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Cardiff Bay
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Reference	HVT2326/caf
Date	20 May 2015
Pages	1 of 10

Dear Darren

UPDATE ON THE MANAGEMENT AND USE OF DISCRETIONARY HOUSING PAYMENTS BY WELSH COUNCILS IN 2014-15

In January 2015, as part of my report on how well councils are managing the impact of welfare reform changes on social housing tenants in Wales, I reviewed the management and use of Discretionary Housing Payments (DHP) by councils in Wales and concluded that the allocation, distribution, administration and use of these payments have significant inconsistencies and weaknesses.

As part of my programme of audit work in local government, Wales Audit Office staff have continued to review issues relating to discretionary housing payments for people who receive housing benefit but need extra help with rent or housing costs. When I wrote to you 2 March 2015 I promised to share the findings from this work with PAC to inform the Committee's current inquiry on *Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales*. The following is an update on Councils' performance in 2014-15 and is based on information provided by all 22 Welsh councils as well as a review of published information and management of DHP.

The distribution of discretionary housing payments is still not driven by need

My view is that the distribution of DHP is still not driven by need. In the last three financial years the amount of money invested in DHP in Wales has risen by 215 per cent rising from £2.5 million in 2012-13; to £7.6 million in 2013-14; and £7.9

million in 2014-15. The range of DHP funding in 2014-15 ranged from £127,731 in Monmouthshire to £1,175,868 in Cardiff (See Exhibit 1 attached).

Some of the councils with the lowest number of social-housing tenants affected by the removal of the spare-room subsidy have proportionally larger allocations of DHP – for example, Powys and Gwynedd. Paradoxically, some of the councils with the largest number of social-housing tenants affected by these changes have received less DHP. Swansea, Rhondda Cynon Taf, Caerphilly and Neath Port Talbot have, respectively, the second to the fifth largest numbers of social-housing tenants affected by the removal of the spare-room subsidy. However, in terms of DHP allocation the amount they have available is comparatively much smaller (See Exhibit 2 attached).

Council's performance in using discretionary housing payments to assist people with their housing costs varies widely

Of the £7.9 million allocated to DHP in 2014-15, £6.5 million had been committed by the end of November 2014. In terms of councils' performance in committing DHP, the proportion of individual council DHP budgets spent at the end of November 2014 ranged from 52.3 per cent in Carmarthenshire to 127.3 per cent in Torfaen. The average level of DHP committed across all 22 Welsh councils was 82.6 per cent (See Exhibit 3 attached).

18,887 households were provided with DHP by Welsh councils between April and November 2014. The number of people assisted ranged from 228 applicants in Flintshire to 2,158 in Torfaen. The average DHP allocation per client for all Welsh councils at the end of November 2014 was £345. The lowest average was in Torfaen at £133 and the highest in Flintshire at £1,000 (See Exhibit 4 below).

Given the difference between the amount spent and the numbers assisted, my analysis highlights that there are large differences in how flexible councils are in making DHP available and how much financial assistance they are prepared to provide to applicants. For example, Torfaen and Monmouthshire spend less than £150 on average per applicant and are seeking to maximise the number assisted. Conversely, Flintshire provides a larger average grant at £1,000 but is helping fewer people (See Exhibit 5 attached).

There are inconsistencies and weaknesses in councils' administration of payments

In the majority of councils it is still difficult to find a direct link to the DHP page on the authority website, and in two councils, no DHP web page existed. Where information was available, the quality also varies widely and can often be misleading. For example, we found that five councils had information on their

website that incorrectly referred to DHP being available to help applicants meet the cost of Council Tax. This is incorrect as Council Tax Benefit is an exempt area for payment as stated in statutory guidance published by the Department for Works and Pensions. Following feedback from my staff, each of these councils have now amended their public information and confirmed that no payments have been made in respect of Council Tax.

There is also a wide variety of DHP application processes used by councils. One council did not have an application form and simply asked the potential applicant to explain in writing why they needed assistance. In others, the level of information applicants were required to provide ranged from completion of a two-page application form to a ten-page application form.

A number of councils also required applicants to provide additional information in addition to the application form. This ranged from a one-page income and expenditure summary, to several pages of detailed information. However, most of the application forms asked for the same evidence that the applicant was required to provide when originally applying for Housing Benefit and the system was duplicating information. This places an unnecessary burden on applicants and does not encourage them to apply for DHP.

In addition the majority of on-line application forms had to be printed and completed manually, and most councils did not provide a digital on-line application process. This makes it both more difficult for an applicant to apply for DHP but can also add more work for the receiving council, especially if it has a digital document management system. The longer and more difficult an application form is to complete, the more likely it is that a vulnerable person will be deterred from applying for DHP.

Key information on discretionary housing payments is not always made publically available and councils do not always set out their local priorities to help people in housing and financial need

Given the increase in resources for DHP and large numbers of people in need of financial assistance, it is appropriate for councils to clearly set out the relative priority between different groups when they decide on whether to allocate DHP in their area. Indeed, the DWP guidance notes that councils need to consider how best to 'target the funding within your (council) priority groups'. In my 2013-14 review, I reported that 17 councils did not make their DHP policy available to applicants. My analysis of public information in 2014-15 found that only six councils made their policy available on-line, and that only two councils had an anti-poverty policy in place or linked the use of DHP into a welfare strategy.

Many councils have still not clearly defined their priorities in public-facing literature. This shortcoming makes it difficult for those seeking assistance, and those agencies supporting them, to assess whether DHP is a viable option to address their housing and financial needs in the short term. The current lack of detail on local priorities also makes it challenging for councils to ensure they act consistently in their decision making, which is one of the key requirements of DWP guidance. In addition, whilst 20 of the 22 councils now include information on the applicants' right to a review or appeal if an applicant is dissatisfied with the council's original decision on their application, the robustness of review processes continues to vary significantly.

Limitations in public literature and local variations in policy mean that people in housing need and struggling with their rent can receive very different standards of service simply because of the formula for distribution of DHP. In addition, because councils have significant discretion in how they choose to administer their DHP allocation, people with the same need can receive very different standards of service simply because of where they live and not because of their circumstances or needs.

Council's arrangements for monitoring and evaluating discretionary housing payments remain weak

All councils had systems in place to monitor DHP including the amount of money available to pay applicants, the number of people who have been helped and the amount of money left in their scheme. However, there remain weaknesses. For example:

- only seven Councils identified the number of landlords that have been assisted to ensure there is good coverage across all sectors and areas;
- only ten councils monitor the speed of processing applications and how long it takes them to make a payment; and
- only nine councils gauge the impact of DHP payments and whether the payments is making a positive difference and supporting the person to maintain their accommodation.

Given these limitations in the monitoring and evaluation of DHP, it is difficult for councils to know whether the payments they are making are being made to those in the greatest need of assistance.

The future

It was noted at the last meeting of the Public Accounts Committee that 20 Councils are now working together to standardise their approach to the

administration of DHP which includes a simpler and accessible application form and a shared DHP policy. These councils will use the new framework alongside existing DWP guidance and aim to ensure that an equitable and consistent approach is applied when deciding who has a priority for a DHP award as the new framework is rolled out from April 2015.

Yours sincerely



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES

Exhibit 1: Discretionary Housing Payments Budgets by Welsh council 2012-13 to 2014-15

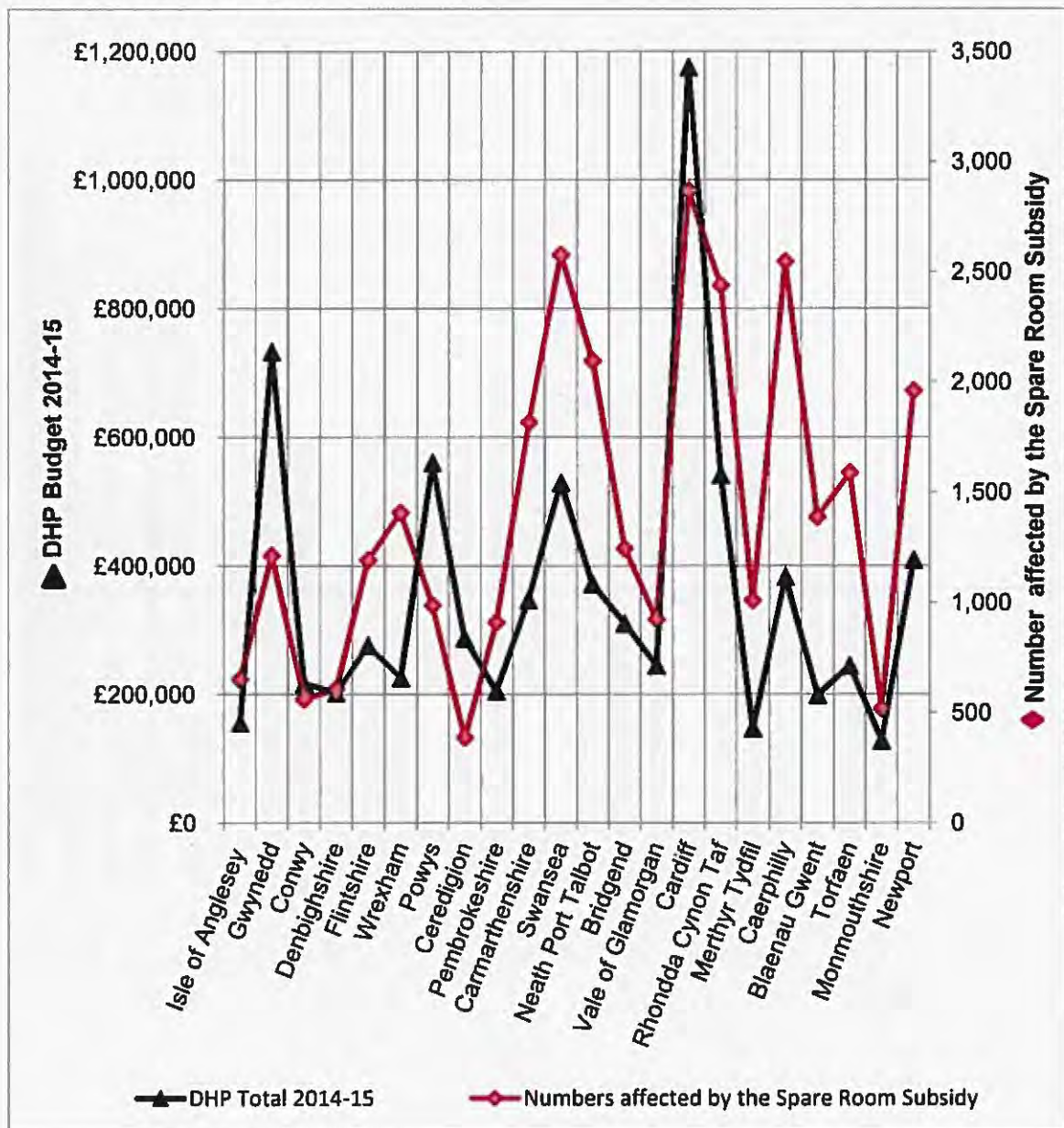
The budget rose by 215 per cent between 2012-13 and 2014-15

Local Authority	DHP Total 2012-13	DHP Total 2013-14	DHP Total 2014-15
Monmouthshire	£43,585	£134,545	£127,731
Merthyr Tydfil	£32,332	£138,442	£147,339
Isle of Anglesey	£65,539	£145,357	£156,027
Blaenau Gwent	£49,846	£176,905	£199,387
Pembrokeshire	£94,040	£210,933	£204,952
Torfaen	£56,709	£220,891	£244,222
Wrexham	£43,395	£224,743	£225,644
Denbighshire	£102,787	£229,514	£202,519
Vale of Glamorgan	£99,466	£236,441	£244,892
Conwy	£131,108	£257,008	£217,097
Flintshire	£114,426	£262,343	£276,166
Bridgend	£118,999	£304,458	£310,253
Carmarthenshire	£116,968	£307,637	£346,717
Caerphilly	£66,516	£330,623	£382,715
Ceredigion	£102,788	£332,118	£287,605
Neath Port Talbot	£130,358	£348,443	£371,784
Newport	£109,584	£380,608	£408,949
Rhondda Cynon Taf	£170,679	£495,257	£541,416
Powys	£61,596	£528,762	£560,638
Swansea	£201,137	£531,158	£528,985
Gwynedd	£150,474	£621,321	£733,297
Cardiff	£444,302	£1,203,788	£1,175,868

Source: Report of a Welsh Government Task and Finish Group, February 2014 and Wales Audit Office local authority Discretionary Housing Payments survey December 2014.

Exhibit 2: The number affected by the removal of the Spare Room Subsidy compared to the amount of Discretionary Housing Payments awarded to the Council at the end of November 2014

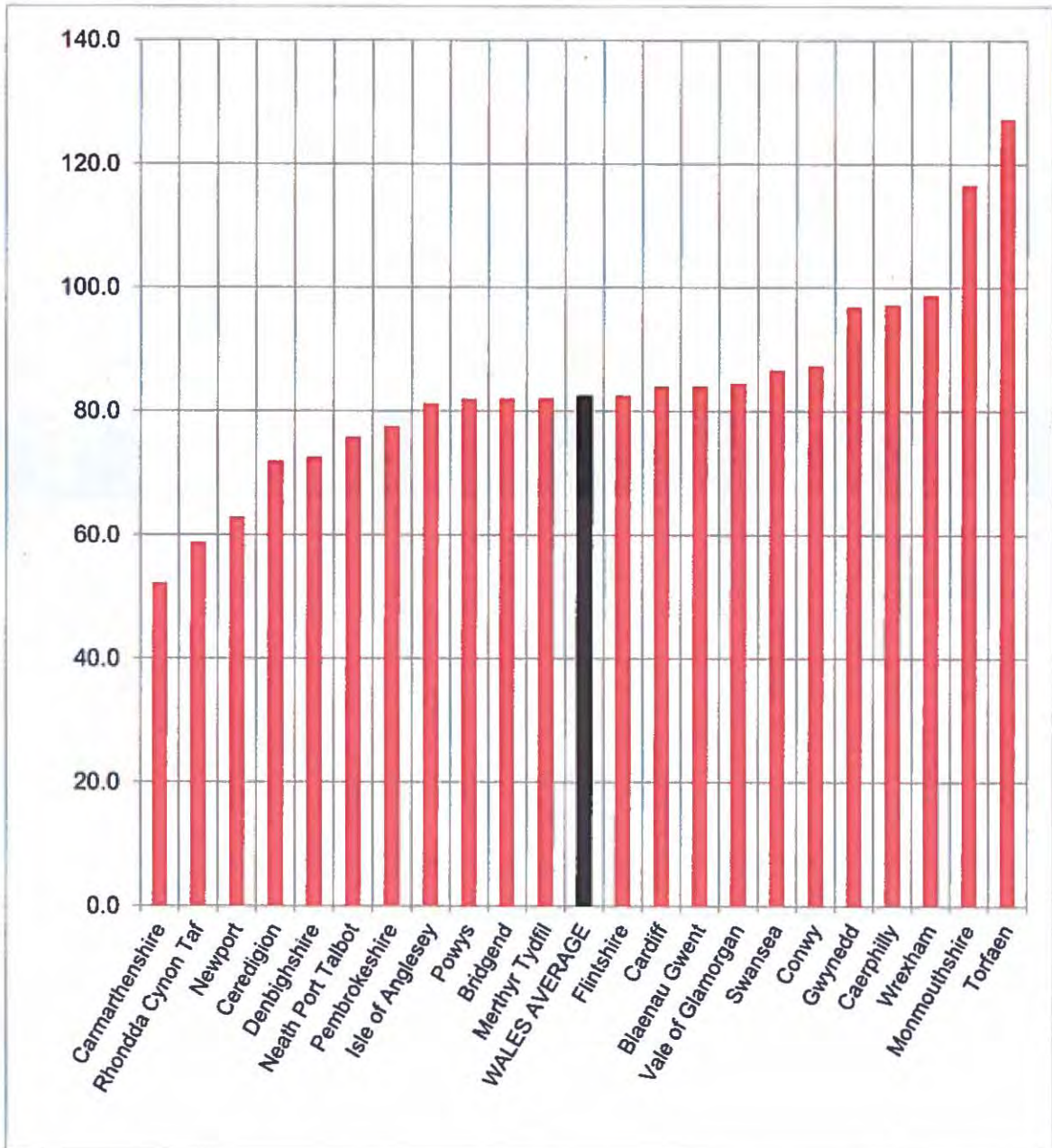
There is a wide variation in the amount of DHPs councils have, and the allocation of monies is not driven by need



Source: Department for Works and Pensions, Housing Benefit Claimant Data, Single Housing Benefit Extract (SHBE), via Stat-Xplore, November 2014 and Wales Audit Office local authority Discretionary Housing Payments survey December 2014.

Exhibit 3: Proportion of the Discretionary Housing Payments Budget committed at the end of November 2014

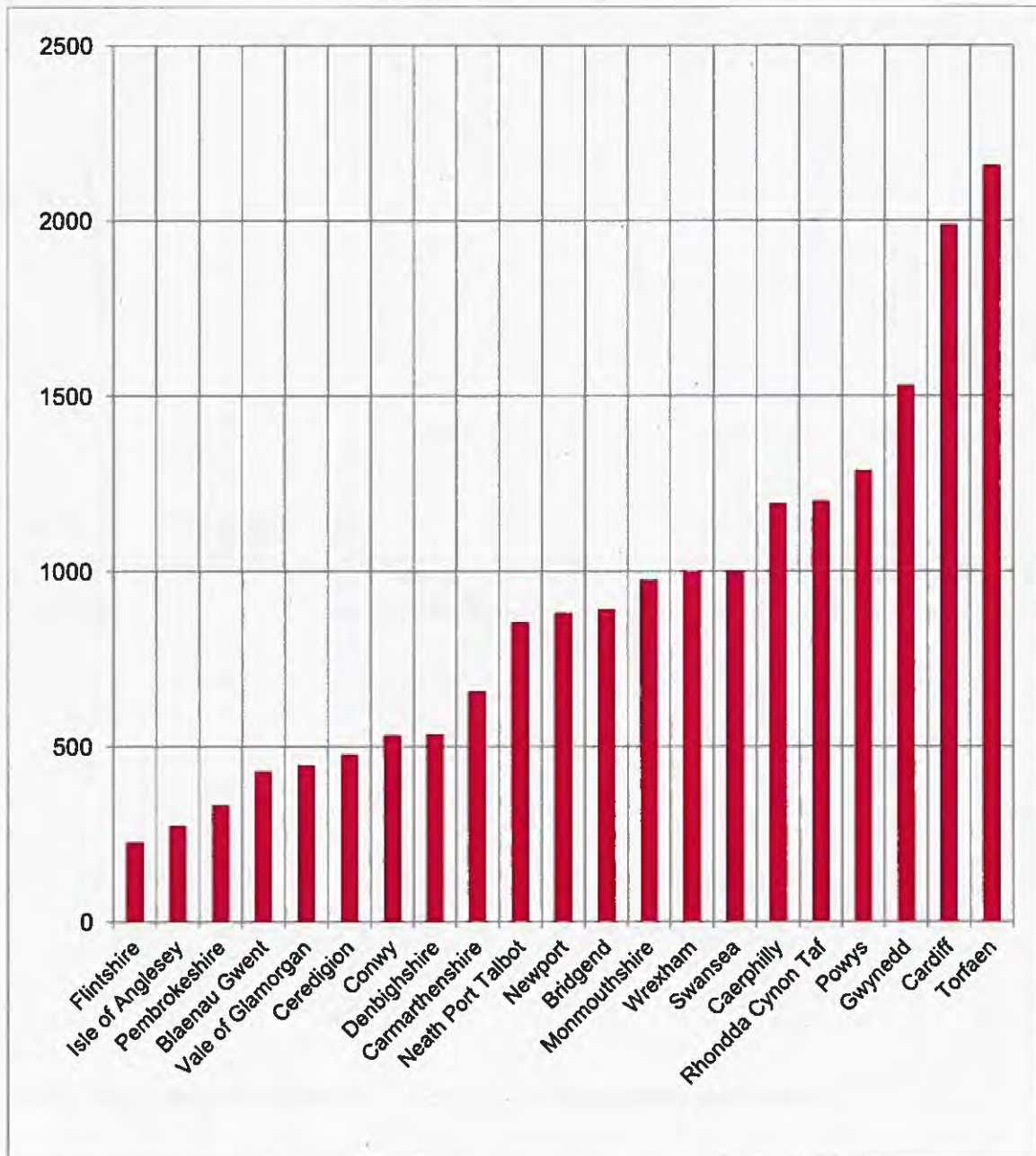
Welsh councils had spent 82.6 per cent of the notional allocated DHP budget by the end of November 2014



Source: Wales Audit Office local authority Discretionary Housing Payments survey December 2014.

Exhibit 4: Number of applicants receiving Discretionary Housing Payments by Council at the end of November 2014

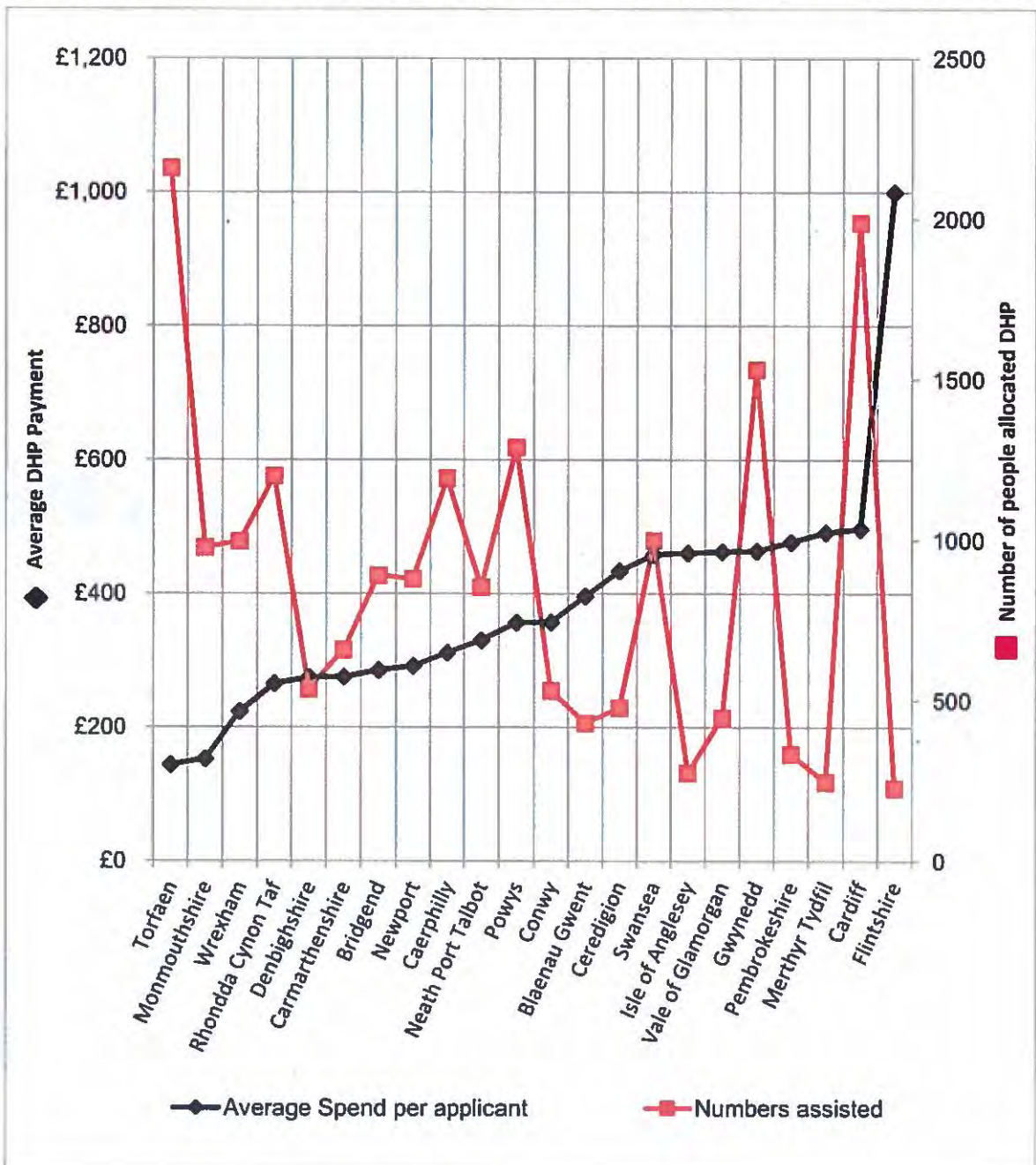
Councils had provided DHP money to over 18,000 households by the end of November 2014



Source: Wales Audit Office local authority Discretionary Housing Payments survey December 2014

Exhibit 5: Number of applicants receiving Discretionary Housing Payments by Council and the average award per applicant at the end of November 2014

The average amount of DHP paid to applicants varies widely ranging from £133 to £1,000



Source: Wales Audit Office local authority Discretionary Housing Payments survey December 2014.