

## IMPACT OF THE ECONOMIC DOWNTURN ON BENEFIT CLAIMS PROCESSING

### Introduction

- 1.0 This report informs Members about the impact of the economic downturn on the Benefits Service and the measures the service is taking to minimise that impact on customers.

### Background

- 2.1 A consequence of the economic downturn has been increasing unemployment and rising caseloads for both the Department for Work and Pensions (DWP) and Local Authorities who administer Housing and Council Tax Benefit.
- 2.2 The DWP are recruiting additional staff to deal with increasing caseloads and have provided additional funding to Local Authorities for benefit administration and directly related enquiries. The Council has received an additional £297,880 for 2009/10.
- 2.3 The additional funding has only been awarded for 2009/10 and is to be reviewed for 2010/11.

### Impacts

#### **The Increasing Benefit Caseload**

- 3.1 The economic downturn predominately means an increase in unemployed working age customers. Job Centre Plus statistics show that between Dec 2008 and May 2009 Derby's unemployed working age customers increased by 38%. Between Jan 2009 and May 2009 the number of people claiming Job Seekers Allowance increased by 25.30% from 5995 to 7512. Those with a rent or Council Tax liability will claim Housing and Council Tax Benefit.
- 3.2 Between April 2008 and June 2009 the Housing & Council Tax Benefit caseload has increased from 23,308 to 25,706. If the predicted the trend continues, it is likely that by December 2009 our caseload could reach 26,250.

- 3.3 The caseload rise has meant an increase in the Benefit's workload and consequently the amount of work requiring processing has increased. Analysis of the workload shows:
- average weekly receipt of new claims has increased from 289 to 308 since April 2008
  - average weekly receipts for changes in customer circumstances has increased from 881 to 1068 since April 2008.

#### **Capacity Analysis**

- 3.4 The team is at full establishment (29 FTEs) although 5 FTEs have just come out of training, which means they are building up their experience.
- 3.5 Assessment of actual processing time indicates that the current staffing establishment is capable of processing 2165 documents per week. This is a shortfall in capacity against demand of 84 documents per week or 34 hours per week. Currently the team has:
- 532 new claims outstanding
  - 879 changes and cancellations outstanding
  - 4082 other work items outstanding

#### **The Impact of Caseload Increases**

- 3.6 If the caseload increases as predicted to 26,250, the predicted shortfall in capacity against demand increases to 225 documents or 89 hours processing time per week.
- 3.7 By December 2009, without the additional resources outlined in this report, the volume of outstanding work could be:
- 900 new claims outstanding (approx 3 weeks' receipts)
  - 1,400 changes and cancellations outstanding (1.5 weeks' receipts)
  - 6,000 other work items outstanding (3 week's receipts).

#### **3.8 Additional Impacts**

- We are actively promoting take-up of benefits to support people manage their finances in these difficult times, this will increase the amount of processing work
- Unsuccessful applications are likely to increase resulting in a rise in the number of appeals and revisions we administer
- Free School Meal applications should increase in line with new applications for Housing and Council Tax Benefit. Although these claims are processed automatically with the Housing/Council Tax benefit claim, there will be increased administration with schools
- Applications for accommodation because of homelessness may increase, placing increasing pressure on budgets where benefit may not meet the accommodation cost
- The Council, in most cases, will receive subsidy on the increased benefit spend. However, there will be increased subsidy loss in more cases where it pays above Government rent thresholds.

- Increases in cases where benefit does not meet the full rent charged by private landlords. This will impact on Discretionary Hardship payment requests and the budget for this is likely to overspend
- Potential increase in benefit fraud cases – there is likely to be an increase in the number of fraud referrals and number of cases that are prosecuted or receive an alternative sanction
- The increased volumes of changes in circumstances could increase the amount of overpaid benefit, placing recovery teams under increasing pressure to collect debt.

3.9 The time taken to process new claims is still considered the most important service measure by our customers. The table in appendix 3 shows we have improved and maintained a strong performance through proactive performance management, clear priority setting and the use of overtime.

<b>Actions taken</b>
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4.0 It is important that the service uses the additional funding to secure the best possible outcomes for this vulnerable group of customers. The benefits service has chosen the following combination of options to increase the capacity of the benefits processing teams:

- Agency staff
- Recruit 3 permanent staff
- Outsource some claim processing
- Overtime

4.1 We have secured the services of agency temps, which gives the service some agility to react to service pressures and provides an immediate resource to bolster processing capacity.

4.2 The service is in the process of securing 3 permanent staff. Since April 2008 no assessors have left the service though 2 vacancies have been created by secondment opportunities. Over the last 2 years, 6 FTEs have resigned their post. Experience suggests that the service will suffer some attrition against processing staff. A scheme of delegation report has been prepared for this option.

4.3 The service has awarded a contract to outsource around 700 new claims and 1000 claim changes. Although the volumes could alter this option gives an opportunity to clear a significant proportion of work and bring new claims and changes as up to date as they can be. It has the added advantage of reducing avoidable contacts from customers into Derby Direct.

- 4.4 Funds are in place to enable our staff to work overtime as when there is the need and staff are able to work. This gives the section some agility to react to peaks of work

<b>Recommendations</b>
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- 5.0 To note the report.

<b>IMPLICATIONS</b>
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**Financial**

Spend against additional benefits administration grant

**Legal**

The Council has a statutory duty to provide a Housing Benefit and Council Tax Benefit Service under the provisions of the Social Security Act 1986.

**Personnel**

Scheme of delegation approval has been sought to recruit 3 permanent staff.

**Equalities Impact**

Our benefits strategy is aimed at encouraging low income households to apply for housing and council tax benefits with specific targeting of pensioners, low earners and black and minority ethnic communities.

**Corporate Priorities**

The Council's Corporate Plan 2007-2010 recognises the importance of a high performing and quality Benefits Service in helping meet its priorities of "giving you excellent services and value for money". This report identifies the actions we are taking in the Benefits Service to help achieve this priority.

## PERFORMANCE

National Indicator (NI) 181 measures the average number of days to process Housing and Council Tax Benefit New Claims and Change Events. The target is 15.7 days. This NI replaced the previous two Best Value Performance Indicators that separately measured the time it took us to process new claims and changes in circumstances reported by benefit customers – for internal management purposes it is still considered important to manage this performance.

The table below illustrates the increasing difficulty the section has in sustaining performance, which is caused by the increasing caseload. Every year in January, February and March the Benefits section high volumes of increases to state benefits and rent increases. Along with increasing numbers of new claims these have to be prioritised to avoid overpayments. Consequently, due to our processing capacity outlined in paragraph 3.5, other changes take longer to process.

**Table 1 – performance indicators**

### 2008/2009

PI	Apr 2008	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2009	Feb	Mar
BVPI 78a	30.86	35.95	32.87	36.83	32.99	33.86	32.20	29.02	31.53	33.07	31.26	33.82
BVPI 78b	15.50	18.96	19.16	21.60	16.28	26.84	21.94	25.57	27.70	27.70	48.83	19.88
NI181	21.22	24.30	20.44	19.66	19.62	29.27	25.50	26.64	28.95	38.59	43.00	23.57

### 2009/2010

PI	Apr 2009	May	Jun
BVPI 78a	37.11	38.0	34.88
BVPI 78b	24.84	23.2	20.73
NI181	28.51	27.70	24.70

Note:

- BVPI 78a - the average number of days to process new claims
- BVPI 78b - the average number of days to process change of circumstances
- NI181 – a new indicator, which measures the average number of days to process new claims and change events.