

# Discretionary Housing Payments

A report on best practice for local authorities in Hertfordshire and Bedfordshire



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# Introduction

Discretionary Housing Payments (DHPs) are payments administered by local authorities (LAs) to help people whose Housing Benefit, or housing element of Universal Credit, does not cover the full cost of their rent. Each claim is considered on its individual merits, and payments are made at the discretion of the local authority. The DHP scheme is funded by the Department for Work and Pensions (DWP), but LAs can use their own funds to top up their allocation from central funds by an additional 150%.

DHPs are particularly valuable to people who have been impacted by some of the major welfare reforms implemented in recent years. Changes in Local Housing Allowance rates, the under-occupancy restrictions in social housing and the Benefits Cap have left some of the most vulnerable members of society unable to meet their basic housing costs. The roll-out of Universal Credit is also creating additional challenges. In this climate, the importance of DHPs cannot be overemphasised and it is vital that LAs administer them in a fair and consistent manner.

This report presents the results of an enquiry into the way that DHPs are administered by LAs in Hertfordshire and Bedfordshire.<sup>1</sup> Its aims are to highlight examples of best practice and to encourage local authorities to be proactive in making the best use of their budgets. Each LA's DHP policies - and claim forms where available - are reviewed with reference to the DWP's Guidance Manual and a 2017 House of Commons Library Briefing Paper on DHPs.<sup>2</sup>

The analysis focuses on three things in particular:

1. The claim process and waiting times
2. The clarity of policies about the types of situations a DHP can cover
3. The treatment of disability benefits as income
4. LAs' engagement with advice providers on DHP decisions

Following on from each analysis, a number of general recommendations are made. These are summarised at the end of the report.

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<sup>1</sup> This report does not examine or discuss how LA's handle their annual budget for DHPs.

<sup>2</sup> DWP Guidance Manual

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/692240/discretionary-housing-payments-guide.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692240/discretionary-housing-payments-guide.pdf)

House of Commons Library Briefing Paper:

<http://researchbriefings.files.parliament.uk/documents/SN06899/SN06899.pdf>

# 1. Claim process

The process of making a DHP application, from the initial enquiry to the notification of the LA's decision, should be as straightforward as possible. LAs should ensure that the application process is clearly laid out, including the expected waiting times, so claimants and their advisers know what to expect. This requires each LA to have a clear DHP policy which is made publicly available. The DWP asserts that each LA needs to have their own policy, which is flexible and allows for deviation for unusual cases.<sup>3</sup>

However, we found that only seven of the thirteen local authorities studied for this report made their DHP policy available online, while a further two LAs made it available only on request. The policies of four LAs could not be obtained.

**Table 1: Scope of the Analysis**

Bedford	No	N/A
Broxbourne	No	N/A
Central Bedfordshire	Yes	Online
Dacorum	Yes	Online
East Hertfordshire	Yes	Upon Request
Hertsmere	Yes	Online
Luton	Yes	Online
North Hertfordshire	No	N/A
St Albans	Yes	Online
Stevenage	Yes	Upon Request
Three Rivers	Yes	Online
Watford	Yes	Online
Welwyn Hatfield	No	N/A

The policies that we were able to access show considerable variations in length, style and content. Some policies provide a brief overview of the claim process, whilst others go into more detail about how claimants are expected to apply; how they will be assessed; and what will be asked of them before a decision is made.

Fully explaining how claimants will be assessed is an essential feature of a well written policy. Claimants benefit from a stronger understanding of how DHPs are administered by their LA. The policies of St Albans, Hertsmere and Luton are good examples in this respect; all list the factors that will be taken into account when a decision is made. However, the best example of a well-structured policy is that of Dacorum Borough Council. Its process is outlined comprehensively and in chronological order, from the initial application through to the final payment and

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<sup>3</sup> DWP Guidance Manual, p.17

review process. It also makes clear the factors that will be taken into consideration in making a decision.

***Recommendations:***

- ***Every local authority should have a DHP policy***
- ***Local authorities should make their DHP policies available online.***
- ***DHP policies should set out clearly the process for claiming a payment and the factors that will be taken into account by the LA in reaching its decision over whether or to not make a payment.***

## 2. Waiting time

The process of making a DHP application should be as speedy as possible because claimants often require DHPs to deal with an immediate financial need. LAs should ensure that the full claim process can be completed without unreasonable delay. The DWP's Guidance Manual states that LAs 'must be consistent and avoid unnecessary delay' when informing a claimant of a decision.<sup>4</sup>

There can be considerable challenges for LAs in deciding on waiting times when formulating their policies. These include:

- The decision making is by its nature labour intensive because it requires the use of discretion, rather than simply applying rigid criteria.
- Workloads in Revenues & Benefits departments vary considerably throughout the year.
- A lot of information is needed from claimants to allow LAs to ensure they have taken into account all relevant factors.
- Further information will often need to be requested from claimants and this may not be provided in a timely manner.

The DHP policies we reviewed varied considerably in the target waiting times they contained. In part, this was because some policies specified a waiting time from the date of the first application, while others specified a waiting time from the date that the claimant has provided all the information required by the LA. There are benefits to both approaches. A waiting time that begins when the LA has all the information it needs is fully in the control of the LA, but it leaves the total waiting time from application to decision not time-limited. On the other hand, a target waiting time that begins from the date of the application gives some certainty to the length of the overall process, but may not be achievable by the LA if the claimant cannot provide all necessary information in a timely fashion.

Even allowing for this difference, there are considerable variations in LAs' target times for dealing with applications. For example, Central Bedfordshire has a target of 14 days from the initial application, while Dacorum's target is two weeks after all information is received.

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<sup>4</sup> DWP Guidance Manual, p. 14

**Table 2: Waiting Time Targets**

Central Bedfordshire	14 days (or asap after that)	Application
Dacorum	2 weeks	All information required
East Hertfordshire	1 month	Application
Hertsmere	1 month	Application
Luton	7 days (or asap after thereafter)	All information required
St Albans	14 days	Application
Stevenage	1 month	Application
Three Rivers	7 days (or asap thereafter)	Not specified
Watford	7 days (or asap thereafter)	Not specified

It can be difficult for LA's to consistently meet their own processing time targets. There is a risk that overly optimistic waiting times could lead some claimants into further financial trouble if they make expenditures on the basis of expected income that is late to materialise. If LAs adhere to their policies' specified waiting times, claimants can take appropriate steps to deal with their finances whilst a decision is being made. This will also prevent any time being wasted chasing applications. Dacorum Borough Council's policy provides for the regular review of processing times to monitor compliance with the policy. Other authorities may have similar internal procedures.

**Recommendations:**

- **Local authorities should commit to a decision waiting time of no longer than seven days from the receipt of all the necessary information.**
- **Local authorities should set a target of fourteen days for the collection of all the information needed to make a decision and should make a request for this information within seven days of an application being made.**
- **Local authorities should review regularly their processing times to see whether they comply with the targets set out in their policies.**

### 3. Who can apply for a DHP?

The DWP's guidance states:

A DHP may be awarded when a LA considers that a claimant requires further financial assistance towards housing costs and is in receipt of either Housing Benefit (HB) or Universal Credit (UC) with housing costs towards rental liability<sup>5</sup>

While LAs have considerable discretion in deciding what factors to consider in their decision making, there will nevertheless be a number of situations that are considered *prima facie* good reasons for awarding a DHP. Many of these situations are provided for in the DHP policies that we have reviewed. These are generally couched in terms of what can and what cannot be covered.

Policies currently tend to focus on the impact of the major welfare reforms that were implemented prior to the drafting of the policy. As a result, they largely fail to mention other possible qualifying circumstances. It is important for claimants and their advisers that DHP policies are kept up-to-date and that they contain clearer guidelines about what a DHP can cover.

In particular, policies were written before the roll-out of full service Universal Credit to Hertfordshire and Bedfordshire. There are a number of possible circumstances arising from the UC benefit rules that ought to be included in DHP policies as potential grounds for a successful application. For example, the 'Minimum Income Floor' (MIF) which applies to self-employed UC claimants, can increasingly cause great hardship to self-employed people whose income is below the National Living Wage level.

***Recommendation:***

- ***Local authorities should review their DHP policies annually to ensure that they are up-to-date with respect to the most recent changes in the benefits system.***

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<sup>5</sup> DWP Guidance Manual, p.4

## 4. Treatment of disability benefits

This section examines the treatment of disability payments, specifically Disability Living Allowance (DLA), Attendance Allowance (AA) and Personal Independence Payment (PIP) in the assessment of a claimant's income when considering a DHP claim.

When assessing a claimant's need for financial support through DHPs, LAs will take into account the claimant's income and expenditure. The DWP's Guidance Manual makes it clear that it is at the discretion of each LA to decide whether a claimant's disability benefits are considered in this assessment, but advises LAs that they are obliged to consider each application individually, having regard to the purpose of their disability benefits.<sup>6</sup>

However, in its Briefing Paper, the House of Commons Library raises various concerns about the way that LAs have been treating claimants' disability benefits.<sup>7</sup> In particular, it highlights research conducted by the DWP in 2014, which found that most LAs who means-tested DHP claimants included disability benefits. This seems to be at odds with the primary aim of DHPs, which is to support vulnerable people in the local community.

It is important to recognise the following key points in respect of these disability benefits:

- They exist to meet the additional costs associated with living with a disability.
- They are paid at a fixed rate irrespective of whether the claimant is able to provide evidence of the actual costs they have incurred.
- They are rarely sufficient to cover the additional costs of living with a disability.
- It is very difficult for individual claimants to provide evidence of the costs they have incurred.

The last of these points is very important. The costs of living with a disability are many and varied. They pervade all aspects of a claimant's life and can include increased heating costs, special diets, increased travel costs, increased leisure costs, the cost of payment for care and the impact of under-occupancy restrictions in social housing. These costs cannot be easily assessed, quantified or evidenced by claimants who by their nature are already more vulnerable than the general population.

It is disappointing, therefore, that Luton Borough Council are the only LA whose policy we reviewed that states a claimant's disability benefits are not included in their income calculation and are not taken into consideration in the DHP decision-making process. Six other LAs ask for details of income from disability payments and we assume that they would only do so if they were taking that income into account. Central Bedfordshire's claim form does, at least, offer a larger than average space for claimants to detail their disability or health condition. Four LAs do not specify whether or not they ask for these details.

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<sup>6</sup> DWP Guidance Manual, p.14

<sup>7</sup> HoC Library Briefing Paper, p.11

**Table 3: Treatment of Disability Benefits**

Bedford	Not specified
Broxbourne	Details of income are requested*
Central Bedfordshire	Not specified
Dacorum	Not specified
East Hertfordshire	Disregarded
Hertsmere	Details of income are requested*
Luton	Disregarded
North Hertfordshire	Not specified
St Albans	Details of income are requested*
Stevenage	Disregarded
Three Rivers	Details of income are requested*
Watford	Details of income are requested*
Welwyn Hatfield	Details of income are requested*

\* We assume that LAs that ask claimants to specify their DLA/AA/PIP amount in their DHP application are taking these benefits into account in their decision making process.

The award of disability benefits is made after an assessment that concludes the person receiving them has additional costs compared to a person without disabilities in an otherwise similar position. It is not for LAs when they assessing DHP claims to in effect challenge this judgement by taking into account disability benefits. To do so is to unfairly penalize those in receipt of disability payments relative to those who are not.

**Recommendations:**

- **Local authorities should ensure that their DHP policies are clear about their treatment of disability benefits.**
- **Local authorities should not take disability benefits into account when assessing DHP claims.**
- **If local authorities insist on taking income from disability benefits into account, they should also take into account disability-related costs and ensure that their claim forms are designed to encourage claimants to provide details of these costs.**

## 5. Engaging with advice providers

During the course of the research for this report, we came across many examples of Citizens Advice advisers who had assisted with DHP claims but had not heard of the outcome. There is considerable value to advice providers, LAs and claimants if advice providers are notified as part of the process:

- It saves time for advice providers and LAs that would be spent chasing decisions.
- DHP awards are often made to prevent homelessness and advisers will be engaging with landlords around possession proceedings at the same time as awaiting the outcome of a DHP application. The provision of this information to advisers may increase the likelihood of possession action being prevented, suspended or successfully defended.
- Advice providers would be in a better position to give informed feedback to LAs on their decision-making and adherence to target times for making decisions.
- Advice providers could facilitate and expedite the provision of additional information where this is necessary to decide the claim.
- Individual advisers would build a level of knowledge around those cases that were likely to be successful and could therefore better target applications.
- Some claimants report not having received a decision at all; providing decisions to advisers would allow advice organisations to assess whether this is the case and feedback to LAs as appropriate.

### **Recommendations:**

- ***When an adviser has been involved in a DHP application, local authorities should ensure that the adviser is informed of the outcome of the application.***
- ***To facilitate this, a question should be added to DHP application forms asking the claimant if they have received help with their claim and if they would like the helper to be informed of the outcome of their claim.***

# Summary of recommendations

## Claim process

- Local authorities should make their DHP policies available online.
- DHP policies should set out clearly the process for claiming a payment and the factors that will be taken into account by the LA in reaching its decision over whether or to not make a payment.

## Waiting time

- Local authorities should commit to a decision waiting time of no longer than seven days from the receipt of all the necessary information.
- Local authorities should set a target of fourteen days for the collection of all the information needed to make a decision and should make a request for this information within seven days of an application being made.
- Local authorities should review regularly their processing times to see whether they comply with the targets set out in their policies.

## Qualifying circumstances

- Local authorities should review their DHP policies annually to ensure that they are up-to-date with respect to the most recent changes in the benefits system.

## Disability benefits

- Local authorities should ensure that their DHP policies are clear about their treatment of disability benefits.
- Local authorities should not take disability benefits into account when assessing DHP claims.
- If local authorities insist on taking income from disability benefits into account, they should also take into account disability-related costs and ensure that their claim forms are designed to encourage claimants to provide details of these costs.

## Engaging with advice providers

- When an adviser has been involved in a DHP application, local authorities should ensure that the adviser is informed of the outcome of the application.
- To facilitate this, a question should be added to DHP application forms asking the claimant if they have received help with their claim and if they would like the helper to be informed of the outcome of their claim.

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