

Housing Benefit Circular

Department for Work and Pensions
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HB S9/2015

SUBSIDY CIRCULAR

WHO SHOULD READ	Housing Benefit and Local Council Tax Support managers and staff in England. Fraud managers and staff. Officers preparing subsidy claims and estimates
ACTION	For information
SUBJECT	2016/17 Housing Benefit administration subsidy arrangements for English 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: hbsubsidy.queries@dwp.gsi.gov.uk
 - **distribution of this circular**,
Email: housing.correspondenceandpqs@dwp.gsi.gov.uk
 - **Single Fraud Investigation Service distribution**
Email: sfis.projectimplementation@dwp.gsi.gov.uk

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2016/17 Housing Benefit administration subsidy arrangements for English local authorities (LAs)

Introduction

1. This circular contains details of the 2016/17 distribution of Housing Benefit (HB) administration subsidy, following consultation with representatives from the Local Authority Associations (LAAs).
2. Provision for the 2016/17 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. The Department for Work and Pensions (DWP) is responsible for allocating the HB element to local authorities (LAs) with responsibility for distributing the remaining LCTS element being with the Department for Communities and Local Government (DCLG) and the Devolved Administrations to distribute to their respective LAs.
4. The 2016/17 HB administration subsidy for English LAs is **£223.78 million**. This funding is derived by applying 6.05% efficiency savings which is consistent with DWP's baseline funding.
5. DCLG will inform English LAs of their 2016/17 LCTS funding.

Single Fraud Investigation Service (SFIS): Recycled Funding 2016/17

6. All LAs will have implemented SFIS by 1 March 2016 and will not be responsible for HB fraud investigations from this date onwards. However the detection and prevention of HB fraud, together with HB error, remains the responsibility of LAs.
7. The transfer of LA HB fraud staff, and associated work, into DWP moves the cost of delivering the service to DWP. To reflect this, £37 million has been deducted permanently from the total amount of the HB administration subsidy payable across Great Britain at the outset (top-sliced).

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.

9. Allocations are based upon the Single Housing Benefit Extract caseload data for the period from September 2014 to August 2015 and labour cost adjustments have been updated to be based on the latest information available

Netting and capping

10. LAA representatives requested that for 2016/17 DWP considers applying the netting and capping approach, by comparing the 2016/17 HB funding due with that paid in 2015/16 before the 2015/16 SFIS deduction was made.
11. 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. It aims to provide transitional protection to those LAs that are losing too heavily from one year to the next, whilst ensuring there is a sufficient range between the cap level and net level to account for variability in each LA's workload. 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.
12. It was agreed that the net and cap percentages applied to English LAs would be 20% and 0% respectively.
13. Individual HB allocations are shown in Annex 1 to this circular.

Labour cost adjustments

14. 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. The DCLG Labour Cost Adjustment (LCA) ratios will be applied to the English LAs.
15. *Table 1* shows a summary of the regional values used for the 2016/17 distribution.

Table 1

ASHE survey	Weight
England	1.0005
Wales	0.9645
Scotland	1.0132
DCLG LCAs	
City of London	1.5771
Inner London	1.3034
West Outer London	1.1671
Berkshire, Surrey and West Sussex Fringe	1.1484
Berkshire Non-Fringe	1.1255
Hertfordshire and Buckinghamshire Fringe	1.1114
Buckinghamshire Non-Fringe	1.1036
Kent and Essex Fringe	1.0783
Rest Outer London	1.1081

Oxfordshire	1.0802
Bedfordshire and Hertfordshire Non-Fringe	1.0566
Cambridgeshire	1.0464
Hampshire & Isle of Wight	1.0512
Avon	1.0528
Wiltshire	1.0259
Northamptonshire	1.0119
Gloucestershire	1.0227
Cheshire	1.0131
Warwickshire	1.0253
Greater Manchester	1.0197
West Midlands	1.0122
East Sussex	1.0061
Essex Non-Fringe	1.0128
West Sussex Non-Fringe	1.0000
West Yorkshire	1.0006
Leicestershire	1.0000
Kent Non-Fringe	1.0026
Suffolk	1.0001
Merseyside	1.0040
Nottinghamshire	1.0100
Dorset	1.0000
Cumbria	1.0000
Isles of Scilly	1.0000
Rest of England	1.0000

Accommodation factors

16. 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 and DCLG's Rates Cost Adjustment (RCA) ratios applied to the English LAs.
17. *Table 2* shows a summary of the regional values used for the 2016/17 distribution.

Table 2

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

DCLG's RCAs	
City of London	3.9805
Inner London	2.9405
Outer London	1.5566
London Fringe	1.7390
Rest of the South East	1.2628
South East Fringe	1.3034
Northern ACA	1.2553
Rest of England	1.0000

The formula

18. 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.
19. 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

Payments of subsidy

20. Payments of interim administration subsidy will be made in monthly instalments beginning in April 2016. The overall subsidy 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

21. If you have a query about the 2016/17 administration subsidy distribution, contact

Email: hbsubsidy.queries@dpw.gsi.gov.uk

22. If you have a query about the payment arrangements, please contact
Michael Mina: Tel: 01253 337697 Email: michael.mina@dpw.gsi.gov.uk

2016/17 LA allocations

LA name	2016/17 DWP HB allocation (£)
Adur	199,207
Allerdale	346,990
Amber Valley	377,253
Arun	523,896
Ashfield	487,567
Ashford	392,692
Aylesbury Vale	471,368
Babergh	228,978
Barking	1,254,515
Barnet	1,723,927
Barnsley	1,051,280
Barrow-in-Furness	266,575
Basildon	749,673
Basingstoke and Deane	490,274
Bassetlaw	399,369
Bath and N E Somerset	550,294
Bedford	605,608
Bexley	806,175
Birmingham	5,923,264
Blaby	190,623
Blackburn with Darwen	641,242
Blackpool	1,007,456
Bolsover	296,562
Bolton	1,281,229
Boston	271,324
Bournemouth	896,068
Bracknell Forest	346,453
Bradford	2,257,961
Braintree	464,012
Breckland	418,807
Brent	2,116,718
Brentwood	169,074
Brighton and Hove	1,397,289
Bristol	2,101,958
Broadland	257,520
Bromley	1,028,802
Bromsgrove	190,150
Broxbourne	335,522
Broxtowe	306,880
Burnley	459,977
Bury	701,399
Calderdale	858,288

LA name	2016/17 DWP HB allocation (£)
Cambridge	401,832
Camden	1,710,499
Cannock Chase	347,274
Canterbury	476,223
Carlisle	373,927
Castle Point	250,634
Central Bedfordshire	675,545
Charnwood	403,224
Chelmsford	445,866
Cheltenham	359,300
Cherwell	394,819
Cheshire East	982,863
Cheshire West and Chester	1,081,268
Chesterfield	486,445
Chichester	347,488
Chiltern	197,489
Chorley	308,725
Christchurch	147,945
City of London	75,868
Colchester	587,046
Copeland	263,326
Corby	329,031
Cornwall	2,153,037
Cotswold	221,581
Coventry	1,481,119
Craven	124,086
Crawley	504,925
Croydon	1,980,335
Dacorum	505,785
Darlington	490,967
Dartford	308,433
Daventry	186,198
Derby	1,053,284
Derbyshire Dales	163,880
Doncaster	1,336,761
Dover	458,684
Dudley	1,251,205
Durham	2,482,469
Ealing	1,871,869
East Cambridgeshire	223,835
East Devon	362,676
East Dorset	195,939
East Hampshire	260,832

LA name	2016/17 DWP HB allocation (£)
East Hertfordshire	350,038
East Lindsey	583,049
East Northamptonshire	224,661
East Riding of Yorkshire	989,084
East Staffordshire	349,485
Eastbourne	504,577
Eastleigh	312,580
Eden	115,294
Elmbridge	321,522
Enfield	1,890,603
Epping Forest	370,706
Epsom and Ewell	172,985
Erewash	385,871
Exeter	460,806
Fareham	222,013
Fenland	367,923
Forest Heath	192,378
Forest of Dean	261,562
Fylde	237,350
Gateshead	1,091,828
Gedling	351,274
Gloucester	501,193
Gosport	355,011
Gravesham	382,645
Great Yarmouth	537,650
Greenwich	1,770,998
Guildford	350,418
Hackney	2,609,063
Halton	641,728
Hambleton	215,209
Hammersmith and Fulham	1,285,253
Harborough	145,821
Haringey	1,958,536
Harlow	456,356
Harrogate	364,406
Harrow	982,354
Hart	137,829
Hartlepool	586,185
Hastings	568,874
Havant	392,551
Havering	801,085
Herefordshire	581,379
Hertsmere	347,273

LA name	2016/17 DWP HB allocation (£)
High Peak	284,425
Hillingdon	1,189,820
Hinckley and Bosworth	244,492
Horsham	289,322
Hounslow	1,247,857
Huntingdonshire	459,907
Hyndburn	386,958
Ipswich	635,918
Isle of Wight	600,525
Isles of Scilly	2,288
Islington	1,942,549
Kensington and Chelsea	1,095,528
Kettering	315,167
Kings Lynn and West Norfolk	491,160
Kingston upon Hull	1,695,690
Kingston upon Thames	527,683
Kirklees	1,651,339
Knowsley	929,229
Lambeth	2,513,614
Lancaster	491,432
Leeds	3,558,437
Leicester	1,709,051
Lewes	323,154
Lewisham	2,327,250
Lichfield	232,510
Lincoln	477,297
Liverpool	3,240,298
Luton	871,128
Maidstone	466,734
Maldon	156,222
Malvern Hills	211,013
Manchester	3,358,581
Mansfield	455,237
Medway	1,050,732
Melton	119,630
Mendip	356,036
Merton	751,169
Mid Devon	227,261
Mid Suffolk	203,464
Mid Sussex	287,922
Middlesbrough	946,298
Milton Keynes	1,100,530
Mole Valley	203,831

LA name	2016/17 DWP HB allocation (£)
New Forest	440,280
Newark and Sherwood	349,276
Newcastle upon Tyne	1,612,188
Newcastle-under-Lyme	395,991
Newham	2,010,750
North Devon	341,416
North Dorset	182,792
North East Derbyshire	322,877
North East Lincolnshire	788,133
North Hertfordshire	410,574
North Kesteven	260,434
North Lincolnshire	617,742
North Norfolk	335,451
North Somerset	730,237
North Tyneside	949,005
North Warwickshire	177,859
North West Leicestershire	251,796
Northampton	857,348
Northumberland	1,216,691
Norwich	834,949
Nottingham	1,860,362
Nuneaton and Bedworth	466,486
Oadby and Wigston	115,333
Oldham	1,056,470
Oxford	576,861
Pendle	387,854
Peterborough	898,596
Plymouth	1,254,722
Poole	481,209
Portsmouth	1,163,602
Preston	584,505
Purbeck	133,210
Reading	746,560
Redbridge	1,048,030
Redcar and Cleveland	687,283
Redditch	309,919
Reigate and Banstead	362,710
Ribble Valley	105,017
Richmond upon Thames	546,249
Richmondshire	109,512
Rochdale	1,072,607
Rochford	180,636
Rossendale	245,977

LA name	2016/17 DWP HB allocation (£)
Rother	300,011
Rotherham	1,182,655
Rugby	299,050
Runnymede	214,936
Rushcliffe	209,635
Rushmoor	352,664
Rutland	72,501
Ryedale	143,706
Salford	1,440,538
Sandwell	1,697,147
Scarborough	497,512
Sedgemoor	404,914
Sefton	1,205,458
Selby	204,874
Sevenoaks	297,576
Sheffield	2,551,064
Shepway	466,114
Shropshire	860,316
Slough	657,340
Solihull	652,788
South Bucks	144,876
South Cambridgeshire	299,586
South Derbyshire	221,952
South Gloucestershire	743,070
South Hams	245,778
South Holland	254,480
South Kesteven	398,666
South Lakeland	225,022
South Norfolk	313,622
South Northamptonshire	147,793
South Oxfordshire	287,400
South Ribble	279,294
South Somerset	514,986
South Staffordshire	263,013
South Tyneside	956,502
Southampton	1,231,758
Southend on Sea	864,849
Southwark	2,341,349
Spelthorne	274,109
St Albans	324,443
St Edmundsbury	320,763
St Helens	844,378
Stafford	324,255

LA name	2016/17 DWP HB allocation (£)
Staffordshire Moorlands	218,244
Stevenage	387,445
Stockport	941,397
Stockton on Tees	849,929
Stoke on Trent	1,284,340
Stratford-on-Avon	318,266
Stroud	300,162
Suffolk Coastal	315,373
Sunderland	1,597,345
Surrey Heath	179,474
Sutton	733,500
Swale	550,521
Swindon	735,128
Tameside	1,096,378
Tamworth	266,686
Tandridge	208,476
Taunton Deane	381,136
Teignbridge	409,576
Telford and Wrekin	784,789
Tendring	648,591
Test Valley	303,977
Tewkesbury	216,233
Thanet	788,262
Three Rivers	245,570
Thurrock	644,758
Tonbridge and Malling	338,703
Torbay	740,116
Torridge	222,621
Tower Hamlets	2,446,339
Trafford	729,339
Tunbridge Wells	326,438
Uttlesford	168,765
Vale of White Horse	278,637
Wakefield	1,533,614
Walsall	1,379,332
Waltham Forest	1,442,143
Wandsworth	1,696,523
Warrington	661,788
Warwick	347,496
Watford	362,301
Waveney	499,314
Waverley	290,443
Wealden	326,526

LA name	2016/17 DWP HB allocation (£)
Wellingborough	289,546
Welwyn Hatfield	415,430
West Berkshire	407,628
West Devon	159,680
West Dorset	307,275
West Lancashire	358,264
West Lindsey	306,763
West Oxfordshire	251,802
West Somerset	144,451
Westminster	1,609,239
Weymouth and Portland	306,837
Wigan	1,305,320
Wiltshire	1,321,434
Winchester	285,898
Windsor and Maidenhead	347,390
Wirral	1,564,087
Woking	257,198
Wokingham	225,237
Wolverhampton	1,415,354
Worcester	364,827
Worthing	358,650
Wychavon	324,348
Wycombe	463,222
Wyre	394,314
Wyre Forest	385,587
York	532,558
Total	223,775,425