

Section 10: Administration costs

Introduction

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

1401-1409

Details of the DWP administration subsidy distribution in the relevant year

1410 For 2016/17 the total distributed amount of administration subsidy for HB is £261.76 million. *Appendix D* shows the individual allocations for each LA in England, Scotland and Wales.

Distribution methodology

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

1412 The distribution methodology used caseload information based upon Single Housing Benefit Extract (SHBE) data.

1413 The methodology reflects differences in labour costs. It used the most up to date Annual Survey of Hours and Earnings (ASHE) available to derive the labour cost indices split between England, Scotland and Wales. The DCLG Labour Cost Adjustments (LCA) ratios were applied to the English LAs.

Table 1: Summary of the regional values used for the distribution for labour costs

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

(1413)

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

- 1414 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. The DCLG Rates Cost Adjustment (RCA) were applied to the English LAs. *Table 2: 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	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 area	1.2553
Rest of England	1.0000

- 1415 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
- 1416 The HB administration subsidy for a particular LA is equal to a fraction of the total HB administration subsidy. The fraction is calculated using the caseloads and the labour and accommodation indices which are scaled by the average which has been weighted by caseload.

1417-1430

1417 To provide an element of stability in funding, the main HB administration subsidy was subject to a 0% cap (meaning no LA will receive more funding than in the preceding year) and a 20% net for England, 20% for Wales and 15.36% for Scotland (meaning no LA will lose more than its respective funding it received in the preceding year).

1418-1420

Payments of subsidy

1421 Payments of interim HB administration subsidy will be made in 12 monthly instalments beginning in April. 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 authority's allocations.

1422-1429

Queries

1430 If you have any queries concerning the content of this section,
Email: HBSUBSIDY.QUERIES@DWP.GSI.GOV.UK