



Discretionary Housing Payments: good practice briefing

March 2021

Introduction

The Covid-19 pandemic has highlighted the importance of having a home as an essential place of safety. Discretionary Housing Payments (DHPs) are one of the most useful and flexible financial tools available to local authorities to help people to keep their place of safety and to prevent homelessness.

Funding for DHPs is given to local authorities by the UK government, via the Department for Work and Pensions (DWP). Local authorities can decide to add their own funding to increase the amount of DHP funds to award. DHP policy states that spending should reflect housing need locally, and not be dictated by the size of the allocation from the DWP.

This briefing outlines some lessons for effective use of DHPs. It is based on good practice we have evidenced through our housing advice casework, and through conversations with four Welsh local authorities that achieved particularly good results with DHPs.

These authorities have ensured that all of their DHP budgets have been allocated to people in housing need, and have topped up the budget with their own additional funds, resulting in people keeping their homes and homelessness being prevented.

What are Discretionary Housing Payments?

A Discretionary Housing Payment (DHP) is an extra payment made by local authorities to help people who are struggling with housing costs. In some situations, payments can be made to help with rent arrears and can be used to prevent people becoming homeless.

A DHP may also be paid to cover other housing costs such as a rent deposit, rent in advance or removal costs to a property.

A DHP can be paid if:

- the person already receives [housing benefit](#) or [universal credit \(UC\) housing costs](#)
- there is a shortfall between the housing benefit or UC housing costs and the rent, and
- the person is having difficulty paying the shortfall.

This can include where housing benefit or UC housing costs have reduced, for example, because of:

- the [bedroom tax](#)
- the [benefit cap](#)
- changes to the rules in [local housing allowance](#)
- the person has grown up children (or non-dependents) living with them.

The council decides how much and how often any DHP is made. It may be paid weekly or can be a lump sum. Payments can be backdated, and do not need to be repaid.

A DHP is usually paid for a fixed period of time. In some circumstances, it might be appropriate for the council to make a long-term award (for example, to people living in properties that have been significantly adapted due to a disability and the housing benefit or UC housing costs has been reduced because of the bedroom tax).

The importance of DHPs

All four local authorities saw DHPs as a crucial tool in preventing homelessness, as they typically cover all or part of the shortfall between the person's rent and the amount they receive through housing benefit or UC with housing costs.

'If we didn't grant some awards, people would be losing their homes'

'You can't put a price on it. We wouldn't be able to function as a local authority in a lot of our statutory duties if we didn't have a Discretionary Housing Payments budget'

(Local authority members of staff)

Some key ingredients of good practice

Interpretation of good practice can vary from one authority to another due to the need to take local factors into account. Similarly, good practice can change as benefit rules alter or new ideas emerge. However, a number of factors can be identified to increase the likelihood of providing a high quality DHP service.

- **Promote DHPs widely**

Promotion techniques could include:

- Ensuring that all housing benefit staff have a good understanding of DHPs and proactively invite people to apply as a matter of course
- Including information about DHPs on housing benefit decision notifications when there is a shortfall between the rent and housing benefit entitlement
- Preparing leaflets and posters, and ensuring they are regularly restocked
- Proactively assisting vulnerable people to make applications by, for example, contacting them using their preferred communication method, such as text, email, letter, phone or home visits
- Working with other local authority departments and external organisations (such as social landlords, private sector landlords, advice agencies and organisations supporting BAME communities or people with disabilities) to increase awareness of DHPs in order for people to be signposted to apply
- Providing clear and accessible information on the authority's website and having links on the websites of partner housing, support and advice organisations
- Using social media such as Twitter, Facebook and Instagram to regularly remind people of the availability of DHPs
- Using YouTube clips to publicise DHPs and asking relevant organisations to share/use them, and considering running targeted adverts on Facebook containing these videos in areas where there is low take-up.

- **Create a culture of compassion and empathy**

Senior managers play a crucial part in creating a culture of compassion and empathy. The Covid-19 pandemic has highlighted the essential need for compassion, as well as the need for highly flexible responses to the changing circumstances and pressures faced by many people. This need for compassion and flexibility applies to decisions related to the award of DHPs both during the pandemic and beyond.

Shelter Cymru FOI requests revealed that 20% of DHP applications across Wales were unsuccessful from April 2018 - end of March 2019, and 25% from April 2019 - end of December 2019. However, the range of unsuccessful applications was very significant with less than 1% being unsuccessful in one authority to just over 51% in another. The organisational culture that lies behind these figures may have contributed to this very large variation.

- **Treat each person as an individual**

'It's all about individualism. It's not about one size fits all'

(Local authority member of staff)

Each person should be treated as an individual with unique needs and circumstances. Each person's situation should be considered in full on its merits rather than on a set of rigid pre-defined criteria. Some basic eligibility criteria for DHP awards are stipulated by DWP but, apart from these, each person's situation should be considered on a case by case basis. Local authorities' DHP policies should allow for person-centred flexibility.

- **Tailor communication to suit individuals**

Using people's preferred communication methods should result in a better and more helpful customer experience. Common forms of 'customer friendly' communication for DHP information and decisions include texts, emails and phone calls.

- **Make the application process as easy as possible**

People applying for DHPs may be in a crisis situation because of being at risk of losing their home, and may face a range of other challenges such as poverty, mental and physical ill-health. A complicated application process and the need to provide a lot of evidence can add to the stress and difficulty of obtaining a DHP. Streamlining the application process and making it as straight forward and easy as possible is likely to benefit both applicants and staff.

- **Enlist the support of councillors, senior managers and budget decision-makers to obtain DHP top-up funding**

As a form of a 'spend to save' approach, topping up the DHP pot is an effective way of reducing demand on other local authority services such as homelessness.

However, obtaining a top-up does require a concerted effort. It may involve preparing convincing business cases to demonstrate the preventative impact of a relatively small amount of top-up DHP funding. Using case examples to demonstrate the positive impact of DHPs can be helpful when seeking the support of decision-makers within the local authority.

'Without the members' support we wouldn't have the approach and policies we have'

(Local authority member of staff)

- **Set the 'top-up' budget at the start of the year whilst being flexible to add more funds during the year**

Establishing the top-up budget at the start of the year makes planning expenditure much easier for DHP budget holders. It takes away uncertainty as to whether top-up funding will be available. However, it is important to maintain flexibility to make further top-up funds available during the year if changing circumstances make this necessary.

- **Take a partnership approach**

Housing Benefit departments need to work in partnership with other departments and organisations to obtain quick, wide and effective take-up of DHPs. Typically, strong partnerships need to be forged with housing and homelessness departments, housing associations, private landlords and third sector advice and support organisations. Partnership working includes discussing individual cases, and quickly helping people who are having difficulty paying their rent before large arrears accrue.

- **Limit the number of staff who authorise the award of DHPs**

This enables a more consistent overview and approach to DHPs, while maintaining the discretionary element. This should ensure that decision-making is based on what best helps the person to improve their situation.

- **Have one named worker and provide contact details**

Ideally the first member of staff who an applicant contacts regarding a DHP should continue working with the person throughout their claim. This should reduce the need for the applicant to repeat information, provide continuity and enhance access to the service.

- **Support applicants to find solutions**

Local authorities are increasingly taking steps to make DHP awards part of a package of support to help people sustain their housing and improve their financial situation. In order to use the DHP budget widely, local authorities support people (or signpost people to advice and support agencies) to find solutions to their rent shortfalls. This may include employing support staff who specialise in helping people with digital advice or budgeting. Support may include helping people to arrange cheaper energy deals, manage debts and household budgets.

There is sometimes an expectation when awarding DHPs that claimants must make efforts to improve their financial situation (such as seeking work, reducing

expenditure or moving to cheaper housing). However, good practice means understanding the stressful reality of living in severe financial hardship. People may not be able to improve their situation and reduce reliance on DHPs, due to a variety of reasons including physical and mental health issues, caring responsibilities, exclusions from the housing register, and a lack of affordable suitable housing. A good service will keep these factors in mind when making decisions about repeat applications.

Although many DHP awards are short term, DWP guidance allows awards to be made for 12 months or more. Awards can even be made in perpetuity, although this is very rare. Where an applicant is not in a position to improve their circumstances, longer award periods are beneficial to avoid anxiety, uncertainty, the risk of people failing to re-apply in good time, as well as reducing the level of bureaucracy for staff.

'DHP is about the support, rather than just giving money'

(Local authority member of staff)

- **Review DHP budgets and expenditure on a monthly basis**

Monitoring the DHP expenditure on a monthly basis helps to identify the amount that has been spent, the factors causing the greatest demand on DHPs, and any potential need for top-up funding.

- **Have a review procedure**

Although DHPs are discretionary, it is good practice to have a review procedure for decisions. Examples of good practice in reviews are to:

- Involve a different member of staff in the review other than the one who made the original decision
- Set out decisions in writing, clearly stating the reasons for a negative decision
- Ensure that applicants are informed how they can request an appeal, and how long the process will take.

An example of a DHP award

DHPs can be used for a wide variety of housing-related costs. During the pandemic at least one Welsh local authority has used DHP to clear old tenant arrears to enable an applicant to apply for social housing (see below). As a result of the pandemic local authority homelessness teams have found temporary accommodation for thousands of people, some of whom may be experiencing financial barriers to permanent housing. Innovative use of DHPs to clear former arrears, and to address other barriers, plays a critical role in responding to homelessness.

Case example

DHP being used to reduce former rent arrears and improve the opportunity to get a home

Jane is 37 years old and lives in supported housing with her young daughter in south Wales, after having been in prison.

Previously she had lived in a council flat and had decided to keep the tenancy whilst in prison so that she had somewhere to live when she was released. However, during this time her Universal Credit and associated housing costs were stopped, which resulted in her accruing £4,000 rent arrears and being evicted.

When she reapplied for social housing she was told that she was excluded from waiting lists because of her former arrears.

One of Shelter Cymru's housing law caseworkers supported Jane to submit an appeal against this decision, which resulted in the decision being overturned. She obtained a DHP to pay part of her former rent arrears and agreed a repayment plan with the housing association to pay the outstanding arrears.

The DHP and repayment plan have enabled Jane to be reinstated on social landlords' waiting lists for a home for herself and her daughter.

(This is a real example with some facts changed to preserve anonymity)

What do you think about this good practice guide?

Do you have any more good practice about DHPs that you'd like us to know about?

If so, please email our policy and research team at:

PolicyandResearch@sheltercymru.org.uk