

Manchester City Council Report for Resolution

Report to: Resources and Governance Scrutiny Committee – 3 September 2019

Subject: Annual update on performance in the Revenues and Benefits Unit

Report of: City Treasurer (Deputy Chief Executive)

Summary

This report provides performance data for the 2018/19 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.

Wards Affected:

All Wards

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit,	

work	
A connected city: world class infrastructure and connectivity to drive growth	

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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

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

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.

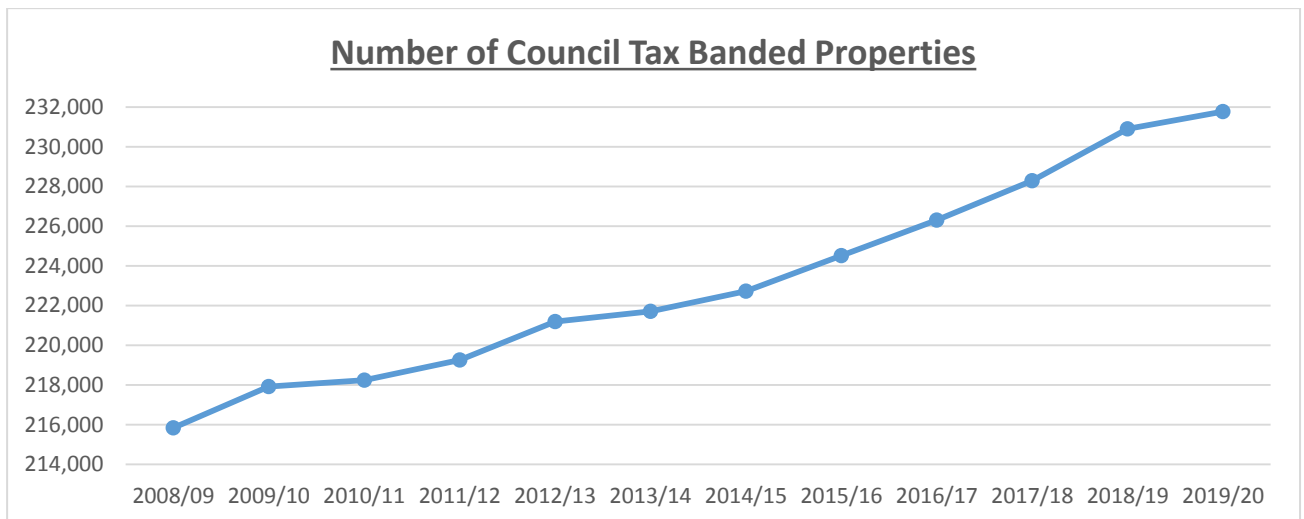
The report also provides ward deprivation statistics as appendix one that provide context and background to the ward based information within the report.

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 230,896 at the end of March 2019, an increase of 16% in this period. This had risen further to 231,780 by the beginning of August 2019.



58% of the properties in the city are in band A, with 89% being in bands A-C (inclusive) and less than 0.5% (946 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 2019 data is shown as appendix two.

For the 2018/19 financial year, the total banded properties in the city had an associated Council Tax debit of £226.6m. The amount due to be collected was then reduced by the award of £38.4m in Council Tax Support to eligible accounts leaving an amount of £188.2m to be collected. This is an increase in the amount due to be collected for last year of around £8.9m.

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 £38.391m paid in Council Tax Support during 2018/19, £14.340m (37.35%) was paid to pensioners and £24.05 m (62.65%) was paid to working age households (data captured on 01/04/19).

Based on the same snapshot of the caseload, 52,595 claimants were receiving some Council Tax Support towards their bill, of which 35,518 (67.53%) were working age and 17,077 (32.47%) were classed as pensioner households.

Of the working age households, 28,489 (80.21%) were receiving the maximum amount of Council Tax Support of 82.5%, leaving them with 17.5% to pay. 7,029 (19.79%) received partial benefit. Of the pensioner households in receipt of CTS, 12,653 (74.09%) were receiving maximum benefits of 100% of the Council Tax bill and 4,424 (25.91%) received partial benefit.

The following table provides this data split by Council Tax band

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Number of working age households in receipt of partial Council Tax Support	5,484	888	528	99	25	4	1	0
Number of working age households in receipt of maximum Council Tax Support	24,789	2,568	900	181	40	9	2	0
Working Age total	30,273	3,456	1,428	280	65	13	3	0
Number of non-working age (pensioner) households in receipt of partial Council Tax Support	3,399	505	376	101	33	9	1	0
Number of non-working age (pensioner) households in receipt of maximum Council Tax Support	10,245	1,403	735	203	51	15	1	0
Non-working age (pensioner) total	13,644	1,908	1,111	304	84	24	2	0

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, 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 2018/19 Council Tax collection targets

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

- Collect 93.5% (+0.3% on last year's outturn) of the 2018/19 Council Tax within the financial year;
- In cash terms this equated to £176.2m to be collected in the year (excluding arrears); and
- Collect £7.3m of Council Tax arrears from previous years.

2.4 2018/19 performance results

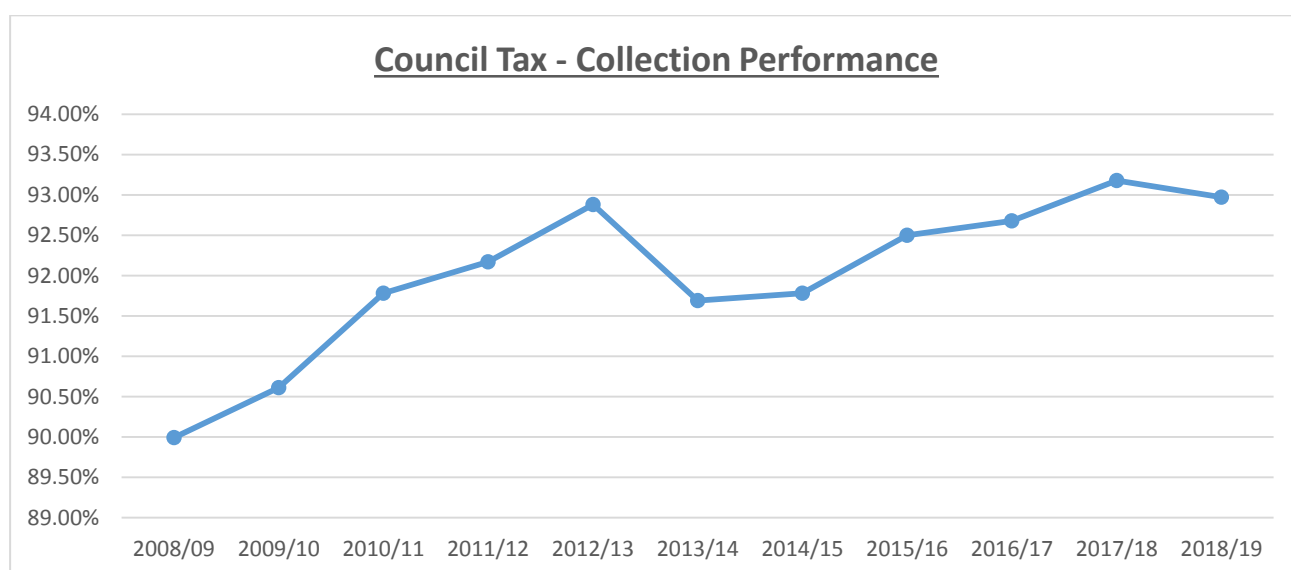
The Council Tax collection figures for 2018/19 have now been submitted to central government and the national results have been published. The collection rate measures the percentage of Council Tax (after the award of CTS) that was raised and collected in the same financial year (between 1 April and 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 £174.8m was collected. This represents 93% of the amount due for the year had been collected within the same financial year.

This is a reduction of 0.2% when compared with last year but still represents positive performance 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.

Council Tax in year collection performance (from 2008/9 to 2018/19)										
08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
90%	90.9%	92%	92.3%	92.9%	91.7%	91.8%	92.4%	92.7%	93.2%	93%
+9%	+9%	+1.1%	+0.3%	+0.6%	-1.2%	+0.1%	+0.6%	+0.3%	+0.5%	-0.2%



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.

Council Tax in year collection performance - including Council Tax Support as part of the calculation (from 2008/9 to 2018/19)										
08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
91.8%	92.6%	93.4%	94.4%	94.7%	93.6%	93.5%	93.9%	94%	94.3%	94.2%
+1.1%	+0.8%	+0.8%	+1%	+0.3%	-1.1%	-0.1%	+0.4%	+0.1%	+0.3%	-0.1%

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 outstanding from previous years. During 2018/19, the amount collected in arrears was £6.2m against an internal target of £7.3m. However, the target was set with the expectation that we would reap some benefit from the HMRC trial, but delays on the part of HMRC meant that there was no additional arrears recovery during 2018/19.

The Council Tax Service has recovered less arrears when compared to last year, but this has followed several years of increasing in year collection (meaning there are lower levels of arrears to chase). The number of summons issued and cases passed to enforcement agents continues to fall. This is as a result of a proactive and pragmatic approach to Council Tax recovery which concentrates on resolving any liability issues 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:

Amount of Council Tax arrears collected by year (from 2008/9 to 2018/19)										
08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
£4.7 m	£5.3 m	£5.5 m	£4.4 m	£5m	£4.2 m	£5.9 m	£6.7 m	£6.2m	£6.8m	£6.2m

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.

The Council's recovery strategy is based on engagement with residents; the aim being to ensure payment of accruing liability with an affordable payment arrangement towards any arrears. This ensures debt management and a sustainable approach to debt recovery.

2.6.1 Recovery action

The table below shows for the 201,000 accounts that had an amount to pay, how many have had a summons issued and how many accounts were referred to external enforcement agents (previously called bailiffs) for collection.

Council Tax recovery activity- summons (from 2008/9 to 2018/19)										
08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
60,000	61,000	54,000	53,000	50,000	84,800	85,800	63,300	59,000	57,800	55,900
Council Tax recovery activity- enforcement agent (bailiff) activity (from 2008/9 to 2018/19)										
08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
41,500	54,000	45,500	35,000	33,600	27,000	26,900	22,000	15,700	15,600	14,300

The number of accounts being passed to enforcement agents (bailiff recovery) has reduced by 1,300 when compared with last year. Over the course of the year around 7% of the 201,000 Council Tax accounts with an amount to pay were passed to enforcement agents for collection. This is much lower than historic levels and continues to reduce each year.

The above table also shows that there was a significant spike in the number of summons issued 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 reduced as a result of the Council's engagement strategy and firm but fair approach to debt recovery.

2.6.2 Enforcement agent activity

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.

More effort is made to examine cases in detail to identify more effective, less intrusive recovery methods. 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 addition, SMS text messaging has been introduced to warn residents of impending reminders along with improved processes to identify the most appropriate recovery method.

In the majority of cases, an account is sent to the enforcement agent when there has been no 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 and 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 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. 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.*
- 3. Is heavily pregnant and there are no other adults available in the household.*
- 4. Is in mourning due to recent bereavement (within one month).*

5. *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.*
6. *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 2018/19 financial year 24 complaints were made from residents about bailiff activity in the city. Of these 12 were about the behaviour of enforcement agents. This means that only 0.084% of cases issued to enforcement agents resulted in a complaint about their conduct.

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 12 complaints about behaviour, one was partially upheld and none were fully upheld.

A meeting took place with the CAB, including two members in November 2018. The low level of complaints in 2017/18 was discussed along with the use of body worn cameras. The CAB was encouraged to make complaints on behalf of their clients where they thought enforcement agent action or bailiff behaviour was inappropriate. The ongoing trend of reducing the number of summons issued as well as the number of cases passed to enforcement agents was also reviewed and this was noted by the CAB.

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.

Attachment of earnings order data (2009/10 to 2018/19)									
09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
No. of live attachments									
1,484	1,943	1,934	2,459	2,786	3,187	3,563	2,685	2,443	2,095
Debt covered by the attachments above									
£0.58m	£0.8m	£0.79m	£0.93m	£1.02m	£1.29m	£1.366m	£1,034m	£1.m	£0.93m
No. of attachments pending									
1,361	1,710	2,094	3,520	4,208	5,326	5,936	5,248	5,554	5,487
Debt covered by the pending attachments above									
£0.59m	£0.78m	£0.97m	£1.57m	£1.8m	£2.26m	£2.45m	£2,135m	£2.3m	2.41m

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.

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 weekly rate (currently 5% of the basic allowance of Universal Credit or £3.70 from legacy benefits). 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 'pended' to start once the existing attachment to benefits has cleared.

The table below shows a snapshot of the number of live and 'pended' 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.

Attachments to benefits data (2009/10 to 2018/19)									
09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Number of accounts with a live attachment									
5,220	5,251	5,690	6,088	12,169	12,228	10,975	10,687	10,825	9,393
Debt covered by the above									
£1.30m	£1.33m	£1.42m	£1.53m	£1.92m	£2.13m	£1.82m	£1.88m	£2.17m	£2.0m
Cash collected year on year by attachments to benefits									
n/a	n/a	£0.7m	£0.67m	£1.05m	£1.44m	£1.52m	£1.46m	£1.34m	£1.24m
Number of accounts with an attachment pending									
6,602	6,507	7,832	8,152	11,202	16,196	18,858	19,993	25,997	22,102
Debt covered by the above									
£1.92	£2.03m	£2.47m	£2.62m	£3.11m	£4.11m	£4.56m	£4.7m	£6.5m	£5.58m

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. The reductions during 2018/19 shown above will be partially be attributable to residents transferring to UC (see below).

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:

- The debtor is already having other deductions made from their benefit due to other debts putting them below the threshold figure.
- The liable person is not the benefit claimant.
- The DWP says the resident is not claiming benefits.
- 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. 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.

	2015/16	2016/17	2017/18	2018/19
Number of AOUCs	471	170	1,801	1,314
Debt covered	£137,000	£46,000	£705,800	£446,000
Pending AOUCs	553	1,242	1,497	5,754
Debt covered	£147,000	£341,000	£545,900	£1,840,000

There remains 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, 202 cases have been considered for committal proceedings of which 83 have been withdrawn because they have absconded or another appropriate recovery method has been identified during the process. The total amount that was owed by these residents was just over £1.5m and works out an average of just over £7,500 owed by each of them (some will owe a lot more than this, some less).

The table below shows the current position of the 202 cases:

Total level of debt involved	£1.53m
Cases withdrawn as committal not suitable	83
Arrangements made and being maintained	30
Debt paid in full	23
Total amount paid	£459,000
Arrest Warrants Issued	95
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. The longer term target is to get to a position whereby 60% of those residents who have something to pay, use Direct Debit and 70% of money owed is collected 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 2018/19 there were around 201,000 live Council Tax accounts with a balance to pay, 3,000 more than the year before. 110,000 of these were paid by Direct Debit (54.9%). In financial terms this equated to £120.8m and 64% of the overall amount owed.

Although there has been a year on year increase in the number of residents paying by Direct Debit (more than 27,000 accounts between 2013 and 2018), the number shown as a percentage of all those residents with a bill to pay is still only just higher than at the end of 2012/13. This is due to the introduction of CTS in April 2013, when there was a significant increase in the number of residents that had a bill to pay.

Direct Debit data 2009/10 to 2018/19									
09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Number of Council Tax accounts with an amount to pay									
n/a	n/a	151,000	153,000	187,000	188,000	194,000	195,200	198,000	201,000
Number of accounts paying by direct debit									
70,800	73,900	77,900	82,900	89,600	93,500	100,200	104,500	108,300	110,000
Percentage annual increase									
2.6%	4.4%	5.4%	6.4%	8.1%	4.4%	7.2%	4.3%	2.2%	2%
Percentage of accounts being paid by direct debit									
n/a	n/a	51.6%	54.2%	47.9%	49.7%	51.6%	53.5%	54.7%	54.9%
Amount collected by direct debit annually									
£66.4m	£69.9m	£72.8m	£76.9m	£84.6m	£90m	95.4m	£104.2m	£113.2m	£120.8m

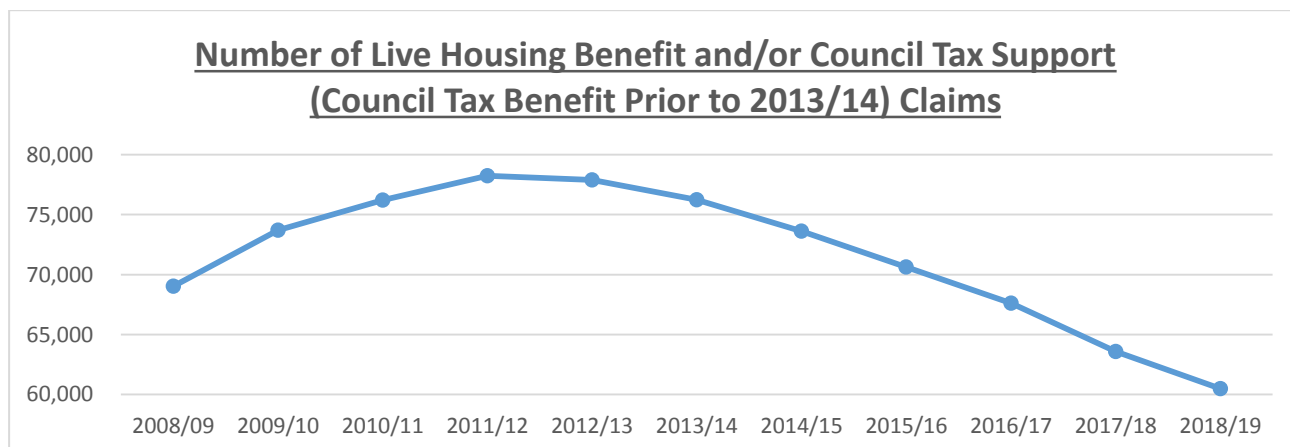
Direct Debit is advertised on all bills, letters and the website. In recent years, the most successful route for sign up to pay by Direct Debit is via the Council's website. In addition, there is also an annual exercise whereby letters explaining the benefits of Direct Debit, along with a mandate are 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.

3. Performance in Benefit Administration

3.1 Background

In March 2019, the Council was paying out benefit to 57,750 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.



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
- an accelerating reduction in HB claims because of the rollout of Universal Credit. As at February 2019, 14,958 households were in receipt of the Housing Element of UC across both the private rented (PRS) and social rented sectors combined. This accounts for approximately 24% of all households receiving housing payments via either UC or HB. The number of households claiming the UC Housing Payment across both the private and social rented sectors in Manchester has approximately doubled in a year.

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 and homelessness pressures;
- counter fraud activity;
- an increase in subsidy work;
- manual administration of Universal Credit cases resulting from the limitations of DWP systems (although work is underway to implement automation of this in the second quarter of 2019/20); 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 2019 snapshot of the Housing Benefit caseload was 46,158. The private tenant caseload was 10,222 and the social tenant caseload was 35,936.

Of 13,431 pension age households in receipt of Housing Benefit:

- 131 (0.9%) are where either claimant and/or partner are working
- 12,004 (89%) live in social landlord tenancies
- 1,427 (10.1%) live in private accommodation

Of 32,727 working age households in receipt of Housing Benefit:

- 8,674 (26.5%) are where either claimant and/or partner are working
- 23,932 (73.1%) live in social landlord tenancies
- 8,795 (% live in private accommodation

3.3 2018/19 Performance Results

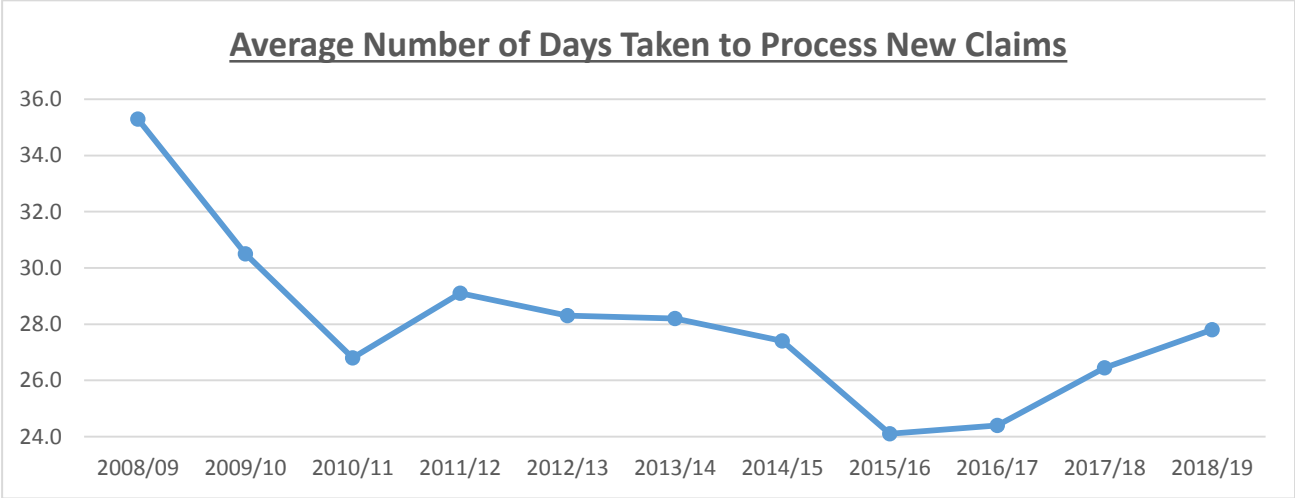
3.3.1 Speed of processing

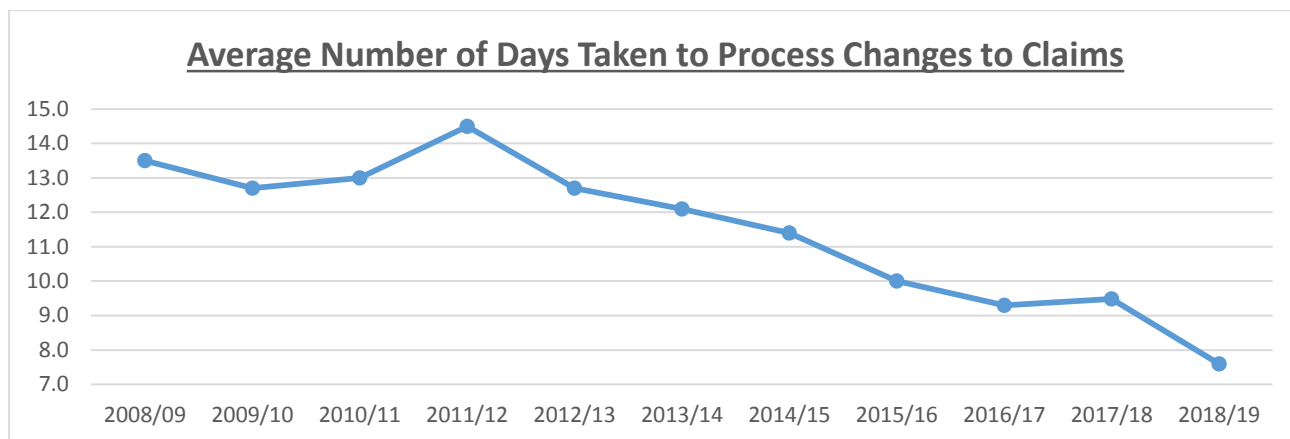
The table below shows headline performance results for Housing Benefit administration.

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.

	Processing New Claims	New claims in 14 days of getting all info	Changes of circumstances
Target	25 days or less	More than 92%	11 days or less
2018/19	27.8 days	93%	7.6 days
2017/18	26.5 days	93.4%	10.2 days
2016/17	24.4 days	94.6%	9.4 days
2015/16	24.1 days	94.5%	10 days
2014/15	27.4 days	91%	11.4 days
2013/14	28.2 days	90.9%	12.1 days
2012/13	28.4 days	91%	12.7 days
2011/12	29 days	90%	14.5 days
2010/11	26.8 days	91%	12.95 days
2009/10	30.5 days	87.6%	12.7 days
2008/09	35 days	83.8%	13.5 days





3.3.2 Accuracy of HB claim processing

Accuracy of housing benefit 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%.

3.3.3 Issues affecting claim processing performance

While the overall Benefits caseload is reducing as increasing numbers of residents claim Universal Credit for support with their rent costs the speed of processing new claims has not improved. This is due to a number of factors, in particular European Economic Area (EEA) fraud cases, new DWP initiatives and Universal Credit.

Fraud cases

622 European Economic Area fraud cases have been identified between December 2015 and 31 March 2019 with an increase of 133 cases during 2018/19. Each case takes an average of around three working days to clear. The time required to gather the evidence to make a decision on these cases can run into months due to the nature of the claims and this has an unavoidable impact on end to end processing times for new claims. The impact of these cases can be best illustrated with reference to the percentage of claims outstanding over 50 days. At the end of 2018/19 the figure was 10.38% in comparison to 4.8% in 2015/16.

DWP initiatives have included a review of 1,087 self-employed cases and the roll out of the Verify Earnings and Pensions Service (VEPS) which provides real time information. The self-employed work prompted a full review and refresh of the Benefits Service self-employed guidance and formal training sessions for staff. A proportion of VEPS work is very time consuming where regular changes in earned income are reported, triggering a 'fluctuating earnings' approach which is complex to apply. DWP systems issues have also impacted upon efficient VEPS processing.

UC claims processing

The time the DWP take to process UC claims takes around 50 days and this has a direct impact on the speed of processing for CTS only claims which cannot be paid until the UC award is confirmed. The DWP have recognised the impact this has on

processing times. Also the level of nugatory work generated by UC has an impact on Operations resources.

We receive a significant number of automatically generated UC changes many of which have no impact on CTS entitlement. The nature of some changes means they can be disregarded but others need checking. To date we have been unable to introduce a solution to support the identification and automatic completion of this nugatory UC information.

Housing Benefit transition payments (an additional two weeks HB payment when moving from HB to UC) were introduced by DWP on 11 April 2018 to mitigate the impact of the average five week wait for a first Universal Credit award. Over 2,000 awards were processed across the year.

In light of these factors the performance figures are considered to show a good level of service for benefit claimants, landlords and partners.

4. Performance in the collection of Business Rates

4.1 Background

Business Rates are collected from 26,614 business properties in the city (as at the end of March 2019).

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. Depending upon how it is occupied and split, one building may have several hereditaments. The Valuation Office Agency work out the rateable value for a property, the government set national rules and reliefs 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. 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.

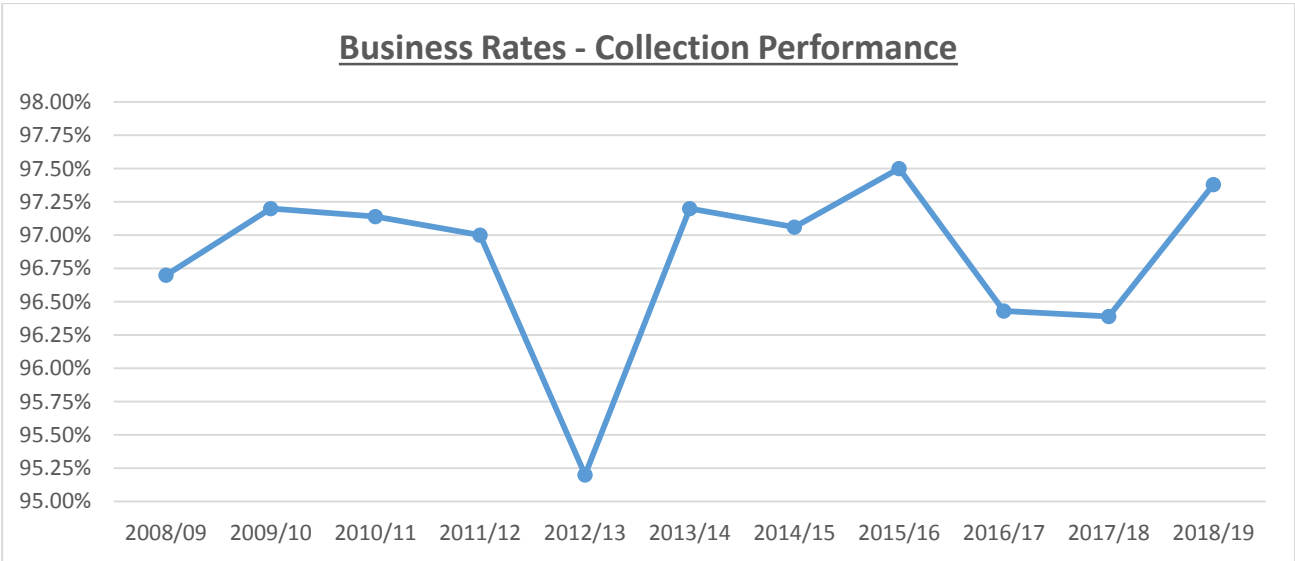
4.2 2018/19 performance results

The amount of Business Rates to be collected within the year, before transitional relief, discounts and exemptions was approximately £433.5m (gross rate debit). After discounts and exemptions, the Council had to collect £367.4m (net rate debit) the Council collected £356m. This is an increase in the amount of money collected of £11.4m over 2017/18.

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 2018/19, 97.4% of the collectable debt had been collected. This is a considerable improvement in performance compared with last year (up 0.8%) which 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 were resolved and this has reflected positively in the 2018/19 outturn.

Business Rates in-year collection performance - 2008/9 to 218/19										
(Debt raised and collected in the financial year)										
08/9	09/10	10/11	11/1 2	12/13	13/14	14/15	15/16	16/17	17/18	18/19
96.7 %	97.2 %	97.1 %	97%	95.2 %	97.2 %	97.1 %	97.6 %	96.4 %	96.6 %	97.4 %



From April 2017 the ten Greater Manchester (GM) authorities have been able to retain 100% of business rates income collected, subject to imposed tariff and top ups and shares passed to GM Fire and Greater Manchester Combined Authority (GMCA).

Under the new regime Revenue Support Grant, Public Health grant and GM Transport Capital grant are funded by business rates income. The baseline funding level and tariff or top up have been adjusted accordingly. In addition, Manchester received £21.7m from Central Government in 2018/19 to compensate for income lost due to Government relief changes since 2013.

The Government has guaranteed that collectively GM authorities will not be any worse off under the 100% Rates Retention Pilot than they would otherwise have

been. This is known as the No Detriment principle. Under local agreement GM authorities share any benefit from the 100% retention pilot with GMCA on a 50:50 basis. In 2018/19 this benefit was £19.6m with £9.8m being passed to GMCA.

4.3 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.

4.4 Additional schemes of relief introduced during 2018/19

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 the Council with up to £1.52 million in 2017/18, £737,000 in 2018/19, £303,000 for 2019/20 and £43,000 for 2020/21. The Council had to design its own scheme to where possible ensure the full amount was spent supporting businesses in the city as any money not spent is returned to government.

The Pub Relief scheme was discontinued from 1 April 2019, but applications are accepted so long as a decision can be made before 30 September 2019. This is a statutory requirement.

4.5 Summary of business rates relief awarded during 2018/19

The table below details the range of grants available and the amount awarded. For mandatory reliefs and local business rates discounts there are set criteria which the business must comply with.

	Number at 31/3/2019	Amount paid for 2018/19
Mandatory relief awards		
Small Business Rates Relief*	6,910	£19,751,600
Charitable relief (80%)	796	£29,504,200
Empty Property Relief	4,176	£25,117,592

Community amateur sports clubs (CASCs) (80%)	10	108,195
Discretionary relief awards		
Charitable relief top up (additional 20%)	54	£1,036,300
Community amateur sports clubs (CASCs) (20%)	0	£0
Not for profit Orgs	14	£1,467,500
Hardship relief	1	£5,000
Local Business Rates Discounts		
Local Discounts	1,293	£682,200
Enterprise Zone Relief**	85	£1,535,300
Supporting small Businesses Relief	167	£38,800
Public House Relief	147	£147,000
Business Rates Revaluation Relief		£709,000
Total		

*£17.68m SBRR was actually awarded however this is offset by £9.38m collected from other businesses paying the standard multiplier. 69.9% of Small Business Rates Relief awarded is refunded by Government (reflecting the enhanced relief introduced in April 2013).

**Applicable within 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 a DWP stipulated threshold level with any additional spend above this threshold Council funded;
- 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.

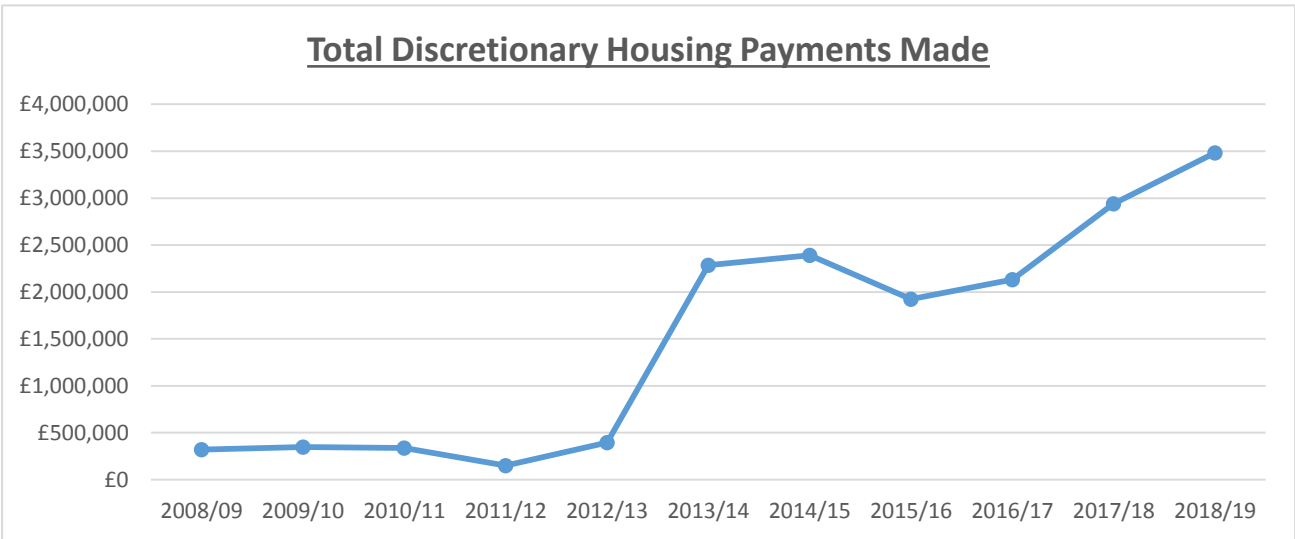
The government provides councils with a grant amount up to an agreed threshold and any money not spent in the year to which it relates is returned to government as unspent. The Council is able to fund above this amount up to a further threshold but this is funded from the Council's budget.

5.1.2 Spend against budget and award summary

Year	Government contribution	Amount spent	Number of awards	Cost to Council	Amount returned to government
2018/19	£2,432,920	£3,482,577	5,240	£1,049,657	£0
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 April 2016 the Council had 419 households placed by Homeless Services in dispersed temporary accommodation. In April 2019 the number had risen to 1,483 an increase of 1,064 households. Dispersed rents are set at £202 per week and a proportion of households in this accommodation are either subject to the benefit cap or are earning and may be entitled to only partial HB or UC(HE) or possibly no benefit at all. Depending upon the circumstances DHP is often used to help cover the gap between the benefit award and the rent charged. In 2018/19, around £1.5m was paid in DHP to address these shortfalls and associated homelessness pressures.

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



All applications are considered on their individual merits based on the DHP policy. The service seeks to make solid, appropriate, proportionate decisions mindful of the budget. There are some cases that are reviewed but their awards will continue year

on year and these include residents with adapted properties, residents with caring needs that need to be in a certain area or property, families with children with disabilities requiring their own room etc.

The aim is to make the very best use of the money that is available. Last year was challenging. The core DWP DHP funding was £2,432,920. In addition to this the Council provided an additional £1m of Council funds to address the demands generated by addressing homelessness accommodation shortfalls and meeting ongoing requests.

Due to concerns about overspending the budget and being able to make awards over the financial year, a further request for additional funding was made in the third quarter and a further £400,000 Council DHP funding was made available in December 2018.

At the end of the financial year the service had spent £3,482,577 on DHP awards (some of the extra money identified in the final quarter was used but not all). Decisions were made on 3,948 cases and 2,605 cases were paid. 1,051 of the paid cases were under occupation cases and 463 cases were paid to mitigate the impact of the benefit cap.

The service then made a further request as part of the budget to maintain the remainder of the additional funding and use this in the 2019/20 financial year.

Decisions continue to be made in accordance with the policy and the additional budget has allowed for this. However, this does not mean that every request is granted as that is not how the policy works. Some awards are short term and in some cases residents are expected to find their own solutions. Awards are not considered based on spending every penny that is available as this is Council money that if not used would support other essential services. Decisions are made on presenting need, in accordance with the policy. Residents who think the Council has made the wrong decision in their case have an opportunity to ask for a review of the decision and this is done in a constructive and pragmatic way taking into account any new information.

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. 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 2019 and the 2018/19 spend will also include a significant amount paid retrospectively for 2017/18.

Tenure	Clams w. award
Council Tenants	545
Temporary accommodation	699
Registered providers	1,454
Private landlords	700
All cases	3,398

Appendix four provides a full breakdown of awards by ward and tenure type.

5.1.4 Breakdown of awards by reason

The table provided as appendix five is a breakdown of DHP in more detail. It shows the reason for DHP, the numbers of claimants paid and the percentage of spend in each category for the past six years.

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 six 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 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

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 difficulties that may be experienced in the transition from long term benefit dependence into work. Awards can also include the removal of costs.

5.2.2 Spend against budget

The following table shows a breakdown of awards

Number of applications	Number paid	Amount paid
132	69	£21,282.20

Within appendix six 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 has not provided any specific grant to fund this activity and states 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 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 vulnerable group and are in extreme fuel poverty in that they are unable to afford immediate fuel costs or have been disconnected.

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 Council recognises a commitment to support care leavers up to the age of 25 and to ex-members of the Armed Forces within the parameters of the Scheme.

5.3.3 Objectives of the Scheme

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;
- Sustain tenancies, especially where the resident is at greater risk of not maintaining a tenancy, for example after a period of street homelessness or after leaving care;
- 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.

5.3.4 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.

Funding / Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Scheme Budget	£2,721,885	£2,721,885	£500,000	£500,000	£500,000	£600,000
Amount Spent	£1.300,000	£2,080,000	£392,232	£466,039 ¹	£448,597	£533,887

During 2018/19, demand on the Welfare Provision Scheme increased during the second half of the year due to a significant increase in applications for support for people moving from supported accommodation into general needs accommodation. This increased demand reflects Homelessness services working to resettle more homeless households into private rented accommodation through projects such as the Greater Manchester Homes Social Impact Bond.

5.3.5 Grant details

The Welfare Provision Scheme offers support to residents accessing the scheme in the form of grants and essential items as described below:

- 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

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

require) the Council will consider the additional provision of a washing machine.

(Normally 1 award per tenancy over a rolling 3 year period); or

- Support to stay within their home – provision of essential furniture or equipment items;
(Normally 1 award per tenancy over a rolling 3 year period); or
- Immediate response to severe fuel poverty – a voucher of up to £49 that is used to top up the resident’s fuel card or utility account.
(Normally one award per individual over a rolling 12-month period);
- Support following a crisis or emergency – a cash grant of up to £60.
(Normally one award per individual over a rolling 12-month period); or
- Travel expenses – a cash grant to support the purchase of a bus/travel pass for the first four weeks of employment. (Normally one award per individual).

NB. The number of awards made during the periods indicated will be based on individual circumstances and presenting need.

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

5.3.6 2018/19 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
4,895	1,920	2,975	39%

Reason for application	Number Approved	Value of Awards
Moving Home/Resettlement	1,100	£473,902
Other Reason	652	£50,931
Disaster	115	£7,233
Providing Care for Others	43	£1,476
Travel	10	£345
Total	1,920	£533,887

Further detail on the ward and demographic breakdown of awards is shown at appendix six. Appendix eight 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 1,920 approved applications 325 (17%) were paid to people under the age of 25, and 911 (47%) were paid to people under 35. This is probably driven by the impact on the welfare reform agenda. Only 40 awards (2%) were paid to residents over 65.

1,150 awards (60%) were paid to residents without children.

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

Goods type	Value of Grants approved
White Goods	£277,544
Beds	£144,933
Bedding	£79,765
Cash Grants	£10,500
Utilities	£20,830
Travel	£315
Total	£533,887

5.3.7 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.

5.3.8 2018/19 Processing Times

90.3% of applications were assessed and completed with a decision communicated to the applicant within one working day. 99.2% of applications were processed in seven working days.

5.3.9 Food poverty support

In 2018/19, 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 nine.

6. Welfare reform agenda and Housing Benefit administration

6.1.1 Under occupation in the social sector (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 2019 the figure stood at 5,696

The following table shows the numbers of HB households affected over the course of the last five financial years since the benefit cap was introduced, the financial impact and the number of affected households that have received some Discretionary Housing Payments.

2018/19	1st quarter	2nd quarter	3rd quarter	4th quarter
Cases with reduction for one spare bedroom	5,267	5,016	4,733	4,516
Cases with reduction for two or more spare bedrooms	1,338	1,295	1,210	1,180
All cases affected	6,605	6,311	5,945	5,696
Average reduction	£14.07	£14.10	£14.08	£14.11
Cases with DHP	790	739	638	644
2017/18	1st quarter	2nd quarter	3rd quarter	4th quarter
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
2016/17	1st quarter	2nd quarter	3rd quarter	4th quarter
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
2015/16	1st quarter	2nd quarter	3rd quarter	4th quarter
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
2014/15	1st quarter	2nd quarter	3rd quarter	4th quarter
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 or move on to Universal Credit. Residents on UC are still subject to under occupancy reductions but the Council does not have details of these cases unless a request for DHP is received. Further information is attached at appendix ten and eleven, 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 average weekly loss for all cases was £63.63.

This meant a further cut in the amount of benefits for these residents. The proportion of cases receiving a DHP award during 2018/19 has been between 22% in June 2018 and 29% in March 2019. The increase is due to the growing number of households in homelessness accommodation who are subject to the cap.

Further information is attached at appendix twelve, 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.

Date	Cases capped	Average weekly reduction	Number with DHP
March 2019	699	£65.11	205
December 2018	677	£63.98	179
September 2018	781	£63.14	181
June 2018	848	£63.29	195
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 699 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.

Tenure	No DHP	DHP	All cases	% on DHP
Council	47	14	61	23%
Temp acc	72	93	165	56.4%
Private	207	55	262	21%
RSL	168	43	211	20.4%
Total	494	205	699	29.3%

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 pensioners 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 has had an impact on Council Tax recovery because residents claiming UC must claim Council Tax Support separately if they need financial help towards paying their Council Tax. This issue has been largely mitigated from 2019/20 by amending the Council's CTS scheme to accept DWP electronic notifications as new claims for CTS.

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.

Also on 11 April 2018, DWP introduced Housing Benefit transition payments (an additional two weeks HB payment when moving from HB to UC) to mitigate the impact of the average five week wait for a first Universal Credit award (over 2,000 awards were processed across the year). This is an example of the additional workload the Council is required to take on to respond to weaknesses of the UC system

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 Fraud and Error Initiatives

The DWP notified councils in February 2018 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 received £224,151 to deliver the required DWP outcomes for VEPS in 2018/19. There are no incentive payments on top of this funding.

It took longer for DWP to establish their VEPS processes than anticipated meaning that RBI work was used to top up low numbers of VEPS cases until December 2018. From January 2019 the VEPS system stabilised and 2,525 cases were processed in the final quarter.

7. Other achievements and activity during 2018/19

7.1 Council Tax exemption for care leavers- extension

At the Executive in August 2018, the Council agreed to grant a local Council Tax discount to provide a discount to care leavers up until the age of 25. There is now a reciprocal agreement across all GM councils to provide this exemption to all care leavers in Greater Manchester up to age 25 irrespective of where the young person was in care.

All of the Council's discretionary schemes now recognise care leavers as a group requiring specific additional help to support independent living, financial awareness and inclusion and sustaining their home.

7.2 Changes to Council Tax Support

During 2018/19 the Council consulted on changes to the Council Tax Support Scheme for working age residents in receipt of Universal Credit. The changes were agreed and were introduced on 1 April 2019.

The changes were so that the scheme remains fit for purpose as working age residents in receipt of welfare benefits are moved onto Universal Credit.

These changes, introduced a banded schemes so that small changes of income or UC did not result in amended CTS or Council Tax, allowed CTS to be paid from the date that the Council was first notified of a claim to UC and allowed claims to be paid for short breaks in entitlement.

The Council also agreed that the Council's Discretionary Council Tax Payment Scheme should be used to support households during the transitional period of moving to the banded scheme and Universal Credit. The scheme would cover the current anomalous and exceptional circumstances as well as supporting those households disproportionately impacted by Universal Credit transfer including families with children.

7.3 Changes to the Council Tax Long Term Empty Premium

In July 2018, government gave powers to councils to enable them to increase the Council Tax long term empty premium charged on empty properties. The aim being to further encourage owners to bring them back in to use. The Council used to be able to charge an additional premium of 50% on any property that has been empty and unfurnished for more than two years (meaning the owner paid 150% of the usual Council Tax).

In February 2019, following a consultation exercise and planning programme, the Council agreed to use these new powers from April 2019.

The Council now applies the following:

- Double the Council Tax payable for properties left unoccupied and unfurnished for more than two years from 1 April 2019.

- 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.

Currently, 418 property owners are paying 200% Council Tax under the new arrangements, a reduction of 14 since the change was introduced.

7.4 Increased Housing Benefit Overpayment recovery through information sharing

From April 2018, the Council has been receiving employer details for people with outstanding overpayments from the DWP. This allows the Council to apply for direct earning attachments (DEA) from those employers. The aim of this activity is to significantly increase overpayment recovery levels as well as avoiding the requirement to use external debt recovery services.

During 2018/19, 6,445 accounts were referred to the DWP who provided employer details in 3,652 (56.7% cases). All of the cases where details were provided were written to, warning them that the Council now held employer details and would instigate an earnings attachment if they failed to respond. The table below outlines recovery from the cases where it was possible.

	Cases	Amount	Recovered	Balance
DEA applied	1,786	£1,795,557	£294,882	£1,500,674
Agreement made	310	£447,432	£43,329	£404,102
Lump Sum	71	£18,870	£18,870	£0.00
Recovery via DWP	63	£69,995	£2,690	£67,305
Written off	17	£3,768	£0.00	£0.00

7.5 Supporting the Council's agenda to prevent and reduce homelessness in the city

The Service has worked with colleagues to support the agenda to prevent and reduce homelessness in the city. This has included:

- Six briefings were delivered by Housing Staff for all Benefit Operations staff to educate staff on issues of housing and homelessness for people in Manchester. It provided information on the scale of the issue as well as the cost to the council.
- Six training courses were delivered to staff who work in Housing, The course covered the rules around Housing Benefit, Universal Credit and Discretionary Housing Payments in order to assist those staff who work with homeless people to understand what type of support can be claimed and how. Housing Staff were also given access to and training on the Housing Benefit system so that they can carry out checks on their own tenants' benefit entitlement.
- In January 2019 a co-location scheme started. This has seen Benefit Officers placed in three Housing Offices one day each week. The scheme was initially run on a trial basis but its success has resulted in it being extended to September 2019. It allows staff from Benefits and Housing to work together

more closely in order to get Housing Benefit issues resolved almost immediately.

- Communication between Housing and the relevant Benefit Operations team has been improved with regular liaison meetings and a team email addresses now used to communicate between Housing Support Officers and Benefit Officers.
- Providing advice on the benefits financial and subsidy regimes and eligibility criteria, to support strategic decision making and commissioning.

7.6 Council Tax discount/exemption for residents who are severely mentally impaired (SMI)

During 2018 a campaign was undertaken to increase awareness amongst stakeholders of a Council Tax discount of up to 100% for residents with some mental-health-related conditions. The campaign used the following channels to raise awareness:

- A briefing for the Council's financial appointees team
- Council's Adults Services internal bulletin.
- Team Talk – managers' bulletin.
- Age friendly Manchester bulletin.
- Corporate poster which has been displayed in local surgeries, libraries etc.
- Awareness campaign on the Council's twitter account.
- Targeted Facebook ads.
- Press release.
- Updated the Council's website to make access to apply easier

7.7 Adult Social Care (ASC) Assessments and Debt Recovery Team

The service provides assessment, billing and recovery services relating to Adult Social Care charges.

The service achieved the following.

- The collection target was set at £18.6 million for 2018/19, £19m was collected, exceeding the target by £400k (102.2%).
- Prompt recovery action on new debts and use of the full range of available recovery methods, including legal action where appropriate contributed to performance exceeding the target.
- Collected over £19 million in charges, exceeding the collection target by around £400,000.
- Outstanding arrears owed by people with community alarms (and no care package) have been reduced by over 50% from £77,000 to £35,000.
- Charges generated by the Case Management Team, towards Social Care contributions, increased in 2018/19 to £20.9m. This was an increase of £1m from 2017/18 (£19.9m).
- 25 briefings were delivered across Mental Health, Social Work, Primary Assessment and Hospital Discharge teams to raise understanding of Financial Assessments and their importance.

- The average time for notifying service users of their charges improved significantly across Domiciliary, Residential and Respite care. The combined average time has reduced from 12 days to 2.9 days

7.8 Office move

During March 2019 the Revenues and Benefits Service vacated Alexandra House (home for some Revenues Staff since 1990) and moved to 1 City Road East. Alexandra House is undergoing a full refurbishment ready for reopening in early 2021. Revenues and Benefits staff have now been joined by colleagues from the Shared Service Centre and Parking

8. 2019/20 activity, changes and performance targets

8.1 Performance Targets

The 2019/20 headline performance indicators are to:

- Collect 93.5% of the current year's Council Tax.
- Collect £7.5million of Council Tax due from previous years.
- Process new benefit claims within 25 days, process changes of circumstance within 9 days and maintain accuracy levels at around 99%.
- Collect 97.6% 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 Increasing Council Tax recovery through information sharing with HMRC

The Council has launched a pilot scheme in conjunction with HMRC and 29 other councils across England, with the aim of recovering unpaid Council Tax. The pilot, which falls under the Digital Economy Act (2017) gives new information sharing powers between government and local authorities.

The Act allows Councils to obtain employer and income information from HMRC for people who have failed to pay their Council Tax and have an order to pay by the local magistrates' court. The Council is given access to the information held by HMRC. This information includes information on earnings. The new pilot scheme will enable debt to be deducted directly from earnings of the debtor.

This legislation also means that councils will have full oversight on the information held on debtors by HMRC including earnings from employment and unearned income from other sources such as property rentals for example. This will help inform the council as to the income and financial situation of the debtor.

This pilot will hopefully mean that those who have the ability and the income to pay and have thus far refused to pay, will have the debt automatically deducted from their salary.

The pilot will last a year, and the results will be reviewed. If the scheme is a success, then the programme will be rolled out across England and Wales.

As part of this pilot the name and address details of 4,000 residents have been passed to HMRC who match it with their records and, where possible, provide employer details. Council Tax staff write to the residents, warning them we have their employer details and urging them to contact us to make a sustainable arrangement. Failure to make contact will result in their earnings being attached based on the government determined percentages shown earlier in this report.

8.3 Text messaging

Following a soft launch of text messaging residents who are about to receive a reminder in February 2019, this facility has been fully operational since April 2019. Early indications are that it has significantly reduced the number of reminders (20%) and summons (12%) issued so far this year, but a full evaluation will not be possible until April 2020.

As well as reminders, residents now receive a warning text prior to their account being issued to enforcement agents, but it is too early to decide the impact this is having.

Finally, a text message campaign went out to all students whose exemption was due to finish at the end of June, aimed at getting them to update the Council Tax Service with their changes. It will be difficult to evaluate how much administration this will save due to better information being received, but the response appears to have been good.

8.4 Implementation of the new CTS scheme and transitional support

One of the main activities during 2019/20 is to implement the CTS banded income scheme for Universal Credit claimants, and ensure that the appropriate transitional support is provided.

At annual billing, the change to the UC banded income scheme from April 2019 included 6,862 claimants in total. The change was neutral for the majority (80.6%, 5,531) of claimants. Of those claimants whose CTS was affected, most of these (16.1%, 1,108) were awarded more generous CTS entitlement under the banded income scheme than they would have been had it not been implemented, and a smaller number (3.3%, 223 cases) had reduced CTS entitlement.

Band	Excess Inc.	Max CTS	Losers	Same	Winners	Total Cases
1	None	82.5%		5,529	389	5,918
2	£0.01- £25	70%	101		161	262
3	£25.01- £50	45%	67		327	394
4	£50.01- £75	30%	26		202	228
5	£75.01- £80	12%	8		29	37
6	£80.01 +	0%	21	2		23
			223	5,531	1,108	6,862

As at the end of July 2019, £97,210 discretionary Council Tax Support had been awarded in total. £11,559 of this was one-off targeted awards to assist those UC claimants who lost out on CTS as a direct consequence of the switch to the banded income scheme in April. An additional £75,990 was spent to assist families with more than two children (these types of cases are being pro-actively identified throughout the year and additional support awarded automatically). £9,662 had been awarded as a result of routine applications from residents suffering exceptional hardship.

The service continues to monitor the CTS UC banded income scheme, which, due to the natural growth of Universal Credit at this stage, is impacting an increasing number of residents in this financial year. As per the table below, UC CTS cases have grown +20% in the first quarter of 2019/20.

Category	01/04/19	01/07/19	Change	% chg
CTS All	51,814	52,078	264	0.5%
CTS Elderly	17,045	16,924	-121	-0.7%
CTS Working Age	34,769	35,154	385	1.1%
- Passport Benefit	20,314	19,551	-763	-3.8%
- UC (banded income scheme)	7,592	9,286	1,694	22.3%
- Other STD	6,863	6,317	-546	-8.0%
- (Non-Universal Credit)	27,177	25,868	-1,309	-4.8%

8.5 Transition to Universal Credit

On Monday 22 July 2019 the DWP laid regulations to enable a 'Move to UC' (previously called 'Managed Migration') pilot in Harrogate to start. The regulations came into force on 24 July 2019. This is expected to inform future 'Move to UC' timescales nationally. This activity impacts people who are currently claiming Housing Benefit and have had no change in circumstances who are actively moved off HB and required to claim UC.

In the meantime the Benefits caseload is already reducing as working age residents who were previously not on benefits claim Universal Credit (Housing Element) rather than Housing Benefit, or have a change in circumstances that triggers a move from HB to UC.

The full migration to Universal Credit is now expected to be complete by March 2023 (originally 2017). Housing Benefit for people of state retirement age and for people in exempt accommodation will remain in place for the foreseeable future.

8.6 Tell us Once Initiative

The service is working with colleagues in registrars to implement the Tell Us Once initiative. Tell Us Once is a service which is offered by local authorities on behalf of the Department for Work and Pensions (DWP). The service allows the person who is registering a death, the opportunity to inform central and local government services of the death in a single interaction rather than having to write, telephone or even

attend each service individually. The Tell Us Once service is free to use and can save bereaved residents a great deal of time and effort.

Although there is additional time required for the Council at the point of registration of a death, as well as some coordination and systems issues, the benefits to residents mean that it is being recommended that this service is implemented in Manchester.

8.7 Ethical Lending

The Council is investigating the potential offer of ethical and affordable lending and includes:

- Working with the Manchester Credit Union to develop affordable short term and pay day loans for Council staff as part of the Council's health and well-being agenda and employee benefits package.
- Investigation of a wider offer that could potentially be scaled up across Greater Manchester and to other employers in the city. The aim is that by providing affordable credit it reduces the 'poverty premium' in the city (where people pay more to access credit and other services) which in turn may have an improvement on overall credit scores and reduce fees and costs to payday loans and other regulated and unregulated money lenders.

9. Conclusions

2018/19 was another busy and challenging year made more so, as it also included an office move.

The overall outturn in respect of key performance indicators during the 2018/19 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 £548m collected across the service areas, meaning there was an additional £19m collected compared to 2017/18 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.

Carol Culley
City Treasurer