

Housing Benefit Circular

Department for Work and Pensions
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HB S7/2013

SUBSIDY CIRCULAR

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|------------------------|---|
| WHO SHOULD READ | Housing Benefit (HB) and Local Council Tax Support (LCTS) managers and staff. Fraud managers and staff. Officers preparing subsidy claims and estimates |
| ACTION | For information |
| SUBJECT | HB subsidy arrangements 2014/15: Details of the specific grant for administration costs for ENGLISH 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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2014/15 HB administration subsidy arrangements for English authorities

Introduction

- 1 This circular contains details of the 2014/15 distribution of HB administration subsidy for English authorities only, following consultation with their Local Authority Association (LAA) representatives. Arrangements for Wales and Scotland will be announced in separate circulars.
- 2 Provision for the 2014/15 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 LCTS in April 2013, the funding baseline for HB/CTB will be disaggregated from 2014/15 onwards. DWP will be responsible for allocating the HB element to local authorities (LAs) with the LCTS element being transferred to Department for Communities and Local Government (DCLG) and the Devolved Administrations (DAs) to distribute to their respective LAs.
- 4 Negotiations with Her Majesty's Treasury (HMT) at Spending Review (SR) 2013 concluded that for 2014/15, 80% of the total HB and LCTS administration grant will reside with DWP, with the remaining 20% being included in DCLG's and the DAs' baselines to meet part of the costs of LCTS.
- 5 On 1 August 2013, Lord Freud wrote to LA Chief Executives giving the reassurance that DWP would maintain the level of LA funding required to manage the full administration of HB in 2014/15. This assurance is reflected in the HB allocation where the only factor affecting the funding for 2014/15 is the efficiency challenge imposed on all Departments by HMT in SR2013.
- 6 In calculating the 2014/15 HB allocation, the starting point for the efficiency challenge was SR2007, where a 7% efficiency saving was applied. In addition, from the Autumn Statement 2012 and Budget 2013, a further 3% was applied - hence the 10% efficiency savings target - as per the SR2013 settlement for DWP.
- 7 The HB allocation for English LAs is **£298.66 million**. This funding merges the main HB administration subsidy, and the additional administration subsidy to meet the impact of the economic downturn, which were separately identified in previous years.
- 8 DCLG will issue a circular regarding 2014/15 LCTS funding detailing individual English LA allocations.

Details of the DWP HB administration subsidy distribution in 2014/15

- 9 Discussions between DWP officials and English LAA representatives about allocating 2014/15 HB funding concluded that both HB and LCTS total funding should be considered together and compared to total funding for 2013/14. This was deemed necessary in order to negate any unintended consequences of the policy decision to disaggregate HB/CTB and avoid any LAs suffering wide variations in funding between 2013/14 and 2014/15. As a result, it was agreed that DWP should apply netting and capping to the total funding for 2014/15 (HB and LCTS).
- 10 The net and cap percentages applied are 12% (net) and 0% (cap). Individual allocations are shown in the Annex of this circular.
- 11 Netting and capping options, have been 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.

Netting and Capping

- 12 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.

How it works

- 13 Netting is the floor to which we would look to restrict losses. For example, when we net at 12%, we ensure that no authority has a reduction of more than 12% funding compared to the previous year. To do this, we identify which authorities would suffer a loss of more than 12% and calculate the total required to lift their funding to this lower limit. This lower limit becomes the amount of funding that they would then receive.
- 14 Capping is the ceiling to which we would look to restrict gains (or even to set a low limit of loss). In the case of a 0% cap, we ensure that no authority receives more funding than in the previous year. Again, we look to identify those authorities where the raw allocation is greater than the previous year, and top slice any such amounts. This top slicing is then used to offset (in part) the amount of uplift required to enable the netting. This upper limit becomes the amount of funding that the authority would then receive.
- 15 Any subsequent shortfall after top slicing the funding that is available from capping to provide for the net is then found by redistributing funding for those authorities which are between the net and cap levels proportionally.
- 16 As a process, netting and capping is cost neutral overall, but its application impacts across all authorities.

Distribution methodology

- 17 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 (SHBE) data for the period from June 2012 to March 2013.
- 18 The methodology uses 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).

Table 1

| 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 |
| 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 | |
| Rent Rebates | 1.51 |
| Housing Associations | 2.00 |
| Rent Allowances (other than Housing Associations) | 2.13 |

Labour cost adjustments

- 19 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.

20 Table 2 shows a summary of the regional values used for the 2014/15 distribution.

Table 2

| ASHE survey | Weight |
|---|--------|
| England | 1.0074 |
| Wales | 0.9321 |
| Scotland | 0.9668 |
| 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

- 21 For **accommodation factors**, we used the information of the Property Market Report provided by the Valuation Office Agency (VOA). These have been used to derive the indices to represent a split of accommodation costs between England, Scotland and Wales and DCLG's Rates Cost Adjustment (RCA) ratios applied to the English LAs.
- 22 DCLG RCA ratios from the Environmental, Protective and Cultural Services (EPCS) aspect of the Local Government Finance Settlement have been applied to the English LAs.
- 23 *Table 3* shows a summary of the regional values used for the 2014/15 distribution.

Table 3

| VOA-Property Report | Market | 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 | | 1.739 |
| Rest of the South East | | 1.2628 |
| South East Fringe | | 1.3034 |
| Northern ACA | | 1.2553 |
| Rest of England | | 1 |

The formula

- 24 The subsidy is distributed among LAs by taking HB caseloads into account, with different weightings for different case types such as private or LA housing, and adjustments to compensate for variations in accommodation and labour costs between regions.
- 25 The administration subsidy for a particular LA is equal to a fraction of the total administration subsidy. This fraction is calculated using the Adjusted Caseloads and the labour and accommodation indices which are scaled by the average which has been weighted by caseload.

Factor = Adjusted Caseload x [0.25 + 0.65 x Scaled Labour indices + 0.1 x Scaled Accommodation indices]

Admin Subsidy = Factor x Total Admin Subsidy / Sum of Factors for all LAs

- 26 The Adjusted Caseloads for HB are calculated by applying the relevant weighting to each aspect of the caseload (both live load and new claim volumes using the weights from *Table 1*) and summing the total.

Payments of subsidy

- 27 Payments of interim administration subsidy will be made in monthly instalments beginning in April 2014. 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

- 28 If you have a query about the 2014/15 administration subsidy distribution, contact

Email: HBCTB.SUBSIDYQUERIES@DWP.GSI.GOV.UK

- 29 If you have a query about the payment arrangements, please contact Michael Mina

Tel: 01253 337697

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

2014/15 Individual English LA allocations

| Local Authority name | 2014/15 DWP HB allocation (£) |
|-----------------------|-------------------------------|
| Adur | 253,483 |
| Allerdale | 448,826 |
| Amber Valley | 527,648 |
| Arun | 724,123 |
| Ashfield | 584,993 |
| Ashford | 516,416 |
| Aylesbury Vale | 641,876 |
| Babergh | 306,692 |
| Barking | 1,460,372 |
| Barnet | 2,236,898 |
| Barnsley | 1,390,364 |
| Barrow-in-Furness | 360,436 |
| Basildon | 937,159 |
| Basingstoke and Deane | 700,367 |
| Bassetlaw | 533,938 |
| Bath and N E Somerset | 752,143 |
| Bedford | 872,328 |
| Bexley | 1,095,173 |
| Birmingham | 7,764,127 |
| Blaby | 267,282 |
| Blackburn with Darwen | 882,505 |
| Blackpool | 1,368,515 |
| Bolsover | 367,542 |
| Bolton | 1,806,012 |
| Boston | 376,481 |
| Bournemouth | 1,238,864 |
| Bracknell Forest | 481,820 |
| Bradford | 3,266,796 |
| Braintree | 656,996 |
| Breckland | 584,362 |
| Brent | 2,795,824 |
| Brentwood | 230,387 |
| Brighton and Hove | 1,972,253 |
| Bristol | 2,822,914 |
| Broadland | 367,488 |
| Bromley | 1,413,388 |
| Bromsgrove | 266,471 |
| Broxbourne | 473,321 |
| Broxtowe | 400,723 |
| Burnley | 665,534 |
| Bury | 955,318 |
| Calderdale | 1,220,252 |

| Local Authority name | 2014/15 DWP HB allocation (£) |
|---------------------------|-------------------------------|
| Cambridge | 526,364 |
| Camden | 2,075,972 |
| Cannock Chase | 482,041 |
| Canterbury | 586,796 |
| Carlisle | 519,733 |
| Castle Point | 348,528 |
| Central Bedfordshire | 912,763 |
| Charnwood | 580,975 |
| Chelmsford | 613,444 |
| Cheltenham | 512,983 |
| Cherwell | 567,288 |
| Cheshire East | 1,396,537 |
| Cheshire West and Chester | 1,476,544 |
| Chesterfield | 594,184 |
| Chichester | 455,423 |
| Chiltern | 269,514 |
| Chorley | 430,392 |
| Christchurch | 201,960 |
| City of London | 96,070 |
| Colchester | 764,311 |
| Copeland | 343,355 |
| Corby | 465,060 |
| Cornwall | 2,801,279 |
| Cotswold | 313,289 |
| Coventry | 2,076,831 |
| Craven | 177,992 |
| Crawley | 628,201 |
| Croydon | 2,581,564 |
| Dacorum | 627,408 |
| Darlington | 633,383 |
| Dartford | 403,364 |
| Daventry | 267,831 |
| Derby | 1,354,263 |
| Derbyshire Dales | 217,701 |
| Doncaster | 1,875,234 |
| Dover | 585,853 |
| Dudley | 1,516,483 |
| Durham | 3,210,514 |
| Ealing | 2,436,519 |
| East Cambridgeshire | 313,116 |
| East Devon | 486,351 |
| East Dorset | 277,688 |
| East Hampshire | 367,811 |

| Local Authority name | 2014/15 DWP HB allocation (£) |
|--------------------------|-------------------------------|
| East Hertfordshire | 489,706 |
| East Lindsey | 781,126 |
| East Northamptonshire | 317,021 |
| East Riding of Yorkshire | 1,396,162 |
| East Staffordshire | 497,818 |
| Eastbourne | 656,543 |
| Eastleigh | 432,381 |
| Eden | 167,600 |
| Elmbridge | 431,618 |
| Enfield | 2,502,487 |
| Epping Forest | 449,260 |
| Epsom and Ewell | 243,793 |
| Erewash | 513,067 |
| Exeter | 621,880 |
| Fareham | 313,730 |
| Fenland | 526,256 |
| Forest Heath | 274,459 |
| Forest of Dean | 368,963 |
| Fylde | 311,208 |
| Gateshead | 1,275,372 |
| Gedling | 503,609 |
| Gloucester | 716,363 |
| Gosport | 500,708 |
| Gravesham | 499,961 |
| Great Yarmouth | 680,088 |
| Greenwich | 2,347,870 |
| Guildford | 494,238 |
| Hackney | 3,257,959 |
| Halton | 872,573 |
| Hambleton | 306,207 |
| Hammersmith and Fulham | 1,622,661 |
| Harborough | 204,137 |
| Haringey | 2,531,958 |
| Harlow | 548,524 |
| Harrogate | 517,240 |
| Harrow | 1,388,854 |
| Hart | 190,443 |
| Hartlepool | 773,266 |
| Hastings | 803,033 |
| Havant | 562,104 |
| Havering | 988,220 |
| Herefordshire | 780,212 |
| Hertsmere | 494,393 |

| Local Authority name | 2014/15 DWP HB allocation (£) |
|-----------------------------|-------------------------------|
| High Peak | 405,183 |
| Hillingdon | 1,642,178 |
| Hinckley and Bosworth | 344,121 |
| Horsham | 385,029 |
| Hounslow | 1,633,911 |
| Huntingdonshire | 648,930 |
| Hyndburn | 553,956 |
| Ipswich | 796,573 |
| Isle of Wight | 844,319 |
| Isles of Scilly | 3,387 |
| Islington | 2,408,969 |
| Kensington and Chelsea | 1,402,157 |
| Kettering | 426,058 |
| Kings Lynn and West Norfolk | 686,177 |
| Kingston upon Hull | 2,092,871 |
| Kingston upon Thames | 710,073 |
| Kirklees | 2,122,303 |
| Knowsley | 1,200,460 |
| Lambeth | 3,392,148 |
| Lancaster | 638,960 |
| Leeds | 4,376,219 |
| Leicester | 2,158,356 |
| Lewes | 403,173 |
| Lewisham | 3,344,151 |
| Lichfield | 326,734 |
| Lincoln | 617,867 |
| Liverpool | 4,704,618 |
| Luton | 1,139,171 |
| Maidstone | 614,191 |
| Maldon | 216,332 |
| Malvern Hills | 279,069 |
| Manchester | 4,571,773 |
| Mansfield | 580,216 |
| Medway | 1,455,193 |
| Melton | 161,056 |
| Mendip | 502,840 |
| Merton | 1,086,630 |
| Mid Devon | 309,548 |
| Mid Suffolk | 258,620 |
| Mid Sussex | 395,996 |
| Middlesbrough | 1,225,802 |
| Milton Keynes | 1,538,137 |
| Mole Valley | 278,269 |

| Local Authority name | 2014/15 DWP HB allocation (£) |
|---------------------------|-------------------------------|
| New Forest | 591,554 |
| Newark and Sherwood | 441,639 |
| Newcastle upon Tyne | 2,019,468 |
| Newcastle-under-Lyme | 547,156 |
| Newham | 2,535,936 |
| North Devon | 481,285 |
| North Dorset | 242,518 |
| North East Derbyshire | 368,635 |
| North East Lincolnshire | 1,133,762 |
| North Hertfordshire | 591,696 |
| North Kesteven | 345,473 |
| North Lincolnshire | 892,836 |
| North Norfolk | 451,466 |
| North Somerset | 1,043,152 |
| North Tyneside | 1,188,077 |
| North Warwickshire | 237,416 |
| North West Leicestershire | 336,136 |
| Northampton | 1,135,584 |
| Northumberland | 1,595,453 |
| Norwich | 1,025,489 |
| Nottingham | 2,421,050 |
| Nuneaton and Bedworth | 596,016 |
| Oadby and Wigston | 161,894 |
| Oldham | 1,460,628 |
| Oxford | 782,772 |
| Pendle | 557,140 |
| Peterborough | 1,295,499 |
| Plymouth | 1,755,974 |
| Poole | 622,521 |
| Portsmouth | 1,507,317 |
| Preston | 815,375 |
| Purbeck | 176,047 |
| Reading | 973,791 |
| Redbridge | 1,295,549 |
| Redcar and Cleveland | 928,597 |
| Redditch | 398,098 |
| Reigate and Banstead | 512,078 |
| Ribble Valley | 149,750 |
| Richmond upon Thames | 770,719 |
| Richmondshire | 151,957 |
| Rochdale | 1,492,506 |
| Rochford | 253,380 |
| Rossendale | 356,421 |

| Local Authority name | 2014/15 DWP HB allocation (£) |
|------------------------|-------------------------------|
| Rother | 409,012 |
| Rotherham | 1,420,552 |
| Rugby | 422,775 |
| Runnymede | 301,453 |
| Rushcliffe | 298,382 |
| Rushmoor | 491,479 |
| Rutland | 100,034 |
| Ryedale | 203,407 |
| Salford | 1,997,172 |
| Sandwell | 2,164,823 |
| Scarborough | 714,062 |
| Sedgemoor | 564,823 |
| Sefton | 1,586,521 |
| Selby | 278,063 |
| Sevenoaks | 390,737 |
| Sheffield | 3,025,960 |
| Shepway | 592,139 |
| Shropshire | 1,204,059 |
| Slough | 916,710 |
| Solihull | 800,024 |
| South Bucks | 199,433 |
| South Cambridgeshire | 372,478 |
| South Derbyshire | 279,051 |
| South Gloucestershire | 1,065,118 |
| South Hams | 338,423 |
| South Holland | 352,767 |
| South Kesteven | 521,241 |
| South Lakeland | 322,955 |
| South Norfolk | 429,051 |
| South Northamptonshire | 209,907 |
| South Oxfordshire | 391,144 |
| South Ribble | 399,649 |
| South Somerset | 732,406 |
| South Staffordshire | 355,750 |
| South Tyneside | 1,066,121 |
| Southampton | 1,591,410 |
| Southend on Sea | 1,126,410 |
| Southwark | 3,083,798 |
| Spelthorne | 363,881 |
| St Albans | 397,639 |
| St Edmundsbury | 426,941 |
| St Helens | 1,140,779 |
| Stafford | 451,762 |

| Local Authority name | 2014/15 DWP HB allocation (£) |
|-------------------------|-------------------------------|
| Staffordshire Moorlands | 310,564 |
| Stevenage | 475,974 |
| Stockport | 1,239,035 |
| Stockton on Tees | 1,195,543 |
| Stoke on Trent | 1,586,945 |
| Stratford-on-Avon | 413,919 |
| Stroud | 370,260 |
| Suffolk Coastal | 414,619 |
| Sunderland | 2,147,580 |
| Surrey Heath | 251,652 |
| Sutton | 970,501 |
| Swale | 727,140 |
| Swindon | 1,004,762 |
| Tameside | 1,526,565 |
| Tamworth | 323,631 |
| Tandridge | 264,626 |
| Taunton Deane | 512,040 |
| Teignbridge | 580,638 |
| Telford and Wrekin | 1,042,730 |
| Tendring | 877,886 |
| Test Valley | 429,193 |
| Tewkesbury | 303,593 |
| Thanet | 1,093,826 |
| Three Rivers | 334,798 |
| Thurrock | 813,692 |
| Tonbridge and Malling | 450,173 |
| Torbay | 1,058,583 |
| Torridge | 314,994 |
| Tower Hamlets | 3,513,905 |
| Trafford | 1,016,692 |
| Tunbridge Wells | 440,947 |
| Uttlesford | 206,002 |
| Vale of White Horse | 393,276 |
| Wakefield | 2,168,547 |
| Walsall | 1,942,986 |
| Waltham Forest | 1,972,904 |
| Wandsworth | 2,210,726 |
| Warrington | 931,201 |
| Warwick | 443,081 |
| Watford | 517,637 |
| Waveney | 638,183 |
| Waverley | 358,109 |
| Wealden | 435,179 |

| Local Authority name | 2014/15 DWP HB allocation (£) |
|------------------------|-------------------------------|
| Wellingborough | 410,136 |
| Welwyn Hatfield | 525,629 |
| West Berkshire | 572,306 |
| West Devon | 221,550 |
| West Dorset | 396,025 |
| West Lancashire | 470,504 |
| West Lindsey | 411,872 |
| West Oxfordshire | 360,179 |
| West Somerset | 198,146 |
| Westminster | 2,108,235 |
| Weymouth and Portland | 413,455 |
| Wigan | 1,725,540 |
| Wiltshire | 1,812,666 |
| Winchester | 361,813 |
| Windsor and Maidenhead | 479,795 |
| Wirral | 2,041,493 |
| Woking | 366,660 |
| Wokingham | 313,912 |
| Wolverhampton | 1,793,797 |
| Worcester | 514,357 |
| Worthing | 510,123 |
| Wychavon | 418,973 |
| Wycombe | 661,140 |
| Wyre | 572,412 |
| Wyre Forest | 508,768 |
| York | 728,625 |
| TOTAL | 298,661,176 |