

Section 11: In-year instalments of subsidy and payments of subsidy

In-year instalments of subsidy

- 1500 The Secretary of State is authorised, under the Social Security Administration Act 1992, as amended by the Housing Act 1996, to pay subsidy to LAs in respect of their administering the HB scheme. The Act requires the Secretary of State to make a Subsidy Order, which specifies the basis for LAs receiving their administration and benefit subsidy.
- 1501 The Income-related Benefits (Subsidy to Authorities) Order 1998 (the 'Principal Order') prescribes the level of administration subsidy, the basic benefit subsidy rate and the circumstances under which lower rates of subsidy will apply. The Order, which is amended annually, provides the legislative base for the revised subsidy arrangements applicable from 1 April each year.
- 1502 Payments of in-year instalments of subsidy are conditional on
- an LA's timely completion of both initial and mid-year claims for subsidy (using form MPF714)
 - provision of associated information required by the DWP (acting on the Secretary of State's behalf) to ensure that the level of the payments reflects, as accurately as possible, the likely level of actual HB expenditure and related subsidy.
- 1503 Payments of subsidy for the months
- April to September are based on initial claims for HB subsidy that were received by the DWP by 1 March prior to the relevant year
 - October to March are based on mid-year claims for HB subsidy that were received by the DWP by 31 August of the relevant year.
- 1504-1509

Payments of subsidy

- 1510 An LA must submit to the DWP, by 30 April following the end of the relevant year, a final claim providing details of the actual amounts of benefit paid in the relevant year. In practice, this will involve the accurate completion of form MPF720. At the same time, a copy of the final claim must be presented to the LA's external auditor for audit.
- 1511 On receipt of an LA's final claim, the DWP will, after taking account of in-year instalments paid and any other relevant matters, pay/recover any resultant balance.
- 1512 The regulations as to audit requirements prescribe
- i. that an LA shall make sure that its final claim is audited by its external auditor and presented to the DWP by 30 November following the end of the relevant year, and
 - ii. an LA's duty to keep such records and supply such information as is necessary to enable auditors, and where necessary the DWP (acting on the Secretary of State's behalf), to verify subsidy claims
- 1513 If an LA does not comply with the prescribed deadlines given in *paragraphs 1510 and 1512(i)*, the DWP may withhold a percentage of its in-year instalments of subsidy pending compliance. The LA will be notified of any withholding by the DWP and be given the opportunity to make representations in advance of withholding. It is open to LAs to request extensions to these deadlines. Extensions, which must be requested in writing in advance, will be granted if the DWP is satisfied the extension is justified. Extensions will not be granted as a matter of course. If an extension is granted, in-year instalments of subsidy will not be subject to withholding for the period of the extension.
- 1514 If an LA fails to verify its claim as per *paragraph 1512(ii)* and further work has not already been undertaken in conjunction with the auditor, the DWP will give the LA the opportunity to satisfy the stated requirements within a set timescale. Subsidy may be withheld if work to satisfy stated requirements is not completed within this timescale.
- 1515 If there has been an overpayment of subsidy, the DWP, acting on the Secretary of State's behalf, will decide whether, and if so how much of, the overpayment should be recovered, having regard to prescribed criteria, the individual circumstances in which the overpayment arose and relevant wider considerations. HB/CTB Circular S1/2002 gives further information.
- 1516 The Secretary of State's powers to withhold, recover or estimate subsidy are contained in section 140C of the Social Security Administration Act 1992. There are also separate powers to adjust or deduct subsidy. There are inter alia powers in the Social Security

Administration Act 1992 to enable the Secretary of State to withhold or estimate HB subsidy in specific circumstances.

1517-1519

Queries

1520 If you have any queries concerning the content of this section, contact

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1521-1599