

Housing Benefit Circular

Department for Work and Pensions
Caxton House, Tothill Street, London SW1H 9NA

HB S5/2017 (3rd Revision)

SUBSIDY CIRCULAR

WHO SHOULD READ	All Housing Benefit staff
ACTION	For information
SUBJECT	Removal of temporary accommodation management fee in Housing Benefit subsidy from 1 April 2017

Revision

We apologise for any inconvenience caused by the further reissuing of this circular. Due to high levels of enquires by local authorities seeking clarification we have revised some of the wording to avoid ambiguity and included new examples for illustration. Please destroy all previous versions.

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-subsidy-circulars>
- have any queries about the
 - **funding detailed** in this circular, contact housing.benefitenquiries@dwp.gsi.gov.uk
 - **actual payments** in this circular, contact hb.nonsubsidy@dwp.gsi.gov.uk
- **distribution of this circular**, contact

housing.correspondenceandpgs@dwp.gsi.gov.uk

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Removal of temporary accommodation management fee in Housing Benefit subsidy from 1 April 2017

Introduction

1. This circular updates the temporary accommodation management fee information in circulars [HB/CTB S1/2011](#) and circular [HB A9/2014](#).
2. The purpose of this circular is to inform you that as from 1 April 2017 the additional subsidy for the management fee in temporary accommodation is no longer paid.
3. The removal of subsidy for the temporary accommodation management fee is in line with the government announcement in the 2015 Spending Review and Autumn Statement that the subsidy for the temporary accommodation management fee paid from the Department for Work and Pensions (DWP) to local authorities (LAs) on a per household basis will end from 2017/18. More than equivalent funding has been devolved to LAs through a new grant for prevention work to allow you to better manage temporary accommodation pressures.
4. The Department for Communities and Local Government will be responsible for the alternative funding for LAs in England and have published details of the allocations for [England](#).
5. In the case of the devolved administrations for Scotland and Wales additional funding will be included in your block grants; which will be allocated to you in the usual way.

Subsidy paid

6. The temporary accommodation management fee subsidy payment was removed on 1 April 2017, restricting subsidy to the appropriate Local Housing Allowance (LHA) rate.
7. The calculation of Housing Benefit (HB) subsidy for all HB temporary accommodation will, in most cases, be 90% of the appropriate January 2011 LHA rate for the property and not the household size.
8. For accommodation owned by an LA and used to discharge a homelessness duty the level of rent for temporary accommodation, provided from their own housing stock, will continue to be subject to the same rules as other Rent Rebate cases.
9. Claimants in LA owned or registered housing association owned temporary accommodation, in most cases, will be subject to the Removal of the Spare Room Subsidy.
10. HB will be included in the calculation of the benefit cap for all temporary accommodation claimants.

11. The table found at **Annex A** provides examples of different types of cases and details of how they should be treated for HB subsidy purposes. The list is not necessarily exhaustive of all temporary or short-term housing scenarios when an LA or registered housing association is the landlord.
12. It does include some examples where the LHA-based temporary accommodation subsidy scheme does not apply.

Calculation of HB subsidy

13. The calculation to determine the amount of subsidy to be claimed is still based on:
 - the type of accommodation (leased/licensed/board and lodging or B&B)
 - whether it is self-contained or non self-contained
 - the size of the property (number of bedrooms), and
 - the January 2011 Local Housing Allowance (LHA) rate appropriate to the size of the property
 - the location (the Broad Rental Market Area) of the property

- And then applying the formula to determine the maximum subsidy payable, which is the lowest of:

 - weekly (or part-weekly) HB entitlement
 - the appropriate relevant January 2011 LHA rate, or
 - upper cap limit of £375 (£500 in central/inner London)
14. Any amount above the maximum subsidy payable should then be included in the appropriate 'nil subsidy' cell to claim zero subsidy as a payment which is above the subsidy cap. Reporting any expenditure above the cap in a cell which generates subsidy will be a qualification issue.
15. The following examples use specific locations for illustrative purposes only:

Example 1

Old method (pre 1 April 2017)

An authority outside London in North West Kent houses a family in a self-contained property it has obtained under licence which is held outside the Housing Revenue Account. The property has 3 bedrooms for the purposes of this exercise

The LHA rate as at January 2011 for the property is £173.08 per week.

The management costs element for an authority outside London is £60 per week.

The eligible rent is £233 per week.

The HB entitlement is £233 per week.

90% of the LHA rate = £155.77

The management element = £60.00

Lower Threshold = £215.77

Cell 11 will show the full amount of HB paid: £233.00

The total weekly HB **does not** exceed the maximum threshold of £375.00.

Total HB **does** exceed the lower threshold of £215.77

Therefore the net expenditure will be recorded as follows:

Cell 14 under the threshold: £215.77

Cell 15 over threshold £17.23

Total £233.00

The amount of HB subsidy income: £215.77

New method (from 1 April 2017)

The LHA rate as at January 2011 for the property is £173.08 per week.

The eligible rent is £233 per week.

The HB entitlement is £233 per week.

90% of the LHA rate = £155.77 **This is now the lower Threshold.**

Cell 11 will show the full amount of HB paid: £233.00

The total weekly HB **does not** exceed the maximum threshold of £375.00.

Total HB **does** exceed the lower threshold of £155.77

Therefore the net expenditure will be recorded as follows:

Cell 14 under the threshold: £155.77

Cell 15 over threshold £77.23

Total £233.00

The amount of HB subsidy income: £155.77

Example 2

The above claim undergoes a change of circumstance which reduces the amount of HB. **The HB entitlement is now £145 per week.**

Old method

The LHA rate as at January 2011 for the property is £173.08 per week.

The management costs element for an authority outside London is £60 per week.

The eligible rent is £233 per week.

90% of the LHA rate = £155.77

The management element = £60.00

Lower Threshold = £215.77

Cell 11 will show the full amount of HB paid: £145.00

The total weekly HB **does not** exceed the maximum threshold of £375.00.

Total HB **does not** exceed the lower threshold of £215.77

Therefore the net expenditure will be recorded as follows:

Cell 14 under the threshold: £145.00

Cell 15 over threshold: £0.00

Total £145.00

The amount of HB subsidy income: £145.00

New method

The LHA rate as at January 2011 for the property is £173.08 per week.

The eligible rent is £233 per week.

The HB entitlement is £145 per week.

90% of the LHA rate = £155.77 **This is now the lower Threshold.**

Cell 11 will show the full amount of HB paid:	£145.00	
The total weekly HB does not exceed the maximum threshold of £375.00.		
Total HB does not exceed the lower threshold of £155.77		
Therefore the net expenditure will be recorded as follows:		
Cell 14 under the threshold:	£145.00	
Cell 15 over threshold:	£0.00	
Total	£145.00	
The amount of HB subsidy income:		£145.00

Example 3

The above claim undergoes a change of circumstance which amends the amount of HB. **The HB entitlement is now £195 per week.**

Old method

The LHA rate as at January 2011 for the property is £173.08 per week.

The management costs element for an authority outside London is £60 per week.

The eligible rent is £233 per week.

90% of the LHA rate = £155.77

The management element = £60.00

Lower Threshold = £215.77

Cell 11 will show the full amount of HB paid:	£195.00
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The total weekly HB **does not** exceed the maximum threshold of £375.00.

Total HB **does not** exceed the lower threshold of £215.77

Therefore the net expenditure will be recorded as follows:

Cell 14 under the threshold:	£195.00
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Cell 15 over threshold:	£0.00
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Total	£195.00	
The amount of HB subsidy income:		£195.00
New method		
The LHA rate as at January 2011 for the property is £173.08 per week.		
The eligible rent is £233 per week.		
The HB entitlement is £145 per week.		
90% of the LHA rate = £155.77 This is now the lower Threshold.		
Cell 11 will show the full amount of HB paid:	£195.00	
The total weekly HB does not exceed the maximum threshold of £375.00.		
Total HB does exceed the lower threshold of £155.77		
Therefore the net expenditure will be recorded as follows:		
Cell 14 under the threshold:	£155.77	
Cell 15 over threshold:	£39.23	
Total	£195.00	
The amount of HB subsidy income:		£155.77

Referring rents to a Rent Officer

16. As this scheme relates only to HB subsidy, there remains some flexibility in these cases as to the level of rent that will be met by HB; the eligible rent. The existing HB regulations when the landlord is a registered housing association remain unchanged. The guidance provided in circular [HB/CTB S4/2010](#), which advised LAs to use the maximum subsidy amounts in this scheme as a benchmark for considering whether or not the rent is unreasonably high, is still valid.
17. The LA should make an informed decision about whether the rent is appropriate given the circumstances of a particular case. It may be reasonable to agree a rent that is higher than will be recouped through subsidy. Conversely, when the actual costs of leasing and managing property are lower than the maximum subsidy amount, it would be reasonable to expect the rent level to reflect this lower amount.

Treatment of HB following referral to a Rent Officer

18. If a tenancy of a registered housing association is referred to the Rent Officer because the accommodation is too large or the rent unreasonably high, then the maximum rent rules apply to the determination of the eligible rent. HB is then payable up to the eligible rent.

Annex A

Examples of different types of cases

Notes for all cases:

- all subsidy calculations are subject to the upper cap limits as well as the actual HB entitlement. Details of your entitlement can be found on www.gov.uk
- by landlord we mean the claimant’s immediate landlord, in other words, who the claimant’s rent is payable to
- ‘Homelessness Accommodation’ refers to accommodation made available to discharge any of the LA’s statutory homelessness functions, or to prevent homelessness
- all cases (including homelessness-related) in supported housing that is ‘specified accommodation’ will continue to be excluded from this scheme (see key definitions of ‘specified accommodation’ in **Annex B**)

Item no.	Accommodation	Landlord	Treatment under HB	Maximum weekly subsidy amount	Cell no. on subsidy claim form
1	Homelessness accommodation (excluding prevention cases): board and lodging (bed & breakfast).	LA or Registered Social Landlords (RSL)	Non Housing Revenue Account (HRA) rent rebate or Rent Allowance	One bedroom Local Housing Allowance (LHA) rate	012 & 013 – LA landlord or 104 & 105 – RSL
2	Homelessness accommodation: non self-contained, held on licence.	LA or RSL	Non HRA rent rebate or Rent Allowance	One bedroom LHA rate	012 & 013 – LA landlord or 104 & 105 – RSL
3	Homelessness accommodation. Non self-contained, leased to the LA, (including hostels on a lease) period up to 10 years.	LA	Non HRA rent rebate in England, non HRA or HRA rent rebate in Wales/ Scotland.	90% one bedroom LHA rate	014 & 015 (non HRA in Wales and HRA in Scotland 056 & 057 (HRA Wales)

	Outside HRA in England. In or outside HRA in Wales and Scotland.				
4	Wales or Scotland only Homelessness accommodation. Non self-contained, leased to the LA (including hostels on a lease). Period 10 years or over, in or outside HRA	LA	Non HRA or HRA rent rebate in Wales/ Scotland	90% one bedroom LHA rate	014 & 015 (non HRA in Wales and Scotland and HRA in Scotland). 056 & 057 (HRA Wales)
5	Homelessness accommodation: Non self-contained, leased to or owned by RSL, (including hostels) Any period.	RSL	Rent Allowance	90% one bedroom LHA rate	106 & 107
6	Homelessness accommodation: Self-contained, held on licence by LA or RSL.	LA or RSL	Non HRA rent rebate or Rent Allowance	90% of appropriate LHA rate	014 & 015 – LA or 106 & 107 - RSL
7	England Homelessness accommodation: Self-contained, leased to the LA Period up to 10 years, Outside HRA.	LA	Non HRA rent rebate in England	90% of appropriate LHA rate	014 & 015
8	Wales and Scotland Homelessness accommodation: Self-contained, Leased to the LA. Any period, in or outside HRA.	LA	Non HRA or HRA rent rebate in Wales / Scotland	90% of appropriate LHA rate	014 & 015 (non HRA in Wales and Scotland and HRA in Scotland). 056 & 057 in Wales
9	Homelessness	RSL	Rent	90% of	106 & 107

	<p>accommodation: Self-contained, Leased to RSL, Owned by RSL*. Any period.</p> <p>*Applies only to accommodation acquired by an RSL, the purpose of which is to be used as homelessness accommodation.</p>		Allowance	appropriate LHA rate	
10	<p>Homelessness accommodation: Leased to or owned by RSL, sub-leased to the LA.</p> <p>Treat as 3, 4, 7 or 8 - LA-leased.</p>	LA	<p>Non HRA rent rebate in England, Non HRA or HRA rent rebate in Wales / Scotland</p>	90% of appropriate LHA rate (use one bed rate if non self-contained)	014 & 015 (non HRA in England, Wales and Scotland, HRA in Scotland). 056 & 057 (HRA in Wales)
11	<p>Hostels, owned by LA, outside HRA in England, in or outside HRA in Wales and Scotland.</p>	LA	HRA and/or Non HRA rent rebate	100% subsidy up to level of rent.	023 (non HRA in England & Wales and HRA in Scotland) or 060 (HRA in Wales)
12	<p>Specified accommodation (See Key definitions – Annex B for full definition.)</p>	RSL, Non metropolitan county council in England etc.	Rent Allowance	<p>Temporary accommodation subsidy rules do not apply.</p> <p>Treated separately for subsidy purposes.</p>	096, 097 & 098

Key definitions

Registered housing association

1. Registered housing association means a private registered provider of social housing, as defined by the Housing and Regeneration Act 2008. These bodies (formerly known as registered social landlords (RSLs)) are registered with the Tenant Services Authority, the regulator of social housing in England housing association which is registered in a register maintained by Welsh Ministers under Chapter 1 of Part 1 of the Housing Act 1996, or housing association which is registered by Scottish Ministers by virtue of section 57(3) (b) of the Housing (Scotland) Act 2001.
2. In England, instead of having RSLs there are now two types of private registered providers of social housing, those that are:
 - non-profit making (effectively the same as previous RSLs)
 - profit making (this could be, for example, a private rented sector landlord that has some social housing stock and is registered with the regulator). For ease, registered housing associations have also been referred to as RSLs.

Specified accommodation

3. There are now four categories of supported housing that are included in the new definition of 'specified accommodation':

Exempt accommodation

- Exempt accommodation is defined as being either a resettlement place or accommodation which is provided by a county council, housing association, registered charity or voluntary organisation where that body, or person acting on their behalf, provides the claimant with care, support or supervision.

Managed properties

- This category is designed to cover those cases which fall out of the current 'exempt accommodation' definition solely because the care is not provided by the landlord or on their behalf. This is often due to the nature of the funding/care structures put in place.

Refuges

- This category looks to protect the rents of both third and social sector refuges. This is again achieved through identifying the provider type and the reason the person is living in the property (that is, that they are fleeing domestic violence) and that this is a temporary arrangement. The definition for domestic violence we are using is the same as the cross-government definition, with the exception that we do not include the reference to age because Universal

Credit in most cases is available only to those aged 18 or over. This also includes LA refuges.

Hostels

- This category covers LA hostels that provide care, support or supervision. This relies on the existing definition of 'hostel' in Housing Benefit Regulation on the property not being self-contained. The definition of 'hostel' identifies properties specialising in higher need individuals most likely to need care, support or supervision often available in 'hostels'. While other hostels providing care, support or supervision will be covered by the first or second categories, this provision extends coverage to include LA hostels, but only where care, support or supervision is provided.
4. For further details about specified accommodation see circular [HB A8/2014](#).

Board and lodging accommodation

5. Board and lodging accommodation' means:
- accommodation provided for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which are both cooked or prepared and consumed in that accommodation or associated premises, or
 - accommodation provided in a hotel, guest house, lodging house or some similar establishment.
6. However, it does not include accommodation in a residential care home or nursing home within the meaning of regulation 19(3) of the Income Support (General) Regulations 1987 nor in a hostel within the meaning of Regulation 14 of the Housing Benefit Regulations or, as the case may be, Regulation 14 of the Housing Benefit (State Pension Credit) Regulations.

Self-contained accommodation

7. Accommodation is self-contained if the claimant's household is not required to share one or more of the following with another household:
- kitchen
 - bathroom or toilet.

Licensed accommodation

8. Generally, accommodation will be held on license (rather than a lease) in circumstances where the local housing authority has occupation rights in respect of homeless persons but does not have the right to exclusive occupation for a defined term on payment of rent. This is likely to be accommodation which the authority has agreement to use on a nightly, weekly or monthly basis to accommodate potentially homeless people.

9. For HB subsidy purposes, 'licensed' accommodation is referred to in the legislation as:
- accommodation which the authority has a right to use under an agreement, other than a lease, with a third party.