

WIRRAL COUNCIL

CABINET

21 FEBRUARY 2012

SUBJECT	BENEFITS BUDGET, PROVISION AND RESERVE
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report presents the Benefits budget for 2012/13 and reviews the provision and the reserve.

2.0 RECOMMENDATIONS

- 2.1 That the budget for 2012/13 be agreed.
- 2.2 That the saving in 2012/13 of £1.2 million from implementing the lean review be agreed.
- 2.3 That the release of £3 million of the Housing Benefit provision and £2 million of the Housing Benefit reserve to General Fund balances be agreed.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 Housing Benefit spend is the largest individual heading within the Council Budget. Cabinet are advised of any changes which impact upon this whilst the budgets, including sums set aside in provisions and reserves, are kept under review to ensure that sums no longer required are released to General Fund balances.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 On 16 March 2011, a report was presented to the Council Excellence Overview and Scrutiny Committee detailing the reforms to the operation of Housing Benefit and the expected impact upon Council finances. This report seeks to update Cabinet on the operation of Housing Benefits during 2011/12 and the projected activity for 2012-13.
- 4.2 The number of claims and payments has increased over the last three years and it is expected that this trend will continue in 2012-13. Although changes to the regulations may potentially result in fewer claims it is likely that the average amount awarded will increase and so, therefore, will the total paid for Benefits.

Financial Year	Rent Allowances Claim Numbers	Rent Allowances Paid	Rent Allowances Average Awards
2009/10	38,815	£120.4 million	£81.82 pw
2010/11	40,447	£126.1 million	£83.38 pw
2011/12	41,098	£131.5 million	£85.04 pw

- 4.3. The Department for Work and Pensions (DWP) through the Performance Development Team has assisted with a lean review of Benefits Services in the Authority. The initial presentation of recommendations was made on 25 January 2011 with implementation being achieved over the period 2011 to 2013. This resulted in a reduction in the Benefits budget of £1.2 million in 2011/12 and a similar reduction will be implemented for 2012/13.
- 4.4 Allied with the improvements to the administration of the service that impact directly upon claimants in ensuring that those eligible are in receipt of support the Council has also continued to improve the administration arrangements in respect of maximising the entitlement to DWP Subsidy. The timely and accurate processing of claims has reduced the risk of spend not meeting the strict criteria for grant support. This has produced increasing income in recent years.
- 4.5 Sums held in the form of a provision to cover long outstanding claims from the DWP and a reserve to meet supported accommodation, the impact of economic changes and for future service developments are reported in section 9.

5.0 RELEVANT RISKS

- 5.1 Changes to the staffing and administration of Housing Benefits may impact upon the accurate and timely processing of benefits which could result in hardship and arrears for claimants or landlords or impact upon the grant and subsidy received by the Authority. These risks are addressed as part of regular planning for change which is a regular occurrence in respect of Housing Benefits.
- 5.2 Any change should be understood by current and potential recipients. The need for communication and publicity will be met both nationally and locally by the Government and the Authority as well as through advice and voluntary agencies.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Welfare reforms are statutory and thus no options exist for their implementation. This report is concerned primarily with budgetary, rather than service delivery, issues.

7.0 CONSULTATION

7.1 Consultation in respect of Housing Benefits involves national and local government as well as landlords, voluntary and advice sectors in the area. As this report relates to financial matters no specific consultation has been undertaken.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no implications arising directly from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 In 2011/12 Wirral is expected to pay out £163.9 million in Housing and Council Tax Benefits to over 42,000 claimants, the majority funded by DWP Subsidy. There is also a £3.2 million grant towards the costs of administration. Overall the net cost to the Council of the service is forecast to be £9.3 million.

9.2 In 2012/13 Benefit payments are currently expected to rise to £166.2 million through a combination of changes to claimants and the value of claims. It has recently been announced that the DWP Administration Grant is being reduced by £202,400 in 2012/13 (a 6.2% reduction) which is part of the ongoing reduction in Government funding.

Housing Benefits	Base Estimate 2011/12 £	Current Estimate 2011/12 £	Base Estimate 2012/13 £
Administration Expenditure			
Employees	3,306,900	3,296,600	3,303,800
Transport	27,400	27,400	27,000
Supplies & Services	589,300	589,300	588,600
Third Party Payments	25,000	25,000	25,000
Support Services	3,837,600	3,866,600	4,226,100
Total Expenditure	7,786,200	7,805,200	8,170,500
Income			
Government Grants	-3,263,700	-3,263,700	-3,061,300
Net Expenditure	4,522,500	4,541,500	5,109,200
Payments Expenditure			
Transfer Payments	163,900,000	163,900,000	166,200,000
Income			
Government Grants	-159,103,000	-159,103,000	-162,603,000
Net Expenditure	4,797,000	4,797,000	3,597,000
Benefits Total	9,319,500	9,338,500	8,706,200

9.3 The Constitution and Financial Regulations require that any provisions and reserves are established, monitored and used in accordance with statutory financial guidelines. This includes a twice yearly review to ensure relevance and adequacy but the Housing Benefit provision and reserve are reported separately due to their size and complexity.

9.4 Housing Benefit Provision	At 1 April 2011 £ million	Required £ million	Release £ million
For payment received 2001	2.1	0	2.1
For settlement of claims to 2008	0.9	0	0.9
Total	3.0	0	3.0

9.5. These outstanding issues have been agreed with the DWP who have confirmed that all amounts due have now been recovered with all recent claims agreed and resolved. It is therefore considered appropriate to return this £3 million to the General Fund balances.

9.6 Housing Benefit Reserve	At 1 April 2011 £ million	Required £ million	Release £ million
For supported accommodation	7.7	7.7	0
For settlement of claims	2.0	0	2.0
For system developments	1.4	1.4	0
For recession and bad debts	1.0	1.0	0
Total	12.1	10.1	2.0

9.7. At the start of the financial year the claim for 2010/11 remained subject to audit and agreement by the DWP. The Audit Commission has completed the audit of the claim and this has resulted in this reserve no longer being required and so it can be returned to the General Fund balances. The £1.4 million has been provided to meet the on-going development of the IT systems and the furtherance of front-of-house service developments to ensure the continuance of what is considered by the DWP to be an effective and efficient service. The economic situation increases the likelihood of a higher level of potential bad debts in recovering overpayments and therefore £1 million was set-aside for that purpose.

9.8 In 2012-13 there should be limited change to staffing requirements. However the implementation of future changes, including the localisation of Council Tax Benefit and the implementation of Universal Credit, will result in a wholesale change to the welfare system and significantly impact upon staffing at local authorities, although at present the extent of this is unknown.

9.9 There are no IT or asset implications arising from this report, although again, the welfare reform changes will have significant IT implications.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA is not required for this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

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SUBJECT HISTORY

Council Meeting	Date
Council Excellence Overview and Scrutiny Committee Cabinet	16 March 2011 4 February 2010