



SCOTLAND OFFICE

Parliamentary Under Secretary of State

Dover House
Whitehall
London SW1A 2AU

Telephone: 020 7270 6806/6816

Fax: 020 7270 6815

www.scotlandoffice.gov.uk

Michael McMahon MSP
Convener
Welfare Reform Committee
The Scottish Parliament
Edinburgh
EH99 1SP

2 May 2014

Dear Michael

DISCRETIONARY HOUSING PAYMENTS

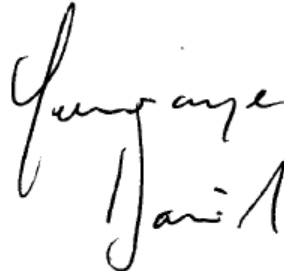
I am writing to make you and your Committee aware that I have been in dialogue with each of Scotland's Local Authorities on welfare reform issues. In response to their feedback and issues raised in correspondence from the Scottish Government, I have now written to the Deputy First Minister on behalf of the UK Government to offer to provide Scottish Ministers with the power to set the statutory cap on Discretionary Housing Payments (DHPs) in Scotland.

The UK Government has legislated to provide local authorities across Great Britain with the ability to grant DHPs to support tenants in their area with housing costs not covered by Housing Benefit. As you will be aware, the UK Government provides a substantial contribution towards DHPs, which has increased to over £15 million in Scotland this financial year. Local Authorities are able to exercise broad discretion to determine how and when the money is distributed within each financial year, and are able to add to this contribution, subject to a formula-based cap. Powers for the Secretary of State to vary the cap are found in the Child Support, Pensions and Social Security Act 2000.

The Scottish Government has indicated that it would like to spend additional funds on DHPs in Scotland and following my direct programme of constructive engagement on welfare reform implementation with local authorities across Scotland, I have discussed this matter with colleagues in the Treasury and Department for Work and Pensions. As a consequence, I have written to the Scottish Government today to offer to provide Scottish Ministers with a power to set the statutory cap in Scotland. I propose to do so using section 63 of the Scotland Act 1998.

As you are aware, section 63 orders are a fundamental part of Scotland's flexible devolution settlement. They allow us to respond to situations of this sort in a pragmatic way. Devolution of the power to set the cap would enable the Scottish Government to set a separate cap for DHPs in Scotland. As you will be aware, this power will require agreement and cooperation between Scotland's two Governments and the approval of both the UK and Scottish Parliaments.

I would be happy to provide further information on this issue to you and the Committee, if that would be helpful.

A handwritten signature in black ink, appearing to read 'David Mundell', written in a cursive style.

Rt Hon DAVID MUNDELL MP