



OVERVIEW AND SCRUTINY BOARD

AGENDA ITEM: 10

DATE OF MEETING: 7th April 2015

REPORT AUTHOR: Arran Sharman & Sue Nelson

SUBJECT: Housing Benefit Performance

PURPOSE:

1. This report sets out Benefit performance in Luton Borough Council over the last 3 years, the pressures we are facing and the improvements that are being made.

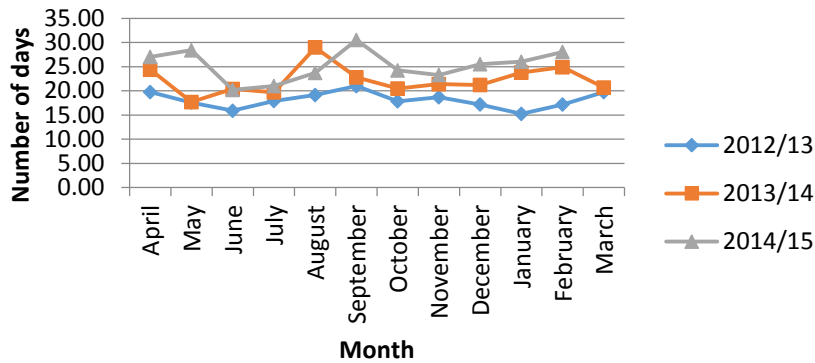
RECOMMENDATIONS:

2. That the Overview and Scrutiny Board is recommended to note the content of the report and the pressures faced by the service area.

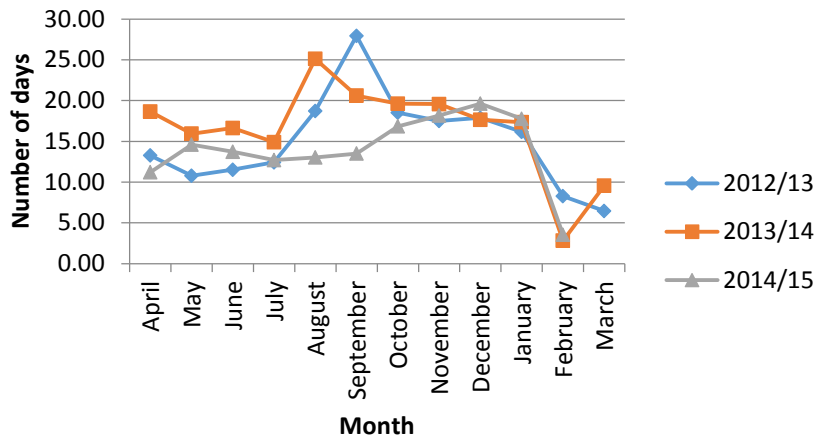
Background

3. The Financial Assessment Service is responsible for the administration of claims for Housing Benefit and Council Tax Support for people of all ages. Council Tax Support replaced Council Tax Benefit from 1st April 2013 and included a new local scheme for people of working age. However, the local scheme has the same criteria as the previous national scheme so the same processing complexity remains.
4. The main work that the service does is to process benefit new claims and changes in circumstances, and it is this area of work that the service is judged on. The key performance indicators are time taken to process new claims, time taken to process changes and the former national indicator 181 (combined time to process new claims and changes). The following charts highlight performance in these areas over the last 3 years:

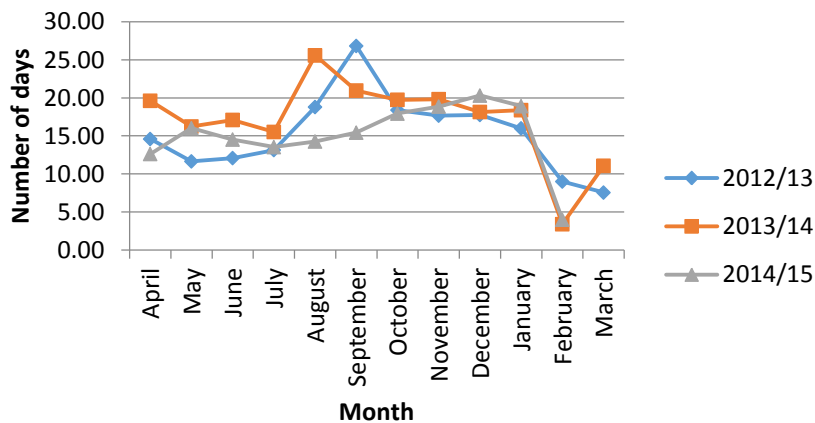
New Claim processing times



Change processing times



NI181 (Combined)



Summary of Performance & Pressures

5. What is not reflected in the charts above is the amount of new claims and changes we are processing now in comparison to 2012/13 and what this is like in relation to our live caseload. The details are as follows:

	2012/13	2013/14	2014/15*
New Claims processed	11,555	11,514	9,463
Changes processed	73,156	96,755	101,523
Caseload (average per quarter)	21209	21295	20731

*Figures are correct as at 28th February 2015.

6. This shows there is little variation in our live caseload, but a large ongoing increase in changes and a decline in new claims.

New Claims

7. When comparing performance over the last 3 years, Benefit processing times for new claims are higher than they were while changes have either been at a similar level or better. There has been a change in the complexity of the work that we do, with more “in work” claims for Benefit being made. “In work” claims are more complex as it may include agency staff, people on zero hour contracts, people doing overtime etc, so they need more scrutiny and more evidence in support of an application. All of this takes time and adds to the delay when customers are required to bring in extra documentation.

Change in Circumstances

8. Over the last 3 years, change in circumstances have been a volatile area with an increased, and a more unpredictable workload than in the past. This has had an impact on the speed of processing and also where the service has had resource pressures. The reasons for this are as follows:
- Variation in work patterns (e.g. contractual changes are seasonal and economy dependent e.g. new employers open up).
 - DWP process changes and new initiatives, often passed to us in bulk (not systematically over a period of time or planned with us in advance) e.g. :
 - Housing Benefit Matching Service
 - Real Time Information from the HMRC
 - Housing Benefit review team
 - This team comes in at points throughout the year and checks a number of claims.
 - We have to re-assess these claims based on their findings.
 - This increases the work we do and we have no idea how much work they will generate.
 - External audit checking
 - Complexity of customer’s requirements for benefits has increased due to Welfare Reform and changes that require multiple re-assessments. This includes:
 - Under occupancy

- Benefit Cap
- Tax Credit changes.
- Increased need for additional support such as Discretionary Housing Payments.

Strategies to deal with pressure

9. All of the above has led to an increase in work and a pressure on the service to try and deliver a consistent service to the public that is of an acceptable quality standard, and that enables the Councils maximisation of HB subsidy. One-off Funding has been made available to resource the service at various points over the last 3 years for this purpose and it includes:
 - Welfare Reform Reserve – use for implementation of new policies e.g. Crisis Support Scheme, Under occupancy, Benefit Cap, and administration of extension's to existing schemes such as Discretionary Housing Payments (which has increased from 150k a year average spend in 2012/13 to 500k anticipated annual spend for 14/15)
 - Department for Works and Pensions 'New Burdens' funding – used to buy new software to implement changes, and to resource those changes and the increased pressure as a result of the changes.
 - Invest to Save - used to reduce the generation of overpayments and to maximise HB subsidy received by the Council.
10. The external funding from the DWP for 'New Burdens' varies from year to year, and we do not know in advance of how much it will be or what it will be for. It is often paid in arrears and is insufficient to cover the cost of the additional requirements. An example of this was the burdens funding for the Real Time Information exercise. This new exercise came in to effect from September last year. We have received a total burdens payment of £14,947 with only £5,574 paid in advance and the remaining £9,373 being paid at the end of the financial year. Officer time alone has cost around £18,000 to complete this exercise. There is a further significant financial impact based on increased overpayments as subsidy will be lost (RTI has led to the increase of the amount of overpayments identified each month by c 120k. Any burdens funding, where possible, can be used to offset any invest to save costs.
11. This one-off funding has been used to support the service to adapt to deal with policy and workload changes by; delivering efficiency improvements through automation of processes, bringing more staff in on a temporary basis to process the additional work, purchasing more software required to deliver new Government policy etc....
12. When the service has had additional funding for staff, performance levels have been maintained. However, this funding is not consistent, and without the additional one-off funding, the sheer volume and complexity of demand has created a backlog situation. Once in a backlog, the work gets older, takes longer to process, affects processing times and creates more overpayments of

benefit. An analysis of staffing in January 2015 demonstrates that in order to deal with the daily demand, we are currently 3.1 officers short.

13. New Burdens funding is provided by Government in order to compensate local authorities for additional responsibilities (e.g. as a result of Welfare Reform) or to cover a reduction in budget that has been made that can not yet be justified. . An example of this would be the transfer of the fraud service to the DWP. Money is to be removed from the council's administration grant for the work fraud currently do, however there will still be a responsibility on the service to provide the DWP with some of the information our own fraud officers used to collate. This extra work is likely to fall within Financial Assessments and will be time consuming and adhoc with a requirement to meet deadlines.
14. Burdens for 2015/16 are yet to be confirmed but as already stated, will not cover any shortfalls we have in our budget or fully cover the cost of any additional work we have to do.
15. A fundamental review of the service, with the support of the DWP Performance Improvement Team (invited in by the service) has been undertaken and a way forward to improve performance designed. In addition to improvements that are being made within existing resources e.g. changing method of work delegation and improved team communications, an Invest to Save Bid is being made that is able to demonstrate the advantageous financial impact on the Council for having a longer term resourcing solution in place.

Service improvements

16. The service has made improvements over the last 3 years including:
 - Electronic claim forms (85% of all HB claimants now complete their claim on line – this is a very high proportion compared to national figures).
 - Improved processes including:
 - o Telephone calls instead of letters (speeding up claim resolution).
 - o Reduction in some of the evidence requirements
 - Automation of change in circumstance work (mainly data received from the DWP – we currently automate around 60% of their work).
 - Front line assessment pilot (rather than all assessments being passed to the back office).
17. These service improvements have seen an increase of 31% in benefit decisions being made since 2012/13. This is a remarkable increase considering all of the pressures staff have faced within an ever changing service and one which we now feel has maximised. Any further attempt to push staff harder and increase productivity further will put the quality aspect at risk. If the quality of Benefit decisions decrease, then the work load increases with complaints, appeals etc.

18. The following are the service improvements that will be made in the forthcoming financial year (2015/16):

- Further Automation –including DWP data, improving online forms and integrating with back office systems so that back office systems are automatically populated with the claimant information, to speed up the process and eliminate double handling of claims.
- Risk Based Verification – this is a product that allows us to assess the risk of a claim. It is anticipated that up to 50% of claims will not need any evidence other than proof of identity and national insurance number which will reduce processing times by up to 15 minutes per claim.
- Front line assessment – to deliver more Benefit decisions on the front line, and all of the low risk ones. This will allow customers to visit the offices and leave knowing what their benefit entitlement will be. If successful, it could mean people getting benefit decisions the same day they are reported.
- Fraud & Error Reduction Incentive Scheme (FERIS) –a new DWP initiative that provides financial incentives to Council's to identify HB fraud and error. If we achieve our target, it will generate a payment from the DWP to offset the Council's investment in service improvements. It will lead to a more accurate and up to date caseload, resulting in less change reporting, less DWP lead work (such as data matching) and fewer overpayments for customers.

19. The service review and redesign highlights the need for additional resources to meet the following objectives:

- To clear the backlog of work and get the service up to date (already agreed, to be in place by 7th April).
- To ensure we have adequate resources to deal with the daily demand and prevent a backlog occurring again.
- To ensure the service delivers a consistent service to the public that is of an acceptable quality standard, and that enables the Councils maximisation of HB subsidy in the context of an uncertain future as a result of Universal Credit and the opportunities for further efficiencies due to the measures being taken set out above.