

# WIRRAL COUNCIL

## COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

12 JULY 2011

<b>SUBJECT:</b>	<b>HOUSING &amp; COUNCIL TAX BENEFIT ANNUAL REPORT 2010-11</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b><i>DIRECTOR OF FINANCE</i></b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b><i>COUNCILLOR STEVE FOULKES</i></b>
<b>KEY DECISION?</b>	NO

### 1. EXECUTIVE SUMMARY

- 1.1 This report updates Members on developments within the Benefits Service over the last year.

### 2. RECOMMENDATION

- 2.1. That the report be noted.

### 3. REASON FOR RECOMMENDATION

- 3.1 That Members are aware of the work being undertaken within Housing and Council Tax Benefits.

### 4. BACKGROUND AND KEY ISSUES

- 4.1 Traditionally the Benefits Service has administered approximately 37,000 live claims for Housing Benefits and Council Tax Benefits (HB/CTB). However in line with the economic recession the significant shift in claimant activity, previously reported, continues, resulting in a steadily increasing caseload. The total live claim count at May 2011 was 41,244 compared to a count of 39,332 for May 2009.
- 4.2 The cost of the service in terms of the payment of benefits and administration has increased. Payments made in respect of 2009/2010 totalled £151,636,296. Payments for 2010/2011 totalled £156,326,042 against an initial estimate of £154,979,207. For 2011/2012 the basis for the final payment estimate differs slightly given the April 2011 Local Housing Allowance (LHA) changes and associated Transitional Protection which is likely to inflate total spend. For this reason provision has been made within the estimates submitted to the Department for Work and Pensions (DWP) for payments of £162,509,131. This is consistent with the increased cost of LHA compared to the original Housing Benefit schemes.

4.3 The year on year reduction in the Department for Work and Pensions (DWP) administration grant has been negated, annually, to some extent by the additional grant released in respect of 'recession funding' in recognition of the additional workload driven by the recession. For 2010/2011 the service received £3,303,437 by way of administration grant funding with an additional £113,000 in respect of continued economic downturn impacts. The DWP has advised that additional payment will again be made in respect of 2011/12. Funding beyond 2011/12 is linked to the administration position of HB/CTB services and Universal Credit.

4.4 With a current live caseload of 41,244 claims, compared to 39,332 two years ago the volumes in terms of claims, changes of circumstances and other work/post received are proportionally higher. The workload and administration is also impacted upon by the volumes of 'intentions to claim' and defective claims received, which are not reflected in the increasing live caseload but nevertheless draw on resources. These issues are reflective of the current economic climate.

2010/11

New claims received and total determined – 24,526 (from 20,656)

Change of Circumstances received and actioned – 160,826 (from 114,668)

Post received totalled 297,566 (from 202,615)

4.5 The administrative operation of benefits requires close liaison with other Departments, particularly Adult Social Services, Corporate Services (Housing Options Team) and Legal Services together with a range of third sector partner organisations, Government agencies, including the DWP and the Pension Service, the Police, and landlords from both the social and private sector. The services of the Post Office have also been engaged.

4.6 Strong links in terms of historic and effective working relationships with other local authorities such as the Wirral hosted Merseyside Benefits Forum continue to inform and assist, together with a more recent engagement with Cheshire West and Chester Council. This is expected to develop over coming months, to mutual benefit as managers mirror the long established practices of the Merseyside group. The service continues to produce benefits literature on behalf of two Merseyside consortium members. The service is supported by the customer service staff through the network of One Stop Shops and the Call Centre. Additionally, Benefits visiting staff equipped with mobile technology support service delivery, ensuring accessibility to those who are unable to visit the offices or otherwise avail themselves of the service, whilst e-access channels are continually under development to ensure that all access channels are available and optimised through a rolling programme of development.

## PERFORMANCE

- 4.7 Given the ongoing increase in service demand and customer expectation, together with the significant preparation required for the live implementation of the April 2011 LHA changes, the ability to respond to customer need has been excellent with processing times and 'work on the shelf' being consistently reflective of this. This is despite the Voluntary Severance and EVR process which began to impact in terms of resource reduction from December 2010. During 2010/2011 Wirral commenced working with the DWP Performance Development Team (PDT) to further smarten working practices in accordance with "Lean" principles. This is one of the measures employed to mitigate the risk to the service through loss of resources.
- 4.8 Key activity areas for the service comprise claims processing and administering the many changes that occur during the life of a claim, including the increasingly significant Discretionary Housing Payment Fund, the Appeals administrative process and, to ensure minimal income loss, the robust recovery of overpaid HB. These core functions parallel optimising benefit take-up and maximisation for those already claiming, support the anti – poverty work, and secure the gateway to benefit by minimising the risk of loss through fraud and error.
- 4.9 Historically the service area has been closely scrutinised by the Audit Commission through a number of national best value performance indicators. As reported in June 2010, the DWP embarked on a review of these measures. In October 2010 they announced an intention to introduce new measures effectively from April 2011. Since that time the DWP has advised a need to delay the review and the service continues to report at a national level against one key national indicator (NI):-
- NI 181 – 'Right time indicator' (new claims and change in circumstances) – 2010/11 – estimated out turn (to be confirmed by DWP) 12 days (target 16 days)
- 4.10 In considering performance outcomes it is important to acknowledge the need for high levels of accuracy, not only to ensure the right benefit is paid to the right people but also to ensure loss through any subsidy grant adjustments is minimal. Robust performance monitoring procedures focus closely on accuracy and quality. A current average of over 96% accuracy for 2010/2011 has been recorded which exceeds historical national standards.
- 4.11 Grant loss through the annual grant claim audit has been reduced year on year with amounts foregone through identified error now negligible. For 2009/10, the most recently concluded claim, only £637 was recovered through the DWP 'claw back' process, against a £151,000,000 claim.

- 4.12 Whilst the DWP continues with an apparent 'light touch' in terms of national indicator requirements, performance management within the service remains strong and includes continued adoption of the former key BVPI's for local management and administration monitoring purposes together with the monitoring work and associated evaluation undertaken by service managers and the Quality Assurance team. Performance monitoring and service development work is also supported by the annual round of Internal Audit inspections.
- 4.13 It is crucial that Wirral continues to dedicate sufficient skilled resources to the prevention and detection of fraud. The Benefits Investigation Team is now well established and works closely with local partner agencies such as the DWP and the Police. In doing so many positive outcomes have been secured, with several high profile and high value fraudulent claims being exposed and appropriate sanctions successfully administered.
- 4.14 Such is the wider interest in this area of the service that a Wirral case featured on national television in early 2011. The BBC programme 'Saints and Scroungers' broadcast the case of a Wirral man who wrongly claimed in excess of £118,000 in benefits, the prosecution resulting in a prison sentence.
- 4.15 During 2010/11 the Fraud Investigation Team:
- considered 1859 referrals (2,178 during 2009/10)
  - investigated 755 cases (789 during 2009/10)
  - administered 111 sanctions including 30 successful prosecutions (158 sanctions and 19 prosecutions in 2009/10)
- 4.16 During 2010/2011 the team focused on higher level fraud which led to more complex investigations and resulted in an increase in the level of prosecution cases. The amount of fraud overpayments raised in 2010/2011 equated to £192,390.25. Data received from the Audit Commission in January 2011, which continues to be worked on has to date resulted in an additional 187 cases being identified for investigation with a corresponding total of £48,732.95 overpaid benefit cumulatively accruing to date. As such, whilst the overall number of sanctions secured is lower, the cases concerned in the majority of instances were of a higher value in terms of benefit fraudulently claimed and significantly more time consuming to investigate. In essence the 'intention' to deceive has been more sophisticated and/or over a longer duration.

- 4.17 Other key service areas which support the overall claims administration processes include the Appeals and Debt Recovery Teams, the Supported Accommodation Team and Revenues and Benefits Training and Development Team, the Quality Assurance Team and Income (Subsidy/Grant) Maximisation Team. A Landlord Liaison Team has been established for several years offering a dedicated service to both private sector and social sector landlords. Relationships with landlords are excellent linked to the development of this team. Landlords routinely cite the Wirral Benefits Service as the best on Merseyside, significantly commenting upon the level of engagement with officers. These areas continue to develop in terms of good practice and procedures in response to service need. During 2010/11 it is significant to note the continually expanding need for management information.
- 4.18 Take-up and benefit maximisation work continues, this being supplemented by careful administration of the Discretionary Housing Payment Fund. In turn this work continues to support the wider Financial Inclusion programme and additionally complements the work of other agencies offering short and longer term financial respite.
- 4.19 The need for customer and stakeholder awareness of the welfare reform programme and the more immediate and important changes likely to affect them with the introduction of the April 2011 LHA changes, was widely publicised during 2010/11, through all channels and with officers attending stakeholder events such as the Private Landlord Forum, the now annual, Merseyside Landlord Expo event and Homelessness Forums. HB/CTB is consistently of significant and increasing interest at such events.
- 4.20 Data Sharing increasingly plays a role across the service, and it is noticeable that requests through the Merseyside Police 'PACT' team and the Border Agency are increasing. Such engagement requires diligence and strict control together with a clear understanding of data sharing protocol. The Benefits Fraud Investigation Team processes all such requests for the Division. Work with Merseyside Fire and Rescue Service (MFRS) in active support of their Operation Goldmine which seeks to identify those at most risk of harm through fire also continues as does work with the Pension Service to ensure that those who are not claiming are given the opportunity.
- 4.21 The future of the service directly corresponds to the planned national reform of benefits and introduction of Universal Credit. In the immediate and shorter/mid term the April 2011 changes to LHA and those planned for 2012/13 will influence practices and procedures. The customer and stakeholder response is difficult to gauge or quantify as the true impact of the changes is masked by the current Transitional Protection scheme.
- 4.22 On 16 March 2011 (minute 138) I reported the detail of the current and short term changes, together with an overview of the longer term reform to this Committee.

4.23 During 2010/11 the service continued to develop and expand in several areas, embarking on new and potentially diverse initiatives including:-

- Collaborative Working – The benefits processing resilience initiative established together with Knowsley Council continued to be developed in a live environment during 2010/11 with pleasing results in terms of IT and staff aptitude to undertaking the working practices of the another local authority.
- Post Office Payout – In January 2011 payment of LHA, for those claimants who do not have and cannot secure a bank account was enabled through the Post Office Payout scheme. Wirral is the first Benefits Service to use the scheme and by doing so should ensure that some of the most vulnerable claimant groups realise their full benefit entitlement. This engagement also further reduced the need to produce cheques which had to be reintroduced in order to pay those claimants without a bank account under LHA and where it was not appropriate to pay the landlord directly. I reported this to Cabinet on 3 February 2011 (minute 309)
- 'Lean' review of the Benefits Service – for several months, in collaboration with the DWP Performance Development Team, a dedicated group of officers has been involved in a comprehensive review of working practices. Through eradication of any unnecessary processes, maximisation of front of house resources, improved use of IT and refined procedures it is anticipated that customer experience will be further enhanced, the service better able to demonstrate value for money and all important service continuity, despite significant resource loss delivered through the EVR/ Severance programme.
- Benefits Project – With direct links to the Lean review project, the service is scheduled to deliver significant revenue budget savings. Over a three year period £2.4m will be realised. This project forms part of the Strategic Change Programme.
- Education Welfare Benefits – Free School Meals Service (FSM) – As part of the reconciliation of financial assessment areas and in response to the loss of dedicated resources through the EVR/Severance process, officers, in conjunction with the Customer Service Development Team, embarked on a review of the FSM service. The project concluded with the live transfer of the process into the core benefits processing system, Capita Academy at the end of June 2011. The administration of the scheme will run alongside the administration of HB/CTB/LHA and over the coming months will be further enhanced and developed as 'self service' is introduced and management information is used increasingly to inform and assist the schools administration and budgetary process. Targeted take –up initiatives will feature consistently to ensure that all those who are entitled to this service benefit at the earliest possible opportunity.

- LHA reform and April 2011 changes – final legislative detail and core guidance was not made available by the DWP until late in the year. Just weeks before the changes became effective a Transitional Protection Scheme was announced. As such the lead in and preparation for such a significant change process was both ambiguous and difficult to address. Officers worked hard with systems, process reviews and stakeholders to ensure a smooth transition and, significantly, a transparent process, particularly focusing on raising awareness amongst those who have or will be negatively affected by the changes to entitlement. This continues as the reform process is in essence incremental as a result of two recently agreed national reviews.
- Discretionary Housing Payments - Linking to the April 2011 and longer term reform, this is under scrutiny to ensure, as far as is it reasonably possible to do so, that it is used to support those most in need and who are hardest hit by the change regime. It is expected that pressure will increase on the fund as shortfalls between liability and entitlement increase, or claimants are otherwise affected by the economic position. The decisions of officers are therefore likely to be under significant scrutiny.
- Fast Track - There was a re-launch of the original 'speed claim' service. Take-up has increased incrementally and for those who are able to provide all the necessary evidence and information together with their initial claim it is proving to be a good customer service product. Landlords are particularly supportive as they play an important role in encouraging tenants to take ownership of their claim in return for an enhanced level of service.
- One Strike - 2010/11 brought about the introduction of the DWP 'One Strike' penalty which results in a four week, 20% reduction to ongoing HB/CTB where the claim is not passported. Ultimately it is expected that every sanctionable, standard claim will result in a one strike penalty. My Investigation officers instruct the DWP where they believe it is appropriate for such action to be given further consideration.
- Tell us Once - The service is linked to the bereavement reporting process meaning that such a significant and difficult change does not need to be reported to the Authority or other agencies more than once. This sits within the overall local service administration ethos of, where at all possible, reducing duplication in customer contact.

- 4.24 The Service has not recruited since the Kick-Start programme during 2008/2009 as the previously planned programme of recruitment for 2009/2010 did not go ahead. Whilst exercises and projects are in place, such as the Lean review coupled with close monitoring of progress continuing to help ensure focus of existing resources, these all serve to help mitigate risk to the service through increasing workloads, and changes in demand on the service.
- 4.25 An initial re-organisation has been concluded and a full review, which will result in an element of restructure and some changes to job roles will shortly commence. It is anticipated that further reviews will be required in response to the ongoing wider reform.

### **SUPPORTED ACCOMMODATION**

- 4.26 As ever, claims in respect of Supported Accommodation schemes present significant challenges in terms of legislation and of delivering the service to the satisfaction of claimants, landlords and other stakeholders. Significantly, these claims present officers with both challenges and concerns, primarily around high levels of rent and potential financial impact on the Authority through consequential loss of grant subsidy. Officers have a duty to ensure that those who are the most vulnerable in terms of claimant group are not disadvantaged and are supported appropriately through the HB/LHA scheme. As such, close liaison with colleagues in Adult Social Services, Legal Services and Housing is paramount if the scheme is to be administered, for this client group, on a fair and equitable basis and to bring each case to an acceptable conclusion.

### **BEST USE OF RESOURCES AND INSPECTION**

- 4.27 Managers monitor service delivery, ensuring that staff are equipped to offer the best standard of service delivery through a rolling programme of quality assurance checks and individual staff development strategies. The Wirral Benefits Service does this well but given the pressure from the Government and the increased service demands I have taken steps to ensure that this key management area is robust and fully explored in terms of improvement opportunities.
- 4.28 It is unlikely that the service will be selected for a Key Lines of Enquiry Inspection. The DWP has announced the Local Authorities to be inspected and it is not viewed likely that in the near future the service will be reviewed by the Performance Development Team in their revised inspectorate/support capacity as the DWP has suggested that poorer performing services will be selected in the first instance.

### **JOB CENTRE PLUS REFORM**

- 4.29 Close working with Job Centre Plus is intrinsic to successful service delivery. Regrettably, as previously reported the national restructure of Job Centre Plus has caused problems both regionally and locally. Effectively a re-launch of the Regional Operational Boards has shown limited substantive improvement. However, locally on Wirral excellent joint working is seen by DWP alongside Customer Services with Authority presence at a number of DWP sites and DWP work at a number of One Stop Shops.



## **5. RELEVANT RISKS**

- 5.1 If the benefits service fails to deliver the required standard of service then the impact will be both on those reliant on these income related benefits as well as impacting on the private and registered social landlord sector in the Borough. Equally, as the benefits service is a statutory service, failure to properly or satisfactorily deliver would also of course have the potential for wider implications.

## **6. OTHER OPTIONS CONSIDERED**

- 6.1 None within the context of this report.

## **7. CONSULTATION**

- 7.1 Consultation work is undertaken directly by the Housing and Council Tax Benefits staff with a number of key stakeholders such as registered social landlords, private sector landlords as well as with voluntary and community groups in respect of take up work and the impact of benefit changes. This also links to the work undertaken within the customer access strategy.

## **8. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 There are none arising directly from this report.

## **9. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 9.1 There are none arising out of this report. The changes in grant levels are detailed in the report for information. Any additional staffing requirements will be reported to Employment and Appointments Committee.

## **10. LEGAL IMPLICATIONS**

- 10.1 There are none arising directly from this report.

## **11. EQUALITIES IMPLICATIONS**

- 11.1 An Equality Impact Assessment (EIA) is not required specifically as part of this report. It is appropriate to note that all new initiatives, projects/pilots and any significant change in procedure are equality impact assessed in accordance with corporate requirements.

## **12. CARBON REDUCTION IMPLICATIONS**

- 12.1 None.

## **13. PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 13.1 None.

**REPORT AUTHOR:****Malcolm Flanagan***Head of Revenues, Benefits and Customer Services*

Telephone: 666 3260

Email: [Malcolmflanagan@wirral.gov.uk](mailto:Malcolmflanagan@wirral.gov.uk)

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**APPENDICES**

None

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Council Excellence	8 July 2010
Council Excellence	16 September 2009