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**Meeting:** Corporate Resources Overview and Scrutiny Committee  
**Date:** 30 July 2013  
**Subject:** Revenues & Benefits Service Performance and Impact of Welfare Reforms  
**Report of:** Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources  
**Summary:** The report summarises the performance of processing Housing Benefit Claims, incoming work items and outstanding work items relating to Housing Benefit claims and Council Tax changes in liability.  
In particular, the report highlights the impact being seen on both the Council and its residents arising from recent Welfare Reforms announced by central Government.

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**Advising Officer:** Charles Warboys, Chief Financial Officer  
**Contact Officer:** Gary Muskett, Head of Revenues & Benefits  
**Public/Exempt:** Public  
**Wards Affected:** All

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

1. The accurate and timely assessment of Housing Benefit and Council Tax Support claims indirectly supports and contributes to the following Council priorities:
  - Promoting health and well being and protecting the vulnerable
  - Improved educational attainment.There are other services provided by the Council which also contribute to supporting the needs of vulnerable people, which are also considered in this report.

### **Financial:**

2. The time taken to process benefits claims and changes in customers' circumstances has a strong financial link to the subsidy that the Department of Works and Pensions pays the authority for the Housing Benefit that has been awarded. The timely billing for Council Tax liabilities has an impact on Council tax collection rates. The latter is addressed further in paragraph 23 below.
3. Direct costs of employing agency workers places a burden on service budgets. The relative costs of alternative resources are addressed in the report below.

### **Legal:**

4. None

**Risk Management:**

5. Underperformance is a risk to both service delivery and the reputation of the Council.

**Staffing (including Trades Unions):**

6. None

**Equalities/Human Rights:**

7. None directly arising from this report, but the service provision described in the report has been fully assessed for Equalities and Diversity impacts.

**Public Health**

8. None

**Community Safety:**

9. None.

**Sustainability:**

10. None

**Procurement:**

11. None.

**RECOMMENDATION(S):**

**The Committee is asked to:- Review and comment on the contents of the report which is provided to give awareness of the performance of the Revenues & Benefits Service, the future development of the service and how Welfare Reforms are impacting on the performance of the service.**

## Overview of the Revenues & Benefits Service

### Workload and Performance Graphs

- 12 **Incoming Work (Council Tax and Benefits items of correspondence)**  
Throughout 2012/13 there was a much higher volume of incoming work than was experienced in 2011/12. Overall this amounted to an increase of 20%. This is displayed graphically in Appendix A. As can be seen, the volume of work at the start of 2013/14 has increased further as the initial impact of Council Tax Support and the removal of the spare room subsidy for social tenants (under-occupation rules) has begun to affect tenants. The impact has been especially great in relation to general queries about benefit entitlement and Discretionary Housing Payments. The resource requirements of the Service need to be viewed in the context of this increasing workload.
- 13 **Benefits Processing times**  
Appendix B shows graphically the processing times for new benefit claims and changes of circumstance, and the overall combined performance level. It demonstrates that very significant progress was made during 2012/13, with an overall improvement of 8 days (29 %) in the combined (NI181) figure. As can be seen, the processing time has increased slightly in the early months of 2013/14 when compared to the same time in 2012/13.
- 14 The 2012/13 performance improvement was achieved through greater use of automated batch processes and by reducing the overall back log of work items, which means the processed work is “newer” and then by its very nature is less complex to process. Some of the processing work was also externalised to a third party company, Liberata. This innovative approach to tackling the backlog of claims has proved especially cost effective. It is based on paying a set fee per item of work and analysis has shown that the cost equates very closely to the cost of employing permanent staff. The added benefit is that the resource is more flexible and can be used to address peaks in the workload, whilst permanent staff address the underlying levels of work. It has proved much cheaper than employing external agency staff. However, due to the problems encountered in recruiting permanent staff, and capacity issues with Liberata, there has been a need to retain some agency workers in order to maintain sufficient capacity to handle the volume of work.
- 15 **Outstanding Work (Council Tax and Benefits items of correspondence)**  
The volume of outstanding work (the backlog) is shown at Appendix C. It can be seen that this has been substantially reduced during 2012/13. This improvement was temporarily halted following the issuing of the annual Council Tax bills and Benefit notification letters in March 13, when an unprecedented volume of enquiries was received from claimants and residents requiring explanations for the changes in their benefit entitlements. The volume of enquiries has peaked and it can be seen the number of outstanding work items has reduced substantially since mid April.

## 16 **Staffing levels for Council Tax and Benefit Processing Officers**

Appendix D gives details of the mix of staff between permanent, agency and Liberata. The initial dependence on high cost agency staff to maintain the service has been reduced. Agency staff typically cost 55% more than permanent staff. Agency staff numbers reduced from a peak of 10 to just 2 in March 2013. The current level has increased to 6 to cope with 2 full time staff on maternity leave, 2 new vacancies and the sudden surge in outstanding work in April 2013. This position will be reviewed at the end of August in line with outstanding workloads and the success of a recent recruitment exercise. The reduction in agency staff had been accomplished partly through the use of Liberata as a cheaper and more efficient alternative to managing the peak workload and previous success in recruiting to permanent positions. This substantially reduced the pressures on the service budget in 2012/13 but has been achieved alongside much higher performance levels, so that the cost / benefit has been considerable.

## **Impact of recent Welfare Reforms**

### Council Tax Support

- 17 From 1 April 2013 the Government transferred responsibility for the former Council Tax Benefit to local government, under a new scheme known as Council Tax Support (CTS). The Council consulted widely with affected groups prior to the new scheme being approved by Full Council in January 2013.
- 18 A key aspect of the new CTS scheme is that around 8,700 residents are required to pay council tax for the first time, albeit at a rate of 25%. Of these, 680 have not yet paid their monthly instalments in accordance with the bill sent to them in March and court action would normally have been commenced by now.
- 19 However, in the particular circumstances some residents are facing, with reductions in benefit (see below) as well as additional liabilities, the Council has so far adopted the approach of contacting the relevant residents to ensure all appropriate help and support is being delivered.
- 20 The Council has a responsibility to collect all monies owed, and consideration is now being given to the next steps required for recovery. There will undoubtedly be an impact on the overall council tax collection rate arising from this issue but this cannot be quantified until the end of the financial year. Many authorities have allowed for a 0.5 – 1.0% fall in collection rates in 2013/14.

### **Spare Room Subsidy**

- 21 From 1 April 2013 new regulations were brought into practice, restricting the housing benefit that can be paid to those who are deemed to be occupying more bedrooms than is necessary.
- 22 This change is impacting on 1,548 residents, with an average reduction in benefit of £14.75 per week for those residents under occupying by one room and £26.88 per week for those under occupying by two rooms or more.

- 23 The Council has a budget of £280,944 to fund Discretionary Housing Payments (DHP) to those in particular need. This budget was increased by £210,000 from £70,000 in 2012/13. This budget is funded by central Government and whilst the Council could, at its discretion, add to the budget, there is a maximum of £702,360 defined by regulation that could be paid out in this way; this includes the original grant of £280,944.
- 24 In the first nine months of 2012/13 we received 151 DHP applications but in the final three months of 2012/13 we received 216 applications, most of which were advance applications for 2013/14. In the first quarter of 2013/14 we have received a further 183 applications and have to date awarded £56,572.

There are in excess of 100 applications waiting to be processed and officers are initially making awards for no longer than six months as they seek to hold back sufficient funds to meet the needs of the most vulnerable as they emerge later in the year. This is displayed graphically in Appendix E.

- 25 Some of the increase in applications, 38, has come from CBC's own tenants and we have to date awarded £13,025 to our own tenants. At the end of June there were 43 outstanding applications from CBC tenants. Central Government has introduced the possibility of using Housing Revenue Account (HRA) budgets to provide DHP support to such tenants. A special application to do this is being considered and it is expected that this would make a significant contribution to the support the Council can provide to vulnerable residents.
- 26 However, DHP payments can only ever be seen as providing temporary support and they do not solve the problem faced by those living in accommodation deemed to be larger than they need.
- 27 To assist in providing the most appropriate support for those in this situation the Council is actively encouraging tenants to seek more suitable accommodation. In the period March to June 13 there have been 65 Housing transfer applications and there has been a 13 applications from tenants wishing to mutually exchange their property for a smaller property. 25 properties have been vacated in April to June 13 through mutual exchange and 65 properties through transfers.

### **Local Welfare Provision**

- 28 The Welfare Reform Act 2012 gives local authorities the power, but not the legal duty, to provide financial or material support to people in need. As part of the government's welfare reforms the Department for Work and Pensions (DWP) stopped making discretionary Community Care Grants and Crisis Loans through the Social Fund from 1st April 2013. Central Bedfordshire Council started a scheme that provides welfare provision from 1<sup>st</sup> April 2013.
- 29 Community Care Grants were primarily intended to help vulnerable people live as independent a life as possible in the community. They were awarded to households receiving means-tested benefits such as Jobseekers Allowance. Crisis Loans were intended for applicants who are unable to meet their immediate short term needs in an emergency or as a consequence of a disaster. They were awarded for immediate living expenses in order to avoid serious damage or risk to the health or safety of the applicant or a member of the family.

- 30 The Central Bedfordshire Council scheme is called Local Welfare Provision and will be separated into Emergency Provision and Grant Provision, which in essence will mirror the present system of crisis payments and community care grants.
- 31 In April and May 2013 a total of 267 applications for Emergency provision were received and 83 awards were made. During the same period 83 applications for Grant applications were received and 23 awards were made.

### **Additional measures being taken**

- 32 In response to all these changes, the Council has formed a Welfare Reform Group, chaired by the Director of Social Care, Health and Housing, with support from all relevant Directorates across the Council.
- 33 This Group has produced a customer information leaflet detailing all the welfare changes and points of contact to support agencies.
- 34 There is also Consumer Advice Bureau (CAB) representation on the Group and additional funding has been allocated to support the CAB in providing additional opening hours at various locations. At the end of June the CAB were not reporting any substantial increase in the number of residents contacting them for money advice but this is expected to change as more action is taken where residents are in arrears with their Council Tax.

### **Additional costs from these changes**

- 35 The changes to systems required to implement all the new regulations are complex and costly. Specific additional costs so far have been upgrades to Revenues and Benefits software £35,000, software tools to model our Council Tax Support scheme £8,000 and in excess of £25,000 in additional stationery and postage costs incurred in consulting with claimants and residents affected by the Welfare Reforms. Staff have also been working many additional hours to ensure the systems were ready in time.
- 36 To offset this cost, the Government has provided one off "additional burdens" funding of £84,000 in 2012/13.
- 37 In June 2013 the Executive approved the setting up of an Earmarked Reserve of £500,000 which may be drawn upon during the year to support welfare reform issues as they arise. To date £40,000 has been used to provide funding for the CAB (see paragraph 34 above)

## **Future Developments in the Revenues and Benefits service**

### **38 Risk Based verification of New Claims for Benefit**

Risk Based Verification (RBV) is a method of applying different levels of checks to different circumstances depending on a complex mathematical risk profile given to each customer. The associated risk matrix is based on many years of experience and statistical information about what type of claim represents what type of risk. The higher the deemed risk, the higher amount of resources will be used to establish that the claim is genuine.

The pilot studies carried out in other authorities have demonstrated that this type of approach is very effective in both identifying higher levels of fraud and error and reducing the overall cost of verifying claims. It has had an immediate impact on work processes; resources are able to be better targeted. Overall timescales for processing new claims have improved dramatically in the pilots including for those deemed to be higher risk. DWP intend to use a similar RBV process when Universal Credit is introduced in 2013.

RBV also allows the Council more flexibility to take into account local issues and build in checks and balances. Improving the time taken to process claims should help those moving from benefits to work whilst reducing the level of overpayments.

It is planned that RBV will be operational by the end of October 2013 and that the time for processing new claims for benefit will reduce by approximately 30% for those claims received from October onwards. Initially RBV will apply only to new claims but software companies are developing the tool so that it can be applied to changes of circumstance also.

### **39 Customer First Project**

The Revenues and Benefits service will be one of the Council services that benefit from the electronic forms that will be introduced later this year as part of the project. It is anticipated that customers will have access to a library of our application forms, including an on-line benefits form, which will help to speed up benefit application processing times as customer data is captured and uploaded into the Civica back office system without the need to re-key the data. Go-live is currently planned for October 2013.

## 40 **Universal Credit**

Universal Credit (UC) is being introduced in October 2013. It will be administered centrally by DWP and delivered through their agencies. This has a significant impact on local authority benefit staff, who will now be faced with several years of uncertainty. Staff numbers employed directly by the Council will be reduced and the DWP has indicated that TUPE transfer rules will not apply, although this has been challenged and confirmation of the position is awaited. One added benefit of continuing to employ an externalised resource for benefits processing (see paragraph 16 above) is that we can flex this downwards as UC comes in, without immediately impacting on Council employees.

Existing claims for Housing benefit will continue to be administered locally until they are either migrated across to Universal Credit or there is a change in the customers' circumstance that allows the transfer to UC. This is expected to begin in 2014 and will directly affect the benefits processing staff.

### **Appendices:**

Appendix A – Incoming Work (Council Tax and Benefits items of correspondence)

Appendix B – Benefits Processing times

Appendix C – Outstanding Work (Council Tax and Benefits items of correspondence)

Appendix D – Staffing levels for Council Tax and Benefit Processing Officers

Appendix E - DHP Applications and Outcomes

**Background papers and their location:** (open to public inspection) None