

Consultation response

Shelter response to DWP consultation on Discretionary Housing Payments good practice manual

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Introduction and summary of key points

We welcome the opportunity to comment on the revised good practice manual for the use of Discretionary Housing Payments (DHP). The budget for DHPs has been significantly increased following the changes to housing benefit set out in the 2010 Emergency Budget and Spending Review. Shelter has raised repeated concerns at the impact these reforms will have on low income households, who will be put at risk of debt, arrears and homelessness. These concerns were echoed by parliamentarians during the passage of the Welfare Reform Act, necessitating DWP to announce an additional £30 million per annum to support households affected by the size criteria and £75 million in 2013/14 and £45 million in 2014/15 for the overall benefit cap.

DHPs have been Ministers' preferred solution for addressing the "hard cases" that will arise as a result of housing benefit cuts, for example homeless families in expensive temporary accommodation (TA) and disabled people living in specially adapted but too-large social homes. In Shelter's view this is an inappropriate response and specific exemptions should have been agreed to provide certainty for vulnerable households and to protect local authority budgets. The role of DHPs appears to be increasingly shifting from emergency short-term assistance to a long-term solution to funding services. This will create an inevitable and undesirable conflict for local authorities.

Shelter recommends that households in temporary, exempt and supported accommodation are guaranteed an exemption from the overall benefit cap to avoid a disproportionate, complex and expensive reliance on discretionary housing payments.

While we welcome confirmation that local authorities have the freedom to interpret housing costs broadly, including deposits and rent in advance and moving costs, we are concerned that local authorities will be forced to prioritise spending on TA (along with exempt and supported accommodation) as long as these households remain subject to the overall benefit cap.

We welcome the recommendation that local authorities monitor where DHP payments have been awarded to compensate for welfare reform. This will help government analyse the impact of housing benefit cuts and provide an important evidence based for future policy adaptations.

We recommend that local authorities are encouraged to promote DHPs widely to ensure that all households affected by housing benefit cuts are aware of the fund.

Is the guidance clear on how DHPs can be used and who will be eligible?

We welcome the guidance that housing costs can be defined broadly. In particular the confirmation that DHPs can be payable for rent in advance and deposits is welcome, as is clarification that such awards should not be capped at the maximum weekly rent. Both Shelter advisers and local authority officers have not always been aware that this was the case previously.

Confirmation that DHPs can be spent on removal costs is also welcome. Moving can be expensive, the up-front cost of a new let on a two bed property is estimated at £1,500, including rent in advance¹. Some households may be deterred from moving because of such prohibitive costs, even if their existing rent is unsustainable. It is unclear whether letting agents fees would be considered appropriate for DHPs to cover moving expenses and we recommend the DWP includes specific best practice guidance to cover this.

This will still, however, leave some households who would benefit from a DHP for rent in advance and deposits unable to access financial support. This will be the case if they do not have an existing housing benefit claim, for example because they are currently staying with family or friends or are street

¹ Darian L, Renting In The Dark, Resolution Foundation, 2011.

homeless. Combined with the loss of the social fund, there is a risk that such households could fall through a gap in provision and be unable to establish a tenancy.

We recommend that guidance on the treatment of income from disability-related benefits is tightened. Disabled benefits are intended to help pay for the extra costs of disability and should therefore be disregarded when assessing a household's ability to meet a housing benefit shortfall.

The endorsement of advance applications is welcome. Forthcoming housing benefit cuts, in particular the under-occupancy size criteria, are causing a great deal of unease among some tenants. It will be beneficial if households can receive some certainty in advance of the cut taking effect that they will be entitled to a DHP. This will also ease the administrative burden on local authorities, who would otherwise experience a huge spike in applications when the cuts take effect in April 2013.

In Shelter's experience many DHP awards are short-term, necessitating repeat applications. We are pleased the guidance acknowledges that indefinite awards (assuming no change in circumstance) are appropriate in some cases.

We are concerned that the suggested target to make decisions within four weeks is too long. If a DHP is needed for rent in advance or a deposit it is unlikely that a landlord would be willing to hold a property for that long, creating the risk that a household would be unable to take up a tenancy.

The DWP LHA reforms 2011 good practice guide suggested that some local authorities had chosen to allocate a proportion of their DHP budget to a local charity or voluntary organisation². This approach has not been advocated in the latest guidance and we would welcome clarity as to why this is.

Are the examples of good practice helpful regarding prioritising DHP?

The draft guidance stipulates that Discretionary Housing Payments for households affected by the overall benefits cap are "intended to give short-term, temporary relief" to prevent them from having to move immediately. In our view this is overly restrictive and short-sighted, as many households will be unable to sufficiently reduce their housing costs by moving, or qualify for an exemption from the cap.

DWP estimates that 46 per cent of capped households will live in the social rented sector. Their housing costs will already be below market rates and it will be difficult or impossible to reduce them further by moving to new accommodation within a broad area. For such households long-term DHPs will be required. Although we appreciate that the cap is intended to incentivise households into work, the DWP cannot rely on every household achieving this, due to say caring responsibilities, and a longer term safety net will be required to prevent homelessness.

The good practice states that the cap-related DHP should be prioritised for households in supported, exempt or temporary accommodation, individuals fleeing domestic violence, those with kinship care responsibility, those who cannot move because of health, education or child protection issues, and households waiting to move to more appropriate accommodation. We are extremely disappointed that DHPs are considered an adequate solution to the considerable challenges the cap has created for such vulnerable groups, particularly the procurement of exempt, supported and in particular temporary accommodation.

Temporary accommodation tends to be more expensive than rents in the mainstream private rented sector, making it likely that a household in TA could be hit by the cap. This will create significant challenges for local authorities who will still have a duty to provide TA for households who will not be able to claim sufficient housing benefit. As the law currently stands local authorities cannot argue that a homeless household should use income support or child tax credits to meet their housing costs as this would leave them without sufficient income for basic essentials. As such it will be extremely difficult for local authorities in areas with above-average housing costs to procure TA within the overall benefit cap for many households.

² DWP, Local Housing Allowance reforms 2011: good practice. November 2011.

This concern was raised during the passage of the Act but Ministers did not accept a specific amendment to exempt homeless households from the cap.

Lord Freud, the Minister for Welfare Reform, said, however, that the government would look at assistance for “hard cases” to ensure regulations provided the “appropriate protection” for households in TA. Draft regulations failed to provide any protection and it now appears that DHPs are the only support available. Due to local authorities’ legal obligations there is a high risk that the DHP budget will be rapidly depleted by households in TA. There is a particular risk of this in Scotland, where local authorities are required to provide TA for any household making a homeless application and all households found unintentionally homeless who are eligible for a permanent offer of housing.

Relying on DHPs appears to be unpredictable and inefficient solution, when it is considered that the DWP estimated an outright exemption for households in TA would cost just £30 million a year³.

The guidance states that additional DHPs should be allocated to compensate for an under-occupation penalty where a disabled person is living in a specially adapted property. It implies that cost-effectiveness should be the basis for such decisions, with the most expensive adaptations prioritised. However, the cost of the adaptation may not in itself be the best indicator of how critical the current property is for the claimant, for example because it is on the ground floor. This should be recognised in the guidance.

Such prioritisation also risks ignoring cases where the landlord does not have any suitable alternative properties and other cases where it could be counter-productive or harmful to require a household to move, for example medical conditions which make it harder for an individual to adapt to change.

Would you like more or fewer examples?

In general it is useful to have more examples, covering a full range of scenarios, to provide reassurance to local authority decision makers.

Views on monitoring arrangements?

We are concerned that the additional DHP budget released to compensate for the benefit cap is described as “up to”. This sends an unhelpful message to local authorities around the desirability of using DHPs to support households affected by the cap. Given the hardship that will likely be created by the cap we would not wish to see any of the budget reabsorbed by the Treasury, and local authorities should be encouraged to provide full financial support to affected households at risk of homelessness.

We agree that local authorities should be required to log the reason for a successful award if a shortfall has arisen as a result of welfare reform changes. In the case of households affected by an LHA shortfall, this should include the specific policy change that has created the shortfall. This will help identify whether some groups have been disproportionately affected by shortfalls. For example, it may be that claimants subject to Shared Accommodation Rate restrictions have a particular need for DHPs.

Local authorities should be required to record every case in which DHPs are used to maintain households in supported, exempt or temporary accommodation. In our view it is wholly inappropriate to apply the cap to such households. We expect that local authorities will have to use a disproportionate share of DHP budgets to support these households and this should be monitored.

We also recommend that the tenure of households making applications and successfully receiving an award is recorded. This will help identify, for example, whether DHPs need to be more proactively marketed to private tenants and whether advocacy from social landlords enhances their tenants’ chances of success.

³ HC Deb, 22 February 2012, c864W

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Until there's a home for everyone

In our affluent nation, tens of thousands of people wake up every day in housing that is run-down, overcrowded, or dangerous. Many others have lost their home altogether. The desperate lack of decent, affordable housing is robbing us of security, health, and a fair chance in life.

Shelter believes everyone should have a home.

More than one million people a year come to us for advice and support via our website, helplines and national network of services. We help people to find and keep a home in a place where they can thrive, and tackle the root causes of bad housing by campaigning for new laws, policies, and solutions.

We need your help to continue our work. Please support us.

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