

NORTH LINCOLNSHIRE COUNCIL

**FINANCE, PROCUREMENT AND IT
CABINET MEMBER**

LOCAL TAXATION AND BENEFITS SECTION UPDATE

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To inform the Cabinet Member of the current performance of the Local Taxation and Benefits service, the impacts of current changes to Benefits and an update on future developments.

2. BACKGROUND INFORMATION

2.1 Performance

Since April 2008 the overall benefits caseload has continually increased and the difference is now an increase of over 2600 claimants or 18.09%. It has and continues to increase at a much faster rate for working age people than for pensioners as shown below.

	Working age	Pensioners	All
Cases at 15.3.08	6339	8004	14343
Cases at 15.9.11	8785	8153	16938
Increase Nos	2446	149	2595
Increase %	38.58%	1.86%	18.09%

We measure three indicators in benefits, average days for processing new claims, changes in circumstance and a combined figure for both which complies with the previous national indicator NI181.

In 2010/11 the average time for processing new claims was 19.04 days, for changes in circumstance was 7.32 days, and for combined was 8.62 days. For 2011/12 these figures are expected to be 19 days, seven days and nine days respectively. These figures compare favourably with other unitary councils in the area.

The current performance levels show that despite the increase in workload, performance in benefits has over the years remained consistent as shown in the chart at appendix 1, which compares performance with increasing caseload. Staff costs per claim are also consistent being £31.50 in 2008/9, £31.40 in 2009/10 and £31.80 in 2010/11 compared to the benchmarking

average of £33.80. We continue to monitor performance on a weekly basis to ensure tight control and obviously this approach has helped and will continue.

Local Taxation is measured mainly on in year collection levels in accordance with the previous two best value performance indicators. Performance in 2010/11 was 97.6% for council tax and 99.0% for NNDR. Both of these are better than the national averages of 97.3% for council tax and 98.0% for NNDR. Performance year to date at end September 2011 shows a slight improvement in both areas compared to the same time last year.

Staff in Local Taxation and Benefits are also heavily involved in council wide groups aimed at reducing poverty, including child poverty strategy, Financial Inclusion group, community engagement groups and the Debt and Housing Advice Network.

2.2. Impact of changes to Local Housing Allowance (LHA)

As part of the Government's welfare reform agenda and in preparation for Universal Credit there are many changes currently taking place to Local Housing Allowance. The first of these were introduced in April 2011 but only initially affected new claims. Transitional rules mean that existing claims will start being affected from January 2012 as their nine month protection comes to an end. Many claimants will face reductions in Housing Benefit and it is anticipated that there will be an increased demand for Discretionary Housing Payments.

The main changes are:

- **Changing single room rate for single claimants aged 25 to 35**

The Shared Accommodation Rate (SAR) currently applies to single persons up to age 25. From January 2012 this will apply to single persons under age 35. Assuming that the majority of these persons are on maximum benefit then from January 2012 onwards, based on the September 2011 SAR rate of £54.00, there is a potential for each of these claimants to lose £20.00 per week.

- **Loss of £15 week top up –**

Prior to 1 April 2011 claimants whose rent was lower than the LHA received the LHA rate plus a maximum of £15 per week as a top up and could keep this additional amount. In April 2011 this was changed so that the maximum LHA received is now the rate published irrespective of the rent paid. This has had an impact on claims in the current year with some claimants already losing this £15 each week.

- **Reduction of LHA from 50th percentile to 30th percentile**

LHA rates are calculated and published by the Rent Service based on rental evidence of properties that do not have benefit claimants. In the past the LHA rates were based on the 50th percentile of rental evidence. From 1 April 2011 this changed to being based on the 30th percentile, thus reducing the LHA rates quite considerably in each of the Broad Market Rental Areas (BRMA).

For example the reduction in a three room rate from March 2011 to October 2011 is as follows:

Scunthorpe BRMA £106.15 down to £100.00 = -£6.15
Doncaster BRMA £111.92 to £103.85 = -£8.07
Grimsby BRMA £100.00 down to £95.00 = -£5.00

This reduction in rates will be subject to more reductions in the future (April 2013) when the LHA rate will be linked to CPI instead of RPI.

- **Absolute ceiling on LHA rates**

Applies mainly to London Boroughs only. There is no impact on North Lincolnshire.

- **Capping the LHA rate to maximum of 4 rooms**

Prior to April 2011 larger families could qualify for a five room rate, this is now restricted to the rate for a four roomed property. Twenty two claims were active prior to April 2011 and possibly will be affected

- **Increasing deductions for non dependent deductions line with inflation**

These have been frozen since 2001 and will be brought up to date by 2014. Will affect all benefit claimants with non dependent in household.

- **Limiting of Housing Benefit for working age claimants living in social housing**

This will reduce the amount of benefit in some households so it only covers the size of property they are judged to need. This currently applies to private tenants but is to be extended to tenants in social housing in April 2013. This will need us to work closely with North Lincolnshire Homes (NLH) and other social landlords to identify both these properties and claimants.

2.3 Impact of changes in North Lincolnshire

Most of the changes above have applied to new claimants from 1 April 2011, however transitional rules for the changes mean that existing claims will start being affected from January 2012 as their nine month protection comes to an end. For all changes, the claimants affected will need to be identified and then advised of the changes, the level of loss and the likely date it will take effect.

We have attempted to identify the impact of the changes and estimate that there are approximately 1500 claimants that will be affected by these changes in a phased basis as transitional protection ends from now until December 2012.

The amounts of reduction in benefit in the current year are estimated to be £13,000 but the most impact will be felt in 2012/13 when an estimated reduction of £310,000 will be paid. This will obviously cause some hardship to those claimants affected as if their rent is higher than the amount of benefit they receive they will have to find the additional amounts from other means.

2.4 Discretionary Housing Payments (DHP)

Discretionary Housing Payments (DHP's) provide Benefit claimants with further financial assistance when a Local Authority (LA) considers that help with housing costs is needed, usually in cases of hardship.

The DWP provide a fund from which these payments can be made, the Council is allowed to pay more up to a prescribed limit but this has to be financed by the council and thus falls on other taxpayers. In light of the changes in Local Housing Allowance (LHA) from April 2011 the DWP have increased DHP funds available. In 2010/11 the fund received was £34, 980 and we paid out an amount almost equal to this. For 2011/12 our fund is £48, 337, the prescribed limit is £120,843.

To date in 2011/12 we have paid or committed £14,317 and have £34,020 not yet allocated. As most of the impact of reductions will not be felt until 2012/13, for this year only the DWP have said that if we have any unspent funds at 31 March 2012 we will be able to transfer this to 2012/13. In addition they are doubling the total amount of funds available nationally to £60m. They have also issued a revised best practice guide. The council's DHP policy was revised in March 2011 in light of the changes and guidance received and this is attached for information at Appendix 2.

Taking into consideration the changes in LHA rates and the changes in non dependant deductions we forecast that there will be an increased demand for DHP. However we also need to take into consideration the policy intent of the DWP towards encouraging and supporting customers to have housing costs which can be afforded. This could be by way of customers negotiating reductions in rent with their current landlord but also seeking suitable alternative accommodation, which is more affordable.

We do not yet know the amount allocated to North Lincolnshire and even if it is doubled the amount will fall far short of the total amounts of benefit reductions expected thus many people will be facing hardship. In order to assist as many people as possible the Benefits section works very closely with the Housing Advice Team in this area.

2.5 Future Developments

Universal Credits

Universal Credit is a major feature of the Welfare Reform Bill, which is currently progressing through parliament. The aim is to simplify the benefits system by bringing together a range of working-age benefits into a single streamlined payment. It aims to:

- simplify the system, making it easier for people to understand, and easier and cheaper for staff to administer
- improve work incentives
- smooth the transitions into and out of work

- reduce in-work poverty
- cut back on fraud and error.

The first applications to Universal Credit will be made in October 2013, housing benefits will be abolished and it is expected that all working age claimants will have moved onto Universal Credit by October 2017.

Localised Council Tax Benefit

This was detailed in the report to Cabinet on 27 September 2011. There are several key features to the government/s proposals.

A Consultation document was issued by the CLG and response was sent by the council by the deadline of 14 October 2011.

Changes to fraud

The Government's strategy for tackling welfare fraud and error, published in October 2010, set out a commitment to create a single fraud investigation service (SFIS) to investigate benefit and Tax Credit fraud. This commitment will be achieved by bringing together investigation staff from Local Authorities (LA), Department for Work and Pensions (DWP) and Her Majesties Revenues and Customs (HMRC). A consultation document has recently been issued which set out four options for change.

- **Option 1.** LA staff remain employed by LAs, but operate under SFIS powers, policies, processes and priorities
- **Option 2.** LA staff remain employed by LAs in LA properties but are seconded to the DWP.
- **Option 3.** LA staff become DWP employees but deliver investigation locally from the LA properties.
- **Option 4.** LA staff become part of the DWP working within DWP properties as employees.

The closing date for consultation was 14 October 2011 and a response was made suggesting that Option 1 is the best way forward.

Changes to Housing Benefits for supported Housing

A consultation document was issued in July 2011 by DWP proposing changes to the way Housing Benefits assists those living in supported housing within the social and voluntary sector with their rent. Housing Benefits have had input to the consultation response which was sent by the council's strategic housing section.

Localising NNDR retentions

As part of the Local Government Resource Review a consultation paper has been issued by CLG entitled "proposals for business rate retention"

This has been subject to the report to Cabinet on 27 September 2011 and response will be sent by the deadline of 24 October 2011.

3. OPTIONS FOR CONSIDERATION

3.1 There are no decision options to be considered but the Cabinet member is asked to note the contents of this report.

4. ANALYSIS OF OPTIONS

4.1 None to be considered

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 **Financial** – None

5.2 **Staffing** – None

5.3 **Other** - There are no IT or property implications

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

6.1 The council has a statutory duty to provide benefits service and in order to meet that duty we need to ensure that the service has adequate resources.

6.2 By ensuring that the right people get the right benefits as quickly as possible the council is ensuring that there is additional income in the local economy, thus helping with the general economic situation.

7. OUTCOMES OF CONSULTATION

7.1 Report for information only, no consultation needed.

8. RECOMMENDATIONS

8.1 That the Finance, Procurement and IT Cabinet Member notes the contents of this report and endorses the continuing efforts being made in the Local Taxation and Benefits service.

DIRECTOR OF FINANCE

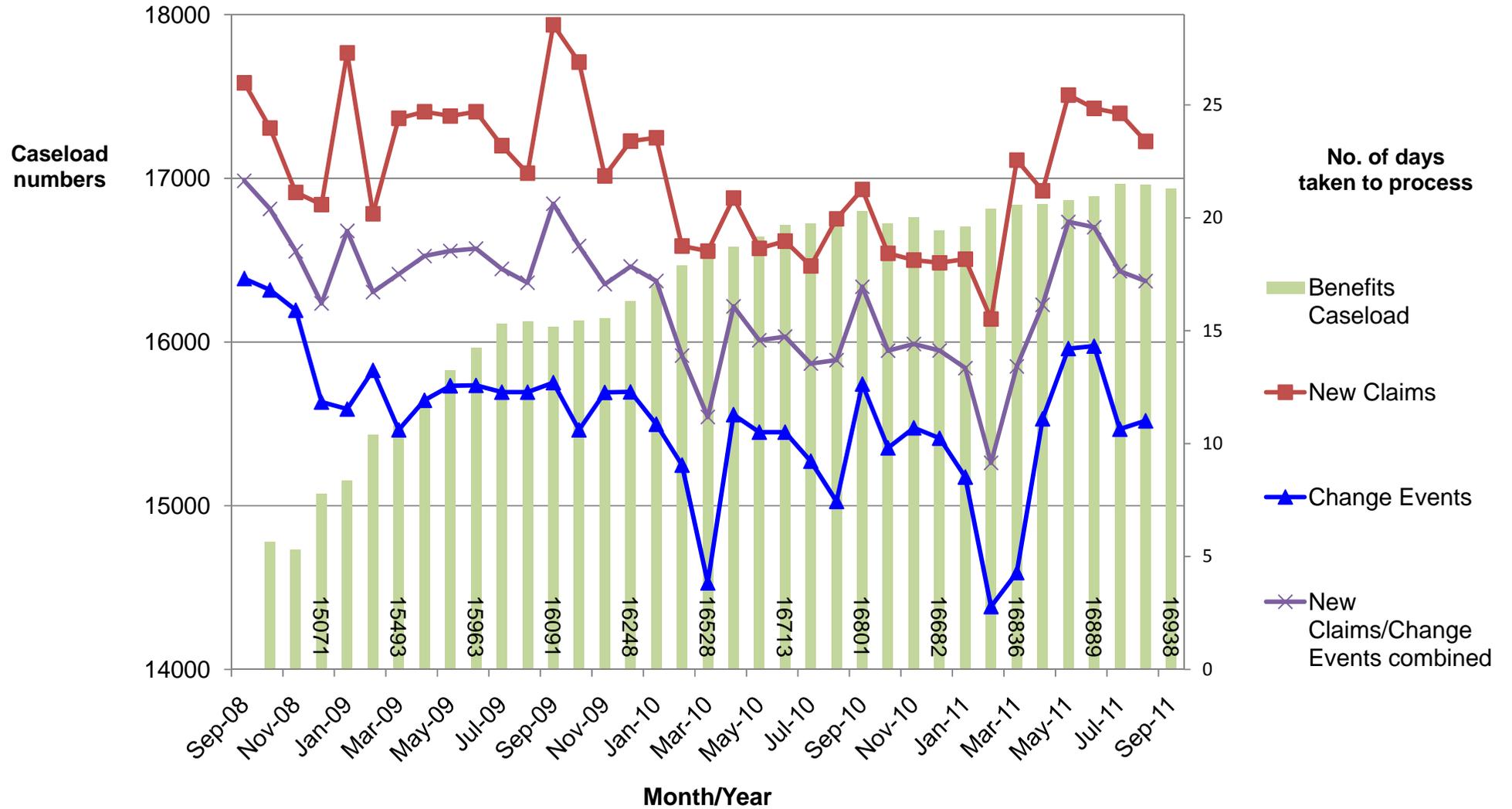
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Date: 17 October 2011

Background Papers used in the preparation of this report - None

Benefits Caseload Total against New Claims/Change Events Processing Times



DISCRETIONARY HOUSING PAYMENTS

Policy

Contents

1. Background
2. Benefits Team Policy
3. Statement of objectives
4. Claiming a DHP
5. Period of award
6. Awarding a DHP
7. Changes of circumstances
8. Method of payment
9. Notification
10. The right to request a reconsideration
11. Overpayments
12. Publicity
13. Fraud
14. Monitoring

1. BACKGROUND

1.1. Discretionary Housing Payments are not payments of benefit. They are separate to the Housing Benefit/Council Tax Benefit schemes, to be made at the discretion of the Local Authority and are subject to an annual cash limit. Every customer entitled to at least £0.50 per week Housing Benefit or any amount of Council Tax Benefit can make a claim

1.2 The main features of the scheme are that

- ◆ it is discretionary; a customer does not have a statutory right to a payment
- ◆ the amount that can be paid by an authority in any financial year is cash limited by the Secretary of State
- ◆ the administration of the scheme is for the Benefits Team to make decisions upon
- ◆ DHPs are not a payment of Housing Benefit or Council Tax Benefit. However the minimum amount of Housing Benefit (£0.50) and any amount of Council Tax Benefit must be in payment in the benefit week that a DHP is requested for.

2. BENEFITS TEAM POLICY

2.1 The purpose of the policy is to specify how North Lincolnshire Council Benefit Assessment Team will operate the scheme and to indicate some of the factors that will be considered when deciding if a DHP can be made. Each case will be treated strictly on its merits and all customers will be treated equally and fairly when the scheme is administered.

2.2 The Benefits Assessment Team is committed to working with the Housing Advice Team, the local voluntary sector and social landlords to maximise entitlement to all available state benefits and this will be reflected in the administration of the DHP schemes.

3. STATEMENT OF OBJECTIVES

3.1 The Benefits Assessment Team will consider making a payment of DHP to all customers who meet the qualifying criteria as specified in this policy. They will treat all applications on their individual merits and will seek through the operation of this policy to:

- ◆ alleviate poverty
- ◆ support vulnerable young people in the transition to adult life
- ◆ encouraging and sustaining people in employment
- ◆ safeguard residents in their homes
- ◆ help those who are trying to help themselves
- ◆ keep families together
- ◆ support the vulnerable in the local community
- ◆ help claimants through personal and difficult events

3.2 The DHP scheme should be seen as a short-term emergency fund. It is not and should not be considered as a way round any current or future entitlement restrictions set out within the Housing Benefit and Council Tax Benefit legislation.

4. CLAIMING A DHP

4.1 A claim for a DHP must be made in writing by fully completing one of North Lincolnshire Council's specially designed application forms, and signed by the customer. The form will be date stamped and will this count as the date of claim. The customer will be required to submit the form to the Benefit Assessment Team without delay and will be required to include any relevant supporting evidence.

- ◆ The Benefits Assessment Team will consider the application within fourteen days of receiving it. They may make written requests for any evidence in support of an application for DHP. The customer will be

North Lincolnshire Council

asked to provide the evidence within a calendar month of such a request although this may be extended in appropriate circumstances.

◆ If the customer is unable to or does not provide the required evidence, the Benefit Assessment Team will still consider the application and will in any event take into account any other available evidence including that used in the assessment of the benefit claim.

◆ The Benefit Assessment Team reserves the right to verify any information or evidence provided by the customer in appropriate circumstances.

5. PERIOD OF AWARD

5.1 In all cases the Benefits Assessment Team will decide the length of time for which a DHP will be awarded on the basis of the evidence supplied and the facts known.

5.2 The start date of an award will normally be the Monday after the claim for a DHP is received by the Benefits Assessment Team, however the award can be backdated. The Team cannot award a DHP for any period outside an existing Housing Benefit/Council Tax Benefit period granted under the Housing Benefit/Council Tax Benefit scheme.

◆ The minimum period for which the Benefits Assessment Team will award a DHP is one week, unless a lump sum is awarded.

◆ The Benefits Assessment Team will award DHP depending on the circumstances of the applicant; this will not exceed the end of the financial year in which the claim is made.

◆ The Benefits Assessment Team will consider any reasonable request for backdating an award of DHP but such consideration will be limited to the start of the financial year in which the claim is made.

6. AWARDING A DHP

6.1 In deciding whether to award a DHP the Benefits Assessment Team will take into account:

- ❖ the shortfall between Housing Benefit /Council Tax Benefit and the rent or Council Tax liability;
- ❖ where a DHP has been requested in respect of rent in advance or in respect of a deposit, the affordability of the new property;
- ❖ any steps taken by the customer to reduce the rental or Council Tax liability;
- ❖ the medical circumstances (i.e. ill health and disabilities) of the claimant, their partner and any other occupants of the customer's home;

North Lincolnshire Council

- ❖ the customer's income, including any benefits disregarded for Housing Benefit/Council Tax Benefit purposes, their partner's income and that of any other occupants of their home;
- ❖ The customer's outgoings where they are reasonable and necessary for day to day living. Some elements of a customer's rent are ineligible for consideration, e.g. charges for water, sewerage and environmental services, and any increase in rent due to outstanding rent arrears. In addition to this consideration will be given as to whether or not the customer has looked at reducing their outgoings on non essential items.
- ❖ any savings or capital that might be held by the customer or their family;
- ❖ the level of indebtedness of the customer or their family and whether the customer has re-negotiated their non priority debts
- ❖ the exceptional nature of the customer and their family's circumstances;
- ❖ the customers plans for long term action to meet their Housing costs
- ❖ the customers reasons for moving and the affordability of the new tenancy

6.2 The Benefits Assessment Team will decide how much to award based on all of the circumstances. This may be an amount below the difference between the liability and the payment of Housing Benefit/Council Tax Benefit, where the DHP is claimed in respect of the shortfall between benefit and liability. An award of a DHP does not guarantee that a further award will be made at a later date even if the customer's circumstances have not changed.

7. CHANGES OF CIRCUMSTANCES

7.1 If the customer's circumstances have materially changed the Benefits Assessments Team will need to reconsider the award of DHP.

8. METHOD OF PAYMENT

8.1 The Benefits Assessment Team will decide the most appropriate person to pay based upon the circumstances of each case. This could include paying:

- ◆ the customer
- ◆ their partner
- ◆ an appointee
- ◆ their landlord (or an agent of the landlord), or
any third party to whom it might be most appropriate to make payment

North Lincolnshire Council

8.2 The Benefits Assessment Team will pay an award of DHP by the most appropriate means available in each case. This could include payment:

- ◆ by BACS
- ◆ by cheque
- ◆ by crediting the customer's Council Tax account

8.3 The frequency of payments will be as per the payment cycle for Housing Benefit. DHP payments for Council Tax Benefit will be lump-sum credited to the Council Tax account.

9. NOTIFICATION

9.1 The Benefits Assessment Team will when reasonably possible inform the customer in writing of the outcome of their application within 14 days of receipt of all relevant information, where requested. If the application is unsuccessful the Benefits Assessment Team will set out the reasons why this decision was made and explain the process to request a review of the decision. Where the application is successful the Benefits section will advise:

- ◆ the weekly amount of DHP awarded
- ◆ the period of the award
- ◆ how, when and to whom the award will be paid
- ◆ the requirement to report a change of circumstances

10. THE RIGHT TO REQUEST A RECONSIDERATION

10.1 Discretionary Housing Payments are not payments of Housing Benefit or Council Tax Benefit and so are not subject to the statutory appeals mechanism.

10.2 The Benefit Assessments Team will adhere to the following policy for dealing with appeals about unsuccessful requests for a DHP, a decision to award a reduced amount of DHP, a decision not to backdate a DHP or a decision that there has been an overpayment of a DHP.

10.3 A customer (or their appointee or agent) who disagrees with a DHP decision may dispute the decision. A request for reconsideration should be made in writing to the Benefit Assessment Team within a calendar month of the written notification of decision being issued to the customer.

10.4 A different Benefits Assessment Team member will consider the case. The Benefits Assessment Team will review all the evidence held and will make a decision within 14 days of the referral or as soon as practicable thereafter.

10.5 If the customer still disagrees with the second decision a panel of three members of the benefit assessment team will consider the request. They will notify the customer of their decision, in writing, setting out the reasons for their

North Lincolnshire Council

decision. This decision is final and binding and may only be challenged via the judicial process or by complaint to the Local Government Ombudsman.

10.6 In exceptional circumstances only, all of the above time periods for appeal may be extended.

10.7 Unless a change of circumstances has occurred, the Benefits Assessment Team may not recommend a reduction in an award already notified.

11. OVERPAYMENTS

11.1 The Benefits Assessment Team will make a decision regarding whether any overpayment of DHP is recoverable. Normally this will involve issuing an invoice to the customer or the person to whom the award was paid. Recovery of Official Error Local Authority overpayments will not be sought. Recovery cannot be made from any amount of Housing Benefit/Council Tax Benefit due.

12. PUBLICITY

12.1 The Benefit Assessment Team will publicise the scheme in Local Link Offices, on the website and by advice given by Customer Services Team. They will work with all interested parties to achieve this. A copy of this policy statement is available for inspection.

13. FRAUD

13.1 The Council is committed to the fight against benefit fraud. A customer who tries to fraudulently claim a DHP by falsely declaring their circumstances or by providing a false statement or evidence in support of their application may have committed an offence under the Theft Act 1968. Where the Benefits Team suspects that such a fraud may have occurred, the matter will be investigated as appropriate and this may lead to criminal proceedings being instigated.

14. MONITORING

14.1 In order to ensure that the budget for DHP's is not exceeded, the Benefits Assessment team will use both the Northgate benefit paying system and independent recording procedures.