

**HOUSING & COUNCIL TAX BENEFITS INCREASE IN STAFF
REPORT BY HEAD OF REVENUES SERVICES**

1. INTRODUCTION

- 1.1 This report outlines the increase in the Benefits caseload, the increased complexity associated with assessments and the potential loss of benefit subsidy if the number of assessment officers in the benefits section is not increased.

2. BACKGROUND

- 2.1 Housing and Council Tax Benefits are among the most complex and frequently changing functions of the Council. The current establishment allows for 10 staff who are directly involved with assessing benefit entitlement, together with two team leaders who work on specialist assessments (for example re-assessing a case following a fraud inquiry).
- 2.2 With the introduction of the Government's welfare reforms (particularly for pensioners and working parents), the Housing Benefit caseload is increasing month on month. As well as more claims, the complexity of assessments is increasing. This means that each claim is handled on more occasions before a final assessment is made and the claim is put into payment.
- 2.3 The Government provides financial support towards the benefits scheme in the form of Benefits Subsidy. Delays in revising existing claims can result in subsidy penalties. In 2005/6, the council lost £64,000 in subsidy due to this penalty.

3. CASE LOAD

- 3.1 The table below shows the increase in case load and the associated impact on the number of cases handled per assessor.

	2004/5	2005/6	2006/7 (est)
Total Caseload	7428	7869	8330
Per head of staff	619	656	694
Increase on 2004/5		6%	12%

By the end of 2005/6, the assessment team had a backlog of 1200 items of work. Two Temporary Agency staff have been engaged to clear the backlog. The backlog had been reduced to 850 items by mid August, but remains at this level, despite agency workers being employed.

- 3.2 Based on case load figures alone, the number of staff dealing with assessments would need to increase by 1.5 to prevent backlogs recurring.

4. COMPLEXITY OF ASSESSMENTS

4.1 As well as the increase in the number of cases, the complexity of assessments has increased a great deal. A case is handled many times before a final assessment can be made. For example we may need

- to write to the customer to request further information and evidence
- to ask the Rent Officer for a decision on the eligible rent figure to be used in the calculation
- to ask the Council Tax team to set up a council tax account
- to contact the Department of Work and Pensions (DWP) to clarify a customer's entitlement to state benefits.

All of these assessments are required under the government's benefit legislation. On each occasion a claim is handled this counts as a further assessment.

4.2 In addition, revised guidance and legislation changes continue to arrive regularly, with 72 circulars being issued to us in 2005/6. All of these require revised procedures, training, leaflets & forms and IT updates that need to be installed and tested.

4.3 The table below shows the increase in the number of assessments and the associated impact on the number of assessments handled per assessor.

	2004/5	2005/6	2006/7 (est)
Total Assessments	45,456	59,158	62,000
Assessments per head of staff	3,788	4,930	5,167
Increase on 2004/5		30%	36%

Based on the number of assessment figures alone, the number of staff dealing with assessments would need to increase by 4.3 to prevent backlogs recurring.

4.4 As their day to day duties involve a great deal of pressure, benefits assessment staff are loath to do overtime, with very limited take up when overtime is offered.

4.5 Agency staff can be employed, but cost in the region of £1,000 per person per week. This option is favoured for short term problems like clearing a backlog, but is not a financially sound option for long term staffing solutions.

5 SUBSIDY IMPLICATIONS

5.1 Overpayments occur when a customer continues to receive too much benefit despite having had a change in their circumstances that means their entitlement should reduce or stop. If the Council makes such adjustments immediately, then there is no financial penalty to the council.

5.2 However, if the value of benefits relating to delays in these adjustments exceeds government thresholds, then the Council will be penalised.

	£' 000
Benefits expenditure 2005/6	£22,946
LA Error overpayments	£116

	£' 000	Penalty rate
Below lower threshold	Under £110	0%
Between upper and lower threshold (0.48% of expenditure)	£110	60%
Above upper threshold (0.54% of expenditure)	£124 or over	100%

The amount of LA error overpayments in 2005/6 was £116k. This means we exceeded the lower threshold by £6k, and as a result lost £70k (60% of £116K).

6 BENEFITS PERFORMANCE – THE BIGGER PICTURE

- 6.1 Huntingdonshire DC benefits team process new claims for benefits in around 30 days on average. Top quartile performance is around 26 days. The best performer among shire districts processes new claims in under seven days on average. 14 district councils process within 20 days, with a further 77 averaging less than 30 days. Huntingdonshire DC is placed 96th in the league table of the 202 councils who submitted data for 2005/6.
- 6.2 The Eastern Regional Centre of Excellence is undertaking a study to establish the feasibility of councils in the eastern region working in partnership to deliver Revenues Services. The RCE has yet to report on its findings.
- 6.3 Benefits management is a balancing act between competing demands. These include customer service, speed of processing new claims, processing other claims, accuracy, fraud etc. At present, this authority is in the second quartile for processing new claims and in the third quartile for processing changes in circumstances. Without more staff to assess benefits, this situation is likely to decline, with the corresponding reduction in customer service to some of the most needy members of our society.
- 6.4 This highlights the two main options available in the current situation; either to delay new claims processing and shift resource to other claims or have more staff to enable a better level of service to be provided. People who make new claims for benefits are often vulnerable or at risk of homelessness. Prompt Housing Benefit payments allow tenants to pay their landlord and so support the local economy.

7 FINANCIAL IMPLICATIONS

- 7.1 The above tables demonstrate that more staff are needed to deliver the benefits service, which grants around £23 million each year. The Head of Revenues Services considers that the Council should appoint three more Housing Benefits assessment officers to deal with the increased workload, as we currently have two agency staff but have still not managed to clear the backlog of benefit claims.
- 7.2 The average cost of a HB officer (including on costs) is £23,000 pa. Costs of advertising, mileage etc can be met from existing budgets. It is not envisaged that extra desks, chairs or PC's will need to be bought as there are usually several empty desks in the benefits office each day, and a hot desk

arrangement can be set up. It is also anticipated that mobile and home working (when introduced) will reduce the need for desk space within the office.

- 7.3 It is anticipated that the benefits service can achieve savings of £35,000 per annum (in achieving more general benefits administrative subsidy than budgeted for). In addition, with three extra staff, it is anticipated that a further £70,000 subsidy penalty can be prevented.

Options		2006/7	Full year
		£' 000	£' 000
Do nothing	Extra cost of staff	0	0
	Subsidy penalty	70	70
	Identified saving	-35	-35
	Net cost	£35	£35
Take on three more staff	Extra cost of staff	35	69
	Subsidy penalty	0	0
	Identified saving	-35	-35
	Net cost	0	£34

8. CONCLUSIONS

- 8.1 Members are therefore asked to approve an increase in establishment of three Housing Benefit Assessment Officers with immediate effect.
- 8.2 Failure to recruit these staff as soon as possible is likely to lead to the estimated loss of a further £70,000 in Benefit Subsidy in 2006/7 and in subsequent years.

9 RECOMMENDATION

- 9.1 it is recommended that
- Three new assessor posts be approved at an estimated cost of £35k in 2005/6 and £69k in subsequent years, to be partly funded by £35k per annum savings.
 - Members note that this is expected to avoid £70K per annum of subsidy penalties

BACKGROUND INFORMATION

Housing Benefit financial accounts and Subsidy – papers with the Accountancy section.

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