



WHAT YOU NEED TO KNOW ABOUT THE USE OF DISCRETIONARY HOUSING PAYMENTS IN SCOTLAND

Background

The Scottish Government has been very clear on its intention to fully mitigate the impact of the reduction of the spare room subsidy, commonly known as the “bedroom tax”, in Scotland.

During 2014/15 the Department of Work and Pensions (DWP) provided £15 million for Discretionary Housing Payments (DHPs) in Scotland. The Scottish Government pledged a further £35 million to fully cover the loss of income attributable to the “bedroom tax”, which was estimated to be about £50 million for 2014/15.

While the funding to fully mitigate the “bedroom tax” in 2014/15 has been pledged by the Scottish Government, legislation regarding the total amount of DHP that can be paid has prevented the full amount from being distributed to date.

Lifting the Cap

An [Order under the Scotland Act 1998](#) was considered and approved on 5 November 2014 which transferred the power to determine the total amount of expenditure that local authorities can incur through DHPs from the Secretary of State to the Scottish Ministers. Subsequently, the Deputy First Minister made an [Order to remove the cap](#) on 6 November 2014 and this Order will come into force on 9 December 2014.

This means that there will be no limit on the amount of DHP payable by Scottish local authorities back dated to 1 April 2014. This allows for full mitigation of the “bedroom tax” for 2014/15 using the funds provided by the DWP and additional allocation from the Scottish Government.

Use of DHPs Going Forward

From 9 December 2014 there will be no limit on how much can be paid towards DHPs in Scotland. This means that the “bedroom tax” can be fully mitigated for 2014/15 and going forward as long as adequate funding is made available. The Scottish Government’s draft budget for 2015/16 matched the £35 million DHP funding that was provided this year. The DWP’s contribution for 2015/16 is due to be announced at the end of this year or early next year but there is no guarantee that they will continue to provide the same level of funding as they have in the past. Where will future funding come from and how long will the Scottish Government be able to sustain this level of financial contribution?

To date, no additional funding has been made available to cover existing arrears arising from the “bedroom tax” before 1 April 2014. With the removal of the cap, local authorities will be able to make additional funding available for this but would have to allocate this from existing resources. Local authorities will also be able to carry over any unspent DHP which could be used for backdated claims but some local authorities are reporting full spend or overspend.

Tenants still have to apply for DHPs. While the rules around this are quite relaxed, allowing for applications in writing, by email or over the phone, there is still a small group of tenants affected by the “bedroom tax” who



have not engaged with the process and are therefore not in receipt of DHP. They will continue to accrue arrears if the situation does not change.

It is also important to remember that DHP funding is not intended to be used solely for those affected by the “bedroom tax”. Other groups may be in need of assistance including those under the age of 35 who are no longer eligible for full Local Housing Allowance (LHA), people affected by the total cap on benefits (particularly those in temporary accommodation) or people who need help with a deposit or rent in advance to secure a tenancy.