

**EXECUTIVE  
COMMITTEE**

13th March 2012

**BENEFITS SERVICES TRANSFORMATION AND WELFARE REFORM -  
QUARTERLY UPDATE  
OCTOBER - DECEMBER 2011**

Relevant Portfolio Holder	Councillor Michael Braley, Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas, Head of Finance and Resources
Wards Affected	All Wards
Ward Councillor Consulted	No
Non-Key Decision	

**1. SUMMARY OF PROPOSALS**

To advise Members on the performance of the Benefits Service during the third quarter.

**2. RECOMMENDATIONS**

**The Committee is asked to RESOLVE that  
subject to any comments, the report be noted.**

**3. KEY ISSUES**

**Financial Implications**

3.1 There are no specific financial implications.

**Legal Implications**

3.2 There are no specific legal implications.

**Service/Operational Implications**

3.3 The Benefits Service is undergoing transformation work to improve processes, service delivery and efficiency. There are major changes to the service resulting from the Welfare Reform Bill.

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### **Transformation**

- 3.4 Work continues to develop Benefits Officers seeing personal callers to the Town Hall where benefit enquiries are resolved, where possible, with the customer present. Work to map current processes is also underway to help identify demand and best practice and influence any proposed shared service.
- 3.5 Claims and information originating from the Department of Work and Pensions (DWP) are a major source of work and can add delays into the process. Work is scheduled to start in early February 2012 to work with the DWP to identify the reasons for delay and to find improved work practices and data.
- 3.6 The Benefits Service is also looking at the award letters sent out to explain and confirm entitlement. Several members of the Benefits team have attended a customer centred writing course and customers have been asked what problems they find with the letters and how they could be improved.

### **Welfare Reform bill**

- 3.7 The Welfare Reform bill proposes major changes to existing benefits and revised systems to simplify the process of claiming benefit and to encourage and reward employment. The bill has been amended by the Lords at Report stage and is back in the Commons. The debate about some of the more controversial proposals has led to delays with the bill which was originally planned to complete by the of January 2012 but the Government are still keeping to the original timetable for the changes and intend to pass the bill into legislation by April or May 2012.
- 3.8 The key change in the Welfare Reform Bill is the introduction of the Universal Credit, a means-tested credit for all working-age people up to the age they qualify for Pension Credit. It is intended to be much simpler than the current system. However the bill also contains proposals to reduce expenditure on Housing Benefit and Council Tax Benefit before the introduction of the Universal Credit.
- 3.9 There have been significant changes to Housing Benefit during the current year but the impact is likely to be felt in 2012 as nine months protection from some of the reductions was provided which will start to end from January 2012 onwards.
- 3.10 Although there are not any major changes planned for Housing Benefit in 2012/13 much of the year will be taken up with planning for the major changes that are due to be implemented from April 2013.

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Proposed changes from April 2013

Size restrictions in social tenancies

- 3.11 New claims for Housing Benefit from tenants in the private sector are subject to restrictions in the amount payable based on household size rather than property size. Local Housing Allowance rates are used to decide the maximum payable in Housing Benefit.

They include a size criteria where:

One bedroom is allowed for every adult, couple or person over 16

One bedroom for any two children under 10

One bedroom for any two children of the same sex aged less than 16

An extra bedroom is allowed for carers who are required to sleep over.

- 3.12 These same size criteria are proposed to be applied to working age claims for Housing Benefit from social tenancies from April 2013. The proposal is for a 14% reduction in Housing Benefit for one extra bedroom and a 25% reduction where there is more than one extra bedroom.

- 3.13 A detailed analysis undertaken on Council tenants has been undertaken. Approximately 560 claims currently would be subject to the restriction, leading to reductions in Housing Benefit totalling £6,500 each week. A summary of claims that have dependants and/or non-dependants has also been undertaken for Housing Associations and further work has been discussed with them.

- 3.14 An amendment was passed by the Lords to align the number of rooms allowed to an existing Department of Communities and Local Government (DCLG) definition – where one extra bedroom is allowed before a reduction. However this may cause problems with claims in the private sector and may be overturned in the Commons. The issue of foster children was also raised as they are not included in the Housing Benefit claim but will be affected by these changes. The Government propose to resolve this by awarding additional Discretionary Housing Payment grant to Local Authorities.

Council Tax Benefit replacement

- 3.15 The Government has decided that Council Tax Benefit (CTB) will not be part of the Universal Credit and will be replaced from April 2013 by local schemes, designed and administered by Local Authorities.

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- 3.16 A recent Government response to consultation on this matter state that the replacement schemes will no longer be considered a social security benefit but will be part of Council Tax. Funding will be reduced by 10% and pension age claims will be protected along with any other group the local authority has to help under their statutory duties. New schemes should also support people back into work and not hinder the in-work benefits of the Universal Credit.
- 3.17 An initial analysis of the caseload in Redditch showed that there were slightly more working age claims than pension age claims. By reducing expenditure by 10% and protecting only pension age claims the average CTB award for working age claims would have to be reduced from £16 per week to £13.
- 3.18 Further work is being undertaken to consider the impact of this proposal and the tight timescales involved as a local scheme has to be designed, agreed publicly consulted and IT systems changed by 31st January 2013.

### Local Welfare Assistance Schemes

- 3.19 Discretionary Crisis Loans and Community Care Grants are to be replaced by local schemes administered by local authorities, probably upper tier with some of the fund distributed to local Housing services. The discretionary elements to be included are crisis loans and community care grants and these payments will normally be a one off grant rather than a loan to avoid the problems associated with recovering loans. The funds will not be ring fenced but the Government will write to each authority and explain what the funding is for.
- 3.20 These loans and grants help support some of the most vulnerable local people and the table below shows awards made since 2009.

	Awards and applications rounded to nearest ten	Crisis Loans	Community Care Grants	Totals
<b>2009/10</b>	Number of Applications received	5,230	670	5,900
	Number of Awards	3,940	270	4,210
	<b>Total expenditure</b>	<b>£294,100</b>	<b>£106,400</b>	<b>£400,500</b>
<b>2010/11</b>	Number of Applications received	4,370	640	5010
	Number of Awards	3,280	290	1570
	<b>Total expenditure</b>	<b>£255,600</b>	<b>£130,500</b>	<b>£386,100</b>
<b>Apr -Sept 2011/12</b>	Number of Applications received	1,820	290	2110
	Number of Awards	1,490	130	1,620
	<b>Total expenditure</b>	<b>£99,800</b>	<b>£63,000</b>	<b>£162,800</b>

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### Household benefit cap

- 3.21 One of the more controversial proposals is the introduction of an overall cap on the total amount of benefits that any one working age household can receive. The cap will be based on national median earnings after tax and National Insurance. In 2013 this is expected to be about £500 per week for couples and lone parents and £350 per week for single adults. War widows and any household where someone is entitled to Disability Living Allowance or Working Tax Credit will be exempt from the cap. Local authorities will apply the cap by reducing Housing Benefit or Council Tax Benefit. The Lords have passed an amendment to the bill that will exclude Child Benefit from counting towards the cap but the Government intends to overturn this change.

### LHA increased by CPI

- 3.22 Since April 2008 the maximum amount payable for most Housing Benefit (HB) claims from the private sector has been set by Local Housing Allowance rates which are based on actual rents let each month. From April 2011 the rates have been based on the 30th percentile of available rents which is revised each month. However from April 2012 Local Housing Allowance rates will be frozen in preparation for the April 2013 change to an annual increase based on the lowest of either the 30th percentile of available rents as now or the Consumer Price Index (CPI).

### Discretionary Housing Payments

- 3.23 To help mitigate some of the expected problems caused by the changes to Housing Benefit the Government is increasing the Discretionary Housing Payment (DHP) grant. From April 2012 Redditch will receive £47,732 in DHP grant and can spend up to £119,330 on these awards. The DHP policy was recently revised to allow for more flexible use of these funds and the Benefits and Housing Option services work together to decide the best use of these funds to prevent homelessness and manage the transfer to more affordable accommodation where possible.

### Single Fraud Investigation Service (SFIS)

- 3.24 An earlier proposal to combine local authority, DWP and Tax Credits counter fraud teams into a single service from April 2013 have been postponed. Instead from April 2013 existing local authority counter fraud staff will continue to be based with local authorities rather than be transferred to DWP payroll but will work towards DWP priorities. From 2015 a review will be undertaken to decide the best way to deliver counter fraud activity in support of the Universal Credit, but a single DWP based service is still likely.

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Universal Credit

- 3.25 From 2013/14 Universal Credit will gradually replace:
- a) Income Support;
  - b) Income Based Jobseekers Allowance;
  - c) Income Based Employment Support Allowance;
  - d) Housing Benefit;
  - e) Working Tax Credit;
  - f) Child Tax Credit.
- 3.26 Working age claimants will get help with eligible rent through Universal Credit, rather than Housing Benefit.
- a) new claims for Housing Benefit from customers who are out of work will move to Universal Credit from October 2013;
  - b) new claims for Housing Benefit from customers who are working will move to Universal Credit from April 2014;
  - c) existing claimants will move from Housing Benefit to Universal Credit from October 2013 to October 2017.
- 3.27 Customers over the qualifying age for Pension Credit will get help with eligible rent through a new Pension Credit element called Housing Credit, rather than claim Housing Benefit.
- a) new customers over Pension Credit qualifying age will have to claim Pension Credit to access help with eligible rent from October 2014;
  - b) existing Housing Benefit customers over Pension Credit qualifying age (with or without Pension Credit) will be transferred to a modified Pension Credit, including Housing Credit, between October 2014 and October 2017;
  - c) new claims to Housing Benefit from people over Pension Credit qualifying age received up to October 2014 will be dealt with as now.
- 3.28 The Department of Work and Pensions (DWP) are considering what support they can offer locally for Pension Credit customers claiming help with eligible rent.

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- 3.29 Claims for Universal Credit will be made by households rather than individuals and the amount awarded will depend on the income and circumstances of all the household members. It is also proposed to make payments monthly in arrears to the applicants to replicate how earnings are paid.
- 3.30 It is planned to have a maximum amount that is payable in Universal Credit, probably based on average earning levels. There will be a basic allowance with different rates for single people and couples, and lower rates for younger people.
- a) a disability;
  - b) caring responsibilities;
  - c) housing costs;
  - d) children;
  - e) childcare costs.
- 3.31 There will be greater expectations of people claiming Universal Credit to find employment, which the scheme calls conditionality. A 'Claimant Commitment' will be signed by everyone and will set out the conditions required to receive Universal Credit. People earning above a set amount and receiving Universal Credit will not have any conditionality imposed.
- 3.32 Those who are out of work or in work but earning below the set amount will have various conditions attached to their claim, such as having to spend a fixed number of hours looking for work and registering with agencies. Less strict conditions will apply for the first 13 weeks for people recently unemployed with a good work record and for those who have caring responsibilities. Separate rules are proposed for foster carers.
- 3.33 There will be tougher penalties for those who do not meet the "Claimant Commitment" and there is an option of a Mandatory Work Activity for jobseekers which would mean a full-time work placement for four weeks. If this work activity was not undertaken without a good cause a sanction would be imposed.

### Disability Living Allowance

- 3.34 Disability Living Allowance is to be replaced by Personal Independence Payments which will be extra to the Universal Credit.

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## Passported Benefits

- 3.35 At the moment being entitled to certain benefits, like Income Support, also gives entitlement to a range of other beneficial schemes such as free school meals and free prescriptions The Social Security Advisory Committee (SSAC) has been asked to provide an independent review of passported benefits and how they link to Universal Credit.

## Future role of Local Authority

- 3.36 The future role of local authorities following the introduction of Universal Credit is still not clear. The initial proposals saw little scope for local involvement as a centralised administration was proposed. While the central administration is still proposed, mostly to keep costs down, the DWP seem to accept that some kind of local support will be required but remain determined to manage the migration to Universal Credit.
- 3.37 DWP expectations that 80% of Universal Credit applicants will do so remotely via a website maybe overly ambitious and this could lead to local support being necessary. The DWP have confirmed that delivery arrangements from 2017 onwards will involve as a core option a model based on local commissioning and delivery of face-to-face support for customers. This model seems to be encouraged in last years Open Public Services White Paper.

## Claims Performance

- 3.38 There is currently one National Indicator for the Benefits Service, Speed of Processing, which has recently changed from measuring the average time taken to process new claims and change events for Housing Benefit and/or Council Tax Benefit claims, to separate indicators for new claims and change events. Performance against this indicator is shown below.

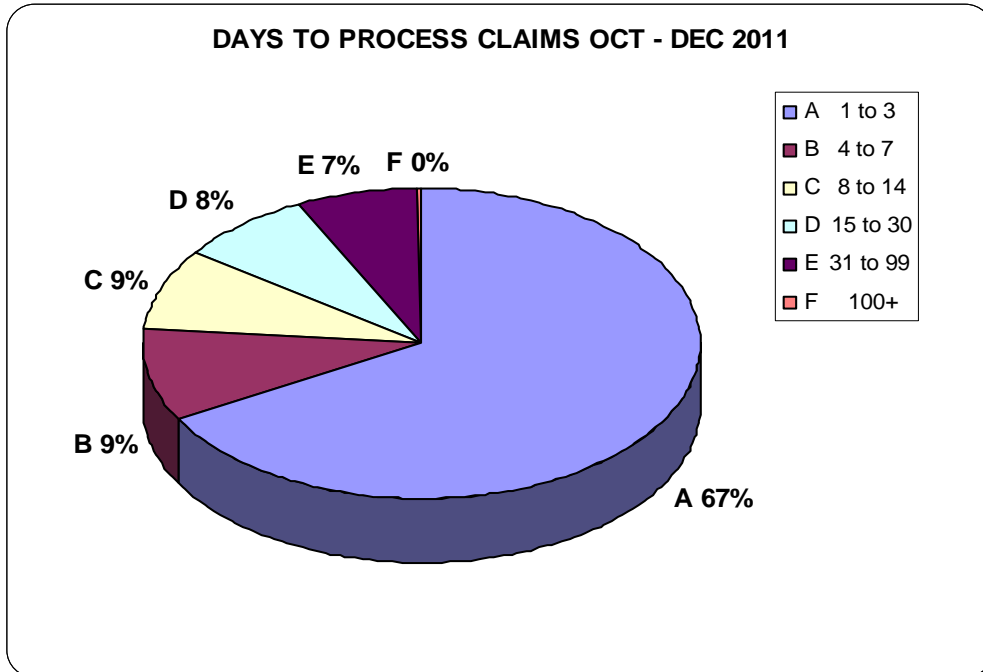
	<b>October</b>	<b>November</b>	<b>December</b>	<b>Quarter 3</b>
<b>New Claims</b>				
<b>Average days</b>	18	14	13	15
<b>No. of claims</b>	392	387	292	1071
<b>Changes</b>				
<b>Average days</b>	6	6	6	6
<b>No. of claims</b>	2752	2665	1956	7373
<b>Combined</b>	8	7	7	7



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3.39 In the third quarter 67% of claims (new and change events) were decided in three days or less, up from 50% in the first quarter.



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3.40 National data for the third quarter is not yet available but the table below shows local comparative data for the second quarter of 2011/12.

SPEED OF PROCESSING	ALL		ALL (Days)	
	New Claims	Change of circumstances	New Claims	Change of circumstances
<b>Q2 2011/12</b>				
Bromsgrove	673	3,471	15	8
Malvern Hills	648	3,968	25	8
<b>Redditch</b>	<b>1,267</b>	<b>7,271</b>	<b>18</b>	<b>7</b>
Worcester	1,352	7,808	23	8
Wychavon	1,054	5,653	23	8
Wyre Forest	1,183	9,042	29	8
Cannock Chase	1,696	8,666	8	3
East Staffordshire	1,280	5,775	29	13
Lichfield	1,030	5,125	27	10
Newcastle-under-Lyme	1,504	9,306	28	8
South Staffordshire	700	4,318	16	7
Stafford	1,233	6,199	19	10
Staffordshire Moorlands	580	3,031	22	10
Tamworth	1,044	4,673	30	11
North Warwickshire	676	4,299	20	9
Nuneaton and Bedworth	1,576	7,951	21	17
Rugby	1,152	6,897	17	8
Stratford-on-Avon	914	5,493	19	10
Warwick	1,012	8,632	22	11
Cheltenham	1,620	9,498	21	5
Cotswold	753	6,064	12	5
Gloucester	2,051	11,928	20	7
Stroud	907	6,528	20	13
Tewkesbury	837	3,333	44	26

Source: DWP SHBE extracts

3.41 The live caseload has remained static at around 8000-8100 claims in payment at any one time. The monthly Economic Summary for December 2011, compiled by Worcestershire County Council, reported that there were 2021 people unemployed in Redditch, slightly down from the last quarter. For the same period there were 1089 reported vacancies (up from last quarter). The highest rates of unemployment locally are Batchley and Brockhill (8.5%), Central (7.2%) and Greenlands (6.6 %).

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### Income Maximisation

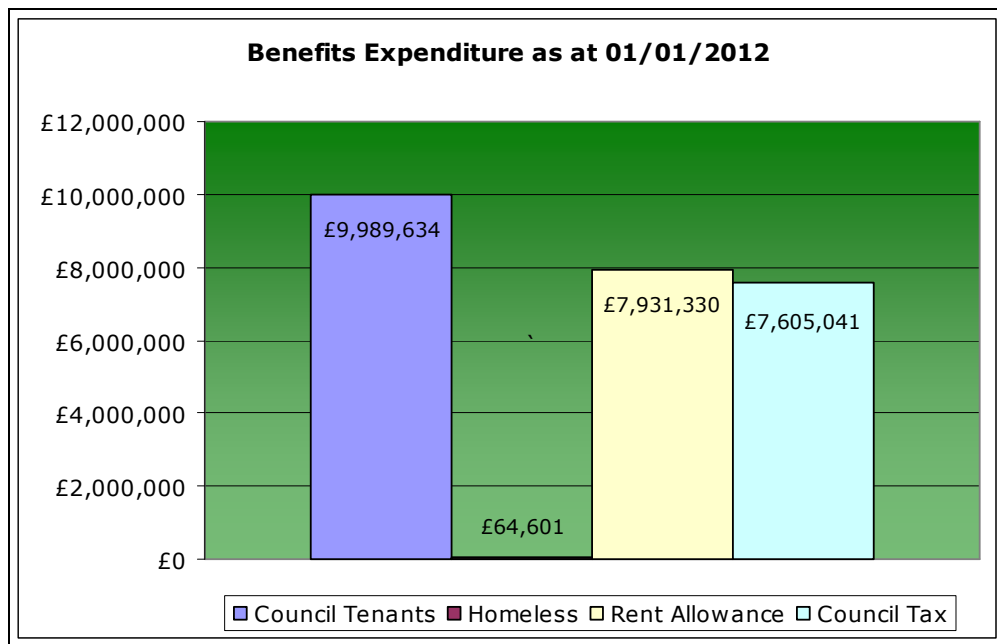
- 3.42 The Income Maximisation Officers have continued their partnership work, particularly with DIAL and Age UK, to jointly promote welfare benefits and reduce fuel poverty.
- 3.43 The Income Maximisation Officer role is also helping to support local people who have been affected by the changes in Housing Benefit rules. Work has been undertaken along with Housing Options staff to identify and contact individuals who may be facing additional problems paying their rent due to reductions in the amount of Housing Benefit awarded. Advice has been given on budgeting for these reductions and assistance given to find cheaper alternative accommodation. Where the short fall is not permanent, due to expected changes in circumstances or alternative accommodation has not yet been found, Discretionary Housing Payments have been made to help maintain tenancies and prevent homelessness. An open day was held on the 1st December where Benefits and Housing Options staff were available to answer questions on welfare reform and offer advice on finding accommodation.

### Overpayment recovery

- 3.44 The amount of outstanding overpaid Housing Benefit at the beginning of the quarter was £1,260,110. A further £159,053 in overpaid Housing Benefit was identified in the quarter and £136,121 was recovered. The amount recovered during the quarter is equivalent to 86% of the amount identified in new overpayments or just less than 10% of the total amount outstanding.
- 3.45 The full cost of overpayments attributed to Local Authority error or delay can be fully met through subsidy as long as the overpayments are less than 0.48% of expenditure that attracts 100% subsidy. At the end of the third quarter expenditure attracting 100% subsidy was £23,934,869 and LA error or delay overpayments totalled £50,778 which is 0.21%. This will enable 100% subsidy to be paid, subject to an external audit.

### Expenditure

- 3.46 Total expenditure at the end of the third quarter stood at £25,590,606, an increase of about £825,000 from the same period last year. This includes an increase of more than £700,000 on Council Tenancies, £10,000 more spent on homeless cases and £166,000 more on private tenancies. Council Tax Benefit expenditure is reduced by £51,000 from the previous year.



Appeals

3.47 During the quarter there were sixteen requests that decisions on entitlement were looked at again and twelve of these were resolved within four weeks. Ten appeals were received where a request for an independent tribunal to look at the decision was made. Three of these requests were withdrawn and one was found to have no grounds for appeal. Six decisions were revised in favour of the applicant and seven were revised not in favour. One actual Tribunal case was heard during the quarter and the original decision that the tenancy was not of a commercial nature was upheld.

Counter Fraud work

3.48 In the quarter, 293 cases were reported where fraud was suspected: 78 from the public, 112 from data matching and 103 from other official sources. During the same period 11 Cautions and 1 Administrative Penalty were issued and 6 cases were successfully prosecuted. The table below shows comparative data on the number of Investigations, Cautions, Administrative Penalties, Successful Prosecutions for 2010/11.

3.49 During the quarter 92 home visits were undertaken to establish that the correct level of Benefit was being paid. The visits resulted in 54% of the claims staying the same, 14% increasing and 32% decreasing. The main reason for both increases and decreases was a change in household circumstances.

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District	Investigations	Cautions	Admin Penalties	Successful Prosecutions	%	All Sanctions	%
England	135,540	12,010	6,085	6,445	4.76	24,540	18.11
Bromsgrove	167	44	2	7	4.19	53	31.74
Malvern Hills	203	21	0	7	3.45	28	13.79
<b>Redditch</b>	<b>468</b>	<b>57</b>	<b>7</b>	<b>20</b>	<b>4.27</b>	<b>84</b>	<b>17.95</b>
Worcester City	495	22	15	8	1.62	45	9.09
Wychavon	307	34	8	7	2.28	49	15.96
Wyre Forest	247	12	23	14	5.67	49	19.84

**Customer / Equalities and Diversity Implications**

None specific.

**4. RISK MANAGEMENT**

Without adequate performance monitoring arrangements there is a risk that improvements in the Benefits Service will not be achieved and that additional costs are incurred. In addition, without effective recovery procedures for overallowed Housing Benefit the Council will forego the ability to pursue debt recovery procedures with a consequential loss of income to the Council.

**5. APPENDICES**

None.

**6. BACKGROUND PAPERS**

Audit Commission re-inspection report.

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