

Housing Benefit and Council Tax Benefit Circular
Department for Work and Pensions
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HB/CTB S3/2009

ADJUDICATION AND OPERATIONS CIRCULAR

WHO SHOULD READ	Housing Benefit and Council Tax Benefit managers and staff. Fraud managers and staff. Officers preparing subsidy claims and estimates
ACTION	For information
SUBJECT	Rent Rebate Subsidy Limitation information 2009/2010

Guidance Manual

The information in this circular does not affect the content of the HB/CTB Guidance Manual.

Queries

If you

- want **extra copies of this circular/copies of previous circulars**, they can be found on the website at www.dwp.gov.uk/housingbenefit/user-communications/circulars
- have any queries about the
 - **technical content of this circular**, contact Aeon Channer
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Rent Rebate Subsidy Limitation information – 2009/2010

Introduction

- 1 This circular contains details of Rent Rebate Subsidy limitation arrangements.
- 2 English authorities are aware of the offer by Communities and Local Government to operate with a revised guideline rent increase of 3.1%, as opposed to the original guideline rent increase of 6.2%. Once we know which guideline rent each English authority will be operating, we will then make an amending order to the Income-related Benefits (Subsidy to Authorities) Order 1998.
- 3 In the meantime, *Appendix A* shows both sets of limit rent figures.

Rent Rebate Subsidy Limitation Scheme in England

- 4 The existing processes to collect base data to inform limit rents in England continue for 2009/10. In June 2008, Communities and Local Government sent out the Base Data Return to LAs. The deadline for final audited returns to be received by them was 10 October 2008. This data, together with assumptions that an LA is following the policy of rent restructuring, was used by Communities and Local Government to inform calculations of limit rents for English LAs.
- 5 Following the resolution of external audit queries, Communities and Local Government
 - forwarded the final calculated limit rents to Department for Work and Pensions (DWP) in January 2009
 - published these figures on its website alongside the Housing Revenue Account (HRA) Subsidy Determination for 2009/10 so that each LA was aware of its limit rent prior to setting its rents for 2009/10.
- 6 On 6 March, Housing Minister Margaret Beckett announced that average guideline rent increases for 2009/10 would be halved from 6.2% to 3.1%, but that it would be up to each council to take up the offer of support. In light of this, Communities and Local Government has now written to English authorities detailing revised figures, and asking if they wish to take up this offer.
- 7 Pending the decision by the individual authorities whether or not to take up the offer of lower guideline rent increases, *Appendix A* shows both the limit rent figures applicable to the original average guideline rent increase of 6.2% and for the revised average guideline rent increase of 3.1%. Once Communities and Local Government confirm which authorities are taking up the offer, and which will be remaining with the original figures, we will then be looking to publish an amendment to the *Income-related Benefits (Subsidy to Authorities) Order 1998*.

Potential overpayments due to reductions in council housing rent increases

- 8 As most LAs will have decided their rent increases prior to Margaret Beckett's announcement on 6 March and sent out rent notices, they may not have been able to implement the lower rate of rent increases from the beginning of April. This means that if the reductions to the rent increases are applied retrospectively, there will have been too much Housing Benefit (HB) credited to the rent accounts.
- 9 The customer will be notified of the reduction in the rent increase. A decision therefore, will have to be made on the amount of HB they are entitled to and an appropriate decision notice issued.
- 10 Section 134(2) of the Social Security Administration Act 1992 states
'The rebates and allowances referred to in subsections (1A) and (1B) above may take any of the following forms, that is to say-
(a) a payment or payments by the authority to the person entitled to the benefit;
(b) a reduction in the amount of any payments which that person is liable to make to the authority by way of rent; or
(c) such a payment or payments and such a reduction;
and in any enactment or instrument (whenever passed or made) "pay", in relation to housing benefit, includes discharge in any of those forms.'
- 11 In rent rebate cases the HB is credited to the customer's rent account, as *'a reduction in the amount of any payments which that person is liable to make to the authority by way of rent'*. This means that rent rebate which is credited to a rent account is only legally paid if there is a rental liability and only up to the amount of that rental liability.
- 12 If the rent increases are reduced at a later date, but HB has already been credited to the rent account in line with the original planned rent increases, the rent rebate equal to the amount of the reduction will not be legally paid HB (that is the difference between the original increase and the new, lower increase).
- 13 Essentially, that is an internal accounting matter for LAs. They should ensure that the records are corrected and that the relevant amount is taken back out of the rent accounts.
- 14 As most software systems would have to record this as overpaid HB, it must be classified as Technical, as LAs cannot claim subsidy for the HB they have taken back out of the rent accounts. Also, as this HB is not legally paid benefit and therefore is not overpaid, Overpayment decision notices should not be issued to customers.
- 15 LAs must also remember that other changes may have occurred over the period the rent increases are retrospectively reduced, for example normal recoverable overpayments following a change of circumstances. These will have to be looked at again and the overpayments recalculated. So in these circumstances appropriate decision notices will have to be issued.

Applying different rates across the year

- 16 We understand that some LAs are proposing to operate two different rent levels across the course of the year, ie to either
- a implement the already notified 6.2% rent increase, and at some point later in the year to reduce the rents to a lower figure so that over the course of the whole year the rent increase equates to 3.1%, or
 - b not to implement the original rent increase at the beginning of the year, but remain with last years rental figure, and then to implement an increase later in the year which is more than 3.1%, so that over the course of the whole year the rent increase equates to 3.1%
- 17 In both of these examples, HB is to be calculated based upon what the rent is at that given time, and likewise, subsidy on those payments of HB is to be claimed based upon the HB that is paid at that time.

Rent Rebate Subsidy Limitation Scheme in Wales

- 18 In Wales
- limit rents are not currently pre-set, but are calculated using data collected on the Subsidy estimates and claim forms submitted to the National Assembly for Wales (NAW) throughout the year
 - data is collected by NAW through alternative returns to inform the limit rent calculation
 - NAW continues to collect the required data from Welsh LAs and advise DWP of the various amounts necessary for any limitation calculations

See *Appendix B* for the specified amounts and guideline rent increases for Welsh authorities

Amendment to the Subsidy Order

- 19 The Secretary of State for Work and Pensions will therefore make an amending Subsidy Order, following a statutory consultation period, publishing limit rents for English LAs together with the specified amounts and guideline rent increases for Welsh authorities, to be used in both England and Wales to determine limitation deductions.

Subsidy limitation rent calculation

- 20 From 1 April 2007 the average weekly rent in England and Wales is calculated by dividing the total rent charged by the total number of weeks in the year for which rent was charged. Include rent free weeks when calculating the number of weeks for which rent was charged. This includes weeks on dwellings that were in the HRA for part of the year but were not in the HRA at the time of the count.

continued

(20) **Example**

The total rent charged is £50,000 and the total number of weeks in which rent was charged was 1000 making the average weekly rent for a dwelling £50. The total number of weeks is the sum of all the weeks charged on all the dwellings that were in the HRA at any time during the relevant year, including rent free weeks. Void dwellings are excluded from the calculation.

- 21 In England a similar formula will also be applied to calculate the average weekly un-pooled service charges. (As amended by Schedule (paragraphs 2 and 3) of the Income-related Benefits (Subsidy to Authorities) Amendment (No. 2) Order 2006; S.I. 2006 No 559). This calculation remains unchanged for 2009/10.

Advance claims

- 22 Due to timing differences between Communities for Local Government/NAW and DWP, Rent Rebate Subsidy Limitation will not be applied at the initial estimate stage, it will
- take effect from the mid-year estimate stage, ie from October 2009's subsidy instalment
 - be made retrospective

Final claims

- 23 For **English authorities**, the DWP claim form will contain the formulae necessary for the limitation calculation.
- 24 For **Welsh authorities**, the NAW HRA subsidy claim form will contain the formulae necessary for LAs to calculate limitation to be applied as a percentage of their rent rebate subsidy otherwise due. After filling in the limitation cells in the final HRA Subsidy claim form, each LA will need to extract and insert the final subsidy limitation percentage on to the DWP subsidy claim form in order to calculate final subsidy.
- 25 When certifying the DWP final subsidy claim form for Welsh authorities, the auditor checks that the transcription has occurred correctly. If there are audit queries raised on the HRA subsidy final claim form that affect the limitation percentage, CLG/NAW will make sure DWP are aware of this, so that audit changes can feed through to both claims.

Queries

- 26 If you have any queries in relation to overpayments caused as a consequence of reducing rent increases, contact
Jane Autherson
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- 27 For any other queries in relation to the content of this circular, contact
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Rent limits 2009/10 – England

	Limit Rent based on guideline rent increase of 6.2% (£)	Limit Rent based on guideline rent increase of 3.1% (£)
Adur	£74.64	£72.45
Arun	£77.88	£75.59
Ashfield	£54.55	£52.95
Ashford	£74.68	£72.49
Babergh	£71.42	£69.33
Barking and Dagenham	£75.20	£73.01
Barnet	£86.29	£83.77
Barnsley	£58.39	£56.69
Barrow	£63.03	£61.18
Basildon	£69.45	£67.41
Bassetlaw	£59.04	£57.31
Birmingham	£66.68	£64.73
Blackpool	£56.89	£55.23
Bolsover	£61.82	£60.02
Bolton	£58.77	£57.05
Bournemouth	£68.08	£66.08
Brent	£93.22	£90.49
Brentwood	£77.81	£75.53
Brighton & Hove	£69.32	£67.29
Bristol	£65.07	£63.16
Broxtowe	£58.95	£57.23
Bury	£62.87	£61.03
Cambridge	£79.42	£77.10
Camden	£97.51	£94.66
Cannock Chase	£62.33	£60.50
Canterbury	£73.36	£71.20
Castle Point	£75.85	£73.62
Central Bedfordshire	£79.79	£77.46
Charnwood	£59.38	£57.64
Cheltenham	£67.99	£65.99
Cheshire West and Chester	£62.79	£60.96
Chesterfield	£62.18	£60.36
City of London	£88.77	£86.17
City of York	£64.93	£63.03
Colchester	£70.98	£68.90
Corby	£61.70	£59.90
Cornwall	£59.47	£57.72
Crawley	£80.14	£77.80

	Limit Rent based on guideline rent increase of 6.2% (£)	Limit Rent based on guideline rent increase of 3.1% (£)
Croydon	£89.93	£87.29
Dacorum	£83.01	£80.59
Darlington	£58.01	£56.31
Dartford	£73.61	£71.46
Derby	£63.07	£61.23
Doncaster	£57.79	£56.10
Dover	£71.78	£69.67
Dudley	£66.53	£64.58
Durham	£56.94	£55.27
Ealing	£88.11	£85.52
East Devon	£64.77	£62.87
East Riding	£62.20	£60.38
Eastbourne	£64.07	£62.19
Enfield	£82.94	£80.51
Epping Forest	£79.46	£77.14
Exeter	£60.84	£59.06
Fareham	£73.23	£71.08
Gateshead	£60.16	£58.40
Gloucester	£65.71	£63.78
Gosport	£70.05	£68.00
Gravesham	£73.53	£71.37
Great Yarmouth	£59.61	£57.87
Greenwich	£81.66	£79.27
Guildford	£87.95	£85.38
Hackney	£84.47	£81.99
Hammersmith & Fulham	£92.57	£89.86
Haringey	£87.61	£85.04
Harlow	£73.43	£71.29
Harrogate	£67.72	£65.74
Harrow	£94.15	£91.38
Havering	£76.57	£74.33
High Peak	£60.51	£58.74
Hillingdon	£93.05	£90.32
Hinckley & Bosworth	£62.60	£60.77
Hounslow	£84.57	£82.09
Ipswich	£65.29	£63.38
Isles of Scilly	£66.99	£65.02
Islington	£93.71	£90.97
Kensington & Chelsea	£103.99	£100.95
Kettering	£64.85	£62.95

	Limit Rent based on guideline rent increase of 6.2% (£)	Limit Rent based on guideline rent increase of 3.1% (£)
Kingston upon Hull	£59.49	£57.75
Kingston upon Thames	£93.76	£91.01
Kirklees	£58.56	£56.84
Lambeth	£86.94	£84.40
Lancaster	£62.42	£60.59
Leeds	£59.16	£57.43
Leicester	£59.94	£58.18
Lewes	£73.03	£70.89
Lewisham	£77.49	£75.22
Lincoln	£54.57	£52.97
Luton	£69.29	£67.27
Manchester	£64.40	£62.50
Mansfield	£59.12	£57.39
Medway Towns	£67.32	£65.35
Melton	£60.85	£59.07
Merton	£86.41	£83.88
Mid Devon	£64.64	£62.74
Mid Suffolk	£67.28	£65.31
Milton Keynes	£67.35	£65.39
New Forest	£80.15	£77.80
Newark & Sherwood	£62.37	£60.55
Newcastle upon Tyne	£60.08	£58.33
Newham	£77.09	£74.83
North East Derbyshire	£62.13	£60.32
North Kesteven	£60.80	£59.02
North Tyneside	£59.42	£57.69
North Warwickshire	£68.26	£66.27
North West Leicestershire	£62.50	£60.68
Northampton	£66.02	£64.09
Northumberland	£54.17	£52.59
Norwich	£63.62	£61.76
Nottingham	£59.85	£58.10
Nuneaton & Bedworth	£62.22	£60.40
Oadby & Wigston	£62.50	£60.67
Oldham	£58.40	£56.69
Oxford City	£82.78	£80.36
Plymouth	£54.64	£53.04
Poole	£69.71	£67.67
Portsmouth	£68.51	£66.50
Reading	£87.16	£84.60

	Limit Rent based on guideline rent increase of 6.2% (£)	Limit Rent based on guideline rent increase of 3.1% (£)
Redbridge	£89.55	£86.91
Redditch	£63.29	£61.43
Richmondshire	£63.59	£61.72
Rochdale	£59.24	£57.50
Rotherham	£58.34	£56.64
Rugby	£68.08	£66.10
Runnymede	£88.77	£86.17
Rutland	£67.22	£65.25
Salford	£63.12	£61.27
Sandwell	£67.84	£65.85
Sedgemoor	£65.64	£63.71
Selby	£64.08	£62.20
Sheffield	£57.04	£55.38
Shepway	£68.91	£66.89
Shropshire	£65.72	£63.80
Slough	£85.06	£82.57
Solihull	£66.99	£65.02
South Cambridgeshire	£81.63	£79.25
South Derbyshire	£63.73	£61.87
South Holland	£60.09	£58.33
South Kesteven	£61.82	£60.02
South Lakeland	£70.22	£68.16
South Tyneside	£58.46	£56.75
Southampton	£68.10	£66.11
Southend-on-Sea	£70.96	£68.88
Southwark	£85.28	£82.79
St Albans	£88.04	£85.47
Stevenage	£79.71	£77.37
Stockport	£59.43	£57.69
Stockton-on-Tees	£63.28	£61.43
Stoke-on-Trent	£58.95	£57.22
Stroud	£68.23	£66.23
Sutton	£83.99	£81.53
Swindon	£65.65	£63.73
Tamworth	£65.73	£63.80
Tandridge	£77.92	£75.64
Taunton Deane	£66.04	£64.11
Tendring	£67.61	£65.63
Thanet	£68.27	£66.27
Thurrock	£69.30	£67.27

	Limit Rent based on guideline rent increase of 6.2% (£)	Limit Rent based on guideline rent increase of 3.1% (£)
Tower Hamlets	£85.86	£83.35
Uttlesford	£80.47	£78.11
Waltham Forest	£80.01	£77.67
Wandsworth	£99.72	£96.80
Warrington	£62.32	£60.50
Warwick	£74.01	£71.85
Waveney	£63.81	£61.94
Waverley	£87.45	£84.90
Wealden	£68.80	£66.78
Welwyn Hatfield	£82.79	£80.37
West Lancashire	£61.77	£59.97
Westminster	£101.69	£98.72
Wigan	£61.33	£59.54
Wiltshire	£75.22	£73.01
Winchester	£80.82	£78.46
Woking	£86.68	£84.14
Wokingham	£88.19	£85.61
Wolverhampton	£63.48	£61.63
Wycombe	£86.61	£84.08

Specified Amounts and Guideline Rent Increases 2009/10 – Wales

	Specified Amount “O” (£)	Guideline rent increase “P” (£)
Blaenau Gwent	52.21	1.90
Caerphilly	59.83	2.74
Cardiff	66.51	3.53
Carmarthen	56.89	3.25
Ceredigion	59.33	3.20
Denbighshire	54.90	2.91
Flintshire	58.28	3.02
Gwynedd	57.80	2.95
Isle of Anglesey	54.96	2.66
Merthyr Tydfil	52.71	2.40
Neath Port Talbot	54.41	2.51
Newport	61.79	3.22
Pembrokeshire	57.08	3.37
Powys	59.24	3.32
Swansea	57.79	2.88
Vale of Glamorgan	63.63	3.44
Wrexham	56.43	3.28