

ANGUS COUNCIL

RESOURCES AND CENTRAL SERVICES COMMITTEE

17 JUNE 2004

SUBJECT: HOUSING & COUNCIL TAX BENEFITS ADMINISTRATION UPDATE

REPORT BY DIRECTOR OF FINANCE

Abstract: This Report advises the Committee of the significant progress made during 2003/04. the Report also highlights changes already made by the Department of work & Pensions (DWP) and intimates that further significant changes will be on going for the foreseeable future.

1 RECOMMENDATIONS

1.1 It is recommended that the Committee note -

- i. the impact of implementing a number of significant initiatives and legislative requirements;
- ii. the improvement in the number of complete claims awaiting processing;
- iii. the new procedures adopted have resulted in the required verification documentation being more speedily produced;
- iv. the improvement in the new claims processing;
- v. the difficulties in respect of changes of circumstances; and
- vi. the Government has indicated that further significant changes will be on going for the foreseeable future.

2 BACKGROUND

2.1 The Committee will recall previous Reports as listed below detailing the continuing high level of change in the administration of Housing Benefit and Council Tax Benefit.

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|-----|-------------------|-----------------|
| (a) | Report No 785/02 | 18 June 2002 |
| (b) | Report No 1255/02 | 22 October 2002 |
| (c) | Report No 136/03 | 28 January 2003 |
| (d) | Report No 142/04 | 29 January 2004 |

2.2 In addition to the continuing high level of change the Council has had to implement a number of significant initiatives and legislative requirements. These are listed below:-

1. Benefits Verification Framework implemented 1 July 2002
2. Second BFI Inspection Report published January 2003 with resultant improvements plan having to be implemented
3. New Tax Credits implemented April 2003
4. New Pension Credits implemented October 2003
5. New I World computer software installed in November 2003
6. Preparation for abolition of benefit periods from 6 October 2003 for pensioner claimants (see 3 below)

7. Preparation for abolition of benefit periods from 5 April 2004 for all other claimants (see 3 below)

2.3 Implementing the above has adversely affected the progress made in processing times.

3 EFFECTS OF THE ABOLITION OF BENEFIT PERIODS & THE INTRODUCTION OF PENSION CREDIT

3.1 With the introduction of Pension Credit from 6 October 2003, benefit periods for pensioners were abolished in Housing and Council Tax Benefit.

3.2 With effect from 5 April 2004, benefit periods have been abolished for all other claimants.

3.3 Changes of Circumstances under Previous Benefit Period Arrangements

3.3.1 Prior to the introduction of these changes, Housing and Council Tax Benefit was awarded for a period of up to 60 weeks at a time. If a claimant moved home within the Angus Council area or their entitlement to Income Support or Income Based Job Seekers Allowance ended, their benefit period was cancelled and a new claim was invited. The termination of benefit in these cases was treated as a change of circumstances and any subsequent entitlement was dealt with as a new claim and not as a change of circumstances. These cancellation type changes could be actioned relatively quickly without awaiting further information from the claimant.

3.4 Changes of Circumstances under New Abolition of Benefit Period Arrangements

3.4.1 With the abolition of benefit periods a change of address within a Local Authority area or the ending of entitlement to Income Support or Income Based Job Seekers Allowance has become a change of circumstances. This means that the Council can no longer cancel benefit entitlement immediately on receipt of notification of the change in these circumstances, Instead Housing Benefit entitlement will be suspended for up to a month while we await further information from the claimant about their new financial status or new address.

3.4.2 The claimant has up to a month to provide this further information and where the claimant chooses not to provide the information necessary to establish his new entitlement, the previous Housing / Council Tax Benefit entitlement cannot be cancelled until this one month period has expired. Other claimants will take time to provide the required details adding to the number of days to process the change.

3.4.3 The effect of these amendments to the legislation has been to significantly increase both the numbers of changes of circumstances and the time taken to process them as measured by the statutory performance indicator. The Performance Indicator, which relates to changes of circumstances processing, measures the time taken from the date of receipt of written notification of the change to the date the change was actioned by the Council.

3.5 Pension Credit – Effect on Changes of Circumstances Processing

- 3.5.1 Since Pension Credit was introduced on 6 October 2003, there has been a significant increase in the numbers of changes of circumstances requiring to be processed for claimants aged 60 years and over.
- 3.5.2 Most existing pensioner claimants have had to have their claims re-assessed as a result of their new entitlement to Pension Credit.
- 3.5.3 Serious problems with the Department of Works and Pensions computer system has resulted in the ongoing notification of incomplete or inaccurate information regarding Pension Credit entitlement and associated income details. Local Authorities are required to use the income figures provided by the Pensions Service for Housing and Council Tax Benefit purposes. Local Authorities have been advised that the Pension Service software problems will not be resolved until October 2004 at the earliest. As an interim measure, the Pensions Service sends a file each month, which attempts to capture the problem cases. These files contain many hundreds of cases, which require to be checked and actioned, in very limited timescales. This is additional work over and above the normal day-to-day processing of changes notified by the DWP and has a detrimental effect on processing performance.

4 CLAIMS AWAITING PROCESSING

- 4.1 The figures noted below are in respect of the number of completed claims (new, repeat and changes of circumstances) awaiting processing at the month end from the time of implementing Verification Framework on 1 July 2002. The figures in brackets relate to the new claims element of the total. The overall total is almost back to the pre-Verification Framework level.

June 2002	963	(336)	June 2003	1299	(626)
July 2002	1820	(674)	July 2003	1108	(471)
August 2002	1486	(696)	August 2003	1037	(394)
September 2002	2140	(705)	September 2003	901	(375)
October 2002	2684	(886)	October 2003	1100	(366)
November 2002	2095	(1095)	November 2003	1686	(648)
December 2002	2768	(1141)	December 2003	1611	(401)
January 2003	2145	(851)	January 2004	1146	(265)
February 2003	2543	(894)	February 2004	1439	(379)
March 2003	2476	(725)	March 2004	1606	(377)
April 2003	2103	(639)	April 2004	1052	(192)
May 2003	2633	651)	May 2004	982	(276)

- 4.2 The above figures highlight the impact of implementing the Verification Framework. The figures also highlight the overall progress made together with the adverse impact of other implementation requirements:-

February / March 2003	-	Start of year billing
May 2003	-	Tax Credits
October 2003	-	Pension Credits
November 2003	-	New I world software
February / March 2004	-	Start of year billing

5 CLAIMS AWAITING FURTHER INFORMATION

- 5.1 Previous committee Reports highlighted that approximately 80% of claims are incomplete when first returned. This figure has remained fairly constant. However new procedures have been put in place. These procedures are designed to speed up the return of the required documentation and thus claims to be processed more quickly. The figures noted below highlight the success of these new procedures with the figure being significantly less than the month prior to Verification Framework being introduced.

<u>Month End</u>	<u>No of Applications Awaiting Further Information</u>
June 2002	863
October 2002	1499
January 2003	1185
May 2003	1376
October 2003	887
January 2004	831
February 2004	626
March 2004	580
April 2004	678
May 2004	545

6 CHANGES OF CIRCUMSTANCES

<u>Month End</u>	<u>No Awaiting Processing</u>	<u>Month End</u>	<u>No Awaiting Processing</u>
June 2002	233	June 2003	560
July 2002	417	July 2003	480
August 2002	299	August 2003	583
September 2002	545	September 2003	442
October 2002	653	October 2003	590
November 2002	671	November 2003	853
December 2002	935	December 2003	1060
January 2003	599	January 2004	759
February 2003	941	February 2004	981
March 2003	1097	March 2004	1175
April 2003	921	April 2004	858

The figures had been reducing until the changes illustrated in Section 3 of this Report took effect.

7 SPEED OF PROCESSING

- 7.1 Processing times are calculated from receipt of the application form to the issue of the determination after processing. As such, the length of time taken by the claimant to produce the verification documentation in support of their application has a significant bearing on the figures.

7.2 Average Days To Process New Claims

- 7.2.1 DWP Performance standard 36 days
Third Quartile 42 – 56 days

	2002/03		2003/04
Quarter 1	55	Quarter 1	96
Quarter 2	69	Quarter 2	80
Quarter 3	91	Quarter 3	75
Quarter 4	101	Quarter 4	54
Annualised Figure	79	Annualised Figure	77

The above figures highlight the improvement trend during 2003/04.

- 7.2.2 On the assumption that the DWP targets remain unchanged the Council will be in the third quartile for Quarter 4 of 2003/04, which is ahead of the envisaged schedule (July 2004).

7.3 Average Days To Process Changes Of Circumstances

- 7.3.1 DWP Performance standard 9 days
Third Quartile 11 – 18 days

	2002/03		2003/04
Quarter 1	16	Quarter 1	19
Quarter 2	16	Quarter 2	18
Quarter 3	21	Quarter 3	17
Quarter 4	23	Quarter 4	21
Annualised Figure	18	Annualised Figure	19

The above figures show that the position was steadily improving during 2003/04 until Quarter 4 when the changes outlined in Section 3 of this Report began to take effect.

- 7.3.2 The Department of work and Pensions has intimated that it intends to review this particular Performance Indicator.

7.4 Percentage Of Renewals Processed On Time

- 7.4.1 DWP Performance standard 83%
Third Quartile 66 – 53%

	2002/03		2003/04
Quarter 1	66	Quarter 1	51
Quarter 2	60	Quarter 2	50
Quarter 3	38	Quarter 3	61
Quarter 4	29	Quarter 4	49
Annualised Figure	49	Annualised Figure	53%

7.4.2 The above figures highlight the improvement during 2003/04 apart from Quarter 4. It should be noted that the Government has replaced the current necessity to have a renewal completed each year. Accordingly the need to issue renewals during Quarter 4 was gradually phased out with the overall numbers issued being greatly reduced. The Department of Work and Pensions will in all likelihood remove this Performance Indicator.

8 SUMMARY

8.1 Significant progress was made during 2003/04. However progress has been adversely affected by the number of initiatives and regulations the Council has been required to implement.

8.2 Further progress requires to be made in order to meet the performance standards laid down by the Department of Work and Pensions.

8.3 The government has intimated that significant change in Benefits Administration will continue for the foreseeable future. The level of change will have a major bearing on the progress the Council is able to make.

9 FINANCIAL IMPLICATIONS

9.1 There are no financial implications to the Council as a result of this Report.

10 HUMAN RIGHTS IMPLICATIONS

10.1 There are no Human Rights implications arising as a result of this Report.

11 CONSULTATION

11.1 The Chief Executive and the Director of Law & Administration have been consulted on the contents of this report.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

DSS/DSW/FC
2 June 04

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