Department for Work & Pensions

THE RT HON THERESE COFFEY MP
Secretary of State for Work & Pensions

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Rt Hon Stephen Timms MP
Chair
Work and Pensions Committee
House of Commons
London
SW1A 0AA

22 April 2021

Dear Stephen,

Thank you for your letter dated 24th March, in which you raise the issue of rent payment and financial resilience, in the context of the Covid-19 pandemic.

Please see responses to your questions below.

1. **What assessment have you made of the current level of rent arrears amongst people claiming the benefits that DWP administers?**

The Ministry of Housing, Communities and Local Government (MHCLG) administer the Housing Resilience Survey. My department works closely with them to understand the likely impact of arrears on claimants.

2. **What further measures do you plan to introduce to address the problem of rent arrears and the risk of eviction?**

For 2020/21 we are projected to spend almost £30 billion to support renters with their housing costs; this includes a boost of almost £1 billion to the Local Housing Allowance (LHA) in response to the Covid-19 pandemic. For 1.5 million claimants in the private rented sector – who are in receipt of either the housing element of Universal Credit (UC) or Housing Benefit – this meant around £600 more in Housing Support than they would otherwise have received, over the year. Claimants will continue to benefit from this significant increase in rates.

We recently published a new UC fact sheet for landlords and letting agents which highlights the support on offer to help claimants pay their rent on time and in full. It encourages landlords and letting agents to consider all tenants in receipt of Housing Support on an individual basis. A Welsh language version is also available.

The ban on evictions – for which MHCLG is the lead department – is just one of the measures helping to support renters during the pandemic. Additionally, the Money and Pensions Service provides government-sponsored, free and impartial debt advice as well as money and pension guidance to members of the public.

a. **What discussions have you had with the Ministry of Housing, Communities and Local Government about this issue?**

We have regularly maintained contact with officials at MHCLG throughout the pandemic to ensure we provide the best support to claimants.

People claiming the housing element of Universal Credit of Housing Benefit may be able to apply for Discretionary Housing Payments (DHPs) from their local authority. During an inquiry into the benefit cap, however, our predecessor committee heard concerns about the effectiveness

of DHPs. It heard, for example, that many people were not aware that they could apply for DHPs. It also heard concerns that the discretion given to local authorities about the use of DHPs resulted in a 'postcode lottery'.

Local authority (LA) decision makers are well placed to make informed judgements about needs in their area, ensuring that the most vulnerable are supported and funds are targeted effectively.

To help LAs manage the allocation and administration of DHP awards, DWP produces a detailed guidance manual for LAs in England and Wales. The manual also includes a good practice guide detailing how to support those affected by some of the key welfare reforms of the last decade.

All LAs must ensure any decision they make regarding a DHP is consistent with the legal requirements to fairness. Where an applicant has concerns about the treatment of their application, they can make their views known and request that the authority review its decision.

3. Will the Government increase the amount of funding available for Discretionary Housing Payments in the next financial year?

For 2021/22 we have provided £140 million in DHP funding for LAs in England and Wales. LHA rates were raised substantially in 2020/21 and have been left at that higher rate in 2021/22. As with all funding programmes, we will consider carefully the need for future funding.

In addition, MHCLG's Homelessness Prevention Grant provides ring-fenced grant funding to LAs to help meet the costs associated with their statutory duties on homelessness and homeless prevention.

4. What steps do you plan to take to increase awareness of Discretionary Housing Payments, to ensure that people know about the support that is available?

The non-statutory guidance we provide to LAs includes information on the importance of publicising the existence of DHPs and sets out a range of examples on how to raise awareness, including through leaflets and posters, interviews with local radio and targeted communications aimed at those likely to be affected, by telephone, text message or through social media channels. We also recommend LAs point to the availability of DHPs when contacting claimants who may benefit from a DHP. We review the guidance annually.

The new *DWP Homelessness and Housing Toolkit* provides a range of tools for Jobcentre staff – including Work Coaches – to support customers with housing needs, prevent homelessness and assist those who are homeless. The toolkit includes guidance on a range of topics including DHPs; this covers eligibility and the application process. On searching the internet for 'get help with rent', the first three sites on Google will give links that refer to Discretionary Housing Payments.

5. What guidance will you give to local authorities about the applicability of DHPs to rent arrears and on how to use these payments as part of strategies involving landlord and tenant contributions to clear arrears and sustain tenancies?

The guidance we provide to LAs is in line with the Housing Benefit Regulations and makes clear when arrears can be covered by a DHP. When considering a DHP application, LAs carry out a full financial assessment which considers the claimant's income and expenditure. The guidance also sets out some examples of good practice which promote early intervention to prevent homelessness. One example highlights that paying DHPs to households, who have previously been homeless, could help to increase the long-term sustainability of accommodation.

Thérèse Coffey

Secretary of State for Work and Pensions

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From the Chair

Rt Hon Dr Thérèse Coffey
Secretary of State for Work and Pensions

24 March 2021

Dear Thérèse,

Citizens Advice has found that half a million people are behind on their rent because of the pandemic. It warns that “without support renters face unmanageable debt and the threat of eviction”. Other organisations, including StepChange and Generation Rent, have raised the same concerns.

You told us last September that you were concerned about financial resilience and that you were conscious of debt challenges. You were clear that:

> Frankly, the biggest element for me is the basic Maslow hierarchy of needs, and that is roofs over people’s heads, so that is part of what is driving me in my considerations as we go forward with potential further measures.

With that in mind, we would be grateful if you could share with the Committee your thoughts on what further measures the Government might introduce, and in particular:

1. What assessment have you made of the current level of rent arrears amongst people claiming the benefits that DWP administers?

2. What further measures do you plan to introduce to address the problem of rent arrears and the risk of eviction?

a. What discussions have you had with the Ministry of Housing, Communities and Local Government about this issue?

People claiming the housing element of Universal Credit of Housing Benefit may be able to apply for Discretionary Housing Payments from their local authority. During an inquiry into the benefit cap, however, our predecessor Committee heard concerns about the effectiveness of Discretionary Housing Payments. It heard, for example, that many people were not aware that they could apply for DHPs. It also heard concerns that the discretion given to local authorities about the use of DHPs resulted in a ‘postcode lottery’.

3. Will the Government increase the amount of funding available for Discretionary Housing Payments in the next financial year?

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4. What steps do you plan to take to increase awareness of Discretionary Housing Payments, to ensure that people know about the support that is available?

5. What guidance will you give to local authorities about the applicability of Discretionary Housing Payments to rent arrears and on how to use these payments as part of strategies involving landlord and tenant contributions to clear arrears and sustain tenancies?

We would be grateful for a response by **Thursday 8 April.**

Yours sincerely,

Stephen Timms

Rt Hon Stephen Timms MP

Chair, Work and Pensions Committee