

## Housing Benefit Circular

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# HB S7/2014

### SUBSIDY CIRCULAR

<b>WHO SHOULD READ</b>	Housing Benefit and Council Tax Reduction Scheme managers and staff in Wales. Fraud managers and staff. Officers preparing subsidy claims and estimates
<b>ACTION</b>	For information
<b>SUBJECT</b>	2015/16 Housing Benefit administration subsidy arrangements for Welsh local authorities

### Guidance Manual

The information in this circular does not affect the content of the HB Guidance Manual.

### Queries

If you

- want **extra copies of this circular/copies of previous circulars**, they can be found on the website at: <https://www.gov.uk/government/collections/housing-benefit-for-local-authorities-circulars>
- have any queries about the
  - **technical content of this circular**, contact  
Email: [hbctb.subsidyqueries@dwp.gsi.gov.uk](mailto:hbctb.subsidyqueries@dwp.gsi.gov.uk)
  - **distribution of this circular**,  
Email: [housing.correspondenceandpqs@dwp.gsi.gov.uk](mailto:housing.correspondenceandpqs@dwp.gsi.gov.uk)

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## 2015/16 Housing Benefit administration subsidy arrangements for Welsh local authorities

### Introduction

1. This circular contains details of the **provisional** 2015/16 distribution of Housing Benefit (HB) administration subsidy, following consultation with representatives from the Local Authority Associations (LAAs). We are informing local authorities (LAs) of these provisional figures now to assist your financial planning, **but the figures are subject to any announcement in December's Autumn Statement which may affect the overall level of funding that is available.**
2. Provision for the 2015/16 HB subsidy arrangements will be made by an Amendment Order to the Income-related (Subsidy to Authorities) Order 1998, which will also be subject to consultation with the LAAs prior to being laid before Parliament.

### Background

3. Following the abolition of Council Tax Benefit (CTB) and the introduction of the Council Tax Reduction Scheme (CTRS) in April 2013, the funding baseline for HB/CTB has remained disaggregated. The Department for Work and Pensions (DWP) is responsible for allocating the HB element (80% of the total) to LAs with responsibility for distributing the remaining 20% CTRS element being with the Department for Communities and Local Government and the Devolved Administrations to distribute to their respective LAs.
4. The 2015/16 HB administration subsidy for Welsh LAs before deductions for the Single Fraud Investigation Service (SFIS) is provisionally **£15.15 million and is based on 10% efficiency savings uprated for inflation.**

### Netting and Capping

5. Netting and capping is a method to dampen/limit the amount of change between funding from one year to the next, and thus provide some financial stability for authorities. The net is the lower limit, whilst the cap is the upper limit. Netting and capping is not new and has been applied in previous years.
6. Discussions between DWP officials and Welsh Local Government Association representatives about allocating 2015/16 HB funding concluded that netting and capping only be applied to the HB funding. It was agreed that the net and cap percentages applied to Welsh LAs would be 5.1% and 0% respectively.
7. Individual HB allocations are shown in Annex 1 of this circular.

### Distribution methodology

8. DWP will allocate each LA a share of the total HB administration subsidy that reflects its share of the national HB work done, with adjustments that reflect some

differences in regional costs based upon Single Housing Benefit Extract caseload data for the period from June 2013 to May 2014.

9. We used latest available information on LA costs to update the weightings used to reflect the proportion of LA labour and accommodation costs.

### Labour cost adjustments

10. For **labour costs**, we used the most up to date information on the Annual Survey of Hours and Earnings (ASHE) to derive the labour cost indices split between England, Scotland and Wales.

11. *Table 1* shows a summary of the regional values used for the 2015/16 distribution.

**Table 1**

ASHE survey	Weight
England	1.0036
Wales	0.9554
Scotland	0.9879

### Accommodation factors

12. For **accommodation factors**, we used the information of the Property Market Report provided by the Valuation Office Agency (VOA). These represent a split of accommodation costs between England, Scotland and Wales.

13. *Table 2* shows a summary of the regional values used for the 2015/16 distribution.

**Table 2**

VOA-Property Market Report	Weight
England	1.0310
Wales	0.6800
Scotland	0.9590

### The formula

14. The subsidy is distributed amongst LAs by taking HB caseloads into account, with different weightings to compensate for variations in accommodation and labour costs between regions.
15. The administration subsidy for a particular LA is equal to a fraction of the total administration subsidy. This fraction is calculated using the caseloads and the labour and accommodation indices which are scaled by the average which has been weighted by caseload.

***Factor = caseload x [0.32 + 0.64 x scaled labour indices + 0.04 x scaled accommodation indices]***

***Administration subsidy = factor x total administration subsidy / sum of factors for all LAs***

## **SFIS**

16. LAs that are affected by staff being transferred to SFIS in 2014/15 have already been informed by letter on 21 October 2014 about the impact this will have upon their funding. The figures shown in Annex 1 are net of this reduction which has been applied after the netting and capping process.

## **Payments of subsidy**

17. Payments of interim administration subsidy will be made in monthly instalments beginning in April 2015. The overall grant available to support HB administration costs is cash limited and so there is no provision for any adjustments to be made to individual LA allocations.

## **Queries**

18. If you have a query about the 2015/16 administration subsidy distribution, contact

Email: [hbctb.subsidyqueries@dwp.gsi.gov.uk](mailto:hbctb.subsidyqueries@dwp.gsi.gov.uk)

19. If you have a query about the payment arrangements, please contact

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## 2015/16 Provisional LA allocations

LA name	2015/16 DWP HB allocation (£)
Blaenau Gwent	436,481
Bridgend	708,464
Caerphilly	816,979
Cardiff	1,693,373
Carmarthenshire	787,772
Ceredigion	300,516
Conwy	509,058
Denbighshire	476,947
Flintshire	530,713
Gwynedd	504,309
Isle of Anglesey	283,461
Merthyr Tydfil	359,108
Monmouthshire	280,534
Neath Port Talbot	798,525
Newport	834,071
Pembrokeshire	536,837
Powys	505,030
Rhondda Cynon Taff	1,256,730
Swansea	1,278,277
Torfaen	493,258
Vale of Glamorgan	461,050
Wrexham	572,109
<b>Total</b>	<b>14,423,602</b>