

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

01 June 2016

Report of the Director of Finance & Transformation

Part 1- Public

Matters for Information

1 BENEFITS UPDATE

A report advising Members of current issues arising in the benefits field

1.1 Performance and Workload of the Benefits Service

1.1.1 The average number of days taken to process a new claim for housing benefit in the 2015/16 financial year was 15.3. It took an average of 5.4 days to process a change in circumstances.

1.1.2 The number of households in receipt of housing benefit and/or local council tax reduction (LCTR) dropped by 60 over the year. We now provide housing benefit to around 6,500 homes in the Borough, most of which also have help with LCTR. There are around 7,000 homes with LCTR assistance. The figures differ mainly due to home owners, who do not have rent to pay.

1.1.3 In the 2015/16 financial year the section was responsible for administering over 47,000 changes in circumstances and new claims leading to the payment of £36.6m in housing benefit and £6m in LCTR.

1.1.4 The current performance is 15.6 days for new claims and 5.2 days for changes.

1.2 Discretionary Housing Payment (DHP)

1.2.1 DHP is used to provide additional financial help to households receiving housing benefit. Payments cannot be made unless housing benefit, or the housing cost element, of Universal Credit is in payment. The Government provided £140,671 to the Council for the fund in 2015/16. We spent £139,924.19. Awards were mostly used to help households where housing benefit was reduced due to welfare reform measures, most commonly, the spare room deduction.

1.2.2 The fund has been increased by Government for this year. We have been allocated £171,280. The reason for the increase is to provide help to those who will be hit by the new lower rate of benefit cap due to be introduced in the Autumn. The administration, allocation, monitoring and appeals of DHP now take one full time equivalent post in the Service.

1.3 Benefit Cap

- 1.3.1 The number of households with restrictions to housing benefit due to the benefit cap has reduced over the year. We now apply the benefit cap to 12 households. The reason behind fewer cases is down to the increased number of claimants moving into work, either self-employed or employed, full-time or part-time and more claiming disability benefits. Entitlements to Disability Living Allowance, Personal Independence Payments or Working Tax Credits (for those in work) provide exemptions from the benefit cap.
- 1.3.2 The cap is currently £500 per week for couples or single parents and £350 for single persons.
- 1.3.3 Later this year, around Autumn, the cap will decrease to £384.62 per week for couples or single parents and £257.69 for single persons.
- 1.3.4 The lower rate would affect around 200 households in the Borough. The households have been identified and will receive a letter from the Department for Work & Pensions (DWP) in late May / early June, informing them of the potential restriction later in the year.
- 1.3.5 My officers will work together with ones from the DWP to provide practical help and advice in how to avoid households facing cuts.

1.4 Spare Room Deductions

- 1.4.1 The number of households with restrictions to housing benefit due to the 'bedroom tax' has stabilised since its introduction in April 2013. There are now about 400 homes with housing benefit restrictions due to one spare room, averaging £17.50 per week and a further 100 homes with restrictions averaging £33 per week due to having two or more spare rooms.
- 1.4.2 Staff continue to assist with DHP and advice with these cases. It is imperative that in almost all cases, DHP is not seen as a long term solution to shortfalls in housing benefit.

1.5 Universal Credit (UC)

- 1.5.1 Roll-out of UC continues at a slow rate. Currently in Kent, only single working age people making new claims fall into the catchment of UC rules and payment. My Service has been notified of approximately 29 claimants, since October 2015, who have received UC and also requested LCTR.
- 1.5.2 The situation of only single claimants being affected is planned to continue for the next year across Kent. The next step will be to include new claims made by couples. UC is still reliant on a new 'digital' computer system being developed and tested, which will vastly improve the predominantly manual system in use at the moment.

1.6 Housing Benefit Subsidy

1.6.1 As members will be aware, the payments which the Council makes for housing benefit are mainly funded through specific Government subsidy. The rules around funding are far from straightforward, with many categories of payments and various subsidy rates ranging from 0 to 100%.

1.6.2 In 2015/16, the Council received £35.5m subsidy towards the £36.6m paid out. However, although there is a considerable shortfall in subsidy to expenditure, this can be off-set through the recovery of some housing benefit overpayments which in general are subsidised at 40% but recoverable in full. In 2015/16, overpayments were raised to the value of approximately £1.5m.

1.6.3 There are two other main areas of subsidy loss in housing benefit:

- 1) The first relates to payments made for claimants in supported accommodation. Supported accommodation is increasing in the Borough with more units and increasing rents. Rents in supported accommodation are generally much higher than mainstream accommodation. Although housing benefit does not cover personal support, it does cover some 'eligible' charges, which can amount to high rates. The rate of subsidy is paid at 60% for amounts above the weekly rent set by the Rent Officer for the accommodation, which is similar to the Local Housing Allowance (LHA) rate. In 2015/16, nearly £250,000 was paid above the Rent Officer set levels. The Council has no choice whether to pay the housing benefit. This represents a loss of £100,000 over the year.
- 2) Payments of housing benefit for claimants placed by the Council into temporary accommodation through homelessness. Again, this is an area of increasing loss, the following table demonstrates the housing benefit expenditure and subsidy return over the last four years:

Year	Number of Placements	Housing Benefit Paid £000's	Subsidy Received £000's	Loss £000's
2015/16	101	285	151	134
2014/15	93	250	137	113
2013/14	79	143	75	68
2012/13	51	90	53	37

- 1.6.4 As can be seen from the figures above, the increase in number of placements in temporary accommodation correlate to the introduction of welfare reform measures, having a direct cost to the Council.
- 1.6.5 The long term plan for the introduction of UC excludes supported accommodation. Local Councils will retain the administration of housing benefit for this type of claim.

1.7 Other New Welfare Reform Measures

1.7.1 Several changes were introduced from April to further curb the 'benefit bill', these include:

- A four year freeze in the rates of working age benefits (including child benefit)
- A four year freeze in LHA rates
- No 'family premium' (worth £17.45 per week) for new claims/births after 1 May
- Maximum backdating of housing benefit restricted to one month
- Reduction in social housing rents of 1% for each of the next four years
- Introduction of the National Living Wage, increasing incomes for those on the lowest rates of pay

1.8 Local Council Tax Reduction Scheme (LCTRS)

1.8.1 Members will be aware that the LCTRS was introduced on 1 April 2013 to replace the national council tax benefit scheme. The local scheme was initially intended to run for three years before review and possible re-design, however, it was agreed across Kent to run existing schemes for a further year and carry out a review during that year.

1.8.2 A Kent-wide review has taken place, with a report going to Cabinet on 20 April, when Members agreed to proposed changes going out to general consultation. The full report can be found at:

<https://democracy.tmbc.gov.uk/documents/s15583/Report%20of%20Director%20of%20Central%20Services.pdf>

1.8.3 My officers are currently working on the consultation which is likely to start on 6 June and run for 12 weeks. I will, of course, advise Members of the launch of the consultation when I am certain of the date.

1.9 Legal Implications

1.9.1 Duties to ensure compliance with changes in legislation and consultation is undertaken in an appropriate manner.

1.10 Financial and Value for Money Considerations

1.10.1 As set out in Cabinet report 20 April relating to LCTRS

1.11 Risk Assessment

1.11.1 Performance monitored on ongoing basis

Background papers:

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Nil

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