	3	3	1%	1%
20<25	4	7	1%	2%
25<30	20	27	7%	9%
30<35	17	44	6%	14%
35<40	43	87	14%	28%
40<45	45	132	15%	43%
45<50	42	174	14%	57%
50<55	35	209	11%	68%
55<60	36	245	12%	80%
60<65	18	263	6%	86%
65<70	15	278	5%	91%
70<75	9	287	3%	94%
75<80	4	291	1%	95%
80<85	4	295	1%	96%
85<90	5	300	2%	98%
90<95	2	302	1%	99%
95<100	2	304	1%	99%
100+	2	306	1%	100%

Source: DHP monitoring returns for the period April to September 2014

Note: Percentages may not sum to 100% due to rounding

Table 4 shows the amount spent and the percentage of total spend attributed to each welfare reform measure.

Table 4: Proportion of DHP expenditure on each welfare reform for both Great Britain and Great Britain excluding Scotland

Welfare Reforms for which DHP was awarded	Amount spent (£)		Percentage of total spent	
	Great Britain	Great Britain (excl Scotland)	Great Britain	Great Britain (excl Scotland)
Benefit Cap	15,028,937	14,406,130	16%	21%
RSRS	53,015,292	31,630,735	56%	46%
LHA	9,870,356	8,282,611	10%	12%
Combination of welfare reforms	1,245,324	1,092,823	1%	2%
Award not for welfare reforms	15,642,263	13,953,274	16%	20%
Total	94,802,172	69,365,574	100%	100%

Source: DHP monitoring returns for the period April to September 2014

Note: Percentages may not sum to 100% due to rounding

Table 5 compares the levels of DHP expenditure attributed to each main welfare reform measure with the overall amounts allocated to each reform measure in the overall DHP funding allocation for 2014/15.

Table 5: DHP expenditure compared with DHP allocation by reform measure for both Great Britain, and Great Britain excluding Scotland

Welfare Reforms for which DHP was awarded	Amount spent (£)		Amount allocated (£)		Spent as percentage of allocation	
	Great Britain	Great Britain (excl Scotland)	Great Britain	Great Britain (excl Scotland)	Great Britain	Great Britain (excl Scotland)
Benefit Cap	15,028,937	14,406,130	38,646,774	37,427,740	39%	38%
RSRS	53,015,292	31,630,735	54,939,511	45,800,886	96%	69%
LHA	9,870,356	8,282,611	34,945,395	33,402,550	28%	25%

DHP monitoring returns for the period April to September 2014

Note: The DHP allocations shown here are for those LAs who have submitted monitoring returns. Table excludes the non reform and combined awards and does not include the core budget in the allocations.

Methodology

This statistical release contains management information taken from the 2014/15 mid-year DHP monitoring returns. These are voluntary returns provided by LAs that contain details on the number of awards and amount spent from April 2014 to the end of September 2014. Because the returns are voluntary, information was not provided by all LAs.

The figures presented are based on, nationally, 335 LAs who responded by 17 November 2014. This represents 88 per cent of all LAs in Great Britain. Further to this, the LAs that did submit monitoring returns are of a representative spread of each country in Great Britain; England, Wales and Scotland all having a greater than 85 per cent return rate. The underlying LA level data is available on the DWP webpage:

<https://www.gov.uk/government/statistics/use-of-discretionary-housing-payments-april-to-september-2014>

Table 6: Proportion of LAs providing data

	England	Wales	Scotland	Great Britain	Great Britain (excl Scotland)
Percentage of local authorities providing data	87%	95%	91%	88%	88%

Source: DHP monitoring returns for the period April to September 2014

The analysis only refers to the central government allocation of those LAs who submitted returns, any additional streams of funding, or the central government allocation of those LAs who did not submit monitoring returns, are not included in **Table 2, Table 3a, Table 3b** or **Table 5b**.

In order to better inform the public debate, it was decided that the monitoring returns from LAs should measure actual expenditure, not committed expenditure, as collected in the 13/14 returns. Because of this change in the method of recording, we are unable to make direct comparisons between last year's, and this year's monitoring return expenditure figures.

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/uploads/system/uploads/attachment_data/file/225752/a11-appx-b.xls

In addition to recording the total number of awards and expenditure, LAs were also asked to provide information about whether a successful DHP claimant had been affected by welfare reforms, and record the main expected purpose of the DHP award.

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;
- No impact from the recent welfare reforms.

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 the number of awards under each outcome.

This data cannot be used to make reliable projections of spending over the full financial year. The amounts spent over the rest of the year will be dependant 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, unusual results were confirmed with local authorities where possible. Any resubmissions of corrected returns received by 10 December 2014 were accepted and included in the analysis. No results were altered without the explicit consent of the submitting local authority. One local authority was identified to have supplied data collated with a methodology inconsistent with other returns. As this LA was unable to submit a revised monitoring return, the original data was excluded from these results.

There are two other sources of information that could be used to help understand the quality of the data collected: The previous years ad hoc publication (<https://www.gov.uk/government/statistics/use-of-discretionary-housing-payments>) and the Scottish Government's experimental statistics on use of DHPs in Scotland (<http://www.scotland.gov.uk/Topics/Statistics/Browse/Social-Welfare/dhp/DHP30Sep2014>).

Comparison of spend:

It was not possible to conduct a comparison on the levels of expenditure due to the differing methodologies between the publications. This publication requested actual spend, whereas

the previous DWP ad hoc, and the Scottish Government experimental statistics both requested committed spend.

Comparison of awards:

Comparisons of the recorded numbers of awards with the previous ad hoc publication showed a large degree of variation. However this could have been explained by the gradual roll out of the benefit cap in the first 6 months of last year, and LAs changing their approach to allocation of DHPs once future funding had been guaranteed. This comparison therefore provided very limited information on the quality of the data collected.

A comparison with the Scottish Government experimental statistics showed unexpected significant variation in the number of awards made over the same period, given the methodology and time frame for both publications should have been identical. Further investigation revealed issues in the awards data received by DWP, which was therefore deemed to be of insufficient quality to be included within this report.

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 is both the actual amount paid during the period, and any payments promised for future periods. For example, a £600, 6-month award made in August 2014, would be reported as £200 actual spend, or £600 committed expenditure.

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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-pensions/about/statistics>