



To: Finance and Resources Policy Board

On: 13 May 2015

Report by: Director of Finance and Resources

**Heading: BENEFITS ADMINISTRATION – WELFARE
REFORM AND PERFORMANCE STATEMENT**

1. Summary

- 1.1. This report details the processing performance in relation to Housing Benefit and the Scottish Welfare Fund, as the end of March 2015. The report also provides an update on the funding and expenditure position in relation to Discretionary Housing Payments and the Scottish Welfare Fund.

2. Recommendations

- 2.1 The Finance and Resources Policy Board considers the content of this report.
- 2.2 The Finance and Resources Policy Board approves the Discretionary Housing Payment Policy (attached as Appendix 2) updated for 2015/16.
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3. Background

3.1 Service Information

- 3.1.1 As previously reported to Members, the Service continues to successfully balance a significant increase in work load as a result of the ongoing changes arising from the welfare reform agenda.
- 3.1.2 The Service continues to make use of temporary short term resource to create flexible capacity to support the increased workload described above.

3.2 Speed of Processing – Housing/Council Tax Benefit

- 3.2.1 As detailed in Table 1 below, all processing measures are within target at the year end

(Supplementary processing information is attached in Appendix 1 for members' reference)

- 3.2.2 Members may wish to note the increase in the level of Overpayments since last reported to the Finance and Resources Policy Board on 12 November 2014 (please refer to Appendix 1). During 2014/15, the DWP launched a new process to share Real Time information from HMRC with Local Authorities. Since November, the result has been that over 500 unreported changes were identified and updated, with most of the updates resulting in benefit overpayments being identified.

These changes should have been reported to the council through customer notification. However, in these cases customers have failed to report the change and they have subsequently been identified as the result of sophisticated real time data sharing. Moving forward this represents a significant improvement that will support the early identification of changes and mitigate the occurrence of overpayments.

The Service will continue to proactively make customers aware of relevant changes and highlights the importance of reporting using a wide range of communication methods.

Table 1 – Performance Summary

Performance measure	4 Week Reporting Period 13th Feb 2015 to 12th March 2015	Year to date position	Annual Target
New Claims – processing time	24.07 days	25.41 days	29 days
New Claims - % processed within 14 days of all information received	94.81%	91.29%	91%
Changes in Circumstance – processing time	4.66 days	8.34 days	10 days

3.3 Discretionary Housing Payments

- 3.3.1 Table 2 in the section below shows the total expenditure for DHP during 2014/15. The Benefits Service drew down just over £120,000 from the additional funds approved by the Finance and Resources Policy Board on 14 January 2015.

- 3.3.2 The Benefits Service continues to work closely with Development & Housing Services, and other local housing providers to ensure that all those eligible to receive DHP support in relation to the Spare Room Subsidy (known as 'the bedroom tax') make an application. As at 31 March 2015, 98% of those currently affected had made an application.
- 3.3.3 The Council has received confirmation that DHP funding of £1,174,656 will be received in 2015/16. This first instalment has been estimated to equate to 80% of the amount which will be required, in addition to DWP funds, to fully mitigate 'the bedroom tax.' It is anticipated that a second instalment will be paid early in 2016/17.
- 3.3.4 The position for 2015/16 is that sufficient funds will be available to ensure that customers affected by 'the bedroom tax' will have their shortfall fully mitigated. However, the Benefits Service is likely to face challenges during 2015/16 as demand for DHP from claimants not affected by the bedroom tax increases. The areas of likely need will be from customers affected by the planned rollout of Universal Credit and the migration of Disability Living Allowance (DLA) to Personal Independence Payment (PIP).
- 3.3.5 The Service will continue to carefully monitor all DHP expenditure and anticipates that it is likely that, similar to previous years, there will be a requirement to top up DWP resources to meet the demand over the course of 2015/16.

3.4 Discretionary Housing Payment Policy

- 3.4.1 In relation to the Council's DHP policy, some minor changes to the policy are proposed to create an updated version for 2015/16. As previously approved by the Board, the Director of Finance and Corporate Services (now Director of Finance and Resources) will continue to review and adapt the DHP Operational Guidance as required.

A copy of the policy is attached as Appendix 2 with amendments highlighted.

- 3.4.2 The changes proposed are

- An update to the policy to reflect new Scottish Government powers (advised to the Board on 21st January 2015), which removed the DHP cap limit (Background Section)
- Confirmation that sufficient funds will be available to fully mitigate the effect of 'the bedroom tax' and that as a result 'bedroom tax' related DHP awards will not be subject to budgetary constraints. (Section 1.2)
- Minor wording change to improve clarity (Section 5)
- A requirement for the audit of a sample of DHP cases (Section 6.3)

Table 2 – DHP Performance Summary

Measure	1 April 2014 to 31 March 2015
Volume of DHP applications received	5,313 applications
Volume of DHP decisions made	6,570 decisions
Number of DHP awards	8,319 awards (4,475 customers)
Average processing time (target 29 days)	19.6 days
Total amount committed/paid	£1,807,020

3.5 The Scottish Welfare Fund

- 3.5.1 The Service has spent/committed 100% of its original budget for the Scottish Welfare Fund (SWF) and has drawn down just over £90,000 from the additional resources allocated to support the fund by the Policy Board on 14 January 2015. Arrangements have been made to accrue £19,400 to fund applications where processing had commenced but not completed by the year end.
- 3.5.2 The performance data relating to the fund is presented in table 3 below.
- 3.5.3 During 2014/15, the Service received an average increase of 21% in application volumes compared with 2013/14, the bulk of the increased levels were received in the first 6 months of 2014/15.
- 3.5.4 The Scottish Welfare Fund Budget allocated for 2015/16 has remained unchanged from previous years and is confirmed as £1,148,857. The Service will continue to make awards in 2015/16, in line with Scottish Government guidance.
- 3.5.5 The Service will continue to carefully monitor all SWF expenditure and anticipates that, similar to 2014/15, the council will only be able to award 'high' priority applications only. If trends in application volumes continue, it is likely that the Council will again require to consider providing additional funds to support the SWF fund in 2015/16.

Table 3 – SWF Performance Summary

Measure	1 April 2014 to 31 March 2015
Number of Crisis Grant applications received	8,522
Number of Crisis Grant Awards	7,299
Total amount paid for Crisis Grants	£454,612.35
Average Processing time (2 working days target)	1 day
Number of Community Care Grant applications received	2,290
Number of Community Care Grant Awards	1,594
Total amount paid for Community Care Grant	£788,200.43
Average processing time (15 working days target)	10 Days
Total amount paid/committed from the fund	£1,242,812*
Total budget for 2014/15	£1,170,969**
Adjusted Budget following additional resources approved by FRPB on 21 January 2015	£1,270,969

* Note that figures are adjusted each month to reflect awards previously made, but not fulfilled.

**The revised total budget available in 2014/15 was £1,170,969 being £1,148,857 funded by the Scottish Government (the same level as in 2013/14) plus £22,112 carried forward from 2013/14

Implications of the Report

1. **Financial** - an efficient, effective Benefit Service assists council tenants meet their financial obligations in terms of rent and council tax and ensures overpayments are minimised and DWP subsidy maximised
2. **HR & Organisational Development** - None
3. **Community Planning –**
Community Care, Health & Well-being – An effective Benefits service is vital to the quality of life of many of our citizens as it provides vital support for low income households in order to sustain tenancies and meet their rent obligations
4. **Legal** – None
5. **Property/Assets** – None
6. **Information Technology** - None
7. **Equality & Human Rights**- The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required, following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - None
9. **Procurement** - None
10. **Risk** - None
11. **Privacy Impact** - None.

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Housing Benefit Statement – Appendix 1

Supplementary KPIs – Finance & Resources Policy Board

APPEALS

Where a claimant disputes a Benefits decision and also disputes a revision decision they can formally make an Appeal. The Benefits Service will prepare a detailed submission which is then considered by the Independent Tribunals Service. Preparation of a submission is a very involved process and requires significant data gathering.

Target processing speed (number of days)

60

Result: last 3 months (days)

January: 44 days

February: 33 days

March: 40 days

Average (12 months to date)

46 days

Average Appeals Completed

8 Appeals per month

Comment:-

The Service continues to manage Appeals processing well. The service is well within the target

REVISIONS

Where a claimant disputes a benefits decision in the first instance they can request for it to be looked at again. This is known as a Revision. The process involves a Senior Benefit Assessor reviewing the decision thoroughly to decide whether the decision should stand.

Target

30 days

Result last report

October:25

November: 26

December: 30

Result Last 3 months

January: 27

February: 25

March: 26

Comment:-

The Service continues to manage Revisions processing well. The service is well within the target

ACCURACY

The Service proactively monitors the accuracy of benefits decisions made through a robust audit checking programme. The Service targets to audit 3% of all calculations and measures the percentage where correct benefit has been paid to the customer

	Target %	Actual %
Volume of Audits	3%	3.42%
Accuracy – Mar 15	90%	96.15%
Accuracy – Year to Date	90%	94.28%

Comment:-

The service has more than achieved it's Accuracy target for 2014/15

OVERPAYMENTS

Value (Last Report)

£4,669,184

Current Value

£5,328,554

Target: Recovery

£1,030,000

Actual: Recovery

£1,162,075

Comment:- The Service has achieved its target recovery amount for Overpayments. More detail is provided in the main report.

RENFREWSHIRE COUNCIL**FINANCE & RESOURCES****DISCRETIONARY HOUSING PAYMENT POLICY****1. Background**

The current legislation for Discretionary Housing Payments (DHPs) is The Discretionary Financial Assistance Regulations 2001. DHPs are administered by the Local Authority (the council) and are funded by allocated amounts received from the Department for Work and Pensions (DWP), Scottish Government and an additional, optional contribution from the council. The maximum level of awards the council could previously have made in any one year was 2.5 times the DWP allocation. The UK Government devolved the power of setting this DHP “cap” to Scottish Ministers with effect from December 2014; removing the statutory upper limit.

The total annual funding is used to alleviate hardship by providing further financial assistance to those housing benefit customers who satisfy the qualifying criteria (which will be outlined for decision makers in operational guidance) and require additional help with their housing costs.

1.1 Main features of a DHP scheme

- DHP's are discretionary, a customer does not have a statutory right to a payment and there are no statutory rights of appeal
- DHP must be applied for. The council decides what format an application must be made in.
- The council decides who should receive a payment having regard to the qualifying criteria
- The council decides the appropriate payment amount based on the customer's financial situation and taking into consideration its own budgetary constraints. The DHP value can be any amount within the limits set out in law and guidance, including the relevant Regulations, up to the full value of the eligible rent
- DHP is not a payment of housing benefit (HB) or universal credit (UC) but the customer must be in receipt of HB or the housing costs element of UC in order to qualify for a payment
- DHP can be used to provide a rent deposit or rent in advance for those with new tenancies where the move will alleviate the effect of welfare reform or financial hardship
- DHP payments should not be regarded as a long term solution to the HB/UC entitlement restrictions dictated by current and/or future legislation
- Payments cannot be used to offset an overpayment of HB
- Payments cannot be used to cover ineligible service charges
- Payments cannot be used to minimise the effect of sanctions imposed in relation to any welfare benefits

- Payments cannot be used to assist with Council Tax liability
- If the council does not spend the full DWP allocation, it must be returned to the DWP. The DWP will allocate future funding using a formula based on previous expenditure
- If the council spends the full DWP allocation and the amount allocated from the Scottish Government and the council's own funds, no more DHPs may be paid during that financial year.

1.2 Revisions to the policy

The DWP have intimated the situations where the funds provided to support those affected by welfare reform changes should be concentrated, but have allowed the council the overall discretion to decide. They have advised that the council will be required to record the expenditure using a new monitoring regime to be introduced by the DWP.

The Scottish Government will allocate to each Local Authority funds which they deem will fully support DHP awards for those affected by the social sector size criteria (SSSC). As a result decisions on awards for customers affected by SSSC will not be affected by budgetary constraints.

1.3 Welfare Reform

Following the Welfare Reform Act 2010, the UK Government is changing the benefits system.

The provisions will result in the following key changes:

- The introduction of UC and the eventual migration of housing benefit claims to UC. It is planned that UC will be introduced into Renfrewshire from June 2015
- The introduction of a size criteria for working age tenants in the social rented sector from April 2013
- The implementation of a benefits cap from July 2013 limiting the total benefit that working age people can receive
- The replacement of council tax benefit with a Scottish council tax reduction scheme from April 2013
- The transfer of community care grants and crisis loans from the DWP to the Scottish Government from June 2013
- The replacement of Disability Living Allowance (DLA) with Personal Independence Payments (PIPs) starting from June 2013.

The funding referred to in section 1.2 above has been provided to councils to assist customers who are adversely affected by these changes and any other effects of welfare reform.

Additional operational guidance relating to welfare reform and how it affects the DHP scheme will be provided to decision makers.

2. DHP policy purpose and objectives

2.1 Purpose

The purpose of the DHP policy is to specify how the council's Benefits Service will operate the DHP scheme and to detail the factors that will be considered when deciding if a DHP can and should be awarded.

The policy does not set rigid, pre-defined criteria for awarding DHPs as this would prevent the council from exercising discretion properly in individual cases.

Each case will be treated strictly on its merits and all customers will receive equal and fair treatment.

The procedural guidance for decision makers demonstrates the flexibility which can be utilised in individual circumstances.

The Benefits Service is committed to working with Housing Services, Housing Associations, private landlords, Advice Works and other advice agencies in order to ensure that claimants receive the maximum amount of benefits and financial assistance available.

The policy takes account of the "Good Practice Guide" issued by the DWP which offers advice on how DHPs can be used to support customers in certain circumstances.

2.2 Objectives

The objectives of the DHP policy are:

- To assist with the alleviation of poverty
- To help customers to sustain their tenancies
- To assist customers threatened with homelessness
- To help customers who are trying to help/support themselves
- To assist in keeping families together
- To support domestic violence victims who are trying to move to a place of safety
- To support the vulnerable and the elderly
- To support young people in the transition to adult life

3. Policy commitments

- All decisions will be made in a manner that is consistent with the ordinary principles of good decision making, applicable law and guidance.
- The council will endeavour to act fairly, reasonably and consistently.
- In as far as is reasonably practicable, the council will endeavour to allocate funding received from the DWP to the areas for which the DWP intended it to be used.
- The Scottish Government's contribution will be directed in a similar way to the DWP approach; aiming to give support to some customers in Renfrewshire who have been affected by the welfare reform changes and ensure those affected by the introduction of the social sector size criteria have their reduction in HB mitigated by DHP awards on application.
- Discretion will be used reasonably and lawfully and will not extend to giving more weight to certain groups and/or claimant because they are seen as more deserving than others.

4. Publicising the policy

Access to DHP scheme awards and advice will be incorporated into the council's general welfare advice services.

All staff within the Benefits Service and Customer Services will be provided with the details of the scheme and the procedural guidance used by the council to operate the scheme fairly and consistently.

The council will pro-actively promote DHPs by working in partnership with social and private landlords to promote the availability and take-up of DHPs.

The council will make claim forms, leaflets and literature on DHPs available via the council website, Advice works, other council services, registered Social Landlords and other suitable locations across Renfrewshire.

5. Operation of the Scheme

Although the operation of the scheme has many points of discretion, there are a number of legal obligations that must be fulfilled and these will be outlined to decision makers in operational guidance.

As stated in 1.2 above a proportion of the DHP budget will be directed to supporting some customers affected by welfare reform. A further proportion of the budget, traditionally known as core funding, will be used to assist claimants who require further assistance with housing costs due to circumstances that are not directly related to the above areas.

Where funding has been provided to mitigate the introduction of the social sector size criteria, awards will be made to cover under occupancy reductions for the full year where housing benefit entitlement exists.

For customers who have a shortfall not due to the introduction of the social sector size criteria, the initial period of award in all cases will normally be 13 weeks or 26 weeks. This will maximise access to the available DHP funds to as many customers as possible. Subject to budget availability the decision maker may consider extending the award for a further period in certain circumstances (decision makers will be provided with operational guidance to support them in making these decisions).

The council will aim to deal with DHP requests within a timescale set in line with the housing benefit new claims processing target. DHP applications made where there is a risk of eviction will be escalated for priority processing.

6. DHP Procedures

6.1 DHP decision making

Decision makers who are responsible for awarding DHPs will adhere to the DHP Decision Maker's Guide, set out in Appendix 1.

The procedural guidance details the following:

- the end to end process for making a DHP application
- the factors which may be considered when deciding if a DHP should be paid
- suggested evidence and information which may be required to make a decision
- indications of those who should be considered most in need of assistance
- suggested amounts of DHP that should be paid and the period of the DHP award
- the method of payment
- the method for recording the decision for budgetary analysis and DWP information requirements
- advice to be provided to the claimant to help them alleviate the problems associated with their current financial situation.

6.2 Overpayments

The council will make every effort to minimise DHP overpayments. However, where an overpayment occurs, the decision maker will decide whether it is appropriate to recover the DHP by taking into consideration whether the claimant contributed to the overpayment or could reasonably have been expected to realise that an overpayment was occurring.

If it is decided that the overpayment should be recovered, the claimant will be issued with an invoice and an explanation as to how the overpayment arose and the period it relates to.

Fraudulent overpayments will be recovered.

6.3 Dispute Process

Although a claimant has no statutory route for appealing a decision made on a DHP claim, the Benefits Service will operate the following procedure for dealing with any disputed decisions:

- The customer or anyone nominated on their behalf can dispute the decision in writing, within one calendar month of the date of the decision notification.
- A decision maker, other than the one who made the original decision, will review the information held. If they feel that the original decision is correct, the claimant will be advised in writing that the original decision stands.
- If the second decision maker does not agree with the original decision, they will consult their Team Leader before substituting their own decision. The claimant will be advised of the new decision in writing.
- Decisions will be revised only where the original decision maker has failed to follow the correct process, or has not made the decision based on sound evidence.
- A sample audit of awards and declines will be undertaken to ensure adherence to Policy Commitments (Section 3).

7.0 Policy, Operational Guidance and Budgetary Review

The Team Leader overseeing the team of decision makers will:

- be responsible for the day to day management of the DHP budget
- monitor the decisions and review on a periodic basis (at least monthly) to ensure that the procedural guidance is being adhered to
- analyse the expenditure in each area to ensure that it is within budget and correctly profiled for the rest of the year

Findings will be reported monthly to the Operational Services Manager who has overall responsibility for the budget.

If, during the course of monitoring the budget, or at any point the Team Leader has concerns regarding the sustainability of the current processes or criteria, recommendations will be made as to where amendments are required in order to ensure continued support is provided to the most vulnerable claimants.

The procedural guidance will be amended to reflect any changes made as a result of the recommendations.