

Housing Benefit Circular

Department for Work and Pensions
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HB S6/2014

SUBSIDY CIRCULAR

WHO SHOULD READ	Housing Benefit and Local Council Tax Support (LCTS) managers and staff in Scotland. Fraud managers and staff. Officers preparing subsidy claims and estimates
ACTION	For information
SUBJECT	2015/16 Housing Benefit administration subsidy arrangements for Scottish 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
 - **distribution of this circular**,
Email: housing.correspondenceandpgs@dwp.gsi.gov.uk

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2015/16 Housing Benefit administration subsidy arrangements for Scottish 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 their 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 Local Council Tax Support (LCTS) in April 2013, the funding baseline for HB/CTB has remained disaggregated. DWP is responsible for allocating the HB element (80% of the total) to LAs with responsibility for distributing the remaining 20% LCTS 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 Scottish LAs before deductions for the Single Fraud Investigation Service (SFIS) is provisionally **£29.76 million and is based on a 10% efficiency saving 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 Department for Work Pensions (DWP) officials and the Convention of Scottish Local Authorities' representatives about allocating 2015/16 HB funding concluded that that both HB and LCTS total funding should again be compared to total funding for the preceding year. Where there were large swings in funding, netting and capping options would be applied to HB funding only. This is necessary to avoid the anomalies that doing otherwise would create for both Scottish Government and DWP accounts. Also applying netting and capping to HB figures allows DWP to adopt a similar approach to previous years – hence consistency for LAs.
7. It was agreed that the net and cap percentages applied to Scottish LAs would be 5% (net) and 0% (cap).

8. Individual HB allocations are shown in Annex 1 to this circular.

Distribution methodology

9. 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.
10. 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

11. 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.
12. *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

13. 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.
14. *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

15. 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.

16. 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

17. 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 the Annex are net of this reduction which has been applied after the netting and capping process.

Payments of subsidy

18. 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

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

Email: hbctb.subsidyqueries@dwp.gsi.gov.uk

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

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2015/16 Provisional LA allocations

Local Authority name	2015/16 DWP HB allocation (£)
Aberdeen	900,169
Aberdeenshire	806,017
Angus	520,877
Argyll & Bute	442,371
Clackmannanshire	304,434
Comhairle nan Eilean Siar	143,007
Dumfries & Galloway	778,288
Dundee	1,187,864
East Ayrshire	704,686
East Dunbartonshire	296,754
East Lothian	403,489
East Renfrewshire	241,743
Edinburgh	2,230,187
Falkirk	724,333
Fife	1,710,915
Glasgow	4,919,685
Highland	1,015,527
Inverclyde	602,116
Midlothian	418,589
Moray	352,967
North Ayrshire	883,336
North Lanarkshire	1,867,653
Orkney Islands	84,571
Perth & Kinross	621,553
Renfrewshire	1,081,832
Scottish Borders	532,444
Shetland Islands	67,583
South Ayrshire	571,031
South Lanarkshire	1,469,516
Stirling	315,793
West Dunbartonshire	746,718
West Lothian	843,131
Total	27,789,179