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Overview and Scrutiny
Town Hall
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Dear Member

OVERVIEW AND SCRUTINY BOARD - WEDNESDAY, 21 MAY 2014

I am now able to enclose, for consideration at the Overview and Scrutiny Board to be held on Wednesday, 21 May 2014, the following reports that were unavailable when the agenda was printed.

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8.	Welfare Reform	(Pages 4 - 13)

Yours sincerely

Kate Spencer
Overview and Scrutiny Lead

Agenda Item 8



Title: **Revenue and Benefits Service 2013/14**

Wards Affected: **All Wards**

To: **Overview and Scrutiny Board** On: **21 May 2014**

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1. Purpose of the Report

1.1 The purpose of this report is to update members on

- The work of the Revenues and Benefits Service during 2013/14
- Claim processing times

2. Key points and Summary

2.1 During 2013/14 the Revenues and Benefits Service was responsible for the collection and payment of approximately £77.6 million in Council Tax, £36.9 million in Business Rates, £67.3 million in Housing Benefit payments and £12.9 million in Council Tax Support. It also awarded just over £0.250 million in Crisis Support payments.

2.2 We also gained £0.165 million (unaudited until November 2014) extra Housing Benefit subsidy through maintaining Local Authority error overpayments below DWP thresholds.

2.3 The service has been subject to an unprecedented level of change to legislation relating to Business Rates, Council Tax, Housing Benefit and Council Tax Benefit. All of the changes had an implementation date of 1 April 2013.

2.4 The key changes were:

1. Abolition of the national Council Tax Benefit Scheme and the localisation of Council Tax support
2. Social sector size restrictions for Housing Benefit (Bedroom Tax)
3. Benefit Cap
4. Localised welfare provision – Crisis Support
5. Technical reforms of Council Tax
6. Local retention of Business Rates

- 2.5 It has been an enormous change programme with extremely challenging timescales for delivery. In addition to this work we undertook the usual annual billing and year end processes for Business Rates, Council Tax, Housing Benefit and the replacement for Council Tax Benefit (Council Tax Support).
- 2.6 These processes alone present a very real challenge for the team each year and the addition of the above changes meant a complete redesign of the approach to annual billing and an unprecedented workload, with much at stake for the Council and our residents if any of the work could not be completed on time.

3. Background

- 3.1 The number of people claiming Housing Benefit and Council Tax Support in January 2014 was just over 19,500. According to the 2011 Census there are 59,000 households in Torbay, which means nearly 1 in 3 households are financially supported by both schemes and just over half of them are of working age.
- 3.2 Over the past five years the Housing Benefit caseload has risen by nearly 16% to 13,940. During this period the number households renting from the private sector have increased by 20% to constitute 68% of the Housing Benefit caseload.
- 3.3 There has also been a marginal increase in the Council Tax Benefit/Support caseload over the past five years by just over 2% to 16,751. Following the scheme change from Council Tax Benefit to Council Tax Support in April last year, the number claiming fell by around 650 cases, which to a degree off set the year on year increase in caseload. Working age households receiving less than £4 per week in Council Tax Benefit generally lost their entitlement and those that had capital over £6,000 or received second adult rebate were no longer entitled.
- 3.4 Torbay's Housing and Council Tax Benefit caseload in comparison with other Devon Councils is attached as Appendix 1.
- 3.5 In 2013/14 approximately 170 new Housing Benefit and/or Council Tax Support claims were processed each week. When a claim is received, if we do not have all the evidence required to process the claim we contact the claimant and the legislation allows the customer up to 30 days to provide this information. However, processing times are calculated from the date the application is received, so if the information is not returned promptly this can be severely affected. These cases have a negative impact on new claim processing, but is not within the control of the council.
- 3.6 Once a claim is in payment the claimant has a legal obligation to inform the council of any changes in their personal circumstances that could affect their claim. In 2013/14, just over 1,000 change of circumstance requests were processed each week. If changes are not dealt with promptly and the level Housing Benefit remains unchanged it may result in Local Authority

overpayments that could have been prevented, which increases the risk of not qualifying for full rate subsidy.

4. Performance Overview

- 4.1 Since 2009 demand for Housing and Council Tax Benefit/Support has significantly increased.

Historic Volumes

1st April	Number of New Claims and Changes of Circumstances Processed	Caseload	Assessment Staff
2009/10	52,600	18,077	38
2010/11	53,600	19,236	35
2011/12	67,900	20,004	30
2012/13	68,100	20,336	28
2013/14	62,900	19,689	25
2014/15	-	19,450	26

Performance against Target

	New Claims (Days to Process)	Target (days)	Changes of Circumstances (Days to Process)	Target (days)
2009/10	26.13	20	11.04	10
2010/11	30.02	20	12.44	10
2011/12	20.47	20	9.31	10
2012/13	18.00	17	9.25	7
2013/14	23.43	17	12.04	7

- 4.2 A significant impact on work has been caused by the DWP's ATLAS (Automated Transfers to Local Authority Systems) project which began three years ago. This involves the transfer of data in relation to changes to Welfare Benefits claimed from DWP and Tax Credits claimed from HMRC. As a result there has been a substantial increase in workload, where the process sometimes duplicates information already received from customers and on other occasions advises customers of changes that the HMRC have yet to notify. This has an impact on the processing times.
- 4.3 In addition the changes resulting from the Government's Welfare Reform agenda have been administered by Revenue and Benefits, including the introduction of the new Council Tax Support scheme and the social sector size restrictions for Housing Benefit (bedroom tax) in April 2013 and the introduction of the Benefit Cap in July 2013.
- 4.4 Torbay's claim processing times in comparison to the National Statistics and other Devon Councils for 2013/14 is attached as Appendix 2.

5. Current Performance

- 5.1 Since April we have on average been processing 150 new claims and 980 change of circumstance requests each week.
- 5.2 Claim processing times have increased further and are currently taking 44 days to process new claims and 14 days for changes of circumstances. This increase can be attributed to the resourcing issues, caused by long term sickness as well as the increase in workload due to seasonal employment and other factors affecting the local economy.

6. Financial Implications

- 6.1 Housing Benefit represents a significant “business”. In 2013/14 Housing Benefit and Council Tax Support payments exceeded £80.2 million. Good performance is important to meeting our customer needs. Any deterioration in performance could result in, for example.
- Increase in “local authority error” overpayments, leading to reduced subsidy from Central Government
 - Potential increase in overpayments which may not be recoverable

Paul Looby
Executive Head of Finance

Appendices

Appendix 1 – Housing and Council Tax Benefit Caseloads (February 2013)

Appendix 2 – Claim Processing Times (2013/14 – 1 April to 31 December)

Appendix 3 – Impact of Welfare Reform on Torbay Council

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Appendix 1

Housing Benefit & Council Tax Benefit Recipients DWP Data on Caseload, by Local Authority February 2013

	Housing Benefit	Council Tax Benefit	Caseload
Plymouth UA	25,515	27,290	31,370
Torbay UA	14,227	18,120	20,210
East Devon	7,319	9,750	10,720
Exeter	9,677	10,000	11,940
Mid Devon	4,677	5,750	6,240
North Devon	6,683	8,430	9,300
S Hams	4,990	6,350	6,920
Teignbridge	7,847	10,580	11,530
Torridge	4,538	6,060	6,620
West Devon	3,167	4,200	4,580
Blackpool UA	21,122	24,490	27,460
Portsmouth UA	23,069	19,860	26,870

Notes

As some households receive Housing Benefit only or Council Tax Benefit only or both benefits the caseload total will not sum to the total of the Housing Benefit or Council Tax Benefit columns.

The caseload represents the number of households receiving either Housing Benefit only, or Council Tax Benefit only or both Housing and Council Tax Benefit.

Source: Single Housing Benefit Extract (SHBe)

Benefit Processing times for 2013/14 (1 April to 31 December)
DWP Data on speed of processing, by Local Authority

	Housing Benefit					
	New Claims			Change of Circumstances		
	Q1	Q2	Q3	Q1	Q2	Q3
GREAT BRITAIN	24	24	22	11	11	12
Plymouth UA	14	12	10	11	9	9
Torbay UA	22	21	24	13	11	12
East Devon	15	12	11	7	6	5
Exeter	18	19	17	19	16	10
Mid Devon	23	18	17	10	10	7
North Devon	17	13	13	5	6	9
S Hams	35	33	25	14	11	7
Teignbridge	16	20	16	8	8	8
Torrige	15	15	15	5	6	7
West Devon	29	26	35	10	13	16
Blackpool UA	19	22	21	23	25	32
Portsmouth UA	31	30	27	14	12	11
England	24	23	22	11	11	12
Scotland	27	28	25	11	12	13
Wales	21	22	20	9	9	8

Source: Single Housing Benefit Extract (SHBe)

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Welfare Reform – Impact of Reform in Torbay 1 April 13 to 31 March 14

This is a summary of the impact of welfare reform changes is having in Torbay.

COUNCIL TAX SUPPORT

As part of the Welfare Reform Act (2012) the Government abolished Council Tax Benefit and was replaced with a new local scheme from April 2013 called Local Council Tax Support.

Caseload

Total number receiving Council Tax Support on 31 March 2014	16,822
Total number receiving Council Tax Benefit on 31 March 2013	18,153

Caseload Groups

Number of pensioner households (not affected by restriction)	7,827
Number of working age households (includes households previously received full rate CTB)	8,995
Number of households that received full rate CTB in 2012/13	6,900

Council Tax – Households that have Made a Payment

	Total	Payment	%age
All households	59,612	56,763	95.22
Council Tax Support – full rate (Pensioners)	5,334	5,334	100.00
Council Tax Support – less than full rate (Pensioners & Working Age)	14,662	12,937	88.23
Council Tax Support - previously received full rate CTB (Working Age)	6,900	6,320	90.25

All households is the number of payers that have received a Council Tax bill and have a balance to pay. The number that previously received full rate CTB is also included in Council Tax Support less than full rate.

Additional information:

Total expenditure in 2013/14 £12,902,763
Total number of claims paid 21,178

COUNCIL TAX EXCEPTIONAL HARDSHIP PAYMENTS

The Exceptional Hardship scheme was introduced from April 2013 to provide reductions in Council Tax under the policy from 0% to 100% of the remaining Council Tax liable amount. It provides further financial assistance for households who are entitled Council Tax Support, or were entitled to Council Tax Benefit on 31 March 2013.

General Fund	£80,000
Number of Applications	833
Number Awarded	174
Number Refused	659
Amount Paid in 2013/14	£33,608

Additional information:

As part of the mailshot exercise all households that applied for Discretionary Housing Payments was also considered for exceptional hardship payments.

So far three applications have also been awarded a hardship payment and two of them awarded a DHP.

A brief analysis of the applications received show that the main reasons for refusal is that the applicant does not meet the initial qualifying criteria or the income is higher than expenditure.

The number of households that also qualified for other discretionary payments are as follow;

Discretionary Housing Payments	111
Crisis Support	36
Discretionary Housing Payments & Crisis Support	28

DISCRETIONARY HOUSING PAYMENTS

The Discretionary Housing Payments (DHP) scheme was introduced by the Government in July 2001 so that local authorities could provide financial assistance to claimants receiving housing benefit when additional help with housing costs is required.

General Fund	£393,853
Number of Applications	1,877
Number Awarded	722
Number Refused	1,155
Amount Paid in 2013/14	£393,615

DHP Budget Projection

	Quarter One	Quarter Two	Quarter Three	Quarter Four
Projected Outturn	110,000	210,000	310,000	*393,853
Expenditure	74,173	146,748	273,049	393,615
Committed	18,630	21,293	15,162	0
Variances	(17,197)	(41,959)	(21,789)	(237)
*Programme/General Fund				

Additional information:

In early January 348 letters were sent to households that had a shortfall in their weekly entitlement of more than £50, due to the Local Housing Allowance rate used in the calculation of their Housing Benefit.

So far 14 applications have been successful and awarded a DHP and two of them also awarded a Council Tax Support hardship payment.

DHP was awarded to ten households affected by the size criteria restriction (bedroom tax) that qualified for the pre 96 protection. The DHP paid for these cases, which totals just under £3.5k, has since been written off following advice from the DWP.

The number of households that also qualified for other discretionary payments are as follow;

Council Tax Exceptional Hardship	111
Crisis Support	154
Council Tax Exceptional Hardship & Crisis Support	28

CRISIS SUPPORT

As part of the Welfare Reform Act (2012), the Government abolished discretionary payments from the Social Fund. From April 2013, the support provided to households via Community Care Grants and Crisis Loans for Living Expenses was replaced by a new scheme, developed by the Council's Revenues and Benefits service.

General Fund	£552,980
Number of Applications Received	3,616
Number Awarded	1,503
Number Refused	2,113
Amount Paid (exc. VAT)	£252,606

Additional information:

The above includes a donation of £1,500 to the Trussell Trust, which is a non governmental organisation and charity that formally coordinates the only nationwide network of food banks in the country.

The number of households that also qualified for other discretionary payments are as follow;

Discretionary Housing Payments	154
Council Tax Exceptional Hardship	36
Discretionary Housing Payments & Council Tax Exceptional Hardship	28

SOCIAL HOUSING SIZE CRITERIA (BEDROOM TAX)

From April 2013, working age tenants living in social housing and receiving housing benefit will have a reduction in benefit by 14% if they have one extra bedroom or 25% if they have more than one extra bedroom.

	Households	Average Reduction in Benefit
14% Reduction	444	£13.65
25% Reduction	97	£25.03
Total	541	£15.69

Additional information:

In Torbay 38, or 6.98% of the 545 households that was restricted now qualify for the pre 96 protection.

On 5 February 2014 the government announced that the Housing Benefit Regulations had been amended to close the exemption and this will come into effect on 3 March 2014, reinstating the original policy intention.

This means the exemption from the size criteria restriction will no longer apply from 10 March 2014.

The restriction was reapplied to these cases from 10 March 2014 and the households affected informed of this change by letter as well as advised that Discretionary Housing Payments are available to help top up the level of Housing Benefit in payment. Take up is currently being analysed and the results included in the April update.

BENEFIT CAP

From April 2013 a cap will be introduced on the total amount of benefit that working age people can receive, so that workless households will no longer receive more in benefits than average working families, after tax and National Insurance.

The cap is set at £500 per week for couples and lone parents and at £350 per week for single adults.

The benefit cap was introduced in Torbay from 15 July 2013.

Weekly Reduction in HB	Households
Over £100	7
£50-£100	9
£20-£49	14
Under £20	18
Total	49

Additional information:

None.

CUSTOMER ENQUIRIES

The number of benefit enquires by telephone during 2013/14 increased by nearly 23% when compared to 2012/13, due to the welfare reform changes. The number of office based enquiries have fallen by around 26% when compared to 2012/13, which is consistent with other departments.

Telephone Calls	Benefits		Council Tax	
	2013	2012	2013	2012
April	17,359	7,610	4,028	3234
May	12,553	8,261	3,031	3208
June	11,185	7,019	2,997	3096
July	13,214	8,138	2,806	2877
August	10,499	7,707	2,063	2,765
September	10,502	7,583	2,313	2,843
October	9,713	6,474	2,240	5,556
November	8,719	8,303	1,860	2,745
December	6,527	5,493	1,540	1,902
January	9,878	9,061	2,140	3606
February	8,872	9,670	2,070	3,150
March	11,959	15,915	2,000	3,173
Total	130,980	101,234	29,088	38,155

Connections Offices	Benefits		Council Tax	
	2013	2012	2013	2012
April	2,774	3,171	936	847
May	2,448	3,591	785	890
June	2,205	2,818	838	756
July	2,191	3,065	936	738
August	1,533	2,574	712	680
September	1,828	2,501	710	685
October	2,021	2,648	688	759
November	1,869	2,496	705	623
December	1,550	1,610	479	374
January	1,833	2677	723	751
February	1,535	2,329	577	722
March	1,807	2,376	718	924
Total	23,594	31,856	8,807	8,749