

Executive

The impact of the economy on the Housing Benefits function

1st December 2008

Report of the Head of Exchequer

PURPOSE OF REPORT

To advise the Executive on the impact of the current economic climate on the current and future delivery of the Housing and Council Tax benefit function.

This report is public

Recommendations

The Executive is recommended to:

- (1) note the contents of this report and the increased workloads in processing housing and council tax benefit applications.
- (2) approve a supplementary estimate of £14,000 to ensure that the backlog in processing housing and council tax benefit applications is eliminated which will ensure a robust service to the public and residents of the district during this period of economic uncertainty.
- (3) approve a further supplementary estimate of £16,000 to ensure that the increased workload of claims can be dealt with efficiently and ensure that claimants receive a timely response.
- (4) ask officers to identify actions to secure up to £40,000 of savings to offset the supplementary estimates and updated at next report.
- (5) receive an update on the number of additional claims relating to the economic climate at the January Executive. Options for the future delivery of the service will be discussed at the same meeting.

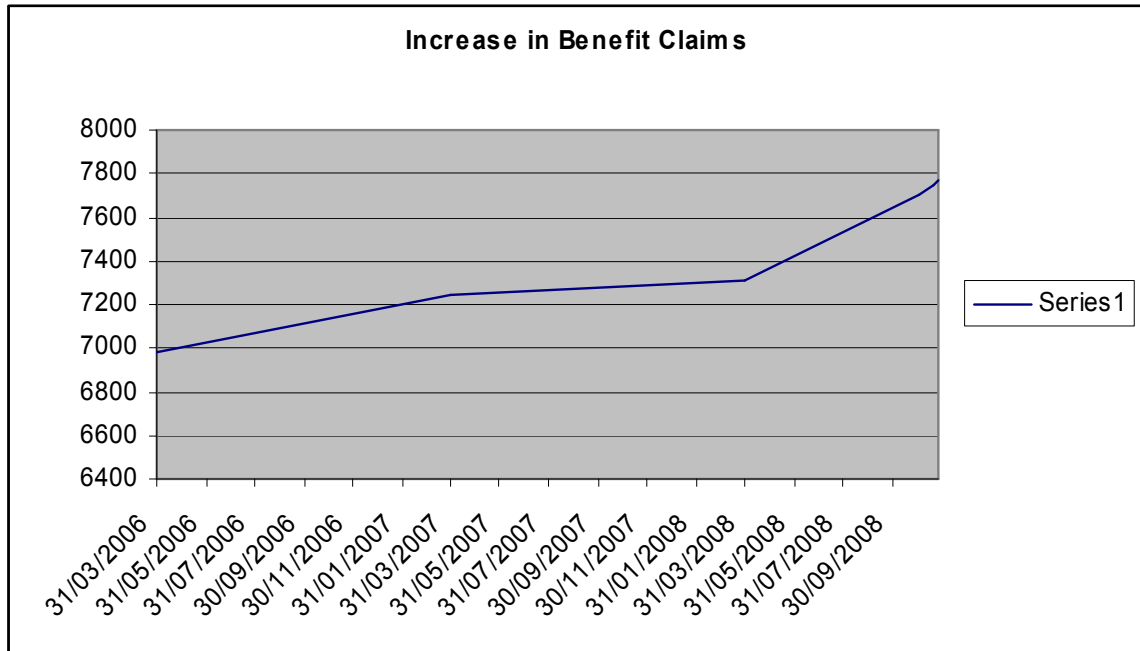
Executive Summary

Introduction

- 1.1 The number of residents claiming Housing and Council Tax benefit within the district has risen 10% in 2 years and now stands at 7,700.
- 1.2 The Council encourages applications for benefit from eligible residents and advertises in the local press, Council literature such as Cherwell Link, local

magazines, places advertisements in commercial publications and visiting community groups. In 2009-2010 the current advertising campaign will be supported with community forums, benefit surgeries and increased visits to community groups.

- 1.3 Although the case load has increased we have been able to reduce the complement of staff due to increased efficiency (an average of 1,329 cases processed per officer in 2005/06, 1,783 cases in 2006/07 and 1,631 cases in 2007/08 (although this was with 2 employees on long term sickness)).



Date	31-Mar-06	31-Mar-07	31-Mar-08	01-Nov-08	20/11/2008	25/11/2008
Cases	6984	7248	7308	7700	7746	7767

- 1.4 The current economic climate has seen a sharp rise in the number residents claiming benefit and the Government has predicted a 50% increase in the number of unemployed in the next 12 -18 months. The predicted rise would increase the benefits caseload by 2,387 (31%) to just over 10,000 claims.
- 1.5 The rise in the caseload as well long term staff sickness, maternity leave and unfilled vacant posts has left a back log of 1000 items (3 weeks) of work. It has also increased processing times from the targeted 24 days to 37 days.
- 1.6 A decision has been made not to recruit to the vacant posts until the outcome of the RSE Consulting exercise. The benefits section have attempted to recruit temporary staff but have experienced difficulty in recruiting experienced and knowledgeable staff in what is a highly specialised and complex area.

Proposals

- 1.7 The Council needs to ensure that its benefits function has the resources to meet its current targets and priorities until the outcome of the RSE review is known. In order to address the backlog and process the current increase in

applications a number of options have been considered including an increase in temporary resource and external resources. Due to the reasons identified in 1.3 temporary resources have been discounted and the Head of Exchequer has reviewed the opportunities with external providers.

- 1.8 The Head of Exchequer has been in negotiation with private outsourcing companies and has received quotes for;
- Processing the back log of benefits work
 - Processing claims above a predefined cut off point per week

Conclusion

- 1.9 As a result of research into this type of consultancy a supplementary estimate of £14,000 is required to fund the backlog and a further £16,000 to ensure a timely processing of the additional volume expected until 31st March 2009.

Background Information

- 2.1 The indicative quotes from the 2 outsourcing companies can be seen in Appendix 1:

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The figures given by the 2 suppliers for assessing the back log and for assessing the increase in claims for the current financial year (2008/09) are as stated in the above tables.
- 3.2 For the financial year 2009/10 the figures could change. If the caseload remains near to the current figure of 7,700 then the indicative quotes will be correct. If the caseload rises (which it is expected to do) then more resource will be needed. It is most likely that the caseload figure for 2009/2010 will be substantially higher than the current 7,700.
- 3.3 The following options have been identified.

- Option One** Do nothing and allow benefit claims to continue to be delayed by existing backlog and any new increase in caseloads.
- Option Two** Agree a supplementary estimate to cover the backlog only
- Option Three** Agree a supplementary estimate to cover the backlog and additional workload due to increased caseloads. Ask the Directorate and Service to fund the current years increase in work and increase funding for the next financial year (2009/2010).

Implications

- Financial:** The costs required to meet the backlog and process the additional claims of £40,000 is not budgeted for and will require a supplementary estimate. Officers could look to fund an element of these costs by further reviewing expenditure. If Members decide that they want to keep funding at the current level then it is likely that an overspend could arise due to a possible increase in temporary staff but this is unlikely to address the processing issues.
- Comments checked by Karen Curtain Chief Accountant 01295 221551 (Not yet approved)
- Legal:** If Members agree to the option to outsource work then the Head of Exchequer would need to take legal advice on

any possible contract with the company.

Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 251686

Risk Management:

Not having a sufficiently robust and resourced benefit section is a risk to the authority. Failure to respond to the developing recession and its implications for the Benefit Service could affect the timely delivery of benefit to some of the most hard to reach and socio-economically deprived residents in the district.

Comments checked by Stephen Newman, Head of Exchequer 01295 221861

Equalities

The most likely groups to suffer from slower processing times and backlogs are the most hard to reach and socio-economically deprived residents in the district.

Comments checked by Grahame Helm, Head of Safer Communities and Community Development 01295 221615

Data Quality

The data on the current issues is correct and robust as is reported to both the Department for Works and Pensions and on P+. The data for future commitments is based on Government estimates and is liable to change.

The supplier estimates for the current year are correct but they could change for 2009/2010 due to uncertainty regarding the caseload and types of claims.

Comments checked by Mike Carroll, Head of Improvement 01295 227959

Wards Affected

All

Corporate Plan Themes

Strategic Priority: Cherwell – an accessible, value for money council

The aim of the benefits section is give the best possible value for money. In the current climate the options outlined above represent that aim.

Executive Portfolio

**Councillor James Macnamara
Portfolio Holder for Resources**