

Housing Benefit Circular

Department for Work and Pensions
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HB S10/2015

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	2016/17 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: hbsubsidy.queries@dwp.gsi.gov.uk
 - **distribution of this circular**,
Email: housing.correspondenceandpgs@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 Scottish local authorities

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 and the Devolved Administrations to distribute to their respective LAs.
4. The Scottish Government will inform Scottish LAs of their 2016/17 LCTS funding.
5. The 2016/17 HB administration subsidy for Scottish LAs is **£25.19 million**. This funding is derived by applying 6.05% efficiency savings which is consistent with DWP's baseline 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 Scottish LAs would be 15.36% 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.
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

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.
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

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 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

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

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

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

2016/17 LA allocations

Local Authority name	2016/17 DWP HB allocation (£)
Aberdeen	761,903
Aberdeenshire	682,213
Angus	440,873
Argyll & Bute	374,423
Clackmannanshire	257,681
Comhairle nan Eilean Siar	121,041
Dumfries & Galloway	721,037
Dundee	1,005,412
East Ayrshire	663,389
East Dunbartonshire	274,217
East Lothian	378,219
East Renfrewshire	204,613
Edinburgh	2,087,703
Falkirk	680,352
Fife	1,606,677
Glasgow	4,619,799
Highland	859,542
Inverclyde	509,631
Midlothian	354,296
Moray	298,751
North Ayrshire	828,602
North Lanarkshire	1,753,605
Orkney Islands	71,581
Perth & Kinross	526,083
Renfrewshire	915,673
Scottish Borders	494,429
Shetland Islands	57,202
South Ayrshire	536,001
South Lanarkshire	1,382,757
Stirling	296,149
West Dunbartonshire	632,026
West Lothian	791,851
Total	25,187,731