

## Benefits Administration

2008/2009

Council: Orkney Islands

		Source	Contextual	Performance information	05/06	PI values 06/07	07/08
<b>ADMINISTRATION COSTS</b>							
1	The number of cases for each of the following should be taken from the returns to DWP for May, August, November and February and then calculate the average of the four results.						
	a) Average rent rebate caseload	375					
	Weighted rent rebate caseload			566	-	634	589
	b) Average private rented sector caseload	204					
	Weighted private rented sector caseload			435	-	417	428
	c) Average registered social landlord caseload	249					
	Weighted registered social landlord caseload			498	-	460	470
	d) Average Council Tax Benefit caseload	1,336					
	Weighted Council Tax Benefit caseload			2,031	-	2,101	2,060
	e) Gross cost of providing the service	£ 231,076.00					
	f) Gross administration cost per case			£ 65.47	-	£53.59	£58.80
<b>PAYING THE RIGHT BENEFIT AT THE RIGHT TIME</b>							
2	Processing times						
	a) Number of new and change events claims, (both successful and unsuccessful)						
	Total days to process claims						
	Average time to process new and change events claims			days	-	-	-

**Benefits Administration**

**2008/2009**

Council:

	Source	Contextual	Performance information	PI values		
				05/06	06/07	07/08
<p>3 a) The number changes to customers' HB/CTB entitlement that are processed within the year per 1,000 caseload</p> <p>i. Total caseload</p> <p>ii. Number of changes</p> <p>iii. Change per 1000 caseload</p> <p><b>Report in accordance with data provided by DWP</b></p>	<p>□</p> <p>□</p>		<p>■</p>	-	-	-

## Benefits Administration

### Administration costs

#### BA 1: The gross administration cost per case.

##### Definitions

The numerator for this indicator is all costs associated with housing benefit and council tax benefit administration (including counter-fraud work). In order to make costs more directly comparable they will be weighted by caseload mix using the same weights as those used in the HB/CTB administration subsidy distribution formula.

No adjustments should be made to reported gross costs in respect of any of the following funding streams:

- DWP HB/CTB administration subsidy
- DWP set-up funding for the Verification Framework
- DWP on-going costs funding for the Verification Funding
- Value of benefit overpayments recovered by the LA.

The denominator for the calculation per case is the 'live' caseload. The denominator should be calculated as follows:

- Take each caseload (RR, PRS, RSL and CTB) for the quarters, May, August, November and February, as reported on DWP stats 121 and 122.
- Calculate the average of the 4 results and apply to the caseload weights below.

(Refer to HB/CTB S1/2000 for further details of the calculation).

##### Gross Cost

$$[(1 \times \text{RR caseload}) + (2.6 \times \text{PRS caseload}) + (1.9 \times \text{RSL caseload}) + 1.1 \times \text{CTB caseload}]$$

(RR – rent rebate, PRS – private rented sector, RSL – Registered social landlord, CTB – council tax benefit).

Councils should follow the CIPFA guidance, as endorsed by LASAAC and apportion overhead costs when determining the cost. The indicator should be calculated using capital charges in accordance with the Best Value Accounting Code of Practice. If difficulty is experienced apportioning capital charges for the indicator, a reasonable basis of apportionment should be agreed with the auditor.

Each of the following benefits applications should be counted as a single claim for the purposes of calculating the weighted caseload.

- a public sector tenant for HB
- a public sector tenant for CTB
- an owner occupier for CTB
- the private rented sector for rent allowance
- the private rented sector for council tax benefit
- registered social landlords for rent allowance
- registered social landlords for council tax benefit.

##### Source

Housing Benefit and Council Tax records for public and private sectors as reported through DWP Verification Information System and related stats forms 121 and 122.

The policy adopted by a council on the level of advice and counselling available to claimants and the efficiency of the administrative process will impact upon this indicator.

A council may choose to provide a high level of advice and counselling to claimants. The costs of such services will have an impact upon this indicator.

Benefit claims may be more complicated in areas where:

- more people reside at different addresses for short periods of time
- there are more private lets
- there are more people in shared accommodation.

Consequently, the time taken to collect all the information needed to process a claim may be longer. This will be reflected in the costs of providing the service.

## Paying the Right Benefit at the Right Time

### C BA2: The average number of days per case to process new HB/CTB claims and change events.

#### Definitions

The average time taken in calendar days to process all new claims and change events in Housing Benefit and Council Tax Benefit

New Claims: Any new claim to HB/CTB

Change Event: Notification of a change of circumstances which requires a decision to be made by the local authority but excluding automatic up-rating and annual council tax increases.

Time taken to process: The time elapsed between receipt of claim or notification of change event and a decision being recorded

Decision: As defined in HB and CTB regulations

Date of receipt: Date that notification of the claim or change event was received by the authority. Either from the customer, Jobcentre Plus or The Pensions Service or other third party.

The formula for calculating the indicator is:

$$\frac{\sum_{n=1} x_n}{(y + z)}$$

Where:

$x_n$  = The total number of calendar days taken to process new claims and change events,  $x_n$  in the reporting period, where  $n=1,2,3,\dots$

$y$  = The number of new claims in the reporting period.

$z$  = Number of change events in the reporting period.

Worked example:

An authority processes 1,000 new claims and 2,000 changes in a quarter and these take 48,000 calendar days in total to process.

$$\frac{48,000}{(1,000 + 2000)} = 16.0 \text{ days.}$$

Further guidance is available from HB/CTB Performance Standards Guide.

#### Source

Existing HB data extract returned to DWP by authorities on a monthly basis. The score is calculated by DWP.

#### Interpretation

HB/CTB of £19bn is paid to over 5 million low income households. Delays in the administration of these benefits can impact on some of the most vulnerable people in our society by:

- Leading to rent arrears and evictions
- Preventing access to housing because landlords are reluctant to rent to HB customers
- Acting as a deterrent to people moving off benefits into work because of the disruption to their claim

If HB/CTB customers receive a prompt service from their local authority there are positive outcomes across a range of agendas specifically reducing the number of people living in poverty, reducing homelessness and supporting people into work. An indicator similar to this has helped to deliver significant improvements in recent years, but many customers still have to wait longer than five weeks for their claim to be processed. This indicator is designed to ensure that local authorities deal promptly with both new claims to HB and CTB and changes of circumstances reported by customers receiving those benefits. The indicator supports DWP's DSO 6 and is complemented by the Right Benefit indicator (165) which is designed to ensure that the benefit in payment is correct.

### C BA 3: The number and percentage of changes to customers' HB/CTB entitlement that are processed within the year compared to estimate established by DWP.

#### Definitions

The number of changes to customers' HB/CTB benefits entitlements that are processed by the local authority in a year.

Changes include those that result in an increase in benefit that would have resulted in an underpayment if left unactioned and those that result in a decrease in benefit that would lead to an

underpayment if left unactioned and those that result in a decrease in benefit that would lead to an overpayment if left unactioned. The latter includes a termination of benefit entitlement.

NB. The indicator only covers claims that are already in payment, it excludes the number of unsuccessful benefit claims. Neither does it capture take-up of unclaimed benefits.

The formula for calculating the indicator is:

$$\frac{\text{[(Total number of increases in benefit) + (Total number of decreases in claimant's benefit entitlement amount) + (Total number of terminations of claimant's benefit entitlement)]}{\text{Total number of changes to benefit entitlement}}$$

Worked example:

DWP estimates that LA1 should be able to identify 10,000 changes to benefit in a year given the make-up of its HB/CTB caseload. LA1 processes 4,500 increases and 2,500 decreases in benefit entitlement as well as 1000 terminations to benefit.

It will therefore have found  $8,000/10,000 = 80\%$  of the expected number of changes.

#### **Source**

Data is collected by a scan of the local authorities benefit systems, which they then submit to DWP. The scan is already being collected for other purposes but will be used to measure this indicator in addition to its other uses.

#### **Interpretation**

To ensure that customers receive the correct amount of Housing Benefit/Council Tax Benefit. This will contribute to reducing both child and pensioner poverty and will reduce fraud and error, thereby saving taxpayers' money. The majority of both underpayment and overpayment is a result of customers undergoing changes in their circumstances during the life of the claim. In order to ensure that benefit remains correct, local authorities need to ensure they are informed of all these changes. The total cost of HB/CTB is £19bn of which we estimate that 1.4% is underpaid and 5.5% is overpaid.