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**Local authority Chief Executives**

*Dear Chief Executive,*

23 July 2014

**Housing Benefit (HB) Administration Subsidy 2015/16**

I remain deeply conscious of the vital role local authorities continue to play in supporting the Department as we introduce reforms of the welfare state. It is for this reason I want to assist your planning by providing some assurance around the funding of HB administration for 2015/16.

Therefore I can confirm that there will be no reduction in this funding as a result of the current Universal Credit (UC) delivery plans. This you will understand is a commitment made in the context of any further spending efficiencies that the Government may seek in the future, in line with the Government's fiscal mandate to reduce the deficit.

However, it should be noted that the HB administration subsidy for 2015/16 will exclude £12m for the Single Fraud Investigation Service Project (SFIS) on the basis that the HB fraud function will be transferring from local authorities into DWP – the details of how this adjustment will be made are still subject to discussions with the local authority associations. In addition we will, of course, give due consideration to the New Burdens doctrine for any additional functions we ask local authorities to undertake.

I hope you find this assurance helpful. Can I thank you again for your support in continuing to work together to achieve a mutually beneficial approach as you continue to administer HB to our claimants pending the full rollout of UC.

*Yours sincerely*

**Lord Freud**

**Minister for Welfare Reform**