

**Manchester City Council  
Report for Information**

**Report to:** Resources and Governance Scrutiny Committee –  
6 September 2018

**Subject:** Revenue and Benefits Unit Annual Report 2017/18

**Report of:** The City Treasurer

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**Summary**

This report provides performance data for the 2017/18 financial year for the Council Tax, Benefits and Business Rates Service areas.

This report also provides an update on key areas of work and the welfare reform changes.

**Recommendations**

Committee is requested to note the contents of the report.

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**Wards Affected:** All

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Council Tax Support Scheme  
Discretionary Housing Payments Policy  
[https://www.manchester.gov.uk/downloads/download/4494/discretionary\\_housing\\_payments\\_-\\_2013\\_council\\_policy](https://www.manchester.gov.uk/downloads/download/4494/discretionary_housing_payments_-_2013_council_policy)

Welfare Provision Scheme Policy

[https://www.manchester.gov.uk/downloads/download/5237/welfare\\_provision\\_scheme\\_policy](https://www.manchester.gov.uk/downloads/download/5237/welfare_provision_scheme_policy)

NNDR Areas of Local Discretion Policy

[https://secure.manchester.gov.uk/downloads/download/5369/national\\_non-domestic\\_rates\\_policy\\_document\\_2014\\_-\\_areas\\_of\\_local\\_discretion](https://secure.manchester.gov.uk/downloads/download/5369/national_non-domestic_rates_policy_document_2014_-_areas_of_local_discretion)

## **1. Introduction**

The report provides members with the following information.

- i. Annual performance results for the Revenues and Benefits Unit and covers the following areas:
  - Council Tax collection;
  - Benefits administration; and
  - Business Rates collection.
- ii. Performance data in respect of areas of discretionary support including:
  - Discretionary Housing Payments (DHP);
  - Discretionary Council Tax Payment Scheme (DCTPS); and
  - Welfare Provision Scheme, including food poverty grants.
- iii. Summary data on welfare benefit changes including the progress to transfer claims to Universal Credit and those areas of welfare reform administered by the Council, including:
  - Spare room subsidy (bedroom tax); and
  - Household benefit cap
- iv. Key issues affecting the Unit and service areas and details the headline performance targets and objectives for the year ahead.

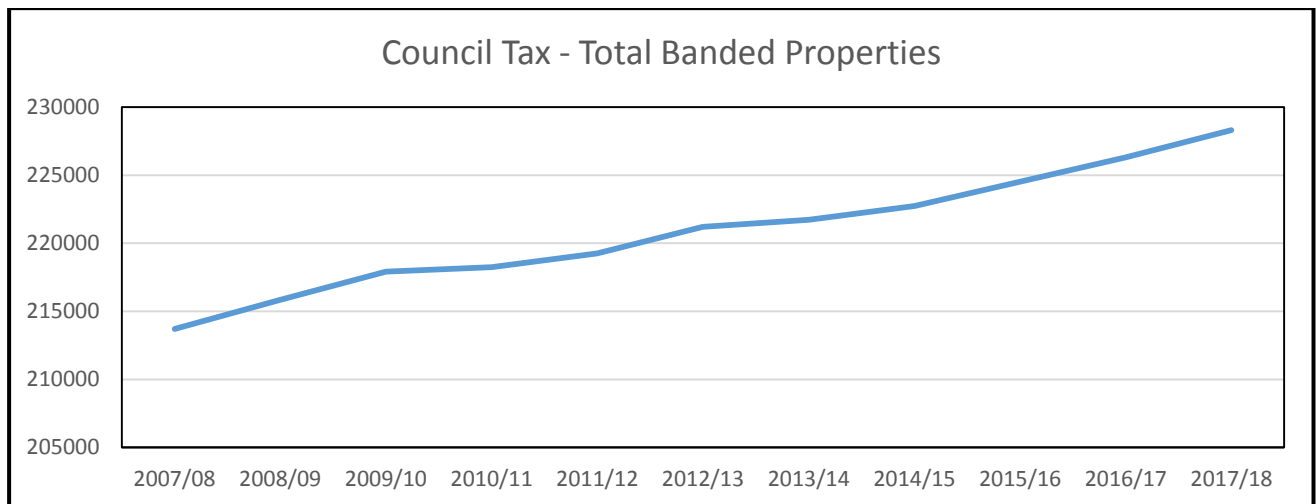
The report also provides ward deprivation statistics as appendix one that provide context and background to the ward based information within the report. It should be noted that because this data was produced at the end of March 2018, the ward based data is based on the historic ward splits rather than the revised wards as updated in May 2018. Future reports will split information based on the new ward data.

## **2. Performance in the collection of Council Tax**

### **2.1 Background**

Council Tax is essentially a property tax which is levied on the broad capital value of domestic properties. The Valuation Office split all domestic properties into eight bands from A to H, with an amount charged linked to each band. Calculation of the amount payable follows a weighted calculation set by central government. Properties in Band A pay two thirds of the tax levied on Band D properties; those in Band H pay twice the tax levied on Band D.

The number of properties within the city has been increasing annually and has increased from 199,000 in 2000, to 228,298 at the end of March 2018, an increase of 14.7% in this period. This had risen further to 228,700 by the beginning of August 2018.



58% of the properties in the city are in band A, with 89.4% being in bands A-C (inclusive) and less than 0.4% (944 properties) are in the top two bands of G and H. A full breakdown of properties split into bands and across wards based on March 2018 data is shown as appendix two.

For the 2017/18 financial year, the total banded properties in the city had an associated Council Tax debit of £214.8m. The amount due to be collected was then reduced by the award of £38.8m in Council Tax Support to eligible accounts leaving an amount of £176m to be collected. This is an increase in the amount due to be collected for last year of around £12.5m.

## **2.2 Council Tax Support**

Council Tax Support (CTS) is a local means tested support scheme funded by the Council that provides financial support to working age residents towards their Council Tax liability. The Council's scheme provided means tested support towards 82.5% of the Council Tax that is due.

Government has determined that pensioners must still be assessed for means tested support towards their Council Tax based on 100% of the Council Tax that is due, resulting in a more generous scheme for residents of pension age. Of the £38.8m paid in Council Tax Support during 2017/18, £14.5m (37%) was paid to pensioners and £24.3m (63%) was paid to working age households.

Based on a March 2018 snapshot, 55,185 claimants were receiving some Council Tax Support towards their bill, of which 37,222 (67%) were working age and 17,979 (33%) were classed as pensioner households.

Of the working age households, 29,823 (80%) were receiving the maximum amount of Council Tax Support of 82.5%, leaving them with 17.5% to pay. 7,399 (20%) received partial benefit. Of the pensioner households in receipt of CTS, 13,256 (74%) were receiving maximum benefits of 100% of the Council Tax bill and 4,723 (26%) received partial benefit.

A full breakdown of working age and pensioner households in receipt of Council Tax Support split by ward is included at appendix three.

Residents' benefits will be changing all the time as their circumstances change, this includes coming on and off benefits. Examples of other changes include address changes, family composition and income details and work status. The levels of transience within the caseload and the number of people going on and off benefits, along with the high levels of deprivation in the city make the administration of Council Tax Support and the collection of Council Tax challenging and complex.

### 2.3 2017/18 targets

At the beginning of the year the Council Tax collection targets were to:

- Collect 93% (+0.3% on last year's outturn) of the 2017/18 Council Tax within the financial year;
- In cash terms this equates to £163.7m to be collected in the year (excluding arrears);
- Collect £6.5 million of Council Tax arrears from previous years.

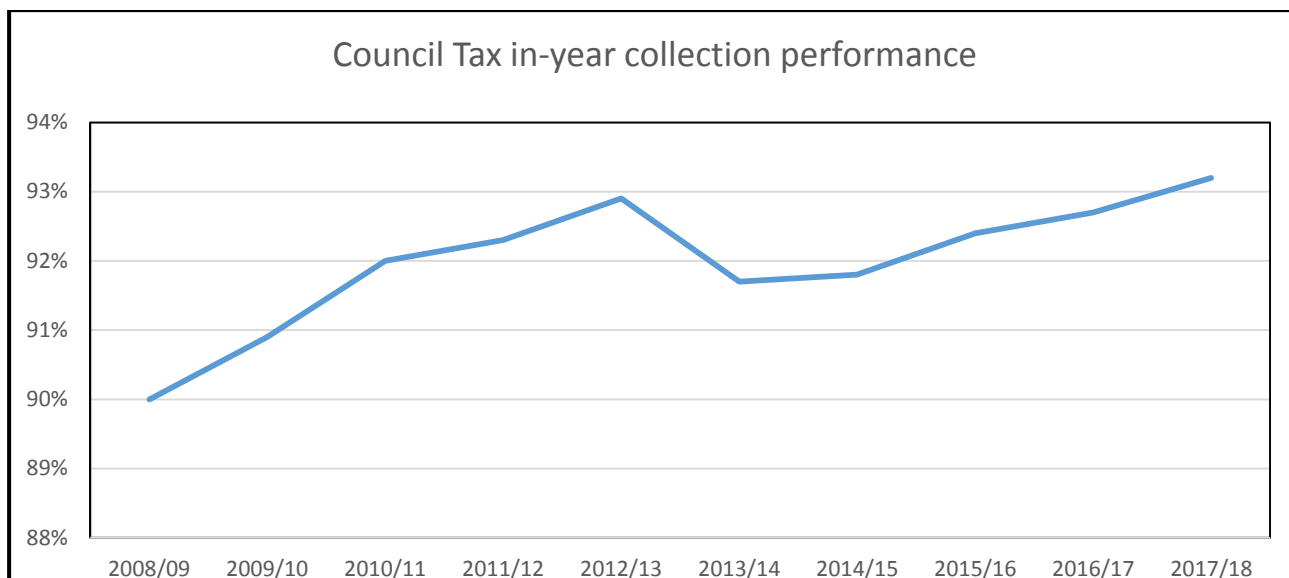
### 2.4 2017/18 performance results

The Council Tax collection figures for 2017/18 have now been submitted to central government and the national results have been published. The collection rate measures the percentage of Council Tax (after the award of CTS) that was raised and collected in the same financial year (between 1 April and 31 March). The performance indicator does not recognise how generous a council's CTS scheme is or any money paid after the end of the financial year.

The end of year performance figures show that £164m was collected. This represents 93.2% of the amount due for the year had been collected within the same financial year.

93.2% is the highest in-year collection rate ever achieved by the Council and demonstrates solid performance improvements in collection whilst maintaining a proportionate and reasonable approach to debt recovery, cognisant of the limited recovery routes available and the low income and fixed budgets of many Manchester residents.

<b>Council Tax in year collection performance</b>									
<b>2008/ 09</b>	<b>2009/ 10</b>	<b>2010/ 11</b>	<b>2011/ 12</b>	<b>2012/ 13</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>	<b>2016/ 17</b>	<b>2017/ 18</b>
90%	90.9%	92%	92.3%	92.9%	91.7%	91.8%	92.4%	92.7%	93.2%
+0.9%	+0.9%	+1.1%	+0.3	+0.6%	-1.2%	+0.1%	+0.6%	+0.3%	+0.5%



The following table below shows the gross collection rate when Council Tax Support is included in the calculation as an income stream against the amount due.

<b>Council Tax in year collection performance</b> (including Council Tax Support as part of the calculation)									
<b>2008/ 09</b>	<b>2009/ 10</b>	<b>2010/ 11</b>	<b>2011/ 12</b>	<b>2012/ 13</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>	<b>2016/ 17</b>	<b>2017/ 18</b>
91.8%	92.6%	93.4%	94.4%	94.7%	93.6%	93.5%	93.9%	94%	94.3%
+1.1%	+0.8%	+0.8%	+1%	+0.3%	-1.1%	-0.1%	+0.4%	+0.1%	+0.3%

## 2.5 Arrears Collection

Council Tax collection does not stop at the end of the financial year but continues for as long as it is cost effective. In the long term, collection is expected to be around 97%. However, this takes several years to achieve and has to be considered in the context of, where possible maximising current year's collection, and considering what is affordable cognisant of a household's financial circumstances.

Each financial year the Council collects several million pounds in Council Tax arrears from previous years. During 2017/18, the amount collected in arrears was £6.8m against an internal target of £6.5m.

The Council Tax Service continues to increase the amount of Council Tax arrears it collects despite the increasing in year collection rate (meaning there are lower levels of arrears to chase) and a reduction in the number of summons issued and cases passed to enforcement agents. This is as a result of a proactive and pragmatic approach to Council Tax recovery which concentrates on resolving any issues with someone's liability and then agreeing a sustainable relationship, especially when collecting money owed from those households that are in receipt of benefits.

Details of arrears collection over several years are as follows:

<b>Amount of Council Tax arrears collected by year</b>									
<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
£4.7m	£5.3m	£5.5m	£4.4m	£5m	£4.2m	£5.9m	£6.7m	£6.2m	£6.8m

## **2.6 Recovery activity**

If Council Tax is not paid, the Council follows a formal recovery process that includes recovery notices and magistrates' court summons and orders. Ultimately, a resident can be made bankrupt or committed to prison.

### **2.6.1 Recovery action**

The table below shows how many summons have been issued and how many accounts were referred to external enforcement agents (previously called bailiffs) for collection.

<b>Council Tax recovery activity- summons</b>									
<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
60,000	61,000	54,000	53,000	50,000	84,800	85,800	63,300	59,000	57,800
<b>Council Tax recovery activity- enforcement activity</b>									
<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2018/18</b>
41,500	54,000	45,500	35,000	33,600	27,000	26,900	22,000	15,700	15,600

Although the Council has improved the current year collection level and has collected nearly 7m in arrears, the volumes in terms of accounts being passed to enforcement agents (bailiff recovery) has reduced slightly when compared with last year. Less than 7% of the 228,000 Council Tax accounts in the city are now passed to enforcement agents for collection.

The above table shows that there was a significant spike in recovery activity during 2013/14 and 2014/15 as a direct result of the changes to Council Tax Support when more than 36,000 residents on low income had to pay something towards their Council Tax for the first time as well as many others that had to pay more. Although the Council made further changes to CTS for the 2017/18 financial year increasing the amount people on low income had to pay, the level of summons and enforcement activity has again reduces slightly.

## **2.6.2 Enforcement agent activity**

Bailiffs are now called enforcement agents and their activity and fees are covered by legislation. This is the Tribunal and Courts Act 2007 implemented in 2014 and associated statutory instruments.

The standard rate of fees is as follows:

Compliance stage: £75.00

Enforcement stage: £235

Sale or disposal stage: £110

In the case of debts over £1,500 a fee of 7.5% may be charged at the enforcement stage and again at the sale stage.

Any fees are passed on to the charge payer and are added on to what is owed.

In recent years the Council has taken a more informed approach to the use of enforcement agents and will not send accounts that are not deemed suitable for collection to enforcement agents. For example, where possible, recovery from earnings or benefits are set up as the preferred recovery route, even if it could take some time to clear the debt. The Council has also worked with the Money Advice Trust and has developed and introduced an additional warning letter to encourage residents to get in touch.

In the majority of cases, an account is sent to the external enforcement agent when we have had no contact, positive engagement or payments from a debtor and we have no intelligence about them, including either their employer or benefit details. It is worth noting that for residents not in receipt of CTS, all that is usually held against an account is the ratepayer name. Although residents are required to provide income details when a liability order has been granted many do not and it is at this point recovery action can escalate.

Where a Council Tax debt is less than £150 when passed to an enforcement agent, the Council has determined that it should not progress to further enforcement activity and the additional costs are therefore limited to the £75 administration fee as covered by legislation. For this fee, the enforcement agency will attempt to contact the debtor several times by phone or letter and seek to secure an arrangement. However, they will not visit the property, levy on goods or add further costs. If unsuccessful the debt has to be returned to the Council where the Council will consider alternative recovery methods where appropriate, although in reality without further intelligence about the person's financial status, the only other option would be committal.

The Council's Enforcement Agent Code of Practice includes strict vulnerability criteria that enforcement agents are obliged to consider when they visit (see below). If these are met, then the enforcement agent will return the debt to the Council without adding costs.



### Excerpt from the Councils Enforcement Agent Code of Practice

*Before the enforcement agency adds the enforcement fee, they must, using their professional judgement, explicitly consider whether the debtor falls into the following vulnerability categories. Where the debtor:*

- 1. Appears to be severely mentally impaired or suffering severe mental confusion.*
- 2. Has young children and severe social deprivation is evident.*
- 3. Is disputing liability or claims to have paid, applied for a rebate, Council Tax Support (CTS), discount or any other relief not yet granted. Under these circumstances the enforcement agent should report this back to the Council.*
- 4. Is heavily pregnant and there are no other adults available in the household.*
- 5. Is in mourning due to recent bereavement (within one month).*
- 6. Is having difficulty communicating due to profound deafness, blindness or language difficulties. In these cases the Council would make arrangements for the appropriate support in terms of a signer or translation services etc.*
- 7. Has severe long term sickness or illness including being terminally ill.*

*This judgement must be based on telephone conversations, written responses, visits by company employees not acting as enforcement agents and visits by enforcement agents. A clear statement that the debtor's vulnerability has been considered must be recorded on the debtor's record before the enforcement fee is added. When an enforcement agent makes the first visit to the property and decides that the debtor is vulnerable, no enforcement fee should be added and the account should be returned to the Council.*

### Monitoring of performance and complaints

The Council's contract stipulates that all enforcement agents working on behalf of the Council must wear body worn camera and all calls are recorded.

All complaints are recorded on the Council's systems and are discussed as part of contract monitoring. During the 2017/18 financial year 118 complaints were made from residents about bailiff activity in the city. Of these 15 were about the behaviour of the bailiff.

In terms of the complaints about the enforcement agent's behaviour for each case a report was received by the Council, the body worn camera was reviewed and response sent in accordance with the Council's complaints procedure. Of the 15 complaints about behaviour, 2 were partially upheld and one was fully upheld.

There is an action for 2018/19 for the Council to contact the local CAB to explore how the use of enforcement agents could be further reduced, whilst maintaining collection and look to ensure that these agents work within the Council's expectations.

### **2.6.3 Attachment of earnings orders**

Once a summons has been issued and a Liability Order (LO) has been granted by the magistrates due to Council Tax arrears, as described above, one of the recovery

options is to apply to the debtor's employer for deductions to be made from their wages and paid over to the Council. The debtor and the employer are informed of the application at the same time.

Deductions are made based on the level of earnings with the percentage taken increasing as the wages increase. For example, an attachment against someone earning between £740 and £900 a month is made at a rate of 12% and would recover between £89 and £108 a month.

A council can make two attachments at any given time in respect of separate LOs and if there are more than two LOs further attachments can be 'pended' to start once one of the existing attachments have cleared. Employers are allowed to make a charge of £1 per payment to cover their costs.

Deduction rate	Weekly earnings	Monthly earnings
0%	<£75	<£300
3%	£75-£135	£300-£550
5%	£135-£185	£550-£740
7%	£185-£225	£740-£900
12%	£225-£355	£900-£1,420
17%	£355-£505	£1,420-£2,020

Where the salary is more than £505pw/£2,020pcm, the attachment rate is 17% for the first £505/£2,020 and then 50% of the remainder. A second attachment is calculated by removing the amount of the first attachment from the weekly/monthly earnings then applying the deduction rate appropriate to the reduced earnings.

The table below shows a snapshot of the number of live and 'pended' attachment of earning orders and the amount of money owed within those attachments.

2009/10	2010/11	2011/2	2012/3	2013/4	2014/5	2015/16	2016/17	2017/18
<b>No. of live attachments</b>								
1,484	1,943	1,934	2,459	2,786	3,187	3,563	2,685	2,443
<b>Debt covered by the attachments above</b>								
£0.58m	£0.8m	£0.79m	£0.93m	£1.02m	£1.29m	£1.366m	£1,034m	£1.00m
<b>Number of accounts pending</b>								
1,361	1,710	2,094	3,520	4,208	5,326	5,936	5,248	5,554
<b>Debt covered by the pending attachments</b>								
£0.59m	£0.78m	£0.97m	£1.57m	£1.8m	£2.26m	£2.45m	£2,135m	£2.3m

It is not possible to show the amount of money that has been paid over by employers as a separate income stream as this is not separately identified within the system.

Following annual increases in the number of active AEOs for the last four years, in 2017/18 the number of active AEOs has reduced. This is attributable to increased Direct Debit take-up resulting in increased in-year collection and more residents making payment arrangements that are adhered to.

One of the major barriers to recovery is a lack of engagement by some residents that means the level of information held by the Council is limited, thus preventing recovery action by attachment of earning orders. The Council has made representations to central government and has requested access to HMRC data for employer records and also for changes to the Universal Credit rules to allow an attachment of the Tax Credit element of Universal Credit where the claimant is in work and has Council Tax arrears. Although the government consulted on this proposal some time ago, this is not yet in place.

#### 2.6.4 Attachments to Benefits

Another recovery option for the Council, post Liability Order (LO), is to apply to the Department for Work and Pensions (DWP) for deductions to be made from certain benefits the debtor receives and have this money paid direct to the Council to pay off the money owed.

Deductions are at a standard rate (currently £3.70). A council can only make one attachment for Council Tax arrears at any given time even if there are debts for several different years. Further attachments can be 'pending' to start once the existing attachment to benefits has cleared.

The table below shows a snapshot of the number of live and 'pending' attachments to benefits and the increasing amount of money covered by those attachments. The cash collected as an attachment to benefits is then included as part of the total collection figure for either current year or arrears.

2009/10	2010/11	2011/2	2012/3	2013/4	2014/5	2015/16	2016/17	2017/18
<b>Number of accounts with a live attachment</b>								
5,220	5,251	5,690	6,088	12,169	12,228	10,975	10,687	10,825
<b>Debt covered by the above</b>								
£1.30m	£1.33m	£1.42m	£1.53m	£1.92m	£2.13m	£1.82m	£1.88m	£2.17m
Cash collected year on year by attachments to earnings								
n/a	n/a	£0.7m	£0.67m	£1.05m	£1.44m	£1.52m	£1.46m	£1.34m
<b>Number of accounts with an attachment pending</b>								
6,602	6,507	7,832	8,152	11,202	16,196	18,858	19,993	25,997
<b>Debt covered by the above</b>								
£1.92	£2.03m	£2.47m	£2.62m	£3.11m	£4.11m	£4.56m	£4.7m	£6.5m

The significant increase in the number of attachments and pending attachments between 2012/13 and 2014/15 stems from the requirement of working age residents

in receipt of CTS to make a payment for the first time. Although the number of 'live' attachments stabilised during 2015/16 and 2016/17, this is still almost double the number of attachments that were in place in 2012/13. In addition, there continues to be an increasing number of accounts that are held/pended waiting for an attachment to be in place. Although this is deferring the recovery of money owed to the Council, it is the correct approach as it prevents unnecessary action and escalating costs to the city's poorest households. There is some work ongoing looking at how best to deal with households with multiple attachments in terms of collection and the issues they face.

There are a number of households in the city in receipt of benefits who do not pay their Council Tax liability each year and as such new debt is stacked as previous years are cleared. This is a particular issue for households in receipt of maximum benefits that have to pay at least 17.5% of the Council Tax charge but also have an additional charge, for example non dependant deductions. If they do not pay what they owe and the Council is left to pursue the debt by a deduction from benefits, in some cases this will not even cover what would be the regular weekly amount due, with no money towards the arrears. Some residents therefore have an escalating debt position with arrears spanning several years.

There are several reasons why the Council may not be able to attach to benefits:

1. The debtor is already having other deductions made from their benefit due to other debts putting them below the threshold figure.
2. The liable person is not the benefit claimant.
3. The DWP says the customer is not claiming benefits.
4. The benefit that is being claimed is not suitable for deductions. For example, the Council cannot deduct from tax credits.

## 2.6.5 Council Tax collection and Universal Credit

Deductions from Universal Credit are subject to different rates and rules. The amount deducted and paid over is variable and is based on 5% of the basic allowance for Universal Credit. For example, this works out at £15.89 per month for a single person aged over 25. There are up to three deductions allowable for different debts and Council Tax is sixth in the priority list behind rent/service charges/mortgage/gas/electricity.

The table below gives the same detail as above in relation to these attachments. The amount collected is included in the overall amount paid over from the DWP as described in the table within paragraph 2.5.3.

	2015/16	2016/17	2017/18
<b>Number of AOUCs</b>	471	170	1,801
<b>Debt covered</b>	£137,000	£46,000	£705,800
<b>Pending AOUCs</b>	553	1,242	1,497
<b>Debt covered</b>	£147,000	£341,000	£545,900

There are significant delays between the Council requesting attachments of Universal Credit and payment being received, up to nine months in many cases.

## 2.6.6 Committal proceedings

Committal proceedings can only be considered after a debt has been returned uncollected by enforcement agents and where there has been a wilful refusal or culpable neglect by the debtor in not paying Council Tax.

When considering cases for committal officers would consider the following:

- The level of the debt – committal is normally only considered for debts over £1,000.
- Where the resident appears to be employed – benefit claimants are not normally considered for committal.
- Where insolvency is not an option – the resident may be a tenant or there may be no equity in the property.
- Where there is no evidence of vulnerability.

Since April 2015, 187 cases have been considered for committal proceedings of which 44 have been withdrawn because they have absconded or another, easier, recovery method has been identified during the process. The total amount that was owed by these residents was just over £1.3m and works out an average of around than £7,000 owed by each of them (some will owe a lot more than this, some less).

The table below shows the current position of the 187 cases:

Total level of debt involved	£1.3m
Cases withdrawn as committal not suitable	44
Arrangements made and being maintained	18
Debt paid in full	20
Total amount paid	£444,000
Arrest Warrants Issued	70
Number who received a suspended sentence	52
Number imprisoned	3

One person served a prison sentence of 40 days in 2017/18 due to non-payment of Council Tax.

An arrest warrant is issued once committal proceedings have been lodged at the Magistrates Court. Initially, someone will be arrested 'with bail', which means they are formally spoken to and ordered to attend court on a specific date. If they fail to attend they can be arrested 'without bail' which means they are taken to the Magistrates Court and held in the cells until their case can be heard, possibly overnight.

Many of those arrested will make an arrangement in court and any sentence will be suspended providing they maintain the arrangement.

## 2.7 Direct Debit activity

Direct Debit is the preferred method of payment for the service and there is a target to increase the number of accounts being paid by Direct Debit by 5% each year. We also have aspirational long term targets to get to a position whereby 60% of those residents who have something to pay, use Direct Debit and we collect 70% of money owed by this route.

The following table shows the number of live Direct Debits over recent years and the percentage of residents who have something to pay that pay by Direct Debit. During 2017/18 there were around 195,200 live Council Tax accounts with a balance to pay, 1,200 more than the year before. 104,500 of these were paid by Direct Debit (53.5%). In financial terms this equated to £104.2m and 63% of the overall amount owed.

Although there has been a year on year increase in the number of residents paying by Direct Debit, the number shown as a percentage of all those residents with a bill to pay is still lower than at the end of 2013/14. This is due to the introduction of CTS, when there was a significant increase in the number of residents that had a bill to pay.

2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Number of Council Tax accounts with an amount to pay</b>								
n/a	n/a	151,000	153,000	187,000	188,000	194,000	195,200	198,000
<b>Number of accounts paying by direct debit</b>								
70,800	73,900	77,900	82,900	89,600	93,500	100,200	104,500	108,300
<b>Percentage annual increase</b>								
2.6%	4.4%	5.4%	6.4%	8.1%	4.4%	7.2%	4.3%	2.2%
<b>Percentage of accounts being paid by direct debit</b>								
n/a	n/a	51.6%	54.2%	47.9%	49.7%	51.6%	53.5%	54.7%
<b>Amount collected by direct debit annually</b>								
£66.4m	£69.9m	£72.8m	£76.9m	£84.6m	£90m	95.4m	£104.2m	£113.2m

Direct Debit is advertised on all bills, letters and the website. In recent years, the most successful route for sign up to pay by Direct Debit is via the Council's website. In addition, there is also an annual exercise whereby letters explaining the benefits of Direct Debit, along with a mandate are sent to residents who paid their bill in full when they received a summons or went to the enforcement agent and had to pay additional costs.

## **2.8 Increasing revenue from the New Homes Bonus**

During 2017/18, a review of all properties that had been empty and unfurnished for over 6 months was carried out. This review identified around 225 properties that were actually occupied. By identifying that these properties had been brought back into use, in addition to increase Council Tax charges, the Council also qualifies for additional New Homes Bonus money from Central Government of around £1 million paid over four years.

## **3. Performance in Benefit administration**

### **3.1 Background**

In March 2018, the Council was paying out benefit to 63,207 households in the city. This includes Housing Benefit and Council Tax Support claims.

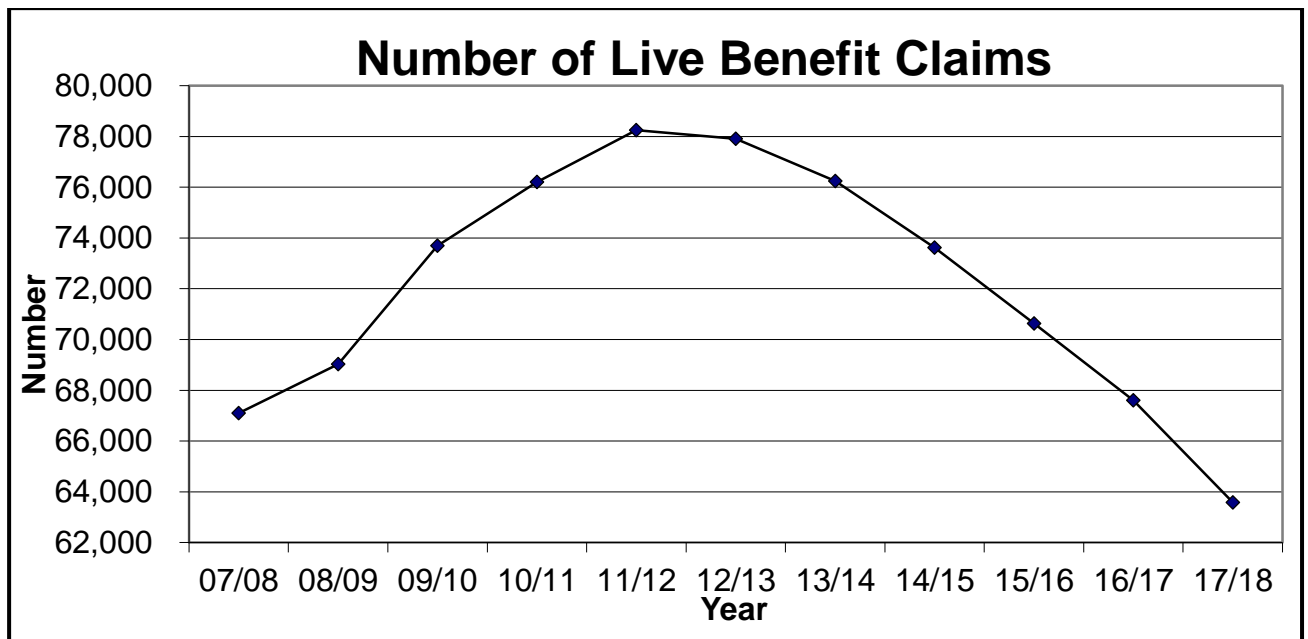
The caseload increased from around 67,000 in 2008 to its peak of 78,077 in summer 2012. It maintained a plateau through 2012/13 but has been falling very gradually since April 2013. It is now below the level it was before the financial crisis in 2008/09.

These changes reflect:

- people gaining employment and coming off benefits;
- a drop in CTS claims because all working age people now have to pay at least 17.5% of their Council Tax; and
- a moderate reduction in HB claims because of the rollout of Universal Credit (latest available DWP figures show 5,558 households claiming UC including the housing element in December 2017)

Although the overall caseload is reducing the work required to administer the caseload is increasing. The reasons for this include:

- an increase in demand for Discretionary Housing Payments as a result of under-occupation rules / the benefit cap / homelessness pressures;
- counter fraud activity;
- an increase in subsidy work;
- manual administration of Universal Credit cases resulting from the limitations of DWP systems; and
- additional DWP driven activity including the Verify Earnings and Pensions Service and a review of self-employed cases



### 3.2 Housing Benefit and Local Housing Allowance

Within the overall caseload figures, the March 2018 snapshot of the Housing Benefit caseload was 53,273. The private tenant caseload was 13,427 and the social tenant caseload was 39,846.

Our reports on the housing benefit caseload were designed to provide a simple split of figures between under 60 (to represent working age) and over 60 (pension age).

Changes to when people become entitled to their state pension mean that this split is now less accurate in reflecting the working age / pension age split. It is not possible at this time to amend the reports to offer a clearer split of working age / pension age figures.

The over 60 household:

- 3.1% are where either claimant and/or partner are working and claiming housing benefit
- 88.8% are claiming housing benefit and live in social landlord tenancies
- 11.2% are claiming support and live in private accommodation

The under 60 household:

- 28.9% are where either claimant and/or partner are working and claiming housing benefit
- 69.4% are claiming housing benefit and live in social landlord tenancies
- 30.6% are claiming support and live in private accommodation

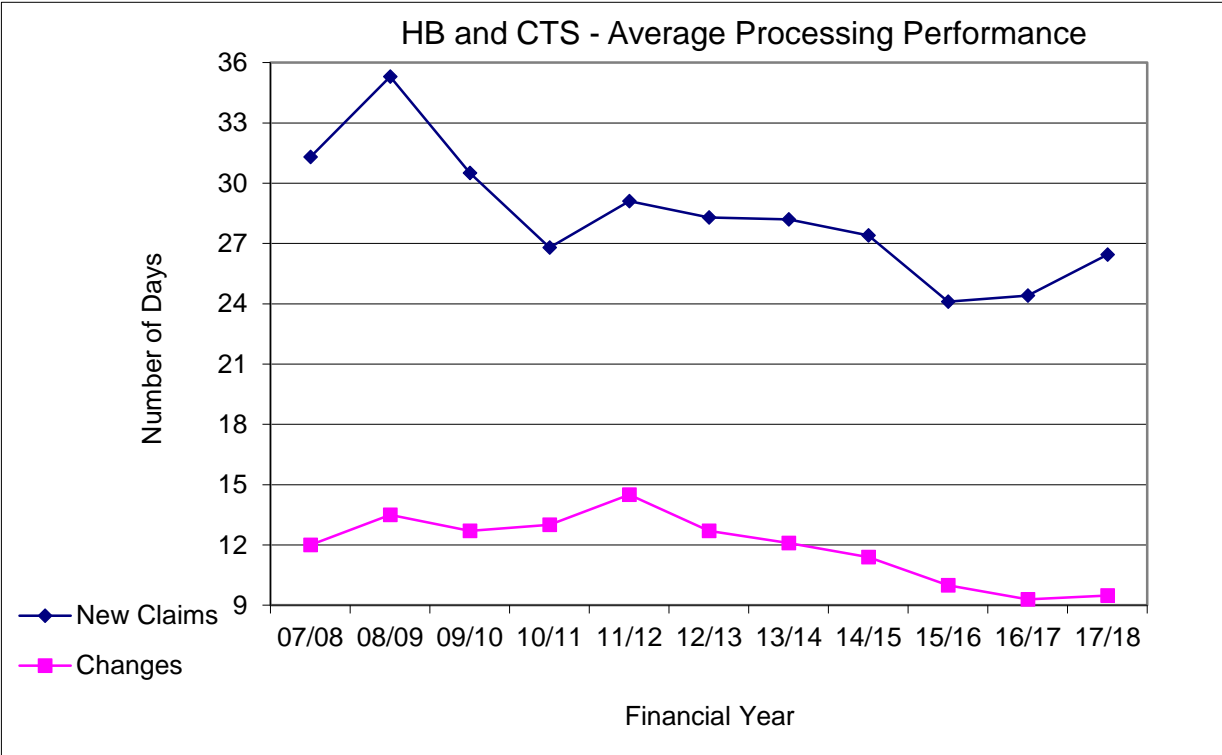
### 3.3 2017/18 Performance Results

The table below shows headline performance results for housing benefit administration.



The performance target for processing new claims and changes of circumstances counts the overall number of days taken to process a claim, including any claim pended time associated with claim follow up or requests for further evidence. There is also an additional measure that calculates the percentage of new claims that are processed within 14 days of the Council receiving all the information necessary to process the claim.

	<b>Processing New Claims</b>	<b>New claims in 14 days of getting all info</b>	<b>Changes of circumstances</b>
<b>Target</b>	<b>20 days or less</b>	<b>More than 92%</b>	<b>12 days or less</b>
<b>2017/18</b>	26.5 days	93.4%	10.2 days
<b>2016/17</b>	24.4 days	94.6%	9.4 days
<b>2015/16</b>	24.1 days	94.5%	10 days
<b>2014/15</b>	27.4 days	91%	11.4 days
<b>2013/14</b>	28.2 days	90.9%	12.1 days
<b>2012/13</b>	28.4 days	91%	12.7 days
<b>2011/12</b>	29 days	90%	14.5 days
<b>2010/11</b>	26.8 days	91%	12.95 days
<b>2009/10</b>	30.5 days	87.6%	12.7 days
<b>2008/09</b>	35 days	83.8%	13.5 days



Accuracy of claim processing is based on a sampled caseload that is measured for core accuracy expectations set by the DWP. The annual accuracy level for 2017/18 was 98%.

These figures show a good level of service for benefit claimants, landlords and partners especially when viewed in the context of ongoing welfare reform, increased fraud and error activity and an increasingly complex caseload.

## **4. Performance in the collection of Business Rates**

### **4.1 Background**

Business Rates are collected from approximately 26,500 business properties in the city (as at the end of March 2018).

For billing purposes, a business rates hereditament can be as small as an ATM, parking or advertising space up to the size of an airport or sports stadium. Each hereditament has a separate bill. The Valuation Office Agency work out the rateable value for a property and the Council calculates and collects the amount due by applying a multiplier that is set by central government and other calculations where appropriate.

The collection rate for Business Rates is calculated in the same way as the Council Tax measure. Accounting for Business Rates income is covered separately as part of the Council's budget and financial reporting process.

In April 2017, a government led revaluation exercise took place. This resulted in all businesses in the city were given an updated Rateable Value (RV) by the Valuation Office Agency (part of central government). Many types of business had significantly higher Business Rates as a result of this revaluation which prompted various initiatives by central government to mitigate those increases. These are outlined below.

### **4.2 2017/18 performance results**

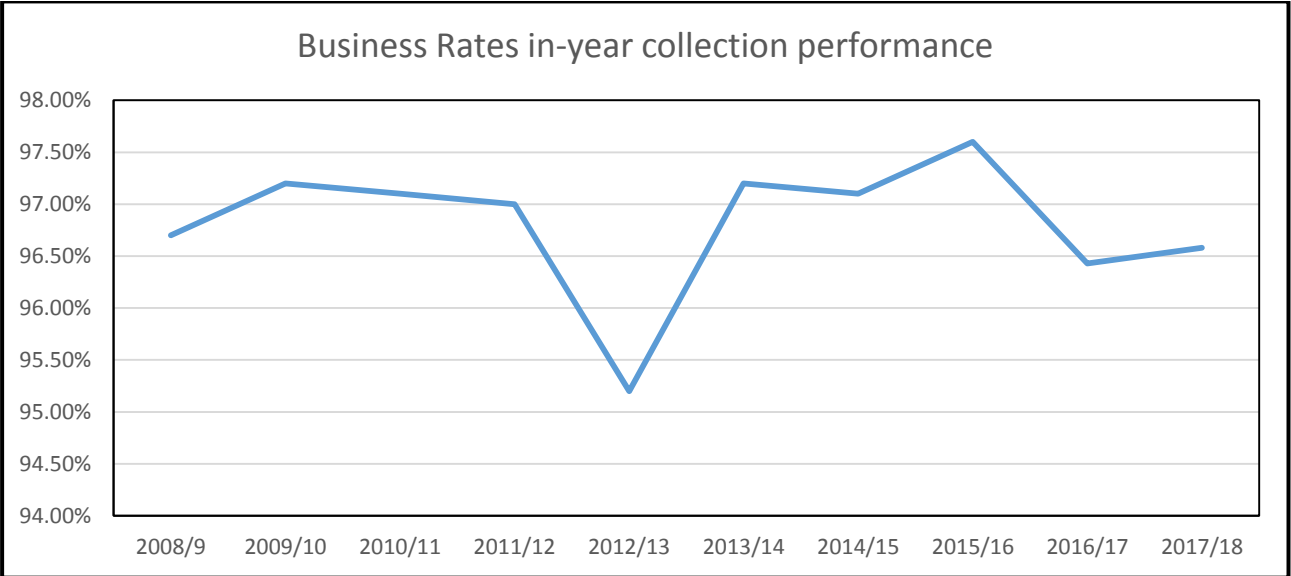
The amount of Business Rates to be collected within the year, before transitional relief, discounts and exemptions was approximately £421.7m (gross rate debit). After discounts and exemptions, the Council had to collect £356.8m (net rate debit) the Council collected £344.6m. This is an increase in the amount of money collected of £3.9m over 2016/17.

The following table shows the collection performance in Business Rates by measuring the level of debt that was raised and due within the financial year that was actually collected within the financial year. There will inevitably be some carry forward of amounts due as a result of changes and retrospective billing and extended payment plans.

The table and graph shows that for 2017/18, 96.58% of the collectable debt had been collected. This is a slight (0.2%) improvement in performance compared with last year and was adversely affected by problems dealing with correspondence in a

timely fashion as well as significant extra work caused by government initiatives. The correspondence issues have now been resolved which should reflect positively in the 2018/19 outturn.

<b>Business Rates in-year collection performance</b> (Debt raised and collected in the financial year)									
<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
96.7%	97.2%	97.1%	97%	95.2%	97.2%	97.1%	97.6%	96.4%	96.6%



For 2017/18 the Council retains £330 million of the total collected. In addition, it receives £20 million from Central Government to compensate it for income lost due to Government changes since 2013. The Council’s Business Rates Baseline was set at £309.7 million and represented what they expected us to collect. Total income of £350 million represents underlying growth of £40 million, of which £10 million was passed to the Combined Authority.

**4.3 Increasing revenue from Business Rates**

Because of the 100% Business Rates retention pilot that the Council is undertaking, the Business Rates Team worked with an external partner to identify properties and business units that were not currently liable for Business Rates. As a result of this exercise the total Rateable Value of businesses in the city increased by around 0.75%, worth around £1.2 million when collected.

**4.4 Business Rates Relief**

There are a range of mandatory and discretionary reliefs available to businesses and other organisations. Mandatory reliefs were fully refunded by central government, but under the 100% retention trial this is no longer the case. However this potential loss of income has been taken into account when calculating the baseline to ensure that

the Council is no worse off due to having to fund all mandatory reliefs. In addition, the Council has the power to award local discounts and the government has also encouraged some local discounts by agreeing to refund all the expenditure. These include new build relief, retail relief and reoccupation relief.

#### 4.5 Additional schemes of relief introduced during 2017/18

Following the Business Rates revaluation that came into effect on 1 April 2017, central government introduced three fully funded discretionary schemes that councils could choose to adopt to mitigate the more extreme results of the revaluation:

- Supporting Small Business Relief Scheme
- Pubs Relief Scheme
- Business Rates Relief Scheme (revaluation).

The first two schemes were fully funded by central government and implemented by the Council at no cost. The Business Rates Relief scheme provided up to £1.52 million in 2017/18 for Manchester and the Council had to design its own scheme to ensure the full amount was spent as any money not spent would be returned to central government. Funding of £737k is available in 2018/19, £303k for 2019/20 and £43k for 2020/21

Although both guidance from central government and the software changes necessary to implement the Supporting Small Business Relief scheme were much delayed, these discretionary schemes were fully implemented. However, this did cause a significant diversion of resources from other work during the period December 2017 to March 2018.

#### 4.6 Summary of business rates relief awarded during 2017/18

The table below details the range of grants available, the amount awarded and the cost of each relief to the Council. For mandatory reliefs and local business rates discounts there are set criteria which the business must comply with. The figures given are for those claims where the criteria are met.

	Number at 31/3/2018	Amount paid for 2017/18	Cost to Council (%)
<b>Mandatory relief awards</b>			
Small Business Rates Relief*	6,696	£17,160,000	nil
Charitable relief (80%)	829	£29,170,000	nil
Empty Property Relief	4312	£23,400,000	nil
Comm amateur sports clubs (CASCs) (80%)	10	£100,000	nil
<b>Discretionary relief awards</b>			
Charitable relief (20%)	22	£869,000	100%
Comm amateur sports clubs (CASCs) (20%)	0	£0	100%

Not for profit Orgs	39	£1,,988,000	49%
Hardship relief	0	£0	49%
<b>Local Business Rates Discounts</b>			
New build relief (temp – up to Sept 2016)	7	£11,000	nil
Reoccupation Relief	0	£0	nil
Local Discounts	2,269	£1,801,000	100%
Enterprise Zone Relief**	54	£858,000	nil
Supporting small Businesses Relief	128	£145,200	nil
Public House Relief	152	£153,000	nil
Business Rates Revaluation Relief	1,469	£1,520,000	nil
<b>Total</b>			

\*£17.16m SBRR was actually awarded however this is offset by £9.36m collected from other businesses paying the standard multiplier.

\*\*Applicable within Airport City EZ and Greater Manchester Life Sciences EZ.

## 5. Areas of discretionary spend supporting residents

The Unit delivers three areas of discretionary policy, spend and budgets:

- Discretionary Housing Payments (DHP) - funded by central government subject to agreed threshold level;
- Discretionary Council Tax Payment Scheme (DCTPS) - Council funded; and
- Welfare Provision Scheme - Council funded.

### 5.1 Discretionary Housing Payments (DHP)

#### 5.1.1 Background

The Discretionary Housing Payment scheme provides funding to deal with anomalies and hardship in situations where normal Housing Benefit does not cover all the rent. To qualify for some consideration for assistance under this scheme the resident must already qualify for some Housing Benefit or the Housing Element of Universal Credit.

From April 2013 the government provided extra funding to ease the introduction of the household benefit cap but also to meet *continuing* and unavoidable needs resulting from the application of size criteria in the social rented sector rather than catering for these in the Housing Benefit scheme itself.

The government provides councils with a grant amount up to an agreed threshold and any money not spent in the year to which it relates is returned to government as unspent. The Council is able to fund above this amount up to a further threshold but this is funded from the Council's budget.

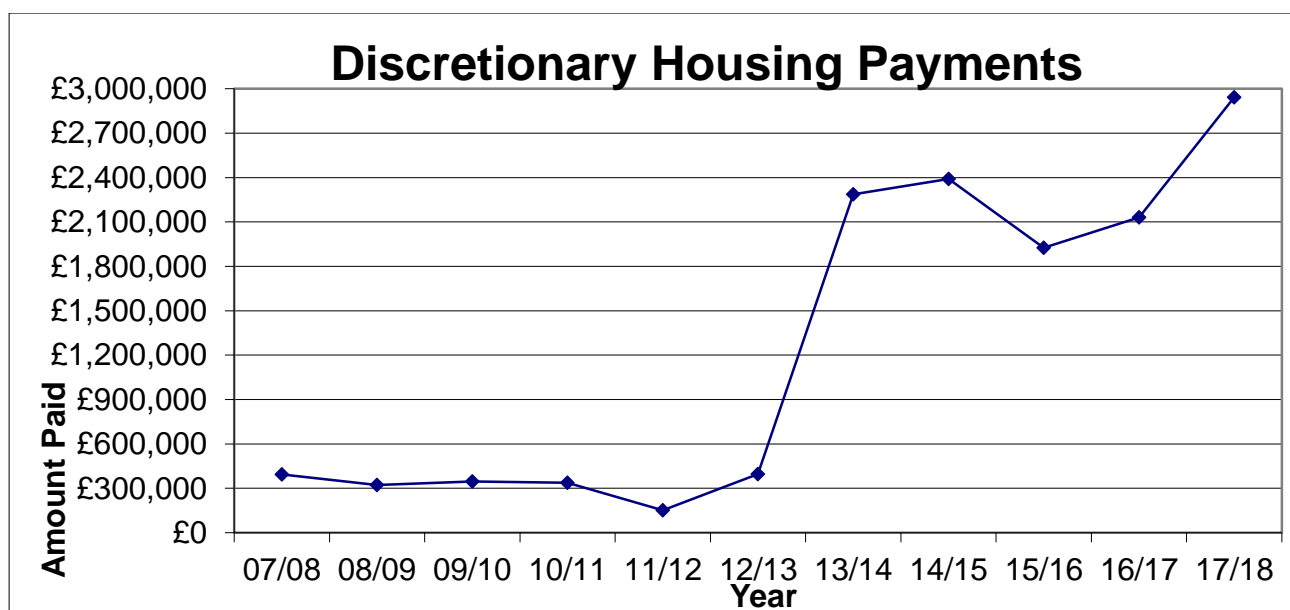
### 5.1.2 Spend against budget and award summary

Year	Government contribution	Amount spent	Number of awards	Cost to Council	Amount returned to government
2017/18	£2,557,484	£2,941,208	4,607	£383,724	£0
2016/17	£2,097,016	£2,131,683	3,922	£34,667	£0
2015/16	£1,874,257	£1,901,789	5,832	£27,532	£0
2014/15	£2,356,068	£2,390,249	5,458	£34,181	£0
2013/14	£2,222,105	£2,287,046	4,256	£64,941	£0

In 2017/18, the Council provided for additional expenditure up to £500,000 and spent £383,724 above the government grant.

In April 2017 the funding framework for Temporary Accommodation (bed and breakfast / short-term leased accommodation) changed with the removal of the £60 management fee that previously applied. Manchester received a £1.135m Flexible Homeless Support Grant from the Ministry of Housing Communities and Local Government intended to cover the projected shortfall. However, a subsidy shortfall of around £2m resulted. A proportion of the DHP budget and the additional injection of £383,724 was used to help redress this budget pressure by reducing the gap between the full Housing Benefit paid out for dispersed homelessness accommodation and the amount the Council is able to recover from the government in Housing Benefit subsidy.

This graph illustrates the increase in Discretionary Housing Payments since April 2013.



Within the financial year, decisions were made on 3,821 cases and 2,437 were paid. Of those paid 1,078 were under occupancy cases and 566 were benefit cap cases.

Reason for DHP	Cases	% of spend	Cases	% of spend	Cases	% of spend	Cases	% of spend	Cases	% of spend
	2013/14		2014/15		2015/16		2016/17		2017/18	
Baby due	73	1.1%	71	0.9%	69	1.0%	31	0.5%	23	0.2%
Benefit Cap	236	16.6%	279	15.8%	187	9.8%	387	21.0%	994	44.2%
Change of address	2	0.0%	2	0%	1	0.0%	1	0.0%	1	0.0%
Combination of reforms	14	0.5%	9	0.1%	10	0.2%	5	0.2%	6	0.1%
Disability - general	65	1.4%	55	0.9%	137	2.3%	135	3.1%	115	1.2%
Income tapers	58	1.1%	115	2.0%	298	7.2%	411	12.4%	470	10.3%
LHA reforms - single under 35 rate	118	2.8%	31	0.8%	13	0.3%	5	0.3%	11	0.3%
LHA Rent restrictions	132	2.7%	203	4.2%	274	5.1%	247	7.1%	374	9.9%
Non-dependent deduction	13	0.3%	17	0.2%	41	1.2%	36	0.6%	35	0.5%
Other	247	5.6%	238	3.2%	123	2.0%	68	2.4%	200	4.1%
Removal costs									2	0.0%
Rent deposit	1	0.0%	13	0.3%	13	0.5%	22	1.0%	31	0.8%
Rent in advance					2	0.0%	2	0.1%	1	0.0%
Rent on two homes	1	0.0%					0	0.0%		
Social sector size criteria categories										
- adaptations	386	8.4%	385	8.3%	367	6.3%	251	7.8%	260	4.2%
- couple unable to share									5	0.0%
- disability	393	7.9%	386	6.8%	249	4.3%	164	4.1%	169	2.1%
- fostering	20	0.5%	20	0.4%	20	0.5%	15	0.6%	17	0.2%
- short term	778	13.9%	815	11.6%	1186	19.2%	1,018	18.6%	936	10.9%
- other	1,479	34.1%	2,192	36.8%	1831	27.4%	575	11.9%	626	7.8%
Total social sector size criteria	3,056	64.8%	3,798	63.9%	3,653	57.7%	2,023	42.9%	2,013	25.3%
Work-related expenses	244	3.0%	627	7.7%	1011	12.6%	549	8.4%	331	3.0%

All awards for the year	4,256		5,458		5,832		3,922		4,607	
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Counts of cases and awards can be confusing; some claimants receive more than one award, sometimes for different reasons. The table above shows awards as counted for the annual return to DWP and includes previous year awards continuing into the current year; these are excluded from the decision counts in the preceding paragraph. Figures in 5.1.3 and 5.1.4 are for claimants regardless of the number of awards they received.

### 5.1.3 Breakdown of awards by tenure type

The following table shows an analysis of claimants with awards by tenure type of the resident. It should be noted that the total figure will differ from the one above because this is based on award rather than spend against budget. Some of the amount analysed won't have been paid out until April 2017 and the 2017/18 spend will also include a significant amount paid retrospectively for 2016/17.

Appendix four provides a full breakdown of awards by ward and tenure type. The following summary analyses awards for periods in 2017/18 rather than amounts paid in that year and therefore differs slightly from expenditure in year.

Tenure	Cases	Awards
<b>Council Tenants</b>	553	£249,311
<b>Temporary accomm</b>	375	£935,081
<b>Registered providers</b>	1,851	£960,736
<b>Private landlords</b>	724	£517,747
<b>All cases</b>	3,503	£2,662,875

### 5.1.4 Breakdown of awards by reason

The following table shows the reason for DHP, the numbers of claimants paid and the percentage of the spend in each category for the past four years. Some claimants received separate awards for different reasons so the numbers are higher than in the table above.

The section described as other within the social sector size criteria category covers short and longer term awards based on individual needs and circumstances including residents who need to stay where they are due to care and family commitments, access to children, access to work or education, health issues, ability to move and re-settle and bereavement. The Council also looks to protect tenancies and decision making is cognisant of changes in the near future that would negate the impact of the size criteria, for example children moving over the age threshold, pregnancy and residents becoming over the age where the size criteria applies.

Within the five year period there have been changes in the volumes of support offered within the groups and some of the reasons for the changes include:



- More information about residents' details becoming available e.g. disability requirements resulting in additional support being offered
- More people working but on a low income (income tapers) where additional support is provided to low income working households
- Phased support for some of the original benefit cap cohort where support was provided on a time limited or phased basis where appropriate to aid the transition
- The extension of the benefit cap

## **5.2 Discretionary Council Tax Payment Scheme (DCTPS)**

### **5.2.1 Background**

The Discretionary Council Tax Payment Scheme provides support in cases of exceptional hardship. Awards of Discretionary Council Tax Payments focus on anomalous and complex situations and on enabling people to deal with short term financial crises that mean they are unable to pay their Council Tax. Awards are normally for defined periods following which the resident will be required to resume their normal instalments.

The Council's policy expects that payments are made in unusual or extreme circumstances, where additional help with current Council Tax will have a significant effect in alleviating hardship or alleviating difficulties that may be experienced in the transition from long term benefit dependence into work. Claims can be made alongside requests for Discretionary Housing Payments if the resident is in receipt of Housing Benefit, or as a stand-alone claim.

### **5.2.2 Spend against budget**

The following table shows a breakdown of awards

<b>Number of applications</b>	<b>Number paid</b>	<b>Amount paid</b>
382	29	£8,500

Within appendix five there are some real examples of payments made to residents from this scheme.

## **5.3 Welfare Provision Scheme.**

### **5.3.1 Background**

The Council's Welfare Provision Scheme has been operational since 2 April 2013. The new scheme replaced the DWP's Community Care Grant scheme and Crisis Loan Schemes that were abolished at the end of March 2013.

The Council's scheme was set up and agreed with the intention that it would be reviewed as take up, impact and resident reaction was monitored and evaluated and to take into account funding levels agreed by government (specific funding was only provided for two years, 2013/14 and 2014/15. From 2015/16 the government does not provide any specific grant to fund this activity and state that this is included as

part of the Council’s overall grant funding. Although not required by law to do so, the Council has continued to provide a scheme from Council resources.

### 5.3.2 Purpose and objectives of the Council’s WPS Scheme

The Council will provide financial support in the form of grants to Manchester residents who are suffering financial hardship and:

- Have been subject to an emergency or disaster situation, and are at the point of crisis; or
- Have had to move home due to fear of violence, significant health or care needs or as a result of an emergency or disaster, or as part of a supported or emergency rehousing, and their previous furniture is no longer available; or
- Need additional furniture or equipment to enable them to stay within their current home and maintain independent living; or
- Are in a specific vulnerable group and are in extreme fuel poverty in that they are unable to afford immediate heating costs during the winter months or have been dis-connected.

The Council will also provide support to residents moving into work but who remain on a low income with the provision of a grant to assist with public transport costs for the first month of employment.

The objectives of the Welfare Provision Scheme are to:

- Support Manchester residents who are vulnerable with their immediate hardship needs, enabling them to live an independent life and to complement (but not replace) other specialist care support provided by the Council;
- Prevent short term, exceptional hardship following a crisis or emergency;
- Prevent homelessness;
- Keep families together;
- Support people to live independently in their own home;
- Encourage and facilitate people to return to work whenever possible;
- Help to alleviate debt and encourage better money management;
- Help those who are trying to help themselves;
- Help people through personal crises and unforeseeable events; and
- Reduce benefit dependency where possible.

### 5.3.3 Scheme Budget and spend

The following table shows the budget and spend to date against this scheme. Money unspent in earlier years (2013/14 and 2014/15) was used to fund the ongoing scheme and admin costs.

<b>Funding / Year</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Scheme Budget	£2,721,885	£2,721,885	£500,000	£500,000	£500,000
Amount Spent	£1,300,000	£2,080,000	£392,232	£466,039 <sup>1</sup>	£448,597

<sup>1</sup> Includes the £96k grant awarded to the 32 Manchester Wards as part of the Food Poverty Scheme

The amount spent on grants and awards during 2017/18 increased by around £78,000 compared to last year (last year's budget was able to fund the full £96,000 of food bank funding).

This year the under spend of £50,000 went towards the food poverty scheme.

### 5.3.4 Grant details

The Welfare Provision Scheme offers support to residents accessing the scheme in the form of grants to provide the following:

- Re-housing and resettlement support – Provision of minimum essential furniture items. In most cases this will be limited to the provision of beds (or cot), bedding and linen packs, cooker/microwave, fridge/freezer and kitchen starter pack. In some cases (where health or family circumstances require) the Council will consider the additional provision of a washing machine.  
(A maximum of 1 award per tenancy over a rolling 3 year period); or
- Support to stay within their home – provision of essential furniture or equipment items;  
(A maximum of 1 award per tenancy over a rolling 3 year period); or
- Immediate response to severe fuel poverty – a cash grant of up to £49 that is used to top up the resident's fuel card or utility account.  
(A maximum of one award per individual over a rolling 12-month period although decisions will be based on individual circumstances and presenting need);
- Support following a crisis or emergency – a cash grant of up to £60. (A maximum of one award per individual over a rolling 12-month period although decisions will be based on individual circumstances and presenting need); or
- Travel expenses – a cash grant to support the purchase of a bus/travel pass for the first four weeks of employment.

Depending upon needs and circumstances, it may be possible for a resident to receive more than one type of support.

### 5.3.5 2017/18 awards

The tables below show the number of applications, approval rate and awards made by presented reason for support.

Number of Applications	Approved	Declined	Percentage Approved
3,900	1,594	2,306	41%

Reason for application	Number Approved	Value of Awards
Moving Home/Resettlement	944	£410,466
Other Reason	479	£29,932
Disaster	119	£6,401
Providing Care for Others	45	£1,489
Travel	7	£310
<b>Total</b>	<b>1,594</b>	<b>£448,597</b>

Further detail on the ward and demographic breakdown of awards is shown at appendix six. Appendix seven provides some real case studies of real residents in the city that have received support from this scheme in the last financial year.

In summary, of the 1,594 approved applications 352 (22%) were paid to people under the age of 25, 865 and 55% were paid to people under 35. This is probably due to increased transience and the impact on the welfare reform agenda. Only 33 awards (3%) were paid to residents over 65.

The majority of the awards, 911 (57%) were paid to residents without children.

The following table shows spend across the grant/goods description.

<b>Goods type</b>	<b>Value of Grants approved</b>
White Goods	£233,104
Beds	£121,330
Bedding	£65,520
Cash Grants	£7,830
Utilities	£19,064
Travel	£210
Furniture	£406
<b>Total</b>	<b>£447,466</b>

### **5.3.6 Declined requests**

To be able to manage this finite budget, officers have to carefully appraise awards mindful of the scheme's purpose, eligibility criteria and objectives. All cases are considered on their own merits with officers having discretion to support anomalous situations.

The WPS team take care to avoid making payments where there is an alternative and more suitable source of support and will often refer to other agencies or other parts of the Council. This includes the DWP for households affected by benefit sanctions or the Council's No Recourse to Public Funds (NRPF) team for people or families who are not entitled to mainstream welfare benefits due to their immigration status.

### **5.3.7 2017/18 Processing Times**

88% of applications were assessed and completed with a decision communicated to the applicant within one working day. 99.4% of applications were processed in seven working days.

### **5.3.8 Food poverty support**

In 2017/18, the Council awarded £96,000 in small grants to organisations who work to reduce food poverty in the city. £3,000 was set aside for each of the 32 wards in the city and nominations were made by ward councillors.

In total, 66 applications were received to the value of £96,000. Some organisations received more than one award

Details of all the organisations that received funding are provided in appendix eight.

## 6. Welfare reform agenda and Housing Benefit administration

### 6.1.1 Under occupation in the social sector (aka bedroom tax)

From April 2013, Housing Benefit for council tenants and housing association tenants of working age is reduced if they are considered to have more bedrooms than they need. The use of size criteria for under occupation is widely known as “the bedroom tax” though it is a reduction of benefit rather than a tax that a bill is issued for.

When it was introduced in April 2013 there were 13,177 cases identified. At the end of March 2018 the figure stood at 6,842.

The following table shows the numbers of households affected over the course of the 2014/15, 2015/16, 2016/17 and 2017/18 financial years, the financial impact and the number of affected households that have received some Discretionary Housing Payments.

<b>2017/18</b>	<b>1st quarter</b>	<b>2nd quarter</b>	<b>3rd quarter</b>	<b>4th quarter</b>
Cases with reduction for one spare bedroom	6,007	5,883	5,709	5,438
Cases with reduction for two or more spare bedrooms	1,527	1,478	1,446	1,404
All cases affected	7,534	7,361	7,155	6,842
Average reduction	£14.14	£14.13	£14.15	£14.18
Cases with DHP	852	922	910	798
<b>2016/17</b>	<b>1st quarter</b>	<b>2nd quarter</b>	<b>3rd quarter</b>	<b>4th quarter</b>
Cases with reduction for one spare bedroom	6,712	6,537	6,288	6,162
Cases with reduction for two or more spare bedrooms	1,634	1,603	1,548	1,565
All cases affected	8,346	8,140	7,836	7,727
Average reduction	£14.19	£14.21	£14.22	£14.26
Cases with DHP	1,194	1,112	1,016	1,018
<b>2015/16</b>	<b>1st quarter</b>	<b>2nd quarter</b>	<b>3rd quarter</b>	<b>4th quarter</b>
Cases with reduction for one spare bedroom	7,424	7,215	6,939	6,862
Cases with reduction for two or more spare bedrooms	1,799	1,719	1,690	1,665
All cases affected	9,223	8,934	8,629	8,527
Average reduction	£14.22	£14.23	£14.29	£14.29
Cases with DHP	1,119	1,215	1,273	1,321

<b>2014/15</b>	<b>1st quarter</b>	<b>2nd quarter</b>	<b>3rd quarter</b>	<b>4th quarter</b>
Cases with reduction for one spare bedroom	8,201	8,056	7,783	7,624
Cases with reduction for two or more spare bedrooms	2,015	1,983	1,939	1,866
All cases affected	10,216	10,039	9,721	9,490
Average reduction p/w	£13.91	£13.94	£13.98	£13.96
Cases with DHP	2,103	1,752	1,699	1,691

The continuing reduction in the number of cases affected is believed to reflect a combination of people moving to smaller social landlord properties including mutual exchanges and home swaps and to a lesser extent moving to private rented accommodation in conjunction with a decline in the caseload as more people find work. Further information is attached at appendix nine and ten, this provides detail of the split across landlord and tenure types by reduction type and where DHP has been awarded.

## **6.2 Benefit Cap**

### **6.2.1 Benefit Cap**

From summer 2013, Housing Benefit for some tenants of working age (those claiming out of work benefits as opposed to in work benefits) was reduced if their total income from DWP means-tested benefits, HMRC tax credits and Housing Benefit was more than £500 a week (£350 for single people without children). The benefit cap was first introduced in Manchester across August and September 2013 with a total of 343 cases identified. By the middle of 2016 the number of cases capped had fallen to 242 with an average reduction in Housing Benefit of £59.83 a week. Of the 242 affected households 40 were receiving Discretionary Housing Payments to support the financial shortfall.

From 7 November 2016 the benefit cap was further extended. The maximum amount a household can receive in income on certain out of work benefits was reduced from the previous £26,000 for couples and lone parents and £18,200 for singles, to £20,000 for couples and lone parents and £13,400 for singles (outside Greater London) but there was a new exemption for carers. These changes were applied immediately to those already capped, reducing the number affected to 186 but increasing their average loss to £121.88 a week then rolled out to new cases (in other words those with income below the previous higher cap level) in January 2017. The initial impact is included in the tables above. The average weekly loss for all cases was £63.63.

This has meant a further cut in the amount of benefits for these residents. By the end of March 2017, a significant proportion of those newly affected had been awarded Discretionary Housing Payment but with considerable potential for more awards. By the end of the first quarter of 2017/18, the proportion with an award of Discretionary Housing Payment had increased to 34.3%. The number capped and the proportion of these who receive DHP had both reduced a little by the end of the 2017/18 year.

Further information is attached at appendix eleven, this provides detail of the split across ward and tenure types and where DHP is in payment.

The following table shows the numbers of households affected and associated DHP awards. The changes in DHP represents the time limited nature of some of the awards and the transience of the caseload. It also shows the impact of the autumn 2016 benefit cap on Manchester residents.

<b>Date</b>	<b>Cases capped</b>	<b>Average weekly reduction</b>	<b>Number with DHP</b>
March 2018	872	£63.10	244
December 2017	875	£61.65	219
September 2017	938	£60.90	206
June 2017	975	£61.00	334
March 2017	938	£63.63	297
December 2016	186	£121.88	98
September 2016	242	£59.83	40
June 2016	252	£59.33	34
March 2016	253	£57.87	38
December 2015	249	£56.36	42
September 2015	274	£54.91	55
June 2015	265	£58.14	40
March 2015	266	£55.04	70
December 2014	291	£56.09	59
September 2014	296	£60.86	116
June 2014	347	£66.07	89
March 2014	319	£60.08	184
December 2013	340	£62.30	175
September 2013	294	£65.89	157

This table shows the 872 affected households by tenure type and the percentage of these households within the tenure type that are receiving DHP payments. Figures for 12 months previously are shown in brackets for comparison

<b>Tenure</b>	<b>No DHP</b>	<b>DHP</b>	<b>All cases</b>	<b>% on DHP</b>
<b>Council</b>	64 (66)	19 (33)	83 (24)	22.9% (33.3%)
<b>Temp acc</b>	45 (66)	141 (30)	186 (15)	75.8% (31.3%)
<b>Private</b>	295 (293)	49 (136)	344 (116)	14.2% (31.7%)
<b>RSL</b>	224 (216)	35 (98)	259 (98)	13.5% (31.2%)
<b>All</b>	628 (641)	244 (297)	872 (253)	28.0% (31.7%)

## 6.2.2 Potential changes to the benefit cap

In June 2017 a judicial review found that the benefit cap legislation was unlawful in relation to its application to people with children under 2 years old. The Department for Work and Pensions announced plans to appeal this decision. At the moment, people with children under 2 years old remain subject to the benefit cap but this may change in the future.

### **6.3 Transfer to Universal Credit**

Universal Credit (UC) 'live service' was introduced incrementally across Jobcentres in Manchester from 22 September 2014 with the roll out completed by December 2014. Single people, couples and families were all included but only for new claims.

The DWP planned to roll out UC digital 'full service' across Manchester between October 2017 and May 2018 but this was rescheduled and was completed by late July 2018. UC full service' applies to all new working age claims for most benefits. Current working age HB claims are not affected by this and will be picked up in a later and yet to be confirmed process.

The main migration to Universal Credit is now expected to be substantially complete by 2023 (originally 2017). Housing Benefit for the elderly and for people in exempt accommodation will remain in place for the foreseeable future. Future developments will need managing carefully to ensure necessary levels of resources are kept during a lengthy transitional period.

The move to Universal Credit will have a significant impact on Council Tax recovery. The main issue is that any housing costs are paid as part of the UC award and any financial help towards Council Tax now has to be claimed as a separate claim from the Council. Unfortunately, some residents receiving Universal Credit are not claiming Council Tax Support (CTS). A shortened CTS online claim form has been introduced and texts and emails are being used to remind residents in receipt of UC to ensure that they make their claim for Council Tax Support with the Council. Further options for simplifying the CTS claim process for people on UC are being explored.

In addition, although housing costs are included within the UC award, those residents requesting additional discretionary support are still directed to the Council's DHP scheme and responsibility for discretionary support for these cases is maintained by the Council.

A further significant issue is that many residents still contact the Council and local members in respect of queries with sanctions, delays and housing costs. Unfortunately, the Council is no longer able to respond to these enquiries as the data and claim details are no longer held by the Council.

### **6.4 Changes to Temporary Accommodation and Supported Accommodation Funding**

In April 2017 the funding framework for Temporary Accommodation (bed and breakfast / short-stay) changed with the removal of the £60 management fee that previously applied. The Ministry for Housing Communities and Local Government (MHCLG) has replaced the management fee funding with the Flexible Homeless Support Grant (FHSG) which was intended to enable councils to cover the shortfall. Manchester received £1.135m. This has resulted in subsidy shortfall of £1.93m. The shortfall was due to the point at which the MHCLG measured the level of temporary accommodation in Manchester. The Council had just begun to increase the use of temporary supported accommodation (included in the numbers) and reduce the use of bed and breakfast accommodation (not included in the numbers). The Council has



lobbied government with a view to addressing this shortfall but received a disappointing response. The level of FHSG for 2018/19 is £1.271m and for 2019/20 is £2.104m. This shows that there will be an ongoing and significant budget pressure in 2018/19 reducing to some extent the following year that has had to be mitigated by the Council.

During 2017/18 a proportion of the DWP Discretionary Housing Payments budget including the additional injection of £383,724 from the Council was used to help reduce the impact on residents and subsequent budget shortfall.

## **6.5 Fraud and Error Initiatives**

The DWP notified councils in March 2017 that they were ending the Fraud and Error Incentive Scheme (FERIS) and replacing it with the Right Benefit Initiative (RBI). The Benefits Service received £203,786 to deliver the required DWP outcomes for RBI. There were no incentive payments on top of this funding.

The DWP set an expectation that Manchester's Benefits Service process 13,452 RBI cases in the year to meet their funding requirements. A total of 14,111 cases were processed. The work completed equated to five FTE Benefit Officers.

## **7. Other achievements and activity during 2017/18**

### **7.1 Council Tax exemption for care leavers**

At the Executive on 27 July 2017, the Council agreed to grant a local Council Tax discount to provide a discount to care leavers up until the age of 21.

### **7.2 Securing the Benefits Gateway**

In December 2015 the Council received a fraud alert from the DWP. 172 potential organised fraud cases were identified in 2017/18. A total of 489 have been identified since the alert was first issued.

At the end of March 2018 out of the total of 489 cases: 250 cases had been refused, with 53 appeals received against these decisions; 115 cases paid; 124 cases in progress.

The number of cases identified is expected to reduce during 2018/19 as the roll out of UC full service for new claims completes in July.

## **8. 2018/19 activity, changes and performance targets**

### **8.1 Performance Targets**

The 2018/19 headline performance indicators are to:

- Collect 93.5% of the current year's Council Tax.
- Collect £7.3 million of Council Tax due from previous years.
- Process new benefit claims within 25 days, process changes of circumstance

within 11 days and maintain accuracy levels at around 99%.

- Collect 97% of the Business Rates within the financial year.

There will be detailed service specific, performance and customer service targets that support these objectives and these will be reported quarterly to the City Treasurer and Executive Member for Finance

## **8.2 Changes to Council Tax Support**

During 2018/19 the Council Tax Support Scheme will need to be reviewed for working age residents in receipt of Universal Credit. This will require sign off via the Council's democratic process after a thorough consultation exercise.

This has now been produced and is included elsewhere within this RAGOS meeting agenda.

## **8.3 Extension of support to care leavers**

During 2018/19 we will review the current offer in terms of support for care leavers with the proposal being to extend the Council Tax discount to include care leavers up to 25. Other discretionary schemes including Welfare Provision, Discretionary Housing Payments and the Discretionary Council tax payment Scheme will also recognise care leavers up until the age of 25.

These changes were made in August 2018.

## **8.4 Changes to the Council Tax Long Term Empty Premium**

In July 2018, Communities Secretary James Brokenshire announced increases in the Council Tax long term empty premium charged on empty properties to further encourage owners to bring them back in to use. Currently, we are allowed to charge an additional premium of 50% on any property that has been empty and unfurnished for more than two years (meaning the owner pays 150% of the usual Council Tax).

Councils will be able to:

- Double the Council Tax payable for properties left unoccupied and unfurnished for more than two years from 1 April 2019. This part is already law.
- Triple the Council Tax on those properties left unoccupied and unfurnished for more than 5 years from 1 April 2020
- Quadruple the Council Tax payable for properties left unoccupied and unfurnished for more than ten years from 1 April 2021.

The service will respond to these changes including updating any policy documents through the committee process.

## **8.5 Increasing Council Tax and Housing Benefit Overpayment recovery through information sharing**

From April 2018, the Housing Benefits Overpayment Recovery team have been receiving employer details for people with outstanding overpayments from HMRC (via DWP). This allows the team to apply for attachments of earnings from those employers and is expected to significantly increase overpayment recovery levels as well as avoiding the requirement to use external debt recovery services.

The Corporate Revenues Manager is currently working with HMRC, MHCLG and some other council's to instigate a trial of a similar arrangement for Council Tax recovery. If feasible, this is expected to take place early next year.

## **8.6 Fraud and Error Initiatives**

The DWP notified councils in February that they were ending the Right Benefit Initiative (RBI) after one year and introducing the Verify Earnings and Pensions Service (VEPS) as a new approach to reducing fraud and error within the Benefits caseload. The Benefits Service has received £224,151 to deliver the required DWP outcomes for VEPS in 2018/19. There are no incentive payments on top of this funding. The DWP have not specified a target number of cases the Benefits Service is required to process to meet VEPS requirements however the system is more complex to administer than RBI. We estimate that VEPS work will equate to at least five FTE Benefit Officers.

## **8.7 Transition to Universal Credit**

The DWP continue to make adjustments to the administration of UC that have a direct impact on the Benefits Service. In 2018/19 they have introduced the following key changes:

- From 11 April 2018 a two week transitional payment of Housing Benefit must be made when the Council is notified that a person who was claiming Housing Benefit has made a new claim for Universal Credit.
- From 11 April 2018 people living in Temporary Accommodation must claim Housing Benefit for their housing costs
- The roll out of UC full service for new claims completed on 25 July 2018 when Cheetham Hill and Wythenshawe Job Centres went live

## **9. Conclusions**

The overall outturn in respect of key performance indicators during the 2017/18 financial year across all areas of Revenues and Benefits has been broadly positive and has generally maintained standards. Cash collection and income maximisation was positive with over £500m collected across the service areas, of which there was an additional £16.9m collected compared to 2016/17 total cash received.

There was continued positive performance in all areas of discretionary activity, including locally managed budgets intended to support Manchester's businesses and

most vulnerable households whilst supporting the Council's objectives, vision and values.