

## Section 10: Administration costs

### Introduction

1400 Authorities were notified of their DWP Administration subsidy allocation before the start of the relevant year. The overall DWP Administration subsidy is cash-limited and there is no provision for any adjustment to be made to individual LA allocations. The DWP Administration subsidy distribution for the relevant is shown at Appendix G.

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### Details of the DWP administration subsidy distribution in the relevant year

1410 For 2012/13 the total distributed amount of administration subsidy is £464.7m. Appendix A shows the individual allocations for each LA in England, Scotland and Wales. The overall amount represents a 5% real terms reduction against the 2011/12 settlement figure of £488.4m and is consistent with the Department's Comprehensive Spending Review CSR 10 settlement.

### Distribution methodology

1411 Each LA was allocated a share of the total administration subsidy that reflected its share of the national HB/CTB work done, with adjustments that reflected some differences in regional costs.

1412 The distribution methodology used new claims and caseload information based upon SHBE data.

1413 The methodology used weightings that reflect the time needed to administer cases of different tenure types. The weightings in Table 1 are derived from the report 'Costs of Administering Housing and Council Tax Benefits' (ISBN 1841239836).

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*Table 1: Weightings for different tenure types*

New Claims case types	Weightings
Rent Rebates – not receiving income based Jobseeker's Allowance (JSA(IB)), Income Support (IS) or Pension Credit (guarantee credit)	1.56
Rent Rebates – receiving JSA(IB), IS or Pension Credit (guarantee credit)	1.09
Council Tax Benefit – not receiving JSA(IB), IS or Pension Credit (guarantee credit)	1.47
Council Tax Benefit – receiving JSA(IB), IS or Pension Credit (guarantee credit)	1.00
Housing Associations – not receiving JSA(IB), IS or Pension Credit (guarantee credit)	1.60
Housing Associations – receiving JSA(IB), IS or Pension Credit (guarantee credit)	1.13
Rent Allowances (other than Housing Associations) – not receiving JSA(IB), IS or Pension Credit (guarantee credit)	1.72
Rent Allowances (other than Housing Associations) – receiving JSA(IB), IS or Pension Credit (guarantee credit)	1.23
Live Claims case types	Weightings
Council Tax Benefit only	1.52
Rent Rebates	1.51
Housing Associations	2.00
Rent Allowances (other than Housing Associations)	2.13

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The methodology also reflects differences in labour costs. It used the Annual Survey of Hours and Earnings (ASHE) 2010 to derive the labour cost indices split between England, Scotland and Wales. It also used Labour Cost Adjustments (LCA) ratios to the English LAs, as provided in the Local Government Finance Settlement published by the Department for Communities and Local Government (DCLG).

Table 2: Summary of the regional values used for the distribution for labour costs

<b>ASHE survey</b>	<b>Weight</b>
England	1.0050
Wales	0.9340
Scotland	0.9859
<b>CLG LCAs</b>	
City of London	1.5550
Inner London	1.3050
West Outer London	1.1705
Berkshire, Surrey and West Sussex Fringe	1.1599
Berkshire Non-Fringe	1.1286
Buckinghamshire Non-Fringe	1.1231
Hertfordshire and Buckinghamshire Fringe	1.1102
Kent and Essex Fringe	1.1081
Rest Outer London	1.1081
Oxfordshire	1.0747
Hampshire & Isle of Wight	1.0558
Avon	1.0553
Cambridgeshire	1.0511
Bedfordshire and Hertfordshire Non-Fringe	1.0467
Wiltshire	1.0317
Greater Manchester	1.0258
Warwickshire	1.0239
Cheshire	1.0214
Gloucestershire	1.0210
Northamptonshire	1.0144
West Midlands	1.0117
Essex Non-Fringe	1.0116
Kent Non-Fringe	1.0087
Dorset	1.0086
Nottinghamshire	1.0073
Merseyside	1.0053
West Yorkshire	1.0013
Cumbria	1.0001
Rest of England	1.0000

1415 The methodology used the Property Market Report from January 2008 figures to derive the indices to representing a split of **accommodation** costs between England, Scotland and Wales. The Valuation Office Agency (VOA) was unable to provide us with later figures. CLG Rates Cost Adjustment (RCA) ratios from the Environmental, Protective and Cultural Services (EPCS) aspect of the Local Government Finance Settlement were applied to the English LAs.

*Table 3: Summary of regional accommodations values*

VOA-Property Market Report	Weight
England	1.0310
Wales	0.6800
Scotland	0.9590
CLG's RCAs	
City of London	4.0104
Inner London	3.1457
Outer London	1.4659
London Fringe	1.6348
Rest of the South East	1.2229
South East Fringe	1.2207
Northern ACA area	1.1724
Rest of England	1.0000

1416 All Large Scale Voluntary Transfers which were identifiable from the SHBE data covering April 2010 - March 2011 were taken into account in the distribution.

1417 The allocation formula used the following steps to calculate the weighted workloads that were used to calculate the individual LA allocations

- a) Apply a claims success rate to published caseload and onflows data to reflect the work involved in processing non-successful claims
- b) Apply the weightings for labour, accommodation and tenure type for each LA

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- c) Sum the weighted caseloads and claims for each LA to produce an overall weighted workload
- d) Divide the weighted workload for each LA by the overall sum of the weighted workload for all LAs to produce the 'factor' for the individual LA
- e) Multiply the 'factor' by the total allocation pot (£464.7m)

1418 To provide an element of stability in funding, the main administration subsidy was subject to a 0% cap (meaning no LA received more funding than in the preceding year) and a 10% net (meaning no LA will lose more than 10% of the funding it received in the preceding year).

### **Details of the DWP additional administration subsidy distribution in the relevant year**

1419 For 2012/13, the Government provided £46 million of additional administration subsidy, to help LAs manage the continuing high level of HB/CTB administration following the downturn

1420 We allocated the additional administration subsidy according to each LA's share of national workload, using the same methodology as the main administration subsidy. However, no netting or capping was applied to the additional administration subsidy.

### **Payments of subsidy**

1421 Payments of interim administration subsidy will be made in 12 monthly instalments beginning in April. As always, the overall grant available to support HB and CTB administration costs is cash limited and so there is no provision for any adjustments to be made to individual authority's allocations.

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### **Queries**

1430 If you have any queries concerning the content of this section, contact

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