



MANCHESTER
CITY COUNCIL

Manchester City Council Discretionary Housing Payments Scheme

Policy document effective from April 2025

Directorate - Revenues and Benefits Unit

Date – May 2025

Version – 1.0

1. The purpose of this policy document

To outline the operating principles of the Council's Discretionary Housing Payments Scheme and to provide guidance on how the scheme will be administered by the Council from April 2025.

2. Objectives of the scheme

The Discretionary Housing Payment scheme provides an amount of funding to deal with anomalies and hardship in situations where the resident needs further help with their rent.

3. Key principles underpinning the scheme

To qualify for some consideration for assistance under this scheme the resident must already qualify for Housing Benefit or UC (Housing Element).

Since its inception, the Council has used Discretionary Housing Payment funding primarily to make short term awards to ease transitions and to give residents time to seek resolution of their difficulties. From April 2013 the government has provided funding to ease the impact of the household benefit cap but also to meet continuing and unavoidable needs resulting from the application of size criteria in the social rented sector rather than catering for these in the Housing Benefit scheme itself.

Many people have difficulty paying their rent. Among these are:

- Those whose benefit is restricted because their rent is considered too high.
- Those whose benefit is restricted because their home is considered too large under the government's size criteria.
- Those whose benefit is reduced by deductions for non-dependants who may not contribute adequately to cover those deductions.
- Those whose benefit is reduced by the taper for excess income.
- Those who because of a change of circumstances during a UC assessment period have a period of rent liability not covered by the UC(HE).
- Those who for all sorts of reasons have other calls on their income (additional expenses or outstanding debts) which they prioritise ahead of rent.
- Those who have general difficulty managing the income they have, including those who are subject to the household benefit cap.
- Those who are returning to work after a long period of unemployment who have difficulty in managing finances during the transition from benefit to a stable in-work income.
- Those who are in affordable housing but at risk of becoming homeless due to difficulty in meeting their full rent liability because of severe financial difficulties resulting from the effects of the current economic climate or their attempts to take up paid employment.

Discretionary Housing Payment awards typically represent time-limited support allowing residents to secure or retain suitable accommodation during periods of temporary difficulty or in anomalous circumstances not addressed by the benefits system. Residents who live in private accommodation may experience a shortfall between the Local Housing Allowance and the rent they are being charged. Where appropriate Discretionary Housing Payments will be used to support these tenancies where they offer longer-term sustainable solutions and funding levels allow. This is to reduce the risk of homelessness and support the stability of families and communities.

Discretionary Housing Payments should not be used to undermine the purpose and nature of the Housing Benefit or UC scheme, nor support irresponsible behaviour, nor should they assist in situations so common that a consistent approach to such payments would involve expenditure above the maximum permissible.

4. Situations where assistance may be provided by the scheme

The Council expects payments to be made in unusual or extreme circumstances where additional help with current rent or provision of a deposit will have a significant effect in alleviating hardship, reducing the risk of homelessness or alleviating difficulties that may be experienced in the transition from long term benefit dependence into work. Examples are:

- Circumstances unusual/exceptional among residents in that tenure.
- Costs that are beyond their control and do not arise through the actions or failures of others.
- Housing choices which are forced on or required by the resident because of urgency, care needs or significant health requirements.
- Extreme and temporary situations which make it difficult to move in the short term or where decisions had to be made in an emergency.
- Imminent loss of the home where meeting some or all of the current shortfall between the benefit and eligible rent will prevent the resident from becoming homeless. However, in considering awards under this provision the Council will have regard to:
 - The reasons that the debts arose.
 - The involvement of other advisory services engaged in providing assistance to the resident to manage debt in order that any arrangement to accommodate agreements for repayment of debt might be realistically obtained and sustained.
 - Whether any proposed Discretionary Housing Payment award will have the desired effect of preventing the resident from becoming homeless.
 - The consequences of any potential increased demand on the fund in the event that the award was not made (such as having to move from affordable accommodation into highly priced private sector accommodation with reduced security of tenure).
 - Temporary hardship and difficulties which may arise during the transition for those who are coming off long term benefits into work.

The Council may also provide:

- Temporary assistance in the early months of a tenancy where a resident has moved from homelessness provision and additional help is likely to increase the chances that the resident will sustain a stable and secure home.
- Assistance for tenancies taken on by care leavers up to the age of 25 and ex-members of the Armed Forces where additional help is likely to increase the chances that the resident will sustain a stable and secure home.
 - Payments of War Pensions, payments made under the Armed Forces Compensation scheme, Service Invaliding Pensions and Service and Service Attributable Pensions will be disregarded when considering a Discretionary Housing Payments application from an ex-member of the Armed Forces.
- Assistance for residents in short-term homelessness accommodation to address rent arrears that may otherwise constrain move on options.
- Where an application meets the underlying qualifying criteria - on HB or UC (Housing Element) - and the resident notifies us that they have a terminal illness confirmed by an SR1 form, then this will be taken into account and is likely to result in a DHP award.

5. Awards provided by the scheme

5.1 Considerations of affordability and responsibility

Decisions on the level and duration of awards should take account of what is affordable within the agreed budget. In making decisions on discretionary payments, the Council expects also to be

mindful of incentives to responsible behaviour, for example in the choice of a home or engagement in activities to address worklessness, debt or parenting skills / life skills.

5.2 Awards to address a current rent shortfall

Awards are usually made to meet current needs rather than past debts. No significant degree of payment for past periods is anticipated as requests for payment should be made promptly within the benefit period of the main benefit to which they relate and within a reasonable time of knowing the outcome of a claim for the main benefit.

5.3 Awards to address arrears

Retrospective payments may be appropriate to reduce rent arrears to avert eviction where there are grounds for confidence that this will enable the resident to deal effectively with their remaining arrears in the longer term; or where payment will enable the resident to meet reasonable social landlord criteria to downsize.

5.4 Timescales

Awards are normally expected to last for a fixed period of between four weeks and up to 52 weeks depending on the individual circumstances. Awards may take into account the need to allow the resident a short future period to adjust or to take into account milestones in the family's life like significant exams or the end of a period of convalescence. Given the finite amount of funding available, awards are expected to be at a modest level other than for very short periods in extreme circumstances. Awards to residents with high rents will usually be below the maximum possible so that the resident makes some contribution to the shortfall.

The Council recognises that a proportion of awards will need to continue for longer periods, particularly where the current home has been significantly adapted to meet the needs of a family member with substantial and continuing disability.

5.5 Deposits and advance rent

The Council is aware of calls for discretionary funding to cover the cost of deposits and advance rent to assist a resident to move to affordable accommodation. Given the limited nature of the funding available and the risk of landlords levying such costs where they may presently waive them, the Council would not normally expect to help with items of this sort, apart from in the following situation –

DHP will be considered for deposits where the need is explicitly linked to preventing or resolving homelessness: this may cover cases where a Section 21 notice has been issued or to support a move from temporary accommodation to a private tenancy (it is important to recognise that Housing Benefit or UC(HE) entitlement must exist at the time a DHP deposit payment is awarded. This means DHP deposits cannot be awarded for residents who do not have a tenancy and a live claim for HB or UC).

5.6 Families with children

The Council expects to give higher priority to assisting residents (and particularly families with children of school age given the importance of stability in their education) to retain an established

home and to relieving temporary difficulties where the arrangement is likely to be sustainable longer term; and low priority to assisting residents who take on housing costs which because of the nature, location or price of the property, are unaffordable and unsustainable from the start.

5.7 Social sector tenants and under-occupancy

The Council recognises that as a result of the under-occupancy rules there are residents who face a reduction of Housing Benefit or UC(HE) that will be of relatively short duration such that it is unreasonable to expect them to move. This will most commonly be:

- Where a social sector tenant is affected by the size criteria but will shortly reach the age for State Pension Credit and so become exempt from the restriction.
- Where at the start of a size restriction, an imminent birthday of a family member will increase the room requirement under the size criteria.
- Where a single woman or couple expecting their first child live in two-bedroom accommodation suitable for their new family while still assessed on the one-bedroom rate (this would apply where the family were already in social sector accommodation but newly affected by the size criteria).

The Council recognises that some social sector tenants affected by the size criteria will live in properties that have been substantially adapted structurally to meet needs arising from severe and persisting disability or because of such disability will depend on the care and support of relatives and friends in the immediate vicinity. If it is unreasonable to expect the resident to move in the short to medium term, awards of Discretionary Housing Payment, if appropriate, may be of much longer duration than usually expected.

In addition, where resources allow, the Council may also assist other social sector tenants affected by the size criteria if it would be beneficial for them to stay in the property because of the care and support they provide in, or other recognised contribution to, the immediate community.

Also, some social sector tenants will see a reduction in their Housing Benefit or UC(HE) because of the size criteria which takes limited account of the accommodation needs of children they foster. The Council recognises that it may need to help with awards of Discretionary Housing Payment for a continuing period.

5.8 Private tenants and shared accommodation / one-bed LHA rate

The Council recognises that, as a result of the Local Housing Allowance rules, there are residents who face a reduction of Housing Benefit or UC(HE) that will be of relatively short duration such that it is unreasonable to expect them to move. This will most commonly be:

- Where a single private tenant in one-bedroom accommodation is restricted to the shared accommodation rate of Local Housing Allowance but will shortly be 35 and thus exempt from it.
- Where a single woman or couple expecting their first child live in two-bedroom accommodation suitable for their new family while still assessed on the shared accommodation or one-bed rate. (This would apply where a single woman or couple have moved to larger accommodation relatively late in the pregnancy).

Foster parents who live in private accommodation may also find that their Housing Benefit or UC(HE) takes only limited account of the accommodation needs of the children they foster. The Council recognises that it may need to help with awards of Discretionary Housing Payment for a continuing period.

5.9 Parents whose children do not live with them

The Council recognises the difficulties faced by parents who regularly look after children normally living with the other parent or who hope to make such arrangements. The benefit system does not provide for this situation. The Council will therefore only rarely be able to assist with discretionary payments, mainly where existing arrangements are threatened by difficulties that are likely to be short-lived.

5.10 Non-dependants

The Council recognises that the level of non-dependant deductions is likely to cause difficulties for some residents but reaffirms its view that it should normally only make discretionary payments where the non-dependant deduction is anomalous or unreasonable and not where the non-dependant is unwilling to pay or to cooperate in assessing a lower contribution.

6. Treatment of repeat requests

Where a request for payment has been refused, it is not expected that repeated requests will be considered unless the resident can demonstrate that the situation has worsened significantly, or a substantial period of time has elapsed.

7. Method of award

Discretionary Housing Payments are normally credited to rent accounts or paid with a private tenant's rent allowance. For residents in receipt of Universal Credit consideration will be given to where the resident's Housing Element is being paid and how the resident is managing their finances when deciding where payments will be made.

The Council recognises that there will be circumstances in which Discretionary Housing Payments may be made other than as set out above.

8. Exclusions

Regulations provide that the Council cannot make an award of Discretionary Housing Payment if the resident is not in receipt of an award of Housing Benefit or the housing costs element of Universal Credit.

A Discretionary Housing Payment cannot be made to accommodate the cost of any services which are not eligible for help under the Housing Benefit scheme such as ineligible service charges, water & sewerage, fuel and heating charges.

It is not normally expected that Discretionary Housing Payment payments will be made because of

- significant overcharging by a landlord
- the ordinary impact of rent restriction either resulting from a Rent Officer decision or the use of Local Housing Allowance rates
- the effect of the Rent Officer's local reference rents and Local Housing Allowance rates putting accommodation in parts of the city beyond the means of many residents
- the preference for a size or type of accommodation or location which is not strictly necessary for the household's need
- the failure of non-dependants to make up the deduction attributable to them when they have the means to do so
- the inadequacy of benefits for disability to cover the costs of disability towards which they are paid

- the unwillingness of the resident to use other available resources or to apply for other more appropriate forms of assistance, or
- a move to private rented accommodation where it should be clear to the resident that the property is too large or unaffordable.

The Council is aware that it is possible to use Discretionary Housing Payments to help with removal costs and other expenses associated with moving. The limited funding available makes it unlikely that the Council can afford to help in this way given its priority of assisting residents to remain in existing homes where appropriate but will keep this under review in the context of awards and expenditure, particularly for situations where it would release larger social sector accommodation.

9. Universal Credit

As Universal Credit replaces Housing Benefit the Council will continue to have powers to make Discretionary Housing Payments to help with housing costs and receives government funding for this. Payments can only be made towards eligible housing costs.

The Council does not expect to use Discretionary Housing Payments as a general supplement to the level of Universal Credit paid but would make payments in line with its present policy where the Universal Credit housing element was restricted below a resident's actual rent or failed to reflect actual liability because of a change during the assessment period (the UC(HE) being based on liability at the end of the assessment period). The Council is also able to use Discretionary Housing Payments where a resident's UC (HE) meets the full rent, but the customer has deductions from their total Universal Credit, for example because they are affected by the Benefit Cap. Careful consideration will be given to the reason and level of deduction.

10. Dispute rights

The discretionary nature of the Discretionary Housing Payments scheme means that there is no right of appeal to an Appeal Tribunal. Instead, a locally administered dispute process is operated.

The DHP dispute process has two stages. Both stages offer the opportunity to ask us to look at our decision again. When a request to review a DHP decision is received we will consider why the original decision is believed to be wrong along with any extra information or evidence that is provided. We will write back confirming the outcome and explaining our reasons for our decision.

At Stage One an officer senior to the original decision maker will reconsider and review the case.

At Stage Two a senior manager within the Revenues and Benefits Unit will reconsider and review the case.

11. Reporting and reviewing process

Discretionary Housing Payment expenditure and associated grant income are recorded in distinct cost elements in a separate cost centre within the cost centre group for benefit expenditure and thus subject to routine budget monitoring.

The Deputy Chief Executive, in compliance with the Council's delegated responsibilities, shall review this document periodically, and with the Executive Member for Finance and Resources, amend it as appropriate.

Any recommendations for amendment must have due regard for any:

- changes in legislation;
- changes to Discretionary Housing Payment funding; and

- alignment with the Council's strategies and priorities.

Date policy reviewed: 25 May 2025