

This note provides an overview of key facts and figures in respect of major welfare reforms and local taxation. Various forms of help and advice are available to affected claimants and households.

## **1. Benefits**

### **1.1 The Under Occupation Penalty or ‘ Spare Room Subsidy’**

1.1.1 Restrictions on housing benefit for claimants in social sector tenancies took effect from April 2013. These affect working age customers living in accommodation that is deemed to be too large for their needs. The following size criteria reductions in Housing Benefit apply:

- 14% where there is one bedroom more than required
- 25% where there are two or more bedrooms more than required.

1.1.2 Latest information indicates 552 affected customers in Lancaster (reduced from 574 in March 2014), creating a total reduction in benefit (and therefore additional rent collectable by Registered Social Landlords) of £7.4K per week (£385K annually). The breakdown is 387 Council tenants with a shortfall of £5.1K per week, and 165 RSL tenants with a shortfall of £2.3K per week.

1.1.3 A loophole that existed (in connection with claimants that had not moved home since January 1996, and had been on benefit since then) was closed with effect from April 2014. In this district there were 54 cases affected by this loophole.

### **1.2 The Benefit Cap**

1.2.1 In March 2012 the Welfare Reform Bill introduced a Benefit Cap for working age households. The Department for Work and Pensions (DWP) has defined a household to include the claimant and partner and any dependants. The Benefit Cap has been set at:

- £500 per week for couples (with or without children) and lone parents.
- £350 per week for single adults.

1.2.2 There are currently 33 cases in Lancaster (this has slightly increased from the 30 cases reported in March 2014).

### **1.3 Discretionary Housing Payments / Exceptional Hardship**

1.3.1 Discretionary Housing Payments (DHP) are administered by the Council and are paid to customers who are in receipt of or entitled to Housing Benefit where there is a shortfall between the level of Housing Benefit and the amount of rent charged.

1.3.2 For 2014/15 Lancaster City Council will receive £200K and for the first quarter received 202 applications. Out of these 153 have been granted, 38 refused and 11 are pending. Spend to date amounts to £63,017.04, in line with target.

1.3.3 Authorities across Lancashire are reporting a significant increase in Discretionary Housing Payment applications. It is anticipated that pressure upon the scheme will increase as rent pursuance action increases and the effects of welfare reforms are felt.

1.3.4 Additionally, the Council has set up an Exceptional Hardship Fund of approximately £30k for Council Tax Support cases. In the first quarter no applications have been received, but this is as expected, given that the Council has broadly maintained entitlements under its Localised Council Tax Support (LCTS) scheme.

#### **1.4 Housing Benefits Processing**

1.4.1 The Housing Benefit section is currently receiving an average of 95 new claims per week. The caseload as at July is 13,535, this being broadly the same as March 2014 when it was 13,529. Prior to this the caseload stood at 13,896 in October 2013.

1.4.2 Current processing times for new claims in Quarter 1 of 2014/15 are 27.9 days for new claims and 11.7 days for changes in circumstances. The current local target is 23 days for new claims and 10 days for changes in circumstances.

1.4.3 Linked in part to welfare reforms, increased activity is reported at the Enquiry Counters and in calls, with a steady increase in the time being taken to serve customers, due to the change in customer make-up and the amount of detail being required. An increase in the number of DHP applications has been experienced, with enquiries covering entitlement, refusals and extensions.

1.4.4 In order to free up specialist processing resources, benefit calls will be transferred to the Customer Service Centre in the near future; training is currently underway.

1.4.5 Changes to the Housing Benefit rules and other the introduction of the Council Tax support Scheme have had a negative impact on some processing times at the start of the financial year. However, as staff become more experienced in dealing with the changes, we are confident that all targets will be reached.

#### **1.5 Universal Credit and the Local Support Services Framework (LSSF)**

1.5.1 DWP are currently 'going live' with Universal Credit (UC) across the North West on a phased basis, for new, straightforward cases (firstly single people, no dependants). Pilot sites will start taking claims from couples from summer 2014 and families from autumn 2014.

1.5.2 In this district, UC is expected to go live for new, simpler claims towards the end of the calendar year, but the exact date has not yet been confirmed. Existing claimants would be unaffected then – they would not transfer onto UC until much later. Authorities are awaiting more information from Government.

1.5.3 Under a Local Support Service Framework (LSSF), Councils can choose to take on a role in face to face contact, ensuring that support is available to customers to claim online and in managing monthly payments. This would extend to those customers with more complex needs. The LSSF provides Authorities with a central role in establishing, leading and commissioning partnerships to deliver such support for claimants. Meetings are taking place with officers from the Job Centre Plus offices in preparation for these arrangements; a report to Cabinet is provisionally scheduled for November.

## **2. Council Tax Collection**

### **2.1 Collection Targets**

2.1.1 For 2014/15 the proposed in-year collection target has been reduced by 0.2% to 96.8%, to reflect the ongoing pressures from welfare reforms and the availability of 12 monthly instalments, giving less time at the end of the year for pursuing non-payment. If achieved, this would match 2013/14 performance.

### **2.2 Reminders & Summons**

2.2.1 To the end of June 2014 the Council Tax team had issued 6,859 first reminders to late payers and 2,470 summonses for non-payment. This compares to 7,743 reminders and 2,098 summonses issued in the same period last year.

2.2.2 Comparison of the in year collection rate of 29.6% at the end of June shows a 0.1% reduction compared with last year's figure of 29.7%. Such small differences at this stage in the year are not considered significant and are liable to change over the following months. Further analysis of the overall collectable debt shows there was a substantial increase in liabilities raised in 2013/14 and this is likely to continue for 2014/15 due to the imposition of additional charges and premiums in respect of empty dwellings, and new properties coming on line. In addition, a breakdown of collection rates in respect of different "categories" of accounts shows a marked difference in collection for those taxpayers who are working age and in receipt of Council Tax Support (17.8% at the end of June, compared with the overall collection figure of 29.6%).

### **2.3 Discount & Exemptions**

2.3.1 According to Council Tax records there are currently 1,997 empty residential properties across Lancaster (ignoring exempt properties) and 883 of these are long term empty for more than 6 months.

2.3.2 The introduction of empty property premiums and other exemption changes have had a positive influence on the number of long term empty dwellings (for Council Tax purposes) in the area, with a reduction of approximately 150 such properties in 2013/14. However, this dramatic reduction cannot continue indefinitely and is bound to slow over time. End of year collection rates in relation to empty properties show the Council collecting 90.2% of the outstanding charges on long term empty properties in 2013/14, and 84.0% of empty premiums for the same period.

Adrian Robinson  
AD (Head of Revenues & Benefits)  
31.07.2014