

## The Subsidy Calculation

- 1.1 Local Authorities (LAs) receive, for the greater part of the qualifying benefit expenditure they incur, a direct subsidy of 100%. However, in areas of expenditure wherein LAs have most scope to monitor and control costs, lower rates apply.
- 1.2 The areas of benefit spending which attract a lower rate of subsidy are:
- certain types of overpaid benefit and duplicate payments;
  - rent rebate payments above a specified level in respect of homeless people in board and lodging, licensed and short-term accommodation;
  - rent allowance payments above a specified level in respect of temporary or short-term accommodation where a Registered Housing Association is the landlord;
  - rent allowance payments above or without the required rent officer determination.

## Overpayments of Housing Benefit

- 1.3 Overpayments of Housing Benefit attract different rates of subsidy dependent on the reason for the overpayment. This is demonstrated in table one below:

Table 1:

Overpayment Type	Description	Subsidy received
Claimant error	Caused by the claimant failing to provide information or report a change in circumstances.	40%
Fraud	Where the claimant, in relation to the overpayment, <ul style="list-style-type: none"> <li>• been found guilty of an offence;</li> <li>• admitted an offence in an interview under caution; or</li> <li>• Agreed to pay an administrative penalty.</li> </ul>	40%
DWP error	Arisen from a mistake by the DWP or HM and Customs	100%
Local Authority error	Arisen from a mistake by the local authority. For example, miscalculating a claim.	Various
Administrative delay	When a local authority receives all the information to make a change to a claim but delays doing so.	Various
Other	Does not fit into any of the other categories.	40%

- 1.4 The subsidy attained for Local Authority error and Administrative delay overpayments is dependent on thresholds of the total amount of these types of overpayment in relation to the full amount of correct Housing Benefit paid. This is demonstrated in table two below:

Table 2:

Percentage of amount of Local Authority error and Administrative delay overpayments	Subsidy received
Less than or equal to 0.48% of correct amount of Housing Benefit paid	100%
Greater than 0.48% but less than or equal to 0.54% of correct amount of Housing Benefit paid	40%
Greater than 0.54% of correct amount of Housing Benefit paid	0%

- 1.5 The subsidy for overpaid Housing Benefit is paid regardless of whether the Council recover the amount overpaid. It is essential that recovery of overpayments is maximised as it can be financially beneficial to the Council as in the following example:
- Housing Benefit paid out £100.00  
 Claimant error overpayment of £100.00 recovered in full from the claimant.  
 Subsidy received from the DWP £40.00  
 The Council keep the £40.00 in addition to the amount covered by subsidy before the overpayment is recovered.

1.6 The subsidy claimed for overpaid Housing Benefit can be found in cells 024 to 033S, cells 111 to 124S and cells 201 to 210S of the statement at Appendix One.

### **Temporary accommodation and board and lodging**

1.7 These subsidy rates apply to Housing Benefit paid for accommodation provided by a local authority, or a registered housing association, as temporary or short-term accommodation. An example would be where the accommodation has been made available by the local authority to discharge a statutory homeless function.

1.8 For self-contained accommodation, the subsidy is based on the size of the property. A self-contained property is where the claimant's household is not required to share a kitchen, bathroom and toilet. This type of property attracts subsidy at a rate of 90% of the Local Housing Allowance Rate, set in January 2011, for the number of bedrooms in the property.

1.9 Housing Benefit paid for properties providing board and lodging attracts subsidy of the Local Housing Allowance Rate, set in January 2011, for one bedroom.

1.10 Any expenditure above those rates will not attract any subsidy and has to be funded by the Council. It is therefore vital that Homelessness Services consider spend when placing homeless residents in accommodation.

1.11 The subsidy claimed for temporary accommodation and board and lodging can be found in cells 012 to 023S of the statement at Appendix One.

### **Rent Allowance Payments**

1.12 New Housing Benefit claims made after 07 April 2008 are based on the Local Housing Allowance rate for the property.

1.13 Entitlement to Housing Benefit in certain circumstances, however, are not subject to the Local Housing Allowance rate. This includes:

- Registered Social Landlords
- Regulated tenancies
- Pre 1996 cases
- Maximum rent cases
- Exempt and Supported accommodation
- Caravans, houseboats, mooring fees, mobile homes, hostels
- Board and lodging

1.14 The rents for Registered Social Landlords are normally accepted as being market value, however, the rent can be deemed by the local authority to be excessive.

1.15 Claims that fall within these categories require a Market Rent assessment by the independent Rent Officer Services. Subsidy will only be paid at the rate set by the Rent Officer and any Housing Benefit paid in excess of that amount will be met by the Council.

1.16 The subsidy claimed for rent allowance claims can be found in cells 094 to 110S of the statement at Appendix One.

### **Modified Schemes**

1.17 The Executive Cabinet approved, on 27 September 2023, a modified scheme for Housing Benefit allowing the whole of any prescribed war disablement pension or prescribed war widow's pension payable to that person to be disregarded as income. The Council receive 75% subsidy on the additional Housing Benefit payable due to this income disregard.

1.18 The subsidy claimed for rent allowance claims can be found in cells 212 to 216S of the statement at Appendix One.