



Report of the Director of Resources

Executive Board

Date:

Subject: **Benefits Service Annual Report 2007/08**

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

1.0 EXECUTIVE SUMMARY

2.0 PURPOSE OF THIS REPORT

- 2.1 The report provides information on Leeds Benefits Service (LBS) Performance in 2007/08 and provides information on the main issues facing the Service over the coming year

3.0 BACKGROUND INFORMATION

4.0 MAIN ISSUES

- 4.1 Leeds Benefits Service (LBS) is one of the largest benefit services in the country with over 70,000 families on benefit at any one time and an annual benefit expenditure in excess of £200M. The Service has been assessed by the Audit Commission as providing a 'good' benefits service in every year since the Comprehensive Performance Assessment scheme was introduced. Performance continues to improve across a wide range of key indicators covering speed of assessment, overpayment recovery and fraud and error and, through these improvements, it is expected that the service will secure a 4* rating in the 07/08 Comprehensive Performance Assessment process.
- 4.2 On 17th October 2007, the Executive Board approved a recommendation to establish a Single Managed Fraud team in Leeds. The initiative, commonly referred

to as the One City One Team initiative, sees Jobcentre Plus taking responsibility for the operational management of all matters relating to the investigation of benefit fraud. Progress against this initiative is set out in paragraphs 19 – 20.

- 4.3 LBS also has responsibility for delivering Student Finance services covering the assessment of student loans and grants and the provision of information and guidance to prospective students. During 07/08 it was announced that the responsibility for provision of Student Finance services would transfer from local authorities to the Student Loan Company on a phased basis starting in 2009/10 and concluding in 2011/12. Details of the transfer arrangements are included in paragraphs 27 - 29 of the report.
- 4.4 The principles of providing an accessible and inclusive benefits service underpinned the work of the Service and led to further developments in respect of take-up and visiting services as well as the development of a concept to integrate local and national benefit services. The Leeds Integrated Benefits Service concept received the support of the Local Government Association and may well lead to further developments at a national level to improve services for pensioners. Details of take up work are provided in paragraph 26.

SECTION A - PERFORMANCE

4.5 **07/08 Performance outcomes- claims and changes**

Table 1 below shows LBS' BVPI performance for the last 3 years against that of the other Core City LAs in the key areas of claims and changes processing.

Table 1 – BVPIs for claims (average time in days to process a claim)

LA	05/06		06/07		07/08	
	Claims	Core City Rank	Claims	Core City Rank	Claims	Core City rank
Leeds	44	5=	31	4	27	3
Birmingham	33	2	30	3	22	2
Bristol	44	5=	37	5	30	5
Liverpool	34	3	28	1	20	1
Manchester	44	5=	63	7	31	6
Newcastle	54	8	76	8	35	7
Nottingham	28	1	29	2	28	4
Sheffield	37	4	55	6	37	8
Core City Average	40		44		30	

Table 2 – BVPIs for changes (average time in days to process a change)

LA	05/06		06/07		07/08	
	Changes	Core City Rank	Changes	Core City Rank	Changes	Core City rank
Leeds	31	7	24	5	17	6
Birmingham	12	3	18	2	16	5

Bristol	33	8	28	6	23	7=
Liverpool	20	4	19	3	7	1
Manchester	9	1=	21	4	12	2=
Newcastle	22	5	33	7	15	4
Nottingham	9	1=	9	1	12	2=
Sheffield	29	6	46	8	23	7=
Core City Average	21		25		16	

4.6 Observations on performance:

- Performance has improved year on year in relation to both claims and changes;
- The claims figure measures the average length of time taken to decide a claim for benefit. This not only includes claims where a positive decision is made to pay benefit, but also includes claims deemed to be incomplete and closed down without a decision. Many claims are received incomplete and the indicator encourages LAs to close down incomplete claims as soon as possible where customers fail to provide missing information within a recommended time. This is not necessarily helpful to vulnerable customers who may find it difficult to cope with the process for making a claim and the need to provide significant amounts of information and evidence. LBS' approach is to encourage vulnerable customers to provide missing information and evidence even where this is detrimental to the overall performance figures;
- The changes in circumstances figure measures the average time taken to decide the outcome of a change. The figures provided are less reliable than the 'claims' figures because of inconsistencies in the way performance is calculated and in the types of changes that are counted in the performance figures and this results in wide variations in performance. Although the figures appear to show that LBS exceeds the Core City average for speed of dealing with changes, this is not reflected in performance related to official error overpayments (see paragraphs 9 – 11).

4.7 It should also be noted that Leeds is unique among the Core City authorities in providing a comprehensive benefits service that covers housing benefit, council tax benefit, education benefits and financial assessments under the Council's Fairer Charging scheme. This approach helps to simplify the claims process for customers and supports efficiencies of administration.

4.8 **07/08 Performance outcomes -overpayments**

Housing Benefit overpayments fall into two main categories: customer error and official error. Official Error overpayments cover overpayments caused by mistakes made in the assessment of a benefit claim as well as delays in dealing with changes in circumstances. All other overpayments are classed as Customer Error overpayments and cover overpayments caused by failure or delays in reporting changes as well as overpayments caused by benefit fraud.

4.9 In 2007/08, £4.28M of overpayments were identified of which £3.78M fell into the Customer Error category and £0.50M fell into the Official Error category. In total the

value of HB overpayments represents 2.48% of total benefit expenditure, with Official Error overpayments amounting to 0.29% of total benefit expenditure.

- 4.10 A 'delay' for official error purposes is any reported change that is not actioned before the next benefit payment is issued. This includes changes reported immediately before payments are run. The Department for Work and Pensions recognises that a degree of official error caused by 'delays' is unavoidable and has set a threshold below which Local Authorities will receive 100% subsidy for official error overpayments rather than the normal 0% subsidy. The threshold is 0.48% of benefit expenditure and LBS manages performance in order to reduce official error overpayments and secure maximum subsidy.
- 4.11 Tables 3 - 5 show comparative performance over the last 3 years in relation to recovery of overpayments.

Table 3: BVPI79bi: overpayments recovered as a % of overpayments raised in the year

Year	05/06	06/07	07/08	Core rank	City
Leeds performance	76.40	72.68	77.81	1	
Birmingham	69.00	61.00	60.00	6	
Bristol	51.21	74.28	53.70	7	
Liverpool	50.43	67.81	N/a	-	
Manchester	50.27	57.68	75.98	2	
Newcastle	39.91	59.82	72.72	3	
Nottingham	73.22	67.23	70.72	4	
Sheffield	N/A	59.91	70.09	5	

Table 4: BVPI79bii: overpayments recovered in year as a % of overpayments raised in year plus outstanding overpayments raised since April 2000.

Year	05/06	06/07	07/08	Core rank	City
Leeds performance	32.60	33.20	31.82	2	
Birmingham	42.00	32.00	37.00	1	
Bristol	32.75	19.13	23.30	6	
Liverpool	29.05	26.40	N/a	-	
Manchester	17.30	30.58	27.46	4	
Newcastle	24.75	26.56	28.93	3	
Nottingham	22.75	25.47	24.10	5	
Sheffield	N/A	38.11	12.29	7	

Table 5: BVPI79biii: overpayments written off in-year as a percentage of overpayments raised

Year	05/06	06/07	07/08	Core rank	City
Leeds performance	7.70	7.17	7.8	5	
Birmingham	7.63	2.42	N/a	-	
Bristol	29.80	7.58	4.3	3	
Liverpool	3.12	5.91	N/a	-	

Manchester	5.17	10.27	5.79	4
Newcastle	1.13	9.94	2.33	1
Nottingham	11.49	5.03	8.47	6
Sheffield	4.24	7.72	2.5	2

4.12 Housing Benefit overpayments remain a difficult and controversial area and the range of performance measures reflects the complexity of judging performance. Performance is influenced by a number of factors including the value of overpayments raised in the year which, in turn, is influenced by the volume of activity to identify unreported changes (see Security BVPIs and Performance Measures – paragraphs 17 - 22). Generally, local authorities are encouraged to identify more changes which can lead to more overpayments.

4.13 Other factors that influence recovery are:

- the timing of the raising of the overpayment: overpayments are raised throughout the year and overpayments raised later in the year are less likely to be recovered in the same year;
- for private sector tenants, whether recovery is from the landlord or the tenant: as a result of the Local Housing Allowance scheme (see paras 24 - 25) fewer payments are made direct to landlords and fewer overpayments are recoverable from landlords. The % of overpayments recoverable from landlords has reduced from 31.6% to 27.0% - it is generally considered more difficult to recover overpayments from tenants.

4.14 The use of weekly deduction from ongoing benefit entitlement as an option for recovering overpayments has operated for some time in relation to private sector tenants and was introduced for ALMO tenants in February 2006. Analysis of performance since then suggests that the introduction has had a positive impact on recovery from local authority sector tenants. A breakdown of BVPI79bii by tenure type shows that recovery levels from public sector tenants increased from 31.92% in 05/06 (prior to the introduction of recovery by weekly deduction from HB) to 33.31% in 07/08.

4.15 The main reasons for overpayment write offs are because the debtor has deceased (28%), we are unable to trace the debtor (16%) or because there is no value in pursuing the debt (9%) – figures are based on analysis of write-offs for 2005/6.

07/08 Performance outcomes -security

4.16 Performance measures for the security of the benefit system centre on measuring activity in identifying fraud and error. From 2007/08 the Best Value indicators concentrate solely on activity around counter fraud work and are supported by a separate Performance Measure, introduced by the DWP as part of the Comprehensive Performance Assessment framework, which sets out to measure local authority activity to identify 'error' in the benefits system. Tables 6 and 7 provide information in relation to counter-fraud measures while table 8 deals with performance measure outcomes in relation to 'error'.

Table 6: Comparative performance against BVPIs

Authority	BVPI76a			BVPI76b			BVPI76c			BVPI76d		
	05/6	06/7	07/8	05/6	06/7	07/8	05/6	06/7	07/8	05/6	06/7	07/8
Leeds	302	171	n/a	0.24	0.25	0.23	24	31	24	3.83	4.26	4.67
Birmingham	292	193	n/a	0.17	0.18	0.25	35	36	N/a	2.25	2.99	N/a
Bristol	270	222	n/a	0.17	0.16	0.15	20	22	16	2.68	3.26	3.81
Liverpool	179	189	n/a	0.21	0.18	0.20	18	17	17	1.63	3.13	4.50
Manchester	178	196	n/a	0.15	0.20	0.18	16	23	15	0.97	3.98	5.79
Newcastle	240	222	n/a	0.32	0.30	0.29	54	50	42	3.70	4.02	4.42
Nottingham	391	411	n/a	0.16	0.17	0.16	20	30	26	2.81	3.25	4.51
Sheffield	507	536	n/a	0.18	0.16	0.18	17	10	11	1.52	1.34	N/a
Core City Avge	295	268	n/a	0.20	0.20	0.21	26	27	22	2.42	3.28	4.62

- BVPI76a measures the number of security related visits conducted per 1000 cases. This covers visits made to check ongoing benefit entitlement (interventions) as well as visits made as a result of a referral relating to potential fraud. The measure has changed every year since it was introduced:
 - in 2005/06, local authorities were required to carry out interventions on the equivalent of 50% of the caseload with 20% of the interventions to consist of home visits;
 - in 2006/7 the requirement to carry out a specified volume of home visits was relaxed allowing for alternative ways to carry out interventions; and
 - in 2007/8 the measure was dropped completely.
- *BVPI76ii: the number of fraud investigators per 1000 caseload.* This indicator measures the number of staff whose main task is to investigate benefit fraud and excludes management, admin and other support staff dedicated to counter-fraud activity. The indicator has not survived into 2008/09 as a National Indicator.
- *BVPI76iii: the number of investigations undertaken per 1000 caseload.* This indicator looks at the number of cases where an investigation has been undertaken. The indicator is of limited use as there is wide variation between local authorities on what constitutes an investigation. The indicator has not survived into 2008/09 as a National Indicator.
- *BVPI76iv: the number of sanctions per 1000 cases.* This measures the number of investigations that result in a prosecution, administrative penalty or caution being applied. The indicator has not survived into 2008/09 as a National Indicator. Table 7 shows the increase in the number of sanctions being applied each year in Leeds.

Table 7: comparative breakdown of sanctions

Sanction	2005/06	2006/07	2007/08
Formal Caution	112	136	159
Administrative Penalty	71	94	92
Prosecutions	81	70	77
Total sanctions	264	300	328

- 4.17 All investigators are accredited under the Professionalism in Security (PinS) standard. The PinS standard provides in-depth training to support fraud investigations covering fraud investigation techniques, interviewing techniques and legal requirements contained in Police and Criminal Evidence Act, Crown Prosecution Investigators Act and Regulation of Investigation Procedures Act. The PinS accreditation is provided by the Department for Work and Pensions and there is also a PinS for Managers accreditation to which all Investigation Unit managers are accredited. Appendix 4 gives details of the PinS training undertaken by all Leeds Investigators.
- 4.18 In October 2007, Executive Board approved the formation of a Single Managed Fraud Team covering both Leeds City Council benefit fraud investigators and Jobcentre Plus benefit fraud investigators. The main benefits arising from a Single Managed Fraud Team would be
- Shared strategy and goals;
 - ‘Whole case’ approach to benefit fraud
 - Removal of duplication and identification of efficiencies
 - Improved access to data and information
 - Improved use of fraud intelligence
 - Improved capacity to investigate benefit fraud
 - Development of best practice
 - Single point for all allegations of benefit fraud
 - Improved public confidence arising from perceptions of a seamless single fraud service dealing with all benefits
- 4.19 The initiative went live in April 2008 and now operates from three sites with a number of Leeds City Council staff co-located with Jobcentre Plus staff in Jobcentre Plus offices in Pudsey.
- 4.20 As a measure of the effectiveness of local authorities’ activities to identify ‘error’, the DWP measures the number of downward changes an authority identifies either by encouraging customers to report changes or undertaking intervention activity. This is known as Performance Measure 10 (PM10) and contributes to the Services’ CPA score. DWP sets individual targets for the number of downward changes each local authority is expected to identify based on an analysis of the authority’s caseload. PM10 then measures the actual number of downward changes identified as a % of the target set. To help authorities target their intervention work, the DWP also uses data analysis to provide risk profiling of cases that are more or less likely to have had a change in circumstances.
- 4.21 The measure was new for 2007/08 and ultimately fell victim to the data transfer suspensions introduced in November 2007 following the loss of Child Benefit data by HMRC. As a result it was agreed that only the first 6 months performance would be scored for CPA purposes. Table 8 shows Leeds comparative performance in identifying downward changes as a % of expected changes for the relevant 6 months for CPA purposes.

Table 8: identified downward changes as a % of DWP-set target

LA	07/08	Rank
Leeds	100.9	1
Birmingham	83.41	7

Bristol	86.8	4
Liverpool	84.27	6
Manchester	86.74	5
Newcastle	Not Provided	-
Nottingham	96.2	2
Sheffield	94.00	3

Comprehensive Performance Assessment

4.22 The Benefits Service contributes to the Council's overall CPA score. Performance levels in 2007/08 were such that it is confidently expected that the service will secure a 4/4 rating in the next assessment to be reported in December 2008. The assessment covers the main areas of claims administration and security as well as including an element that looks at performance in relation to appeals and reconsiderations. Table 9 below shows the elements included in the assessment and the expected outcomes against each element

4.23 Table 9: Benefits' CPA scoring assessment

Measure	Weighting	Result	Grade	Contribution
CLAIMS ADMINISTRATION				
Average Time Taken To Make A Decision On New Claim	15%	27	4/4	60
% New Claims Outstanding Over 50 Days	7%	2.00%	4/4	28
% New Claims decided within 14 days of getting all info.	5%	85%	3/4	15
% Private cases paid on time/within 14 days of information	5%	83%	3/4	15
Average time to make full decision on Change Of Circumstances	12%	17.23	3/4	36
% Claims for which calculation of entitlement was accurate	6%	99%	3/4	18
SECURITY				
Number of reductions in benefit entitlement	15%	21830	4/4	60
% of data-matches resolved in two months	12%	100%	4/4	48
Number of successful sanctions/thousand caseload	8%	4.67	4/4	32
USER FOCUS				
% applications for reconsideration dealt with within 4 wks	4%	98%	4/4	16
% Appeals Submitted To Appeals Service Within 4 wks	7%	80%	4/4	28
% Appeals Submitted To Appeals Service in 3 Months	4%	98%	4/4	16
Totals for CPA purposes	100%		4/4	372
Overall CPA score			3.72	

SECTION B – OTHER KEY ACHIEVEMENTS

LOCAL HOUSING ALLOWANCE

- 4.24 LBS has been a Pathfinder for the Local Housing Scheme since 2004. The scheme applies only in the private rented sector and sees benefit levels linked to standard rent levels for relevant property sizes with benefit normally being paid directly to the tenant. Around 75% of LHA payments are now made directly to tenants compared with less than 34% of payments being made directly to tenants before the introduction of LHA in 2004.
- 4.25 With effect from April 2008 a revised Local Housing Allowance scheme was rolled out nationally. The revised scheme differs from the original scheme in the following areas:
- 4.26 The method used by The Rent Service to calculate Local Housing Allowance levels altered. Overall this resulted in an increase in LHA levels for most property sizes with any tenants affected by a decrease protected by a transitional scheme until April 2009;
- 4.27 A cap was introduced on the 'excess' that a tenant can receive. Because benefit is based on a standard LHA rate for the property size required by the customer, customers who rent accommodation with lower rents keep the difference. This difference is known as the 'excess'. From April 2008, these 'excesses' are capped at £15 pw – again there is transitional protection until April 2009 for those customers in Pathfinder LAs already getting more than a £15 pw excess.

JOINT TEAM INITIATIVE

- 4.28 LBS operates a Joint Team initiative with the Pension Service aimed at simplifying the claims process for pensioners and improving take-up of benefits. The team secured £9.76M¹ of additional benefit take-up in 2007/8 through a series of take-up activities underpinned by a take-up strategy based on:
- Raising awareness of benefits;
 - Improving access through partnership working;
 - Improving access to benefits through service design i.e. changing the way services are delivered to make them routinely more inclusive and accessible.

¹ this is an extrapolated figure based on the annual value of the weekly entitlement identified.

Table 10: breakdown of benefit take up

Benefit	Weekly Amount - £000	Annual Amount - £000	One-off payments - £000	Total - £000
Housing Benefit	23.26	1,209.93	96.35	1,306.28
Council Tax Benefit	8.78	456.54	28.14	484.68
Pension Credit	67.46	3,507.92	153.93	3,661.85
Attendance Allowance	39.03	2,029.98	7.07	2,037.05
Carers Allowance	1.56	81.40	0.58	81.98
Dis. Living Allowance	5.28	274.62	3.91	278.53
Income Support	4.21	219.12	0	219.12
Jobseekers Allowance	2.55	133.08	0	133.08
Other	11.10	577.40	986.15	1,563.55
Totals	163.23	8,489.99	1,276.13	9,766.12

STUDENT FINANCE

- 4.29 Responsibility for provision of a **Student Finance Service** was transferred to Benefits in 2005. The Student Finance Service is a discreet service with responsibility for assessing student loans and grants. Typically around 12,000 students will apply to the Service each year for help with their study and the aim is to deal with the applications within the timescales set by the Department for Innovation, Universities and Skills (DIUS). In 2007/8 the timescales were 6-weeks for paper applications and 4-weeks for on-line applications and these timescales were consistently met by the Service.
- 4.30 In 2006 it was announced that the responsibility for the provision of Student Finance services would transfer from local authorities to the Student Loans Company (SLC). Responsibility will transfer on a phased basis starting with 1st year students' applications for the 09/10 academic year and concluding by 11/12 as follows:
- 08/09: local authorities retain responsibility for providing a full student finance service;
 - 09/10: 1st year students entering higher education in 09/10 will apply to SLC; all other students will apply to their local education authority;
 - 10/11: 1st and 2nd year students will apply to SLC; 3rd year + students will apply to their local education authority;
 - 11/12: all students will apply to SLC.

Table 11 summary of phased arrangements for transfer to SLC for each Academic Year (AY)

	Responsible body			
	08/09 AY	09/10 AY	10/11 AY	11/12 AY
Year 1 students	LA	SLC	SLC	SLC
Year 2 students	LA	LA	SLC	SLC
Year 3+ students	LA	LA	LA	SLC

- 4.31 Leeds City Council is working closely DIUS to ensure that there is an effective transfer of functions although it is fair to say that the phasing arrangements present a challenge in managing both workload and workforce changes.

SECTION C – 2008/09

- 4.32 There are a number of changes to benefit rules in 2008 that impact on the administration of Housing and Council Tax Benefits. These include
- the introduction of the new Employment and Support Allowance scheme which replaces Incapacity Benefit for new claimants from 28th October 2008;
 - proposed changes to the backdating rules for Pension Credit, Housing Benefit and Council Tax Benefit which will see the period a claim can be backdated reduced from 12 months to 3 months. The proposals are due to come into effect from October 2008;
 - the Pension and Disability Carer Services are expanding their telephone-based claims service to include claims for Housing Benefit

and Council Tax Benefit from October 2008. Initially, the scheme will be limited to older people claiming both Pension Credit and Housing Benefit or Council Tax Benefit but in time it is expected that the scheme will be open to all older people claiming Housing Benefit or Council Tax Benefit.

- 4.33 During 2008, Leeds Benefits Service will continue to promote proposals for further integrating the administration of national and local benefits. Key elements of the proposals, which centre around local authorities being given greater responsibility for national benefits, would see local authorities being able to utilise a single claim form for multiple benefits, provide a single assessment service for all pensioner-related benefits and better use existing data to award Pension Credits automatically. The proposals are supported by the Local Government Association and it is expected that further discussions will follow.

Implications for Council Policy and Governance

- 5.0 There are no implications for Council Policy and Governance arising directly from this report

Legal and Resource Implications

- 6.0 There are no implications for Council Policy and Governance arising directly from this report

Conclusions

- 7.0 LBS continues to improve its overall performance and remains committed to providing a service that is both accessible and secure. Recently developed partnerships with The Pension and Disability Carers Service and Jobcentre Plus demonstrate the commitment to design services around the needs of the customer rather than being driven by the needs of the service providers.
- 8.0 There is still more to be done, however, around improving access and further attempts will be made in 2008 to promote local authorities as key partners in delivering streamlined benefit services encompassing both national and local benefit.

Recommendations

- 9.0 The report is for information only.

Background Papers

- 10.0 HB/CTB Circular A16/2008 (Backdating rules)
HB/CTB A11/2008 (Employment Support Allowance)