**Nottingham City Council Discretionary Housing Payments (DHP) Policy - 2023**

# Introduction

Discretionary Housing Payments (DHPs) are administered by Nottingham City Council on behalf of the Department for Works and Pensions (DWP). They provide short term financial assistance (outside of the Housing Benefit and Universal Credit regulations) for tenants in financial difficulty to meet their housing costs.

The current DWP Good Practice Guide[[1]](#endnote-1)recommends that DHP should be available to support the most vulnerable tenants affected by some of the key Welfare Reforms including the benefit cap, social size criteria and for households affected by the reduction in Local Housing Allowance.

DHP’s may cover all or part of a shortfall in a tenant’s eligible rent, or provide the rent in advance, or provide a deposit that a tenant may need in order to secure a tenancy. DHP’s may be awarded as a one-off payment and/or a series of payments.

To qualify for DHP, the claimant must have a rent liability, be able to demonstrate that they require further financial assistance with their housing costs and have been receiving Housing Benefit or Universal Credit ((Housing element) throughout the period for which they are claiming assistance.

# Amount of funding available

The DWP make available an annual grant to Local Authorities for DHP’s. Nationally, the DHP fund available to all Local Authorities in England and Wales was £98m in 2022/23 (£100M in 2021/22 see DWP circulars S1/2023 & S1/2022)

This funding covers 4 key areas of support; Core Funding, Local Housing Allowance (LHA), Removal of Spare Room Subsidy (RSRS) and Benefit Cap.

For Nottingham the annual allocation for 2023/2024 is £628,697.00

Whilst the DWP has not ring fenced the funds within the DHP grant, the Local Authority is required to monitor, record and report the reasons for the award according to the 4 categories above. The DWP allows for Local authorities to “top” up the available DHP fund by 2.5 times the DWP allocation (£1,571,742.5), but the Council must consider the overall financial position and the affordability of any additional provision to the DHP fund. With all of this in mind, this policy seeks to target the DWP available funds in a way that is fair and supports those in need of financial assistance.

# Policy

DHP is a discretionary scheme intended to provide short term financial assistance to enable a household resolve and better manage their financial circumstances. The Governments Welfare Reform agenda is aimed at encouraging people to move into work, increase their working hours and/or move to more affordable accommodation. Nottingham City Council is committed to supporting its residents through providing employment opportunities across the city and advice services to help people with support for debt and money advice.

This said the council recognises that DHP’s have an important role to play in providing tenants with short term assistance to ease transitions and allow households time to find a way to resolve their difficulties.

The overriding principles of Nottingham City Council’s DHP scheme will seek to prioritise support to:

* Safeguard Nottingham City Residents in their homes and prevent homelessness
* Vulnerable young people in the transition to adult life
* Disabled people living in significantly adapted accommodation, including adaptions made for disabled children

The DHP scheme will be administered fairly and in line with DWP Best Practice guidance and all applications will be assessed on their individual merits.

In making an application for DHP it is expected that claimants will:

* Make a contribution to their rent shortfall, unless there is a clear reason why they cannot do so.
* Take steps to reduce the dependency on an award of DHP to meet their housing costs including reducing household expenditure, maximising income, seeking debt/money management advice and consider alternative, affordable accommodation.
* Be able to demonstrate the need for temporary support through an income and expenditure assessment.

# What DHP can cover

* **Reduction in Housing Benefit or Universal Credit (housing element) due to the Benefit Cap**

The Benefit Cap impacts mainly families with relatively few single person households affected in Nottingham.

The benefit cap does not affect families where the claimant is working for 24 hours per week or more. The Government aim is for more families to move into work or increase working hours, in the meantime DHP support will be considered where:

* + Financial support is required to facilitate a move to more affordable accommodation; or
  + The shortfall in rent is too great to cover from any other household income
  + Alternative more affordable accommodation is not appropriate
  + A lower rent cannot be negotiated; and
  + There is a real risk of the household becoming homeless.
* **Reduction in Housing Benefit or Universal Credit (housing element) due to the social size criteria (Bedroom tax)**

The social size criteria impacts over 3200 households in Nottingham. (2585 by 1 bedroom, 618 by 2 or more) The purpose of the DHP funding is to help those tenants who are unlikely to be able to meet the shortfall in rent payments and for whom moving to a smaller property may be inappropriate or avoidable due to the lack of availability of suitably sized accommodation.

The Governments Housing Benefit Reform for social size criteria allows one bedroom for the following:

* People who are approved foster carers (under certain circumstances)
* Adult children who are in the Armed Forces but who continue to live with parents, even when deployed on operations and,
* Households with children who are unable to share a bedroom because of their severe disabilities.
* Households where a couple are unable to share a room because of their severe disabilities
* a person who is not a child (aged 16 and over)
* two children of the same sex (under 16)
* two children who are under 10 (regardless of their sex but there may be exceptions for severely disabled children)
* any other child, (other than a foster child or child whose main home is elsewhere)
* a carer (or a group of carers) who are providing overnight care

More information about the social size criteria can be found at <http://www.nottinghamcity.gov.uk/housing/social-rented-housing/housing-benefit-for-council-and-housing-association-tenants/>

DHP’s will be considered for households with exceptional need for:

* Households with significant adaptations
* Households with children with disabilities or adapted for foster carers
* Households with a dependency for a carer/support
* Households adapted for victims of domestic violence (safe room)
* Couples who are unable to share a bedroom as a result of disability.

Other households who may have exceptional needs will need to be able to demonstrate that need in line with the conditions described above (Benefit Cap)

* **Support to tenants subject to Local housing Allowance (LHA) restrictions**

The Local Housing Allowance (LHA) changes introduced by Government in April 2011 affected tenants in private rented accommodation. More information about LHA can be found on <http://www.nottinghamcity.gov.uk/benefits/housing-benefit/housing-benefit-for-private-tenants/>

The impact of the changes is dependent upon:

* + Whether rents are reduced to reflect the new LHA rates; and
  + The levels at which Local housing Allowances are set by HMRC

DHP’s will not normally be made to tenants taking on a new tenancy. LHA rates are made public and the majority of landlords are aware of the rates for the types of accommodation they provide. Considerations will be given to exceptional circumstances for example, where a tenant has needed to move quickly due to fleeing domestic violence.

**Support for other reasons**

DHP has been in place since 2001 with the intent of providing short term financial support to tenants facing a shortfall in their Housing costs. In addition to supporting households affected by the welfare reform changes detailed above, it is also available for tenants facing exceptional hardship which may have been caused by debt, unavoidable short term expenditure or high housing costs caused by needing to live in a particular property/area.

This policy will provide for ongoing targeted support to tenants facing exceptional hardship in line with the priorities as defined in section 3 of this policy. Support for other reasons includes:-

**Non-dependent deductions in HB or UC** – Need to ensure that the correct Non-Dependent deduction is being made consistent with gross income, not an inferred level. Also, no award will be made due to the failure of the non-dependant to make up the deduction attributable to them if it is decided that they have the means to do so therefore we may require further information regarding the non-dependant’s financial circumstances.

**Removal Costs –** Help with the cost of moving will be considered, depending on the reason for the move. To qualify for an award, it must be demonstrated that the rent is affordable and that there is a reduction in the total of Housing Benefit/DHP award in future.

Please note that no award will be made if the move is just a personal choice.

**Rental Liability whilst UC is being assessed –** No award of DHP will be considered whilst a claim for Universal Credit is being assessed.

**Income taper reductions** – DHP awards will be considered where the shortfall is due to the 65% taper in Housing benefit and the 55% in Universal Credit, subject to the same income and expenditure assessment.

**Rent deposit** – A DHP can be awarded for a rent deposit for a property that the claimant is yet to move into, provided they are already entitled to HB or UC (Housing element) at their present home.

The decision to award a DHP for a rent deposit must take the following into account

* + That the property is affordable for the tenant; and
  + The tenant has a valid reason to move; and
  + The deposit is reasonable.
  + In some circumstances it may not be possible for a citizen to seek the most affordable accommodation, for example, when someone fleeing the home due to domestic abuse needs to seek a place of safety.
  + You may also consider whether the citizen has received any financial assistance towards a rent deposit, e.g. a rent deposit guarantee scheme.

**Rent in advance** - A DHP may be awarded for rent in advance for a private or Housing Association property that the claimant is yet to move into if they are already entitled to HB or UC at their present home. The decision to award a DHP for rent in advance must take the following into account

* That the property is affordable for the tenant; and the tenant has a valid reason to move; and
* Any rent in advance must be listed in the advert for the property and be listed in the terms of the Tenancy Agreement; and
* The rent in advance is reasonable. In some circumstances it may not be possible for a citizen to seek the most affordable accommodation, for example, when someone is fleeing the home due to domestic abuse needs to seek a place of safety.
* The rent in advance cannot be awarded for a period where a customer may also be entitled to Housing Benefit or the Housing Element of Universal Credit.

**Short term storage costs** – One of the over-riding principles of Nottingham City Council’s DHP scheme is to seek to prioritise support to safeguard Nottingham City residents in their homes and prevent homelessness.

Storage costs may be an unavoidable short-term expenditure that are encountered by some of our citizens and can be considered as part of a claim for a DHP.

The costs are often incurred whilst a citizen is waiting for their housing situation to be resolved by accommodation providers like Housing Aid and they are a legitimate cost in terms of the transition into other housing.

It is not envisaged that payment for storage costs continues for more than a maximum of 3 months.

If there are extenuating and evidenced circumstances that mean the costs are to be incurred for a longer period than 3- months we should consider those individual cases and make an individual judgement.

Prior to an award at least 2 quotes from storage companies should be obtained by the citizen followed by confirmation that use of the facilities has been arranged.

## What DHP Can’t cover

DHP cannot be considered for the following:

* Help with Council tax
* Where benefit has been suspended
* Overpayments of Housing Benefit
* DWP Sanctions for Income Support, Job Seekers Allowance or Universal Credit
* Other sanctions and reductions in benefits such as a Reduced Benefit Direction, failure to attend work-focussed interview or for leaving work voluntarily.
* Ineligible Service charges
* Increases in rent due to outstanding rent arrears

# Eligibility Criteria

In order to qualify for a DHP, the claimant must fulfil the following criteria:

* be in receipt of Housing Benefit or Universal Credit Housing element
* have a rent liability and,
* require further financial assistance towards their housing costs (as outlined in section 4)

Housing costs are not defined in the regulations but DWP Guidance refers to rental liability which also includes:

* rent in advance
* Deposits; and
* Other lump sum costs associated with a housing need such as removal costs or storage costs.

Not every DHP claimant’s circumstances will match all of the situations outlined in section 4. The decision maker musttake into account all of the circumstances of the claimant and/or their household, when determining whether they would qualify for a DHP.

These circumstances may include:

* **The tenancy** – i.e. will awarding a DHP alleviate financial difficulty in the short/medium term allowing the tenant to sustain the tenancy, find alternative affordable accommodation or negotiate a lower rent
* **The Household’s financial circumstances** – i.e. other debts, benefit entitlement, capital or other income;
* **The Household’s medical circumstances** – is the choice of housing restricted due to a medical need, access to medical services or do they incur significant health related expenses
* **Other circumstances** – i.e. fleeing domestic violence, ability to sustain employment, caring responsibilities for vulnerable relatives, care leavers with LHA reduction, shortage of appropriately sized accommodation

# How to claim

The Discretionary Financial Assistance Regulations 2001 require a DHP to be claimed. To make a claim the benefit recipient is required to complete the Council’s DHP application form which can be downloaded from <http://www.nottinghamcity.gov.uk/benefits/housing-benefit/extra-help-with-your-rent/>

A claim can be made directly by the person entitled to HB or UC. The council will also accept claims from someone acting on behalf of the claimant, such as an appointee or advocate. This may be necessary if the claimant is vulnerable, requires support or has made a request that someone acts on their behalf. Any benefit recipient applying for a DHP will be required to demonstrate that they are unable to meet housing costs from their available income or that they have a shortfall in rent as a result of the welfare reforms.

The claim form must include details of the citizens income and expenditure and any other information that is considered reasonable to assist with their claim, in particular repayment of loans, DWP deductions/Sanctions and costs associated with their disability and care needs

During the verification process, evidence of expenditure may be requested.

Claims will be assessed taking into account all the individual circumstances and associated income, capital and expenditure.

Evidence will not be requested if the assessment based on the details received illustrates the citizen does not qualify for a DHP.

# Claim Assessment

**Treatment of disability-related benefits**

When deciding how to treat income from disability-related benefits such as Disability Living Allowance (DLA) or the Personal Independence Payment (PIP), LAs must have regard to the decision of the High Court in R v. Sandwell MBC, ex parte Hardy.

Each DHP application will be considered on a case by case basis having regard to each component of the benefits in payment, the purpose of those disability related benefits and whether the money for those benefits have been committed to other liabilities associated with disability. A decision will then be made as to whether that benefit will be included in the financial assessment.

**Payment of Award**

If it is considered beneficial to the customer to do so, Nottingham City Council will consider paying a DHP to someone other than the customer such as a support agency, appointee or a landlord. Situations where this may be considered could include:

* The customer does not have immediate access to a bank account.
* The customer faces obstacles in obtaining a bank account

Where the payment is for Rent in Advance or a Deposit these must always be made direct to the landlord unless proof of payments has been provided.

**Period of award and repeat applications**

DHP is not intended to be used as a long-term solution to the claimant’s financial situation. DHP awards will be considered in line with their individual circumstances/ rent liability and citizens may receive an award for the following periods -

**Short term awards -**

* a minimum of 1 week, where there is a weekly liability or,
* a minimum of a month, for a monthly rent liability.
* An award is not issued for less than 3 months where it is to meet a shortfall due to the rent officer’s determination.

**A period of up to 6 months** –

Ordinarily, awards of up to 6-months will be made for those citizens affected by the Benefit Cap, Social Sector Size Criteria, Local Housing Allowance rates and “other” funded categories.

Indefinite awards may be considered appropriate in certain circumstances, For example, a disabled person with adapted accommodation, who is under occupying and where moving would incur costs to adapt another. In these situations, the citizens financial circumstances will be reviewed on an annual basis.

One off cost for deposits/rent in advance do not have a requirement to specify the period of the DHP award.

**An award of DHP may be reduced or refused :-**

* Where there is affordable and suitable available alternative accommodation.
* Where applicants have not taken steps to reduce or remove their need for DHP.
* Where applicants have not provided reasonable evidence of above 2 points.
* A DHP will not be paid whilst a Universal Credit Advance is in payment. Once an award of UC is determined, a retrospective DHP will be considered.

A DHP will not be awarded for a period exceeding 12 months with the exception of where it has been determined an award will be indefinite.

**Backdating**

DHP may be backdated, the Regulations require that a DHP can only be considered for a period where the linked HB or UC is payable. DHP’s are usually made in respect of an immediate need rather than a past period, however backdating is appropriate in some cases. Retrospective payments may be appropriate to reduce rent arrears to avert eviction where there are grounds for confidence that this will enable the citizen to deal effectively with their remaining arrears in the longer term, or where the payment will enable the citizen to move to more suitable alternative accommodation.

Issues to consider are:

* Backdating to the date on which the need arose, or
* to the date on which HB commenced providing the DHP application is received within 1-calendar month of the claim for Housing Benefit being decided.

**Change of circumstances**

Citizens receiving DHPs have a duty to notify the Council of any changes of circumstances which may be relevant to their continuing entitlement to a DHP.

The Council will revise an award of a DHP to take account of a change in circumstances.

**Stopping Payments**

The council will make a decision to stop a DHP in instances other than a change of circumstances including:

* Where DHPs are being, and/or have been made because someone has is represented or failed to disclose a material fact, fraudulently or otherwise; and/or
* When a payment has been made as a result of an error

**Notification**

The council will inform the claimant in writing of the outcome of their DHP application within 14 days of receipt of all information or as soon as practicable thereafter.

When a decision has been made on an award, customers will receive the following information:

* Reasons for an award decision
* Amount and frequency of award (including notification if a Nil award made)
* Start date and end date and reasons for these dates
* Their right of review
* Information on who to contact if they need further help or advice

**Right of Review**

DHPs are not subject to the statutory dispute mechanism.

Nottingham City Council will review the following decisions:

* + a refusal to award a DHP;
  + to award a reduced amount of DHP or,
  + Where there has been an overpayment of a DHP.

Requests for reviews must be made in writing, to the Benefits Section, within one calendar month of the written decision being sent to the claimant.

Reviews will be considered by an officer who was not involved in the first decision. The claimant will be notified of the outcome of the review in writing.

**Overpayments**

A DHP award can only be recovered if it is decided that the payment has been made because of either:

* a misrepresentation or failure to disclose a material fact by the claimant (either fraudulently or otherwise)
* an error made when the application was determined.

Nottingham City council will seek to recover recoverable overpayments of DHP by invoice or from any ongoing DHP entitlement over following future awards.

A DHP cannot be recovered from ongoing Housing Benefit (HB) entitlement or Universal Credit (UC) awards.

**Fraudulent Claims**

Nottingham City Council is committed to identifying and subsequently investigating suspected fraudulent claims to Discretionary Housing Payments (DHP). Individuals who falsely declare their circumstances in order to claim DHP will have committed a criminal offence, which may lead to criminal proceedings being instigated.

1. [↑](#endnote-ref-1)