Housing Benefit Circular

Department for Work and Pensions 6th Floor, Caxton House, Tothill Street, London SW1H 9NA

HB S8/2014

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	2015/16 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: hbctb.subsidyqueries@dwp.gsi.gov.uk

- distribution of this circular.

Email: housing.correspondenceandpqs@dwp.gsi.gov.uk

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2015/16 Housing Benefit administration subsidy arrangements for English 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.**
- 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. 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% LCTS element being with the Department for Communities and Local Government (DCLG) and the Devolved Administrations to distribute to their respective LAs.
- 4. The 2015/16 HB administration subsidy for English LAs before deductions for the Single Fraud Investigation Service (SFIS) is provisionally £270.7million and is based on 10% efficiency savings uprated for inflation.
- 5. DCLG will inform English LAs of their 2015/16 LCTS funding.

Netting and Capping

- 6. 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.
- 7. Discussions between DWP officials and English LAA 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 DCLG 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.

- 8. It was agreed that the net and cap percentages applied to English LAs would be 12% and 0% respectively.
- 9. Individual HB allocations are shown in Annex 1 to this circular.

Distribution methodology

- 10. 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.
- 11. 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

- 12. 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.
- 13. *Table 1* shows a summary of the regional values used for the 2015/16 distribution.

Table 1

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ASHE survey	Weight
England	1.0036
Wales	0.9554
Scotland	0.9879
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

- 14. 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.
- 15. *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
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

- 16. 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.
- 17. 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

18. 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

19. 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

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

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

21. If you have a query about the payment arrangements, please contact Michael Mina

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Email: michael.mina@dwp.gsi.gov.uk

2015/16 Provisional LA allocations

2015/16 Provisional LA a	illocations
LA name	2015/16 DWP HB allocation (£)
Adur	239,522
Allerdale	375,271
Amber Valley	462,901
Arun	633,379
Ashfield	588,901
Ashford	468,821
Aylesbury Vale	514,524
Babergh	277,175
Barking	1,349,106
Barnet	2,008,886
Barnsley	1,262,797
Barrow-in-Furness	320,722
Basildon	903,471
Basingstoke and Deane	610,157
Bassetlaw	484,783
Bath and North East Somerset	669,992
Bedford	757,010
Bexley	880,672
Birmingham	6,320,327
Blaby	238,279
Blackburn with Darwen	769,847
Blackpool	1,231,548
Bolsover	355,710
Bolton	1,415,608
Boston	330,569
Bournemouth	1,092,197
Bracknell Forest	387,571
Bradford	2,822,451
Braintree	580,015
Breckland	514,683
Brent	2,306,466
Brentwood	209,360
Brighton and Hove	1,564,934
Bristol	2,583,938
Broadland	321,900
Bromley	1,255,452
Bromsgrove	231,920
Broxbourne	419,402
Broxtowe	365,438
Burnley	574,971
Bury	771,966
Calderdale	1,045,686

LA name	2015/16 DWP HB allocation (£)
Cambridge	480,462
Camden	2,006,889
Cannock Chase	434,093
Canterbury	561,668
Carlisle	412,583
Castle Point	313,293
Central Bedfordshire	820,982
Charnwood	504,030
Chelmsford	542,682
Cheltenham	448,891
Cherwell	450,391
Cheshire East	1,228,579
Cheshire West and Chester	1,326,634
Chesterfield	572,785
Chichester	412,400
Chiltern	216,538
Chorley	372,290
Christchurch	178,299
City of London	83,463
Colchester	709,636
Copeland	285,004
Corby	378,426
Cornwall	2,308,672
Cotswold	248,566
Coventry	1,635,687
Craven	155,107
Crawley	606,759
Croydon	2,135,859
Dacorum	595,208
Darlington	581,943
Dartford	372,023
Daventry	210,194
Derby	1,262,749
Derbyshire Dales	196,944
Doncaster	1,658,067
Dover	548,831
Dudley	1,336,420
Durham	2,899,831
Ealing	2,014,014
East Cambridgeshire	273,013
East Devon	432,023
East Dorset	244,924
East Hampshire	326,040
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LA name	2015/16 DWP HB allocation (£)
East Hertfordshire	426,027
East Lindsey	624,858
East Northamptonshire	250,982
East Riding of Yorkshire	1,236,355
East Staffordshire	436,856
Eastbourne	526,486
Eastleigh	341,324
Eden	144,118
Elmbridge	385,617
Enfield	2,027,369
Epping Forest	443,825
Epsom and Ewell	213,133
Erewash	417,291
Exeter	560,282
Fareham	253,911
Fenland	454,704
Forest Heath	240,473
Forest of Dean	316,155
Fylde	280,979
Gateshead	1,179,880
Gedling	439,092
Gloucester	618,850
Gosport	443,764
Gravesham	462,807
Great Yarmouth	634,985
Greenwich	2,137,378
Guildford	438,022
Hackney	2,830,575
Halton	781,786
Hambleton	267,458
Hammersmith and Fulham	1,415,559
Harborough	182,276
Haringey	2,348,508
Harlow	564,350
Harrogate	411,433
Harrow	1,124,959
Hart	149,804
	699,104
Hartlepool	·
Hastings	633,737
Havoring	454,845
Havering	938,628
Herefordshire	629,089
Hertsmere	431,150

LA name	2015/16 DWP HB allocation (£)
High Peak	354,150
Hillingdon	1,310,254
Hinckley and Bosworth	305,615
Horsham	346,982
Hounslow	1,347,757
Huntingdonshire	574,884
Hyndburn	483,697
Ipswich	761,321
Isle of Wight	740,048
Isles of Scilly	2,448
Islington	2,308,733
Kensington and Chelsea	1,185,019
Kettering	346,338
Kings Lynn and West Norfolk	607,271
Kingston upon Hull	2,018,582
Kingston upon Thames	570,500
Kirklees	1,961,942
Knowsley	1,109,862
Lambeth	2,819,749
Lancaster	588,413
Leeds	3,750,828
Leicester	2,031,291
Lewes	340,400
Lewisham	2,909,063
Lichfield	290,638
Lincoln	520,754
Liverpool	4,050,372
Luton	1,038,554
Maidstone	558,575
Maldon	194,105
Malvern Hills	230,866
Manchester	4,100,253
Mansfield	542,924
Medway	1,281,798
Melton	144,737
Mendip	445,045
Merton	842,190
Mid Devon	276,369
Mid Suffolk	241,478
Mid Sussex	348,049
Middlesbrough	1,106,796
Milton Keynes	1,210,787
Mole Valley	243,350
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LA name	2015/16 DWP HB allocation (£)
New Forest	479,507
Newark and Sherwood	421,434
Newcastle upon Tyne	1,707,899
Newcastle-under-Lyme	484,035
Newham	2,382,636
North Devon	426,770
North Dorset	213,136
North East Derbyshire	380,980
North East Lincolnshire	985,166
North Hertfordshire	513,217
North Kesteven	283,584
North Lincolnshire	772,178
North Norfolk	402,078
North Somerset	912,796
North Tyneside	1,010,115
North Warwickshire	216,205
North West Leicestershire	307,921
Northampton	1,032,075
Northumberland	1,438,158
Norwich	990,513
Nottingham	2,248,086
Nuneaton and Bedworth	555,062
Oadby and Wigston	144,166
Oldham	1,163,116
Oxford	639,677
Pendle	484,818
Peterborough	1,019,794
Plymouth	1,529,545
Poole	576,756
Portsmouth	1,391,331
Preston	710,441
Purbeck	158,665
Reading	808,478
Redbridge	1,238,558
Redcar and Cleveland	818,207
Redditch	369,821
Reigate and Banstead	446,105
Ribble Valley	131,271
Richmond upon Thames	607,775
Richmondshire	132,516
Rochdale	1,189,862
Rochford	225,795
Rossendale	306,181
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LA name	2015/16 DWP HB allocation (£)
Rother	326,747
Rotherham	1,371,777
Rugby	373,813
Runnymede	265,101
Rushcliffe	261,651
Rushmoor	430,222
Rutland	81,473
Ryedale	177,037
Salford	1,785,619
Sandwell	2,020,545
Scarborough	621,890
Sedgemoor	498,131
Sefton	1,451,648
Selby	249,947
Sevenoaks	355,085
Sheffield	2,765,417
Shepway	551,815
Shropshire	1,071,428
Slough	728,813
Solihull	685,637
South Bucks	158,998
South Cambridgeshire	319,043
South Derbyshire	265,317
South Gloucestershire	928,838
South Hams	297,443
South Holland	280,419
South Kesteven	481,834
South Lakeland	281,277
South Norfolk	378,276
South Northamptonshire	160,969
South Oxfordshire	315,504
South Ribble	318,266
South Somerset	641,038
South Staffordshire	321,122
South Tyneside	964,271
Southampton	1,322,966
Southend on Sea	1,044,045
Southwark	2,852,383
Spelthorne	328,496
St Albans	376,626
St Edmundsbury	384,568
St Helens	1,027,230
Stafford	405,319

LA name	2015/16 DWP HB allocation (£)
Staffordshire Moorlands	272,805
Stevenage	465,197
Stockport	1,016,460
Stockton on Tees	1,032,232
Stoke on Trent	1,538,235
Stratford-on-Avon	379,512
Stroud	316,326
Suffolk Coastal	381,748
Sunderland	1,702,193
Surrey Heath	224,342
Sutton	803,925
Swale	662,791
Swindon	904,978
Tameside	1,221,953
Tamworth	321,526
Tandridge	244,657
Taunton Deane	455,477
Teignbridge	501,205
Telford and Wrekin	938,666
Tendring	770,598
Test Valley	371,870
Tewkesbury	266,864
Thanet	985,327
Three Rivers	297,070
Thurrock	777,128
Tonbridge and Malling	403,375
Torbay	925,145
Torridge	277,724
Tower Hamlets	3,057,924
Trafford	901,387
Tunbridge Wells	391,634
Uttlesford	201,709
Vale of White Horse	308,939
Wakefield	1,735,880
Walsall	1,671,237
Waltham Forest	1,606,598
Wandsworth	2,032,654
Warrington	819,377
Warwick	379,733
Watford	446,713
Waveney	594,536
Waverley	343,677
Wealden	352,064

LA name	2015/16 DWP HB allocation (£)
Wellingborough	329,009
Welwyn Hatfield	490,963
West Berkshire	455,768
West Devon	193,227
West Dorset	363,010
West Lancashire	432,955
West Lindsey	328,454
West Oxfordshire	286,789
West Somerset	174,598
Westminster	1,790,541
Weymouth and Portland	365,361
Wigan	1,454,580
Wiltshire	1,592,508
Winchester	339,531
Windsor and Maidenhead	386,520
Wirral	1,870,747
Woking	320,272
Wokingham	253,430
Wolverhampton	1,698,733
Worcester	407,579
Worthing	400,661
Wychavon	344,113
Wycombe	528,174
Wyre	492,892
Wyre Forest	417,653
York	658,496
Total	261,407,219