

Benefits Simplification and the Customer

Sue Royston

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Simplify the experience of travelling through the benefits system, not the operation of any single benefit

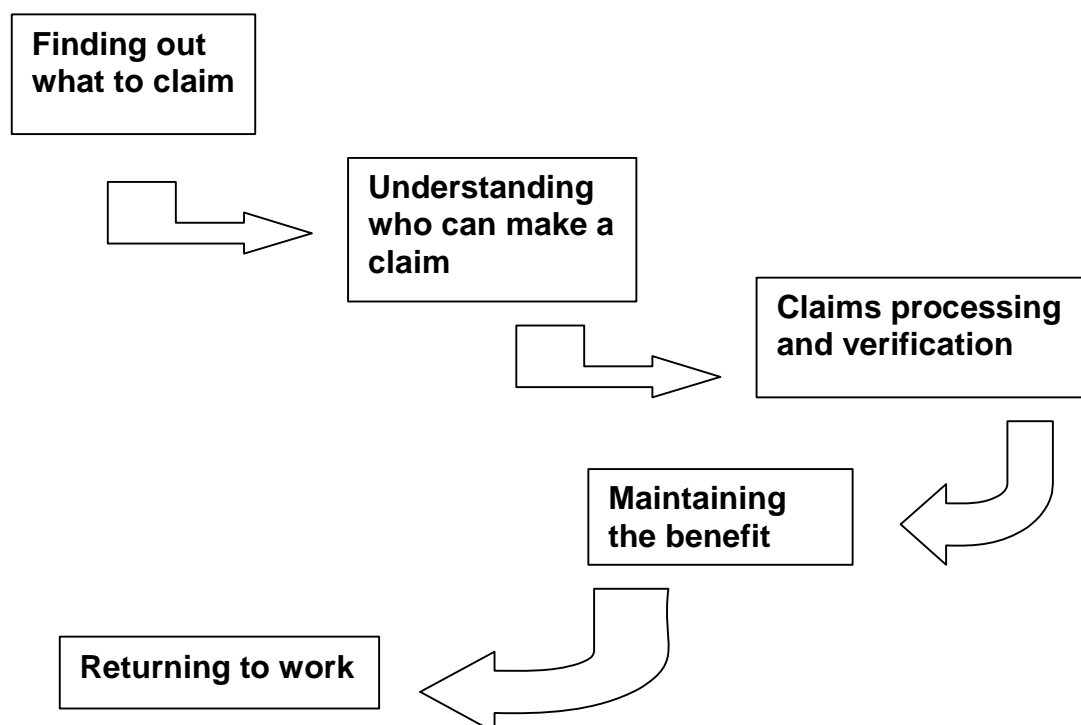
Executive summary

0.1 Introduction

0.1.1 This report seeks to provide a customer perspective on how the complexity of the system impinges on them, what factors are important in simplifying the process for customers and to make some proposals as to ways in which the system could be simplified. It looks specifically at benefits for working age customers and their families.

0.1.2 The reported work was carried out over a nine-month secondment to the DWP from a Citizens Advice Bureau (CAB). During this time I consulted extensively with a wide range of people in the voluntary sector about the problems different customers experience at each stage of the 'customer journey' (see fig 1) and possible solutions. In addition I visited and talked to DWP staff involved in each stage in the claims process.

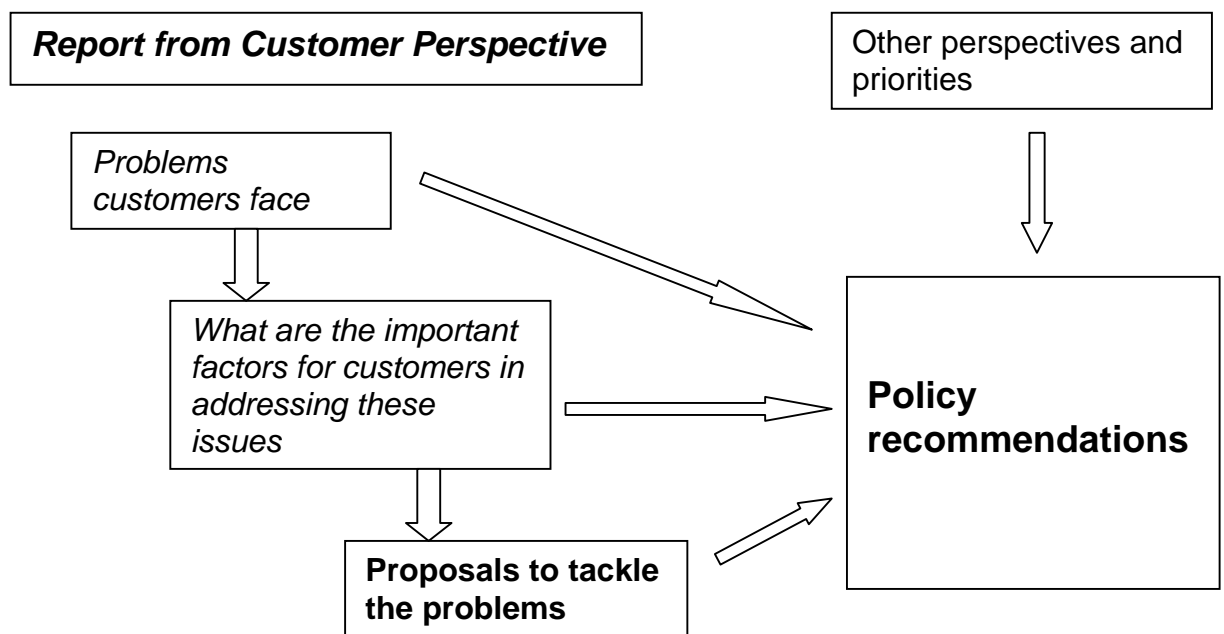
0.1.3 The customer journey



0.1.4 The work has identified some key obstacles to and enablers for a simpler benefits system for customers. Below I set out five key findings and a summary of the areas covered by the ten chapters.

0.1.5 My remit was to seek views from key players both inside and outside the DWP, explain what within the system caused complications for customers, explain which factors in any changes could help simplify the system, and put forward proposals which could help address the problems facing customers. In doing so I was aware that the DWP has a number of challenges which may not dovetail easily with some of the proposals, for example funding constraints, the drive to combat fraud and error, cross Government strategies etc. I accept that this means that not all the problems highlighted can be addressed, some may be partially addressed but not in the ways suggested, some proposals will be superseded by other more pressing priorities while others would only be achievable in the long-term. Nonetheless I felt that it was important not to exclude areas on that basis. An understanding of the challenges customers face is important even if they can't be tackled immediately.

0.1.6 **How the report relates to the wider policy context**



0.2 Key findings:

0.2.1 Simplicity for customers is about simplicity of the system as a whole not the simplicity of individual benefits.

- Typical customer journeys are more likely to give an indication of complexity for the customer than the complexity of individual benefits.
- Many customers come to the system because of a life event, not to claim a particular benefit.
- A slight increase in complexity in one benefit can make the experience of claiming all the benefits needed less complex.

0.2.2 Customers need simpler and more effective ways of obtaining information about their entitlement; there needs to be more effective systems put in place for this.

- There is no obvious place within the system where all customers can explain their position and get information about which benefits to claim and the effect this will have on other entitlements eg the effect of DLA on HB or TCs. As a result, throughout the system there are helpful people giving information when asked but because there are no clear formal arrangements this is often done without the necessary training or backup and the resulting information is sometimes misleading or incomplete.
- Signposting to the system is also haphazard – in the case of disability benefits most potential customers are reliant on this signposting
- Information already held by the DWP should be used to inform customers of further entitlement

0.2.3 Information is not shared sufficiently across the benefits system (and beyond); sharing information can help mask complexity.

- Customers should not have to repeatedly give the same information when applying for benefits
- Customers may not receive all the benefits or premiums they are entitled to receive and underpayments and overpayments occur because the interdependence of the benefits is so complex.
- Customers should only have to report changes in circumstances once; that information should then be shared with all the relevant departments.

- There needs to be more joined up working with other government departments to ensure full and accurate information can be given.

0.2.4 The system needs to be accessible to all customers.

- Any processes or systems should be rigorously checked to ensure their accessibility for all customers, especially those with disabilities or language problems
- Information about entitlement in the form of advertising through leaflets and posters and word of mouth is least likely to reach the socially excluded and people from ethnic minorities.

0.2.5 Some complexity within the system cannot be masked. The simplification of these areas should be given early attention.

0.3 Key proposals

These findings lead to ten key proposals as below. The first five chapters (0.3.1 - 0.3.5) offer a broad long-term overview of where the system should be aiming. The second five (0.5.1 – 0.5.5) offer an interim approach. They are ordered in terms of their position in a customer's journey. A diagram at the end of the executive summary shows the links between these findings and the proposals. The detailed rationale for these proposals is in the main body of the report.

A LONG TERM VISION

0.3.1 A full benefit check

- This chapter lays out the problems customers face in finding out what benefits they are entitled to claim
- It proposes a full benefit check be offered to all customers when they apply for a benefit. It needs to be as accurate and complete as is reasonably possible based on the information given by the customer. This benefit check should be offered in a variety of forms to ensure accessibility for all. This should include telephone or textphone, face-to-face in a local office or at an outreach centre. Expanding the concept of the alternative office by using the voluntary sector as partners to do some of the face-to-face interviews at outreach centres and for home visits should be considered. It would need to be done by someone trained in benefits with the use of an expert system/benefit calculator. Use could be

made of the experience of the voluntary sector in training volunteers. Volunteers within CAB are trained to be able to do full benefit checks using a benefit calculator in which, based on the information supplied by the client, information is given on all the benefits to which the client is entitled.

0.3.2 An improved application process

- The current business model has non experts at the front of the process. Putting people trained in benefits at the front of the process and combining the benefit check with the taking of the primary claims and the sharing of information with departments responsible for other identified claims would enhance customer service. It would also appear to be a more efficient process for some customers – offering time savings for DWP as well as the customer.

0.3.3 An entitlement record for all customers

- This would show all the benefits the customer has been awarded and the information (such as savings, part-time earnings etc) on which the awards are based. A copy would be sent at the start of a claim and whenever there is a change in circumstances. In the longer term it should be accessible online with the use of an ID number and password for customers and, with permission, their representatives. Any change in the person's entitlement record would automatically alert all relevant departments to the change so customers would only have to notify any change in circumstances once and only need to have information verified once.

0.3.4 A new application process for disability benefits for children to give greater clarity about entitlement.

- An initial application form would just ask briefly about the condition or nature of the problems. A tailored form would then be sent. Producing and using this form would require the establishment of a directory of conditions and impairments with associated care needs. Any care needs or developmental delay with associated care needs which have a 95% likelihood of occurring with a given impairment or condition should be assumed by DWP. Any care needs which are likely but more variable should be asked about in a tailored form. An opportunity would also need to be given for any other care needs to be entered which haven't been covered. This directory would allow much greater clarity about who is entitled to DLA. A much clearer message could be given to those who signpost to the system. It would also

make awards less reliant on the ability of the parents to be able to articulate all relevant care needs. The renewals process should also be revised to consider any relevant changes rather than undertake a complete reappraisal of the claim. As a result of these changes there should also be less fluctuation in customers' awards.

0.3.5 The problems of making work pay

- The DWP needs to be aware of the issues which create difficulties for those who are working and claiming in work benefits. The following principles would simplify the system for those returning to work and make it easier for them to understand what their financial position will be:
 - Customers to only be subject to one clawback at any one time
 - Customers to only have to notify one department of any changes
 - One department to be responsible for help with childcare costs.
 - If possible, childcare costs to be paid as a weekly benefit or at least in a way that reflects the large increases during school holidays
 - The system to give customers confidence that increasing hours of work will increase the customers income
 - The system to give customers as stable an income as possible

THE SHORT AND MEDIUM TERM

0.3.6 Raise customer awareness of benefits and make changes that encourage and improve take-up.

- Decrease the number of separate applications a customer has to make, e.g.
 - Offer a means test to all customers for ESA and identify those customers who are entitled to ESA (CB) but would also fulfil the means test. For these customers create a separate level of ESA - ESA(CB) with passporting This would prevent the need for these customers to complete lots of separate means tests for financial help from other departments.
- Use information already held by DWP to notify people of likely entitlement, e.g.

- Using DLA records to predict possible entitlement to IB for young people.
- Simplify conditions of entitlement whenever possible - This would enable more accurate signposting to the system

0.3.7 Examine the customer's journey to identify interim ways of improving the current application process through the contact centre by -

- Reducing the number of contacts or calls required and avoiding collecting the same information more than once e.g. ensure sufficient information is captured by the script so there is no need for a separate HB form
- Improving accessibility e.g. The use of face-to-face interviews for people with English as a second language with local interpreters where possible and access to interpreters when necessary throughout the claim
- Increasing consistency in awards e.g. DLA will always involve some judgement but using information about developmental delays and care needs associated with impairments would reduce the dependence on the parent's knowledge of the system and therefore increase consistency.

0.3.8 Address problems caused to customers by interaction between benefits, by e.g.

- Better sharing of information between departments e.g. Linking applications between departments
- Creating cooperation between departments when overpayments or backdating have effects on other benefits e.g. where backdating of one benefit causes an overpayment of another benefit the combined effect should be calculated
- Addressing, or working with the HMRC to address, the interactions between TCs and other benefits, which cause significant problems for some customers and have an impact on DWP targets of persuading people back into work and tackling child poverty.
- Focussing on the consequences of delays in one benefit for other benefit claims e.g. Responsibility for a child – reduce the time taken to get IS into payment for the parent with care when ChB needs transferring

0.3.9 Remove complexity which causes barriers to work, by:

- Reducing the number of contacts customers have to make. When the DWP considers interim changes to HB/CTB for people reliant on both HB/CTB and TCs, decisions should be made with the goal of decreasing the number of departments customers have to communicate with and decreasing the number of changes HB/CTB customers have to report.
- Tackling issues which cause people to feel uncertain about whether they will be better off in work. E.g. - the problems caused by TC overpayments when claiming HB/CTB

0.3.10 Align benefits where possible and implement other rule changes where complexity cant be masked

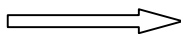
- Wherever possible, without causing hardship, rules for different benefits should be aligned e.g. the rules as to how income is treated by different benefits such as whether SSP, SMP, SAP and SAP are treated as earnings.
- Specific issues of complexity e.g. Non dependant deductions, Waiting Period for Housing Costs, Contrived Tenancies, the Sure Start Maternity Grant

Diagram showing findings and proposals

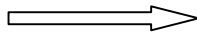
Findings

Proposals

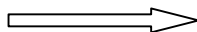
Simplicity for customers is about simplicity of the system as a whole not the simplicity of individual benefits.



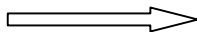
Customers need simpler and more effective ways of obtaining information about their entitlement; there needs to be more effective systems put in place for this.



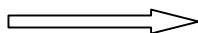
Information is not shared sufficiently across the benefits system (and beyond); sharing information can help mask complexity.



The system needs to be accessible to all customers



Some complexity within the system cannot be masked. The simplification of these areas should be given early attention.



1. A full benefit check as a gateway to the system
2. An improved application process
3. An entitlement record
4. A new application process for disability benefits to give greater clarity about entitlement
5. An increased focus on the problems of making work pay
6. Changes that encourage and improve take up
7. Interim moves to improve the current application process
8. Remove complexity caused by interaction between benefits
9. Identify where complexity is causing barriers to work
10. Align benefits where possible and implement other rule changes where complexity can't be masked

1 Chapter 1 – The benefit check

1.1 Proposal in brief - The need for a full benefit check as a gateway to the system - masking complexity

- 1.1.1 Many voluntary sector organisations told me that one of the most important ways in which the complexities of the benefits system could be masked for customers would be to offer a full benefit check. This benefit check would act as a gateway to the system telling customers their full entitlement to all benefits.
- 1.1.2 This benefit check should note in the case of someone who might be entitled to disability benefits what the effect of an award of disability benefits would then be on other benefits.
- 1.1.3 It would be very helpful if it could be expanded further to also point up all other possible sources of financial help to which they may be entitled.
- 1.1.4 The possibility of using the voluntary sector as partners to do some of the face-to-face interviews at outreach centres and for home visits should be considered.

1.2 The problem

1.2.1 A life event not a claim for IB

- People will initially need financial help because they have become unemployed *or* have just been diagnosed with a serious illness and are not going to be able to work *or* their partner has left them and their children *or* they have to give up work to care for a disabled relative or their partner has died etc. They may be aware that DWP can offer financial help in these circumstances but most will have no idea of the specific benefits to which they would be entitled. Most people who are entitled to an earnings replacement benefit will be entitled to a number of other benefits. For some the potential list will be very long.

1.2.2 Multiple benefit entitlement

- Someone who is ill may be entitled to IB, SSP, WTC, IS or an IS top up together with extra premiums depending on circumstances, industrial injuries benefit, HB and CTB, CTC

for their children, free school meals, free health costs, DLA, CA for their partner, a blue badge, Motability, Road tax exemption, cold weather payments plus access to a number of grants and allowances such as a disability reduction from their council tax or a grant for school uniforms for their children. Their situation may be more complicated than just being ill e.g. if their partner is pregnant.

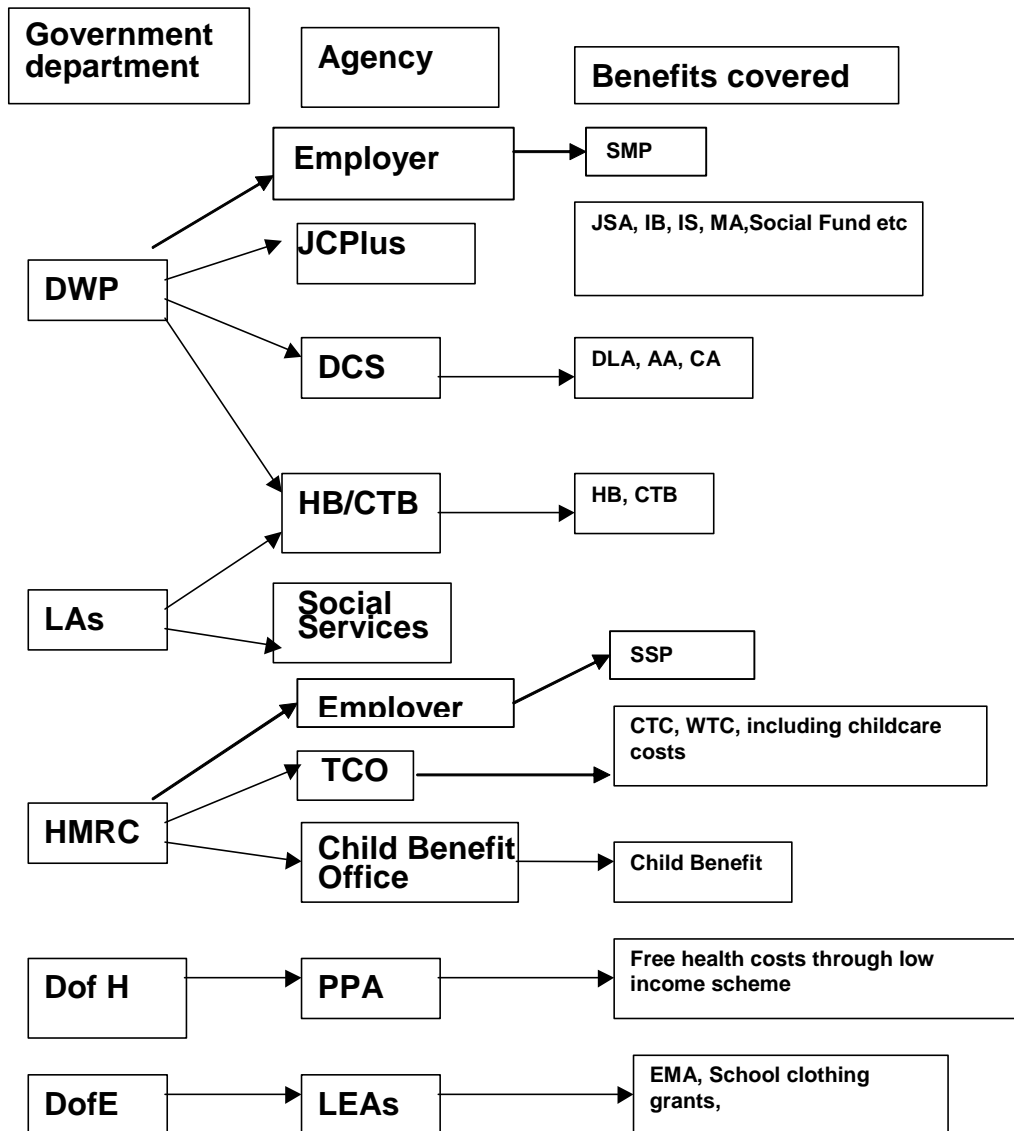
- There are some situations where the position is even more

Protective claims Someone just above the level for receipt of IS but possibly entitled to DLA and therefore the disability premium or even the SDP. If they were awarded DLA they would then become entitled to IS at that point so they should make a protective claim for IS whilst they claim DLA.

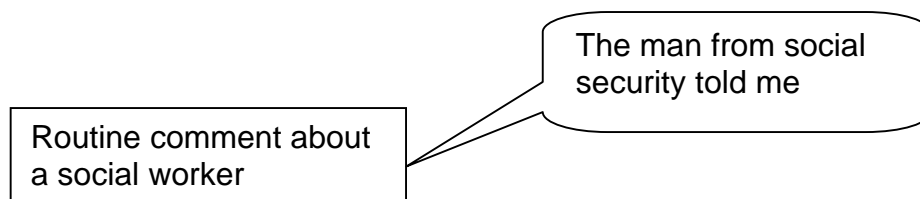
Information about benefits such as free health costs through the HC1 form appears to be given very rarely. When information is given it is very frequently wrong such as telling claimants that only people on IS levels of income will qualify for free prescriptions. Income can be up to £3.50 higher than IS applicable amount *after housing costs*. In practice this means that because of HB/CTB clawback some people with an income of over £20 (or £40 including the disregard) more than IS applicable amount will still be entitled to free prescriptions – almost no one discovers this.

Advice about entitlement to DLA/AA and CA is very complex – it might come through many agencies – health professionals, social workers, advice agencies, DWP staff etc. Some will give good advice, others will give no information or incomplete or inaccurate information. The issue of how they are signposted to disability benefits is covered in Section 2 but it is important that when someone from DWP is giving advice about benefits they have an understanding of when it is appropriate to advise about disability and carers benefits.

1.2.3 Many departments and agencies are responsible for benefits. Customers are often confused as to who controls what.



1.2.4 There is some cross referral between different departments but not nearly enough. Customers understandably have variable knowledge of the different government departments and agencies.

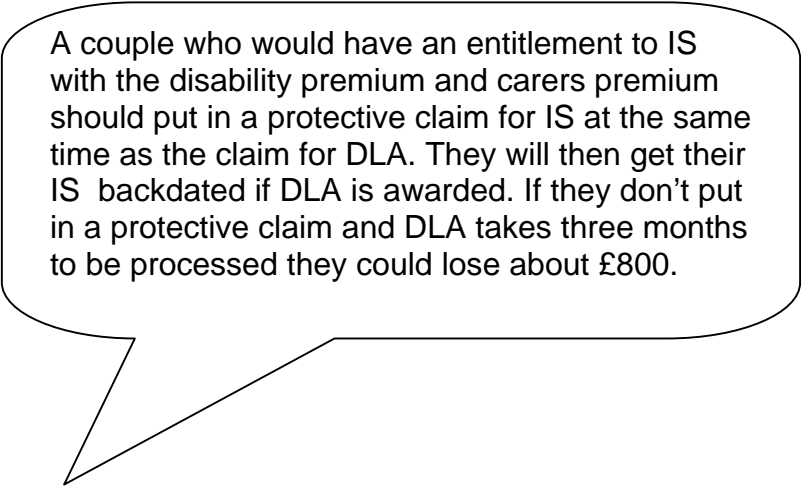


1.2.5 What happens at present?

- There is no obvious place within the system to which customers can be directed to explain their situation and ask what benefits they should claim. Some are directed to the Benefit Enquiry Line set up by DCS but most will be referred just to the Contact Centre especially if there is a need for an earnings replacement benefit. Some are referred to the Jobcentre Plus processing centres. We heard repeatedly about helpful people throughout the system who are doing their best to offer information but without the relevant training or checking because it is not seen as an integral part of their job. Consequently the information is often not complete and sometimes misleading. (A frequent example of this is young people of 18 or 19 being told that there is no point putting in a claim for IB because they don't have sufficient contributions). However, because the advice has been given by the DWP, customers rely on it. It should be emphasised that information that is not complete causes customers significant problems because if someone believes they have full information about all the benefits to which they are entitled they are likely to make no further enquiries.

1.2.6 The Benefit Enquiry Line set up by DCS is a good prototype for addressing this requirement

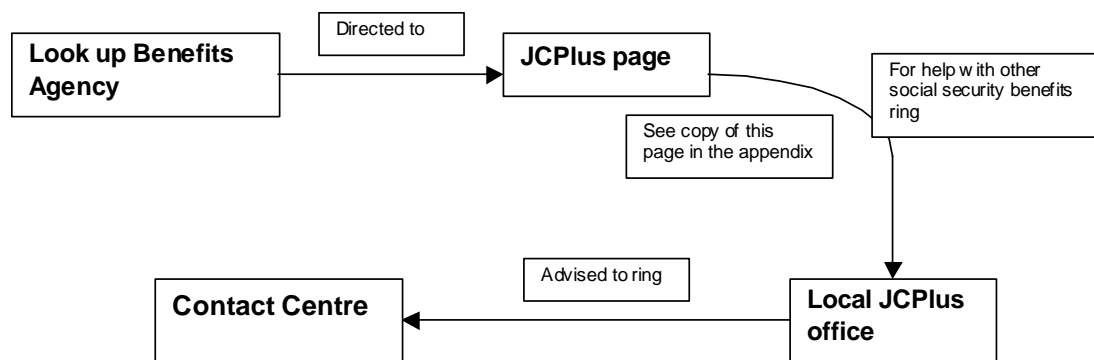
- But information does not seem to be given on more complex issues such as making a protective claim for IS.



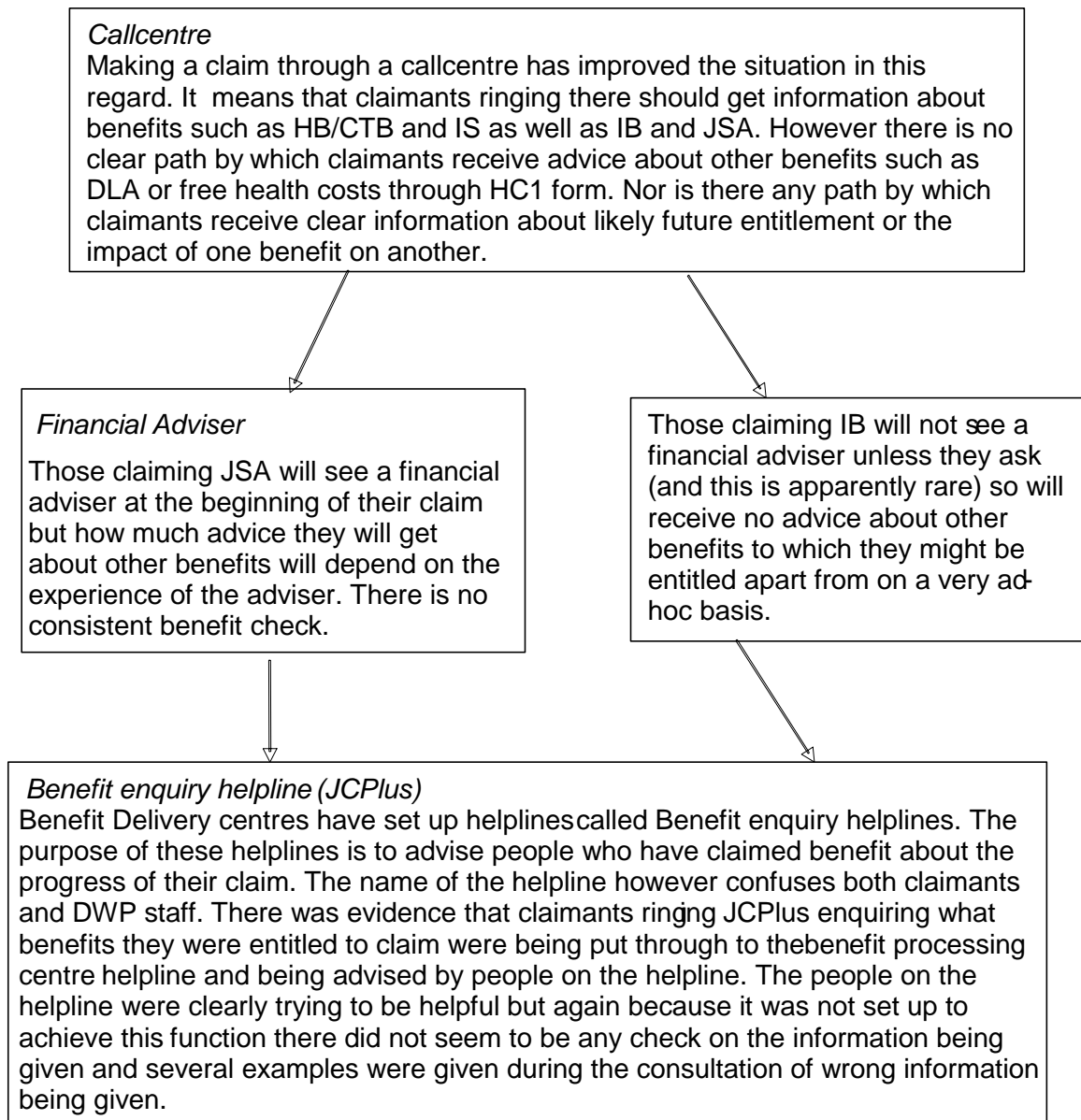
A couple who would have an entitlement to IS with the disability premium and carers premium should put in a protective claim for IS at the same time as the claim for DLA. They will then get their IS backdated if DLA is awarded. If they don't put in a protective claim and DLA takes three months to be processed they could lose about £800.

- People are unlikely to know what benefits are available so won't necessarily ask the right questions.
- Advice is only offered by phone so some of the most vulnerable customers have no access to this help.

- There is no advice given about non DWP benefits (apart from some general advice about TCs). As most people are unaware who administers different benefits this leads people to the very natural assumption that the benefits they have been told about when they ask the question 'What benefits am I entitled to claim?' are the total benefits available. For example not being told about help with health costs and in particular free prescriptions leads many people to the assumption that they need to be on IS to be entitled to free prescriptions.
- It is only intended to cater for sick and disabled people however it is certainly not seen as a gateway to the system even for this group. For example using the telephone directory someone who was ill would probably follow the following route as the Benefit Enquiry Line number is hidden in small print low down on the page.



1.2.7 The route through the Contact Centre



- Some within the voluntary sector expressed concern that in the future customers may not see a DWP adviser at all because the service has been contracted out. There may be no incentive for someone from a contracted out organisation to give advice about other benefits. This could have an unwelcome impact on the take-up of other benefits.

1.3 Proposal

1.3.1 A full benefit check

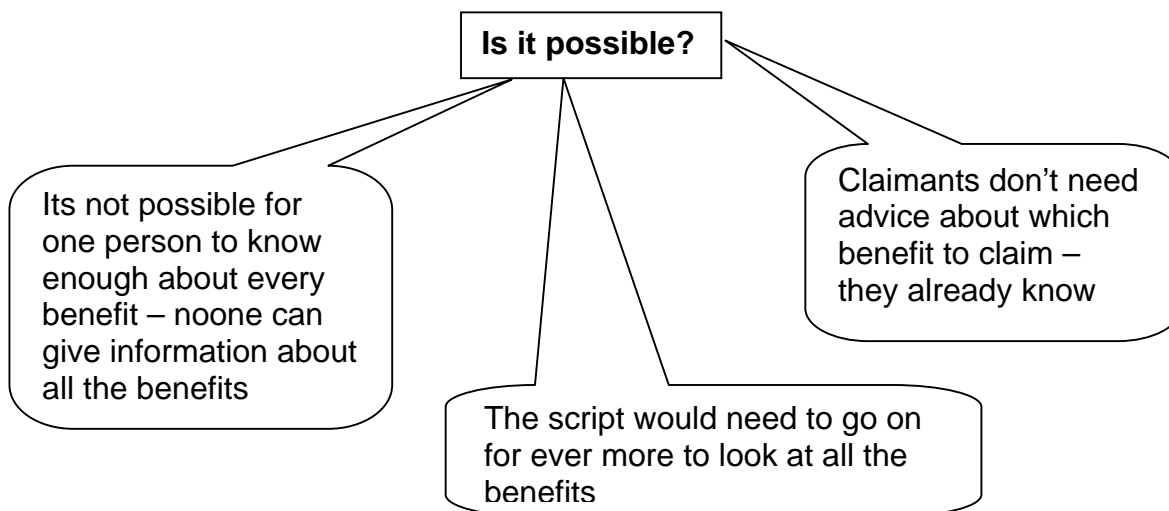
1.3.2 Clarity is needed about who is able to offer information about benefits within DWP and the advice given should be complete, accurate and accessible.

1.3.3 To give the sort of diagnostic interview envisaged above the advice would need to be given by someone with experience and training in benefits with the backup of a benefit calculator and an expert computer system.

1.3.4 The possibility of entitlement to DLA/AA should be a part of this diagnostic interview and should be identified using clear criteria.

- A list should be made of situations where deciding entitlement is likely to be complex e.g. children, disabled people who are parents, people with sensory impairments, people with mental health problems etc. Anyone who falls into one of these categories should be referred to a specialist in that field for help in deciding whether a claim is appropriate. These safeguards should both reduce the number of inappropriate applications and also the take-up by those who would be entitled but don't apply.

1.3.5 There is some uncertainty within DWP as to whether it is possible for DWP to provide a benefit check.



1.3.6 Volunteers within CAB are trained to be able to do full benefit checks using a benefit calculator in which, based on the information supplied by the client, information is given on all the benefits to which the client is entitled.

- The possibility of using the voluntary sector as partners to do some of the face-to-face interviews at outreach centres and for home visits should be considered.
- It would need to be done by someone trained in benefits with the use of an expert system/benefit calculator. Use could be made of the experience of the voluntary sector in training volunteers.
- The following diagram demonstrates how this benefit check might fit into the application process

Important aspects of any new process

•**Diagnostic interview** on first contact to establish all benefits, grants etc appropriate to their circumstances

•**Claimant should only have to tell their story once** – give their circumstances – be told what benefits, grants etc eligible for, have their claim for primary benefits taken and their claim processed. If any verification needed – would come to same processor – could pass work to others to do eg follow up with employers but they would retain control.

•**Variety of ways of accessing the service** – to comply with DDA - instead of each claim passing through 3 or 4 different geographical sites – different sites used to offer different types of service – each claim would only go to one site
 – **By phone** – using contact centres/benefit delivery centres – processors doing diagnostic interview using expert computer programme and then taking claim for primary benefits and processing the claim
 – **Some people may prefer a face to face interview - JCPlus local offices** – processors there doing diagnostic interview using an expert computer programme and then taking claim for primary benefits and processing the claim
 – Possible use of **voluntary sector** for some claimants to do diagnostic interview and take the claim then passing claim for processing to benefit delivery centre
 – Some people may find all of above options difficult and need **forms**

Verification only where necessary

Use of other outlets eg local housing offices to verify – so claimants don't have to travel long distances

1.3.7 Key requirements of the full benefit check

- In order for a benefit check to act as a gateway to the system it would need to:
 - be advertised and promoted as such
 - be made an integral part of the application process

- be staffed by people trained in benefits and in the use of a benefits calculator; staff would need to be trained to question proactively e.g. to ask someone who says they have been ill for 6 months if they have care or mobility needs.
- cover protective claims
- include signposting to benefits outside the remit of DWP

2 Chapter 2 - An improved application process

2.1 Proposal in brief - An improved application process

2.1.1 Put trained and experienced people at the front of the process. Instead of the multi stage process where the claim is passed through a number of different geographical locations, claims could then be dealt with in a one or two stage process.

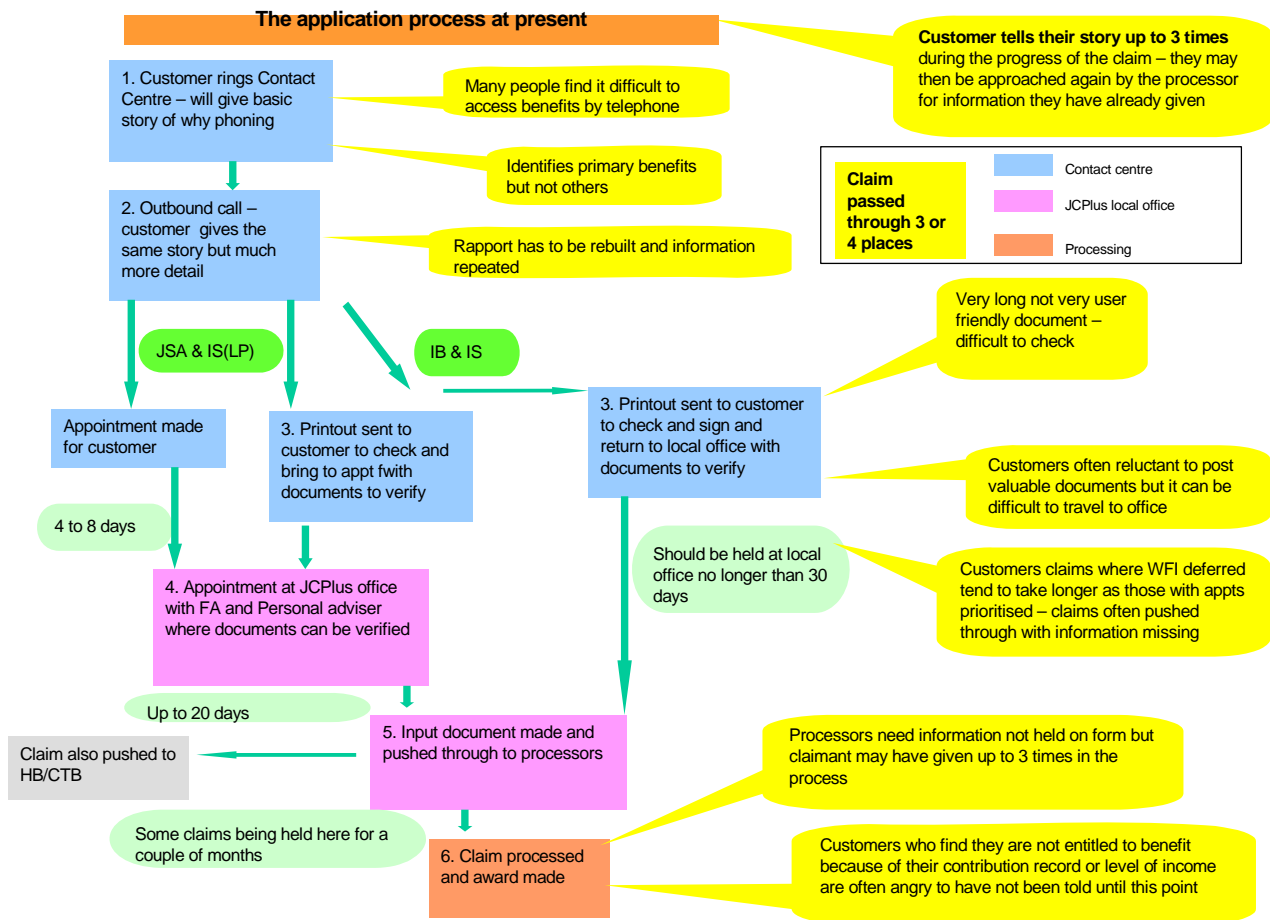
2.1.2 Schemes need to be piloted looking at offering people a range of ways of applying for benefit. The present business model could be adapted to make better use of the different centres (contact centres, Jobcentre Plus local offices, benefit delivery centres) in a horizontal rather than vertical way, using them to offer customers a variety of different means of accessing the system rather than the one way suits all approach of the telephone contact centre.

2.2 The Problem

2.2.1 The general structure

- The present business plan involves three major stages: contact centres, Jobcentre Plus local offices and benefit delivery centres (see diagram overleaf). This involves multiple handling and from the customer's viewpoint a need to repeatedly tell their story. The script boxes frequently fail to capture fully the customer explanations and stories which then need repeating.
- Customers who find it a struggle to use a telephone are often unaware of any alternative ways of applying for benefit
- Having several people deal with the same benefit application builds a lot of inefficiency into the system, so customers find it hard to keep track of what is happening to their claim.
- Delays can occur particularly at Jobcentre Plus local offices for IS and IB claims where priority has to be given by the financial advisers to those coming in for interviews because they are on JSA.
- Often the information input at this stage is insufficient so when the claim reaches the processing centre the processors have to return to the original claim form.

- These delays also mean that when the processors get the claim the customer has often been waiting many weeks and so processing time has to be spent answering the phone to anxious customers and their representatives and looking at interim payments thus delaying claims still further.
- The following diagram demonstrates some of these problems.



2.2.2 Problems using people not trained in benefits

- The contact centre staff are trained in how to operate the system but are given no training in benefits. This means that when a customer asks a question such as how will changing this or that affect my benefit they do not know.
- A lot of time is also being taken by applications being carried through in full even though it would be clear immediately to someone trained in benefits that the customer will not be entitled to the benefit in question. Jobcentre Plus staff at the

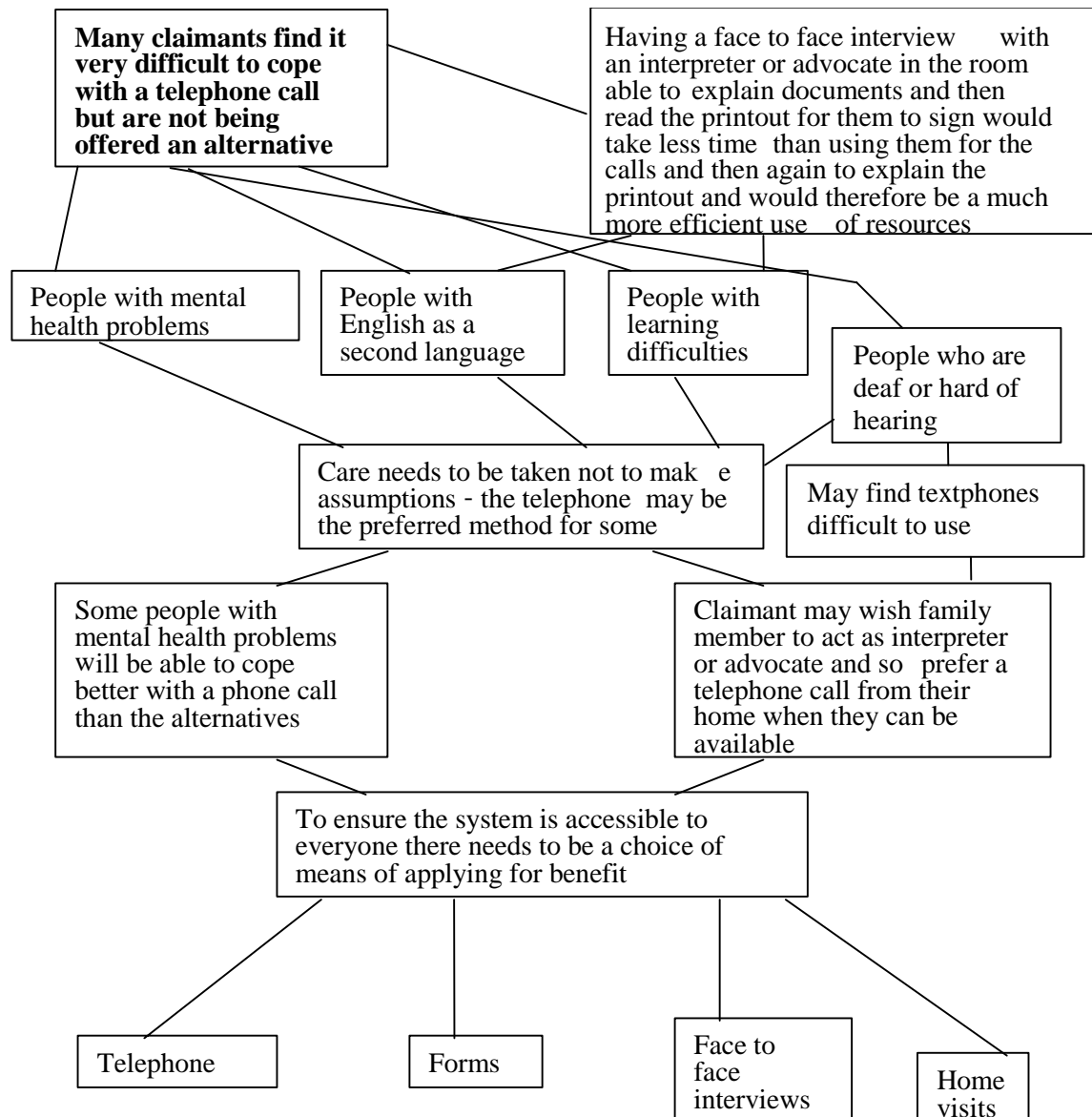
local office reported having to see many people who had been told to bring in all their details for checking who had no hope of qualifying for benefit.

I heard a call back at the call centre where a lone parent was struggling with a young child whilst trying her best with the call. It was obvious very quickly that she was unlikely to be entitled to any further benefit (she was already getting some HB/CTB) as her maintenance plus her part-time job would lift her well over the IS applicable amount. A few quick questions about eligibility to any premiums could have confirmed there was no entitlement to IS. Instead of which she had a long drawn out call where she had to go into considerable detail about her ex partner, was asked to get further details from him, was asked to agree to CSA involvement or else her benefit might be cut. She already had an agreement with him which was working and she was clearly unhappy at the possibility of upsetting this. The call took about an hour. After completing the call she would have to gather together everything needed for verification of her claim and take it to the Jobcentre Plus office. When she eventually got the decision refusing her benefit several weeks later it was likely to be very distressing and frustrating.

- When a claim for IB is taken but there is no possibility of any means tested benefits the full claim has to be taken and all the evidence provided and verified even though many will subsequently be found not to have sufficient contributions.

Processing staff remarked on the excellence of the computer programme used to determine whether customers had sufficient contributions (NIRS2 browser – National Insurance Recording System) – how straightforward, quick and easy to use it is. This check could be done when the customer first applies preventing a lot of wasted time and effort by customers and DWP staff.

2.2.3 The accessibility of the system



2.2.4 The difficulty in reading the printout

- When customers make a claim through the call centre they are sent a printout of their claim. This is sometimes 40 pages long. Customers often find it difficult to read through this and check that everything is correct – from the customers point of view they have had 2 long phone calls and then are faced with a task which to some is as off putting as completing the form from scratch. For those with difficulty reading they will then need to make a further appointment at an advice centre to check there are no mistakes.

- This is a waste of voluntary services resources. A form which could be completed in one appointment can now take three appointments – the initial call, the call back and checking the printout. Some customers will sign the print out without properly checking because of the difficulty they have with this – this causes mistakes – underpayments and overpayments.

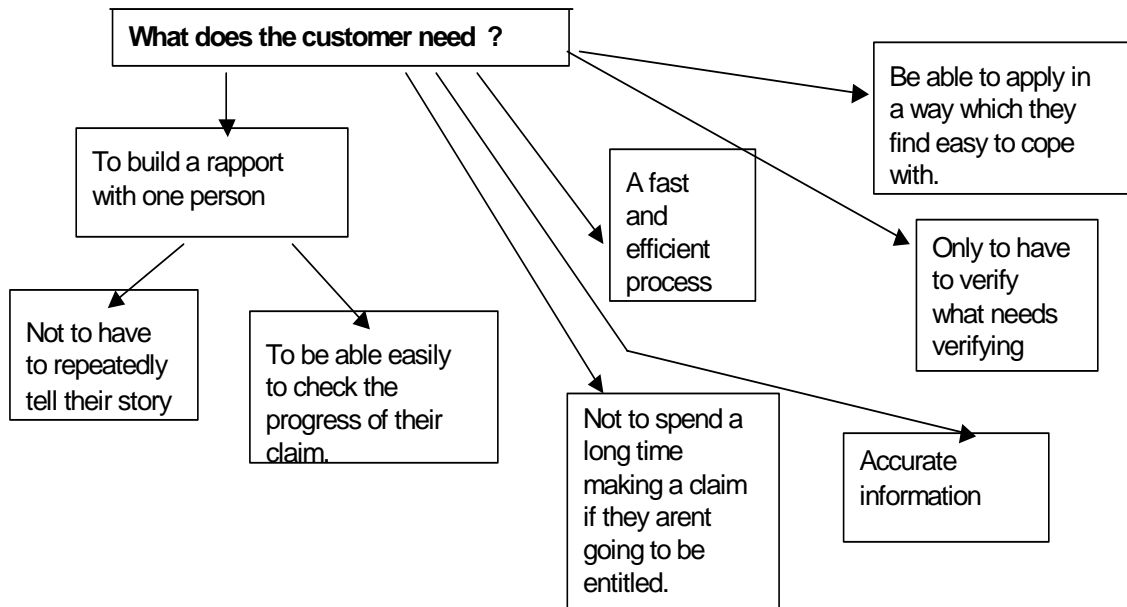
One couple had been underpaid for some time before they visited a CAB because the monthly amount he received for his occupational pension had been treated as a weekly amount.

2.2.5 Example of what happens when claims are only taken by phone

- Customers with English as a second language need an interpreter on the line for both parts of their claim. However the interpreter cannot see the documents the customer has such as their rent agreement so the customer is still left struggling to deal with some questions.

I listened in to a call at the call centre where the adviser was asking the customer what sort of tenancy she had – it took about 5 minutes for the customer to discover the correct phrase as she wasn't sure what she was looking for or where on the rent agreement to look. If she could have passed across the tenancy agreement it would have been much simpler. This person had no language or literacy problems. Customers with English as a second language or customers with learning or literacy difficulties are likely to find it much more difficult

- When the printout is sent to the customer they are going to be unable to understand it and so will face a choice between getting yet another interpreter to check over the document with them or risking that the DWP has taken down the information they gave correctly. This obviously runs the risk of overpayments or underpayments or the DWP having to contact the customer once again to get missing information. In some cases it would be more efficient to provide a face-to-face interview with the customer and the interpreter.



2.3 Proposal – An improved application process

2.3.1 Use experienced and people well trained in benefits together with an expert computer system when people are applying for benefit.

- Calls would take less time and those customers who were not entitled to benefit could be identified much more quickly, saving both the customer and the DWP time and frustration.
- Experienced people with proper training and a good benefit calculator/ expert computer system could do benefit checks and then take claims right through to processing. This would also increase job satisfaction.
- There would need to be recording and checking of advice given. This would prevent people being misled or not getting full information.
- Improved quality of advice would improve customer experience and affect the customer's choice of appropriate action.

2.3.2 Means of accessing benefits

- Schemes need to be piloted looking at offering people a range of ways of applying for benefit.
- For some customers claiming by telephone has improved the process and made it easier and quicker to claim benefit. However many people find it very difficult to cope with long telephone calls. For other groups of people it is not only difficult but also extremely inefficient and can lead to mistakes causing underpayments and overpayments.

- At the moment people are unaware that they can apply by means other than the phone. However advertising the alternatives is unlikely to create a huge extra demand from those who are comfortable using the phone because the DWP's own survey showed that a large majority of customers prefer to apply by phone.
- Not being aware that there is an alternative is meanwhile putting off some customers from making a claim, because of:
 - their circumstances (they don't have access to a landline or they are in hospital and there is nowhere they can make a private call)
 - or extreme difficulty using a phone (they don't speak English or they have mental health problems etc)

2.4 How would it work

2.4.1 The present business model could be adapted to make use of the different centres (contact centres, Jobcentre Plus local offices, benefit delivery centres) in a horizontal rather than vertical way using them to offer customers a variety of different means of accessing the system rather than the one way suits all approach of the telephone contact centre. For some customers use could be made of the voluntary sector to establish entitlement and take claims. The claims would then need to be passed on to processors within DWP but the customer would retain their point of contact with the adviser within the voluntary sector.

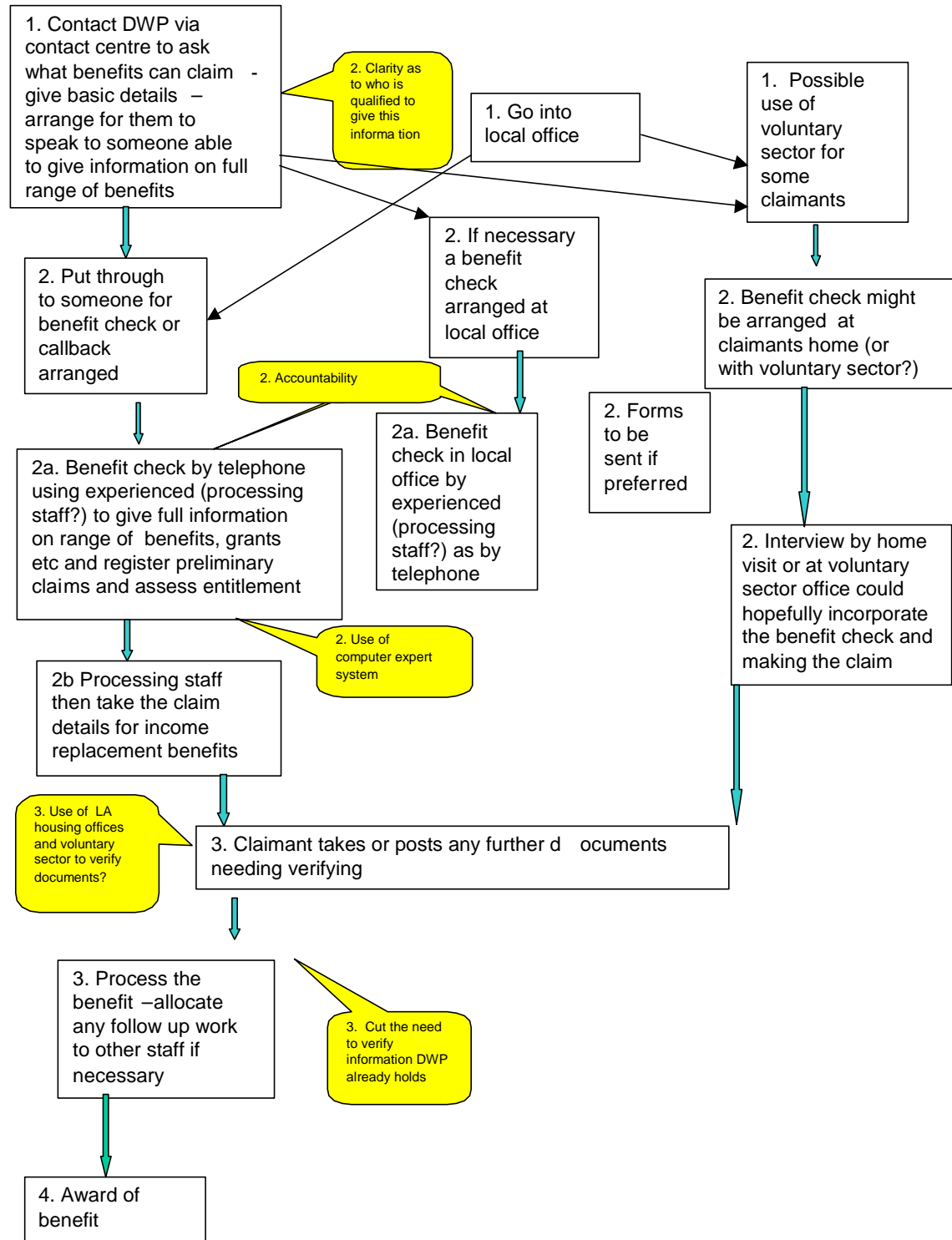
2.4.2 Instead of the multi stage process where the claim is passed through a number of different geographical locations, claims would be dealt with in a one or for some a two stage process using trained and experienced people at the front of the process.

2.4.3 This would cut down the steps in the process. It would cut the inefficiencies in the process caused by hand ons and work being repeated at different stages. It would provide one or at most two points of contact so that the customer does not have to repeatedly tell their story.

- It would offer improved access to the system for those who find using the telephone difficult.
- It would hopefully also improve the information given to customers.

2.5 Summary diagram – see the diagram ‘Important aspects of any new process’ [in section 1.3.6](#)

2.6 This diagram summarises how this might work



3 Chapter 3 - An Entitlement record

3.1 Proposal in brief - An Entitlement record –

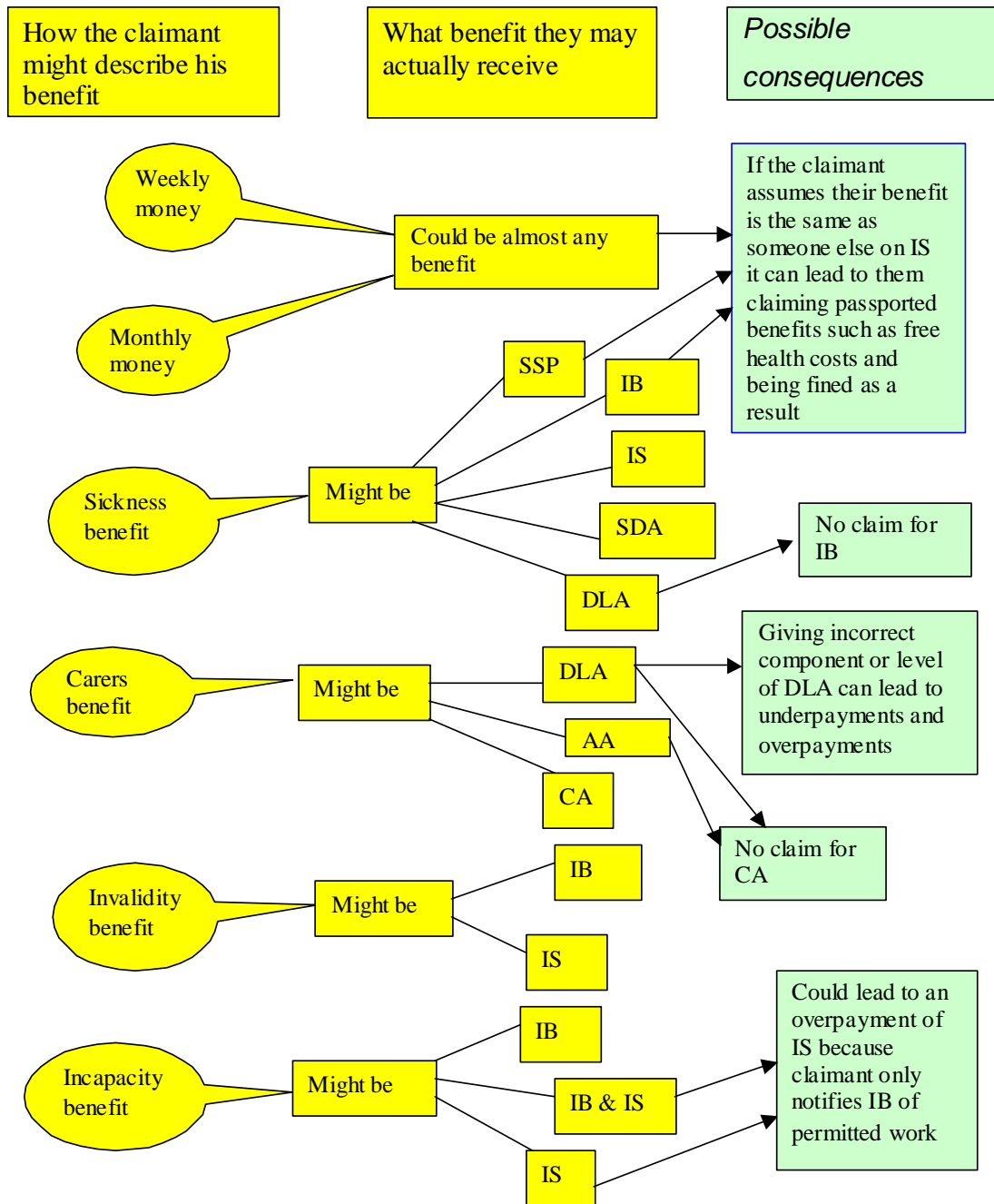
- 3.1.1 It would be very helpful if each person who claims a benefit could have an entitlement record. This would be kept as a computer record which would ideally be kept updated by all agencies (Jobcentre Plus, TCO, LA, PPA, etc). It would outline all the benefits they have been awarded and the other benefits which they should claim, it could also hold a brief summary of the information on which the claim is based. Customers would receive a printout when they first apply and receive an up to date printout whenever they needed one. or whenever there is a change in circumstances
- 3.1.2 The customer would be able to access this record with a personal password. Many customers do not have direct access to computers but would be able to access it with the assistance of advice agencies or DWP staff. It would also record progress being made on any current applications in a similar way to passport applications or keeping track of a posted parcel. This would greatly reduce the number of calls made by customers and their advisers to the DWP asking about progress.
- 3.1.3 In the longer term: Any change in the person's entitlement record would automatically alert all relevant departments to the change. It would thus act as the basis of information sharing between agencies and also departments. It would mean that customers wouldn't have to repeatedly give the same information when applying for benefits. It would record when information has been verified. Customers would only have to notify any change in circumstances once.
- 3.1.4 Any change to one benefit or award of a new benefit would be automatically notified to relevant departments so avoiding many overpayments, underpayments and underclaiming.
- 3.1.5 An interim measure which would help customers locate award letters would be to send all award letters on coloured paper.

3.2 The Problem

3.2.1 Knowing what benefits are already being claimed

- Not only people from the voluntary sector but also Jobcentre Plus staff told me that customers who are already on benefit are frequently unsure which benefits they are on.
- This problem has become much more acute since the move from order books to direct payments into the customer's

bank account. Customers used to be able to look at the front of their order book and remind themselves what benefit they were receiving.



- This problem creates a lot of extra work for advice agencies and the DWP. A lot of time and money is spent establishing what benefits customers of the DWP who come in to advice centres are receiving before any advice can be given on debt or benefits. It is also expensive for the DWP to update customers on the progress of their claim. As well as the

extra work it also, as can be seen in the above diagram cause both overpayments and underclaiming.

3.2.2 Information sharing

- On applying for benefit
 - As has been seen earlier, customers are often entitled to claim a large number of benefits. They complete one form after another, each going to a different government agency or department. It would be helpful if agencies and departments could share basic information so that the customer gets all the benefits to which they are entitled without having to repeatedly give and verify the same information.
- Notifying a change in circumstances – failure causes overpayments, underpayments and underclaiming. It is caused when customers:
 - do not understand what benefits they are on
 - think that other departments will be notified automatically
 - think that all benefits are part of the same system
 - are not aware that disability benefits will affect other benefits

A common cause of overpayments is confusion within the local office as to whether IB or IS should monitor permitted work ie customer informs IB who don't inform IS

The effect of DLA on non dependent deductions is also frequently missed

Disability organisations reported very frequently coming across parents of disabled children who were not getting the child disability element of CTC.

1

¹ ESA should help with problems caused by customers being on IS and IB

3.2.3 Notifying a change in circumstances – overpayments and underpayments – the numbers are not comparable.

- A frequent assertion is that customers are much more likely to notify if it is to their advantage and that therefore confusion amongst customers is not an important issue. The evidence quoted for this is that there are many more overpayments than underpayments.
- This is based on a mistaken assumption of parity as to how overpayments and underpayments are defined. Customers who fail to notify a change in circumstances which would lead to less benefit will have an overpayment but if they don't notify a change which would increase their benefit they will simply lose out – there is usually no underpayment.
- The feedback from the voluntary sector was that confusion about how benefits interact is an important issue. Many customers are losing out on benefit (as well as incurring overpayments) because of this confusion but figures for this are not recorded in the same way as overpayments.

If a customer's part-time wages go up by £10/week and they fail to notify for 8 weeks there will be an overpayment of £80. If they work less hours and their wages go down by £10/week and they don't notify for 8 weeks there is unlikely to be an underpayment. The customer will have lost £80 of benefit.

3.3 Proposals

3.3.1 It would be very helpful if each person who claims a benefit could have an entitlement record. This would be kept as a computer record which would be kept updated by all agencies and hopefully could also stretch across government departments (DWP, HMRC, LA, PPA, etc). It could also hold a brief summary of the information on which the claim is based. e.g. their savings, part-time earnings, employer. A fresh postal record would be issued with each change of circumstances.

The entitlement record would have three main functions

- It would act as a central record so that when applying for a number of benefits information would only need to be given and verified once. The Computer Information System (CIS) which is at present in use has some of this functionality already but does not at present seem to be used to full advantage. E.g. customers are asked to verify which other benefits they are receiving although CIS holds this information.

- Customers would inform either one department or one central place of a change of circumstances. All relevant benefits would then be notified that there was a change in this person's entitlement record. If this brought them into possible entitlement to a new benefit the customer would be informed of this as well as the changes in their existing benefits.
- The customer would be able to access this record with a personal pin no and password. Many customers do not have direct access to computers but would be able to access it with the assistance of advice agencies or DWP staff.

Customers make a total of about 290 million contacts with the DWP each year. It is estimated that about 70 to 80 million of these are chasing progress. These calls cost the department £100million each year.

3.3.2 Customer access would have the following advantages:

- It would help to decrease overpayments and underpayments if the customer is able to very easily check the information on which the claim is based.
- It could also record progress being made on any current applications in a similar way to passport applications or keeping track of a posted parcel. This would greatly reduce the number of calls made by customers and their advisers to the DWP asking about progress.

3.3.3 An entitlement record should save a lot of time and money currently spent checking what awards people have and the progress which is being made with new claims and could help prevent overpayments and underclaiming. It should enable information sharing, preventing the need to repeatedly give the same basic information and have the same information verified, when applying for benefits. It should also alert the various departments of any changes in entitlement due to changes in benefit or in circumstances.

3.3.4 An interim measure which would help customers locate award letters would be to send all award letters on coloured paper.

Customers are frequently unaware of which benefits they are receiving and find it difficult to sort out the award letters from the mounds of paper. If award letters were all sent on coloured paper they would be more easily found.

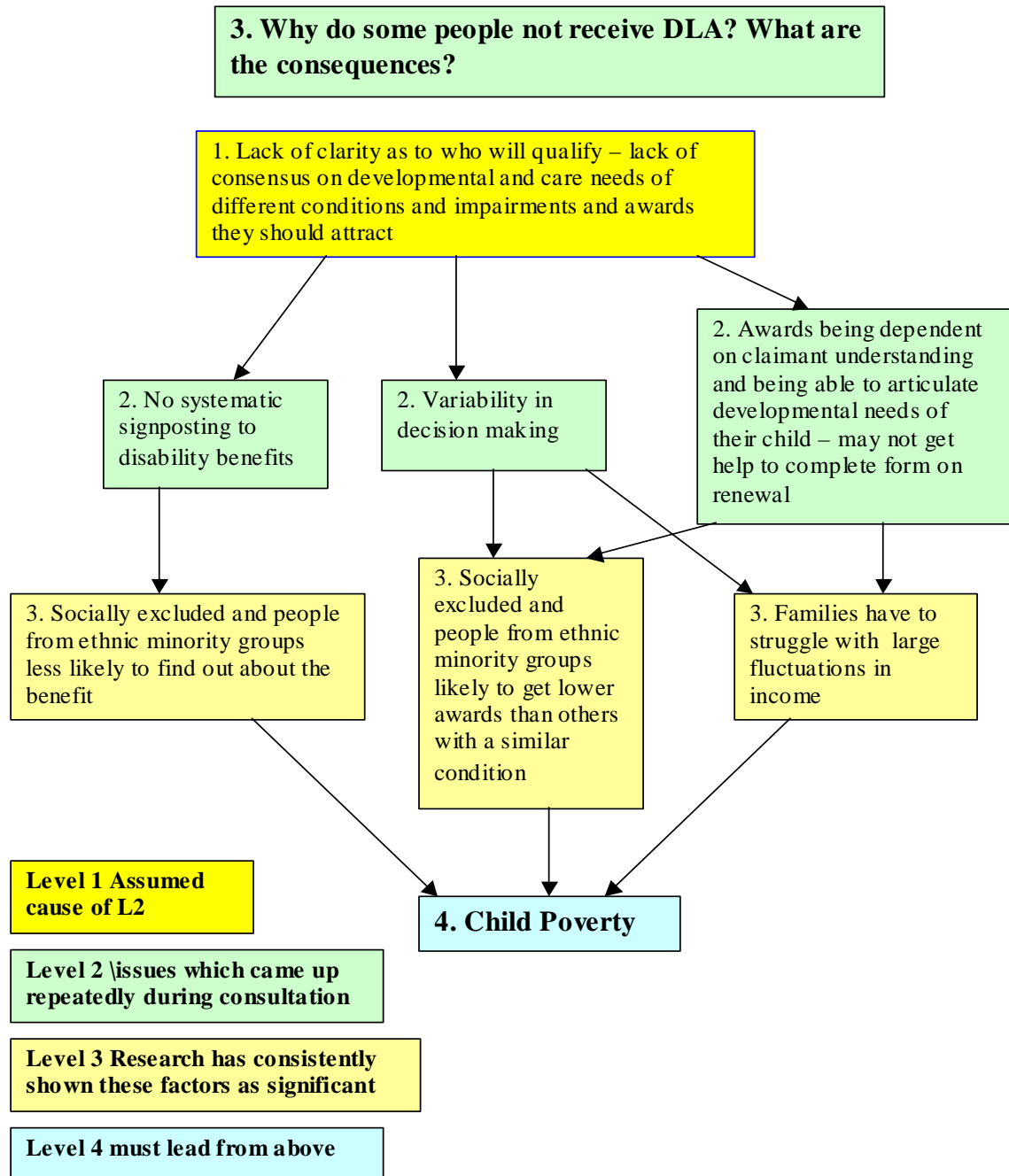
4 Chapter 4: A new DLA application procedure for children

4.1 Proposal in brief – a change in the application procedure for Child DLA

- 4.1.1 Step 1 Develop library for all conditions and impairments of associated developmental needs and care needs.
- 4.1.2 Use information which is known – use doctors, child psychologists, welfare rights workers, voluntary agencies, disabled people and parent groups to establish developmental needs and care needs associated with different conditions, treatments and impairments at different ages.
- 4.1.3 Step 2 Develop a new claims procedure which involves a simple form asking about condition, impairments and, if relevant, treatment – then a second tailored form asking questions to establish more about the impairment(s), the day to day problems and any extra care needs
- 4.1.4 Where there are known developmental delays and care needs associated with any condition (or its treatment) or any impairment DCS should not need the parent to give this information.
- 4.1.5 *A new renewal process.* This should not involve completing a full form again.
- 4.1.6 Option 1: DLA should reflect the procedure for IB and be awarded for an indefinite period but with regular reviews to check whether there has been any change in circumstances. These reviews should take fully into account the picture which has already been built up and should be there to establish what changes have taken place.
- 4.1.7 Option 2: Issue a pre-populated form so that the customer is directed to check there has been no change in all the personal details, medical history etc. The customer would then just need to update the form and describe any changes in care and mobility needs.
- 4.1.8 Step 3 Develop a take-up campaign round this new claims procedure. The proposed information prescriptions (see appendix 4) could have a key role in this but are only likely to be effective in improving take-up of disability benefits if the information can be tailored to the individual. The strength of the message as to likely entitlement is the key to the effectiveness.

THE PROBLEM

4.2 The system may not be getting disability benefits to all those who are entitled – the following diagram summarises the problem



4.2.1 The referral process is haphazard

- One of the most consistent messages to come out of consultation with the voluntary sector was that there is no consistent route whereby someone who is diagnosed with a serious illness or who has a child who is diagnosed with a serious illness or disability gets advice on the benefits to which they might be entitled. There was a lot of evidence about the confusion between the disability benefits and Carers Allowance, a lack of understanding of the qualifying criteria for the benefits, the purpose of the different benefits and of the relationship between these and other benefits.
- There was evidence of this confusion not just amongst customers but also amongst professionals who might signpost the system.
- Complexity of entitlement and confusion about the criteria for DLA leads to:
 - some professionals being reluctant to refer anyone.
 - inappropriate referrals from, among others, health professionals and DWP staff - leading to the customer having to fill out lengthy forms with no realistic chance of success and then large administration costs for the DWP when processing the claim.
 - important information being missed off forms leading to people who should be entitled being refused.
- Reliance on word of mouth - some people have wide contacts with other people with similar conditions within the community and know others on disability benefits – others are relatively isolated. People with conditions with flourishing support groups or who are part of a network such as a Parents & Teachers Association at a special school are more likely to hear from others about DLA.
- People with rare conditions are less likely to be referred – health professionals in touch with them are less likely to be aware of DLA.
- People with access to the internet and research skills are more likely to find out about their entitlement.
- People with some conditions such as mental health problems less likely to see themselves as disabled.

4.2.2 It is often argued that because there are large numbers of people claiming DLA who are not entitled there can be no problem with take-up. However I believe that many of the factors causing some people to claim incorrectly also cause problems with take-up. The following table considers some of the factors which influence who makes a claim.

Claimed but not entitled	Entitled but not claimed	Entitled and claimed	Not entitled not claimed
Health professionals and DWP staff not being aware of the criteria and so giving mistaken advice to claim	Health professionals and DWP staff not being aware of the criteria and so not advising to claim	Having clear criteria for entitlement	Having clear criteria for entitlement
Relying on word of mouth – sometimes get distorted message	Relying on word of mouth – isolated so don't find out about benefits	Systems in place to give clear information	Systems in place to give clear information
	Rare condition	Common condition	
	Being given a general message about disability benefits	Being given a clear message that they are likely to be entitled.	Being given a clear message that they are not likely to be entitled.

4.2.3 Take-up is poor

- It is difficult to get exact figures for non take-up of disability benefits because it is difficult in any survey to know who would have been entitled to benefit had they applied, who has been incorrectly refused etc. However there seems to be general agreement amongst the voluntary sector that the take-up of disability benefits is too low. It is possible to get a clearer picture from looking at the figures for some groups.

There are 3955 children registered blind and 4815 partially sighted children on the register, a total of 8770 children (latest available figures Mar 2003). I believe that any child who has this degree of sight impairment has sufficient care needs to be entitled to at least Lower Rate care. However there are only 5260 children receiving DLA on the basis of sight impairment. (There may be some children who are receiving DLA on the basis of another impairment who are also blind but balanced with this is the fact that not all children who have a sight impairment which would qualify them for DLA will be on the register.) This seems to suggest that a significant minority of children who are blind or partially sighted are not receiving DLA

4.2.4 Customers, health professionals and some decision makers (DMs) do not adequately understand what counts as care

- When customers are completing application forms for DLA it is extremely difficult for them to understand which care needs count. The requirement that 'help' is in association with bodily functions makes it very difficult for clients to understand which care needs are relevant. Equally people

find it hard to understand that care doesn't have to be given but just reasonably required. This leads to many care needs which would count being left off forms (see table below)

- Some claims are also a lot less straightforward than others. When claiming DLA if one has a sensory impairment, mental health problems, learning problems or claiming for a child or any combination of these, knowing what counts as care needs in association with bodily functions is much more complicated. There are proportionally more appeals for children compared with adults of working age and for people with mental health problems as compared to people with physical impairments. This may reflect the greater difficulty in knowing what information is required in a claim in these cases.
- The following table demonstrates just a few of the complexities of what does and doesn't count as care in association with bodily functions

Doesn't count as care	Counts as care needs
Parent goes shopping for clothes for their child who is blind.	Parent takes their child who is blind shopping and assists them to choose their own clothes by describing in detail the clothes on the rack.
Making snacks and drinks for the child	Child wanting to do a computer course but not being able to because of lack of support to take notes.
Washing and dressing for child of 18 months with relatively severe physical impairment unless considerably greater help needed than an average child of that age.	Physiotherapy reasonably needed to cope with developmental delay in physical development of 18 month old even if not understood as such by parents

- The case law as it stands at present means that a lot of people can only get the benefit to which they are entitled if they have help to complete the form from a professional familiar with the case law. Help from a relative or from a professional not familiar with the case law is likely to lead to them not being awarded benefit to which they are entitled or being awarded a lower level of benefit.

4.2.5 Other reasons for variability in awards

- GPs or other health or education professionals are usually sent a form asking about the child's condition. The previous form also asked specific and detailed questions about their

care needs and mobility problems such as can they wash themselves. They are frequently not in a position to make an informed comment on this and did not understand the implications of what they replied.

- Appeals were often caused because the health professional had answered that the child can get up from sitting, or stand on their own, thinking the questionnaire is questioning whether there is an impairment which prevents this. They often did not qualify their remarks by explaining that for example the toxicity of the treatment for cancer means that although the child is capable of getting up from sitting they frequently need help.
- The new form sent to health professionals no longer asks specific detailed questions about care needs and mobility problems. It does ask if their patient can self care and if they have mobility problems. It is too soon to see how great an effect this new form will have on the variability of awards but it is certainly an improvement.
- There were also many comments about the variability of decision making. Even when decision makers (DMs) have all the relevant information there was concern that there is too much variation in the level of award. This concern is being addressed by the Professionalism in Decision Making project which will see all decision makers accredited. It is too soon for the difference this will make to have been evaluated but hopefully this will mean less variability once the decision maker has all the relevant material. It does not fully address however the above concerns about the DM not having all the relevant information from the forms and the health professionals.

4.2.6 Renewals- Although this chapter deals mainly with disability benefits for children, the problems of renewals are the same for all customers and any proposals could be enacted for everyone so this section deals with renewals for all customers.

- This was one of the areas where there was the strongest feedback. At present DLA and AA are awarded either for a specific length of time usually 1, 2 or 3 years or indefinitely. If the award is made for a specific length of time the customer is sent a renewal form about six months before the award is due to run out. This renewal form requires the customer to give all the information on the original form all over again. This includes all their personal details, their financial circumstances, their medical problems and their mobility and care needs. The original form and the renewal forms both take at least two hours of an advisers and customers time.

Sometimes these forms are completed with the help of DWP staff.

- Very many of the clients have absolutely no change in their circumstances or their disability. This represents a huge waste of resources for both the voluntary and statutory sector.

4.2.7 When customers renew their claim they frequently find that they are given a very different level of award even though their care needs haven't diminished.

- Frequently the original form has been completed by a social worker or other professional who the customer has been referred to at the time of the diagnosis. When the renewal comes round they may no longer be in touch with that professional. They assume that all the information on the original form is available to the decision maker and so they fill in the renewal form themselves quite sketchily. The decision is however is made on the basis of that new form with no reference to the previous information.
- The different level of award is sometimes however, simply caused by a second decision maker looking at the same set of facts and coming to a different conclusion. This possibility is allowed for in case law but causes a lot of problems for families.

One man with severe mental health problems was receiving HR care. His ex wife was receiving CA. On renewal he was awarded no DLA, he appealed and the appeal tribunal awarded him HR care. Next time his DLA needed renewing he was again awarded no DLA, on appeal he was again awarded HR care. Both he and his wife received all the backdating they were entitled to receive. However there were long periods waiting for the tribunals when their income had dropped significantly. His ex wife would have loved to go out to work to be able to give their children a better way of life but knew that without her constant care her ex-husband's condition would quickly deteriorate. Having to appeal twice added further stress to an already very stressful situation.

4.2.8 The variation in level of award for the same care needs leads to drastic variations in families' income. It also creates a considerable number of unnecessary appeals.

A Lone Parent with one disabled child receiving MR care and LR mobility receives £249 (+HB/CTB). If the DLA stops she will receive £120(+HB/CTB)

- Families find it very difficult to cope with this degree of fluctuation in their income. It can lead to debt and high interest and bank charges whilst they struggle to adjust their

outgoings. Even when they win an appeal and get backdating this does not restore them to their previous financial position because they are left with all the interest and bank charges.

- In the proposal section at the end of this chapter possible solutions are explored.

4.2.9 At present applying for child DLA is a test of the parent's knowledge.

At present applying for DLA is a test for parents. The DM has a list of developmental delays and care needs associated with a given impairment and the parents without looking at the list see how many they can come up with.

This is not a problem when the care need is very obvious – 'needs help getting to the toilet'

Parents of a one year old child with Down Syndrome may have no knowledge of an almost certain delay in speech development of their child. Yet the child reasonably requires more structured help with speech development than an average child.

Some parents of a three year old child who is blind will be able to articulate very clearly all their child's care needs and developmental delays. They will research the internet and seek help from specialist websites. Other parents will struggle to complete the form they will concentrate on very practical problems such as washing and dressing – many of which may not be very different than for an average child of that age. They may not think about less obvious needs such as structured help with speech development.

4.3 It is important that the system gets benefits to all those who are entitled

4.3.1 The system has an important role in tackling child poverty

- For families on a low income, entitlement to disability benefits plus the disability elements of TCs can more than double their income. Given the extra costs of bringing up a disabled child this is very necessary help which can make a large difference to their quality of life. Caring for a severely disabled child was shown in a study by Dobson and Middleton to cost three times as much as caring for a non-disabled child.² The size and importance of this extra

² *Paying to care the costs of childhood disability* Dobson, B and Middleton, S, 1998,

income then makes it even more difficult to cope with the financial instability which can result from awards fluctuating.

- In the report of the Prime Minister's Strategy Unit 'Improving the life chances of disabled people' it is acknowledged that "The Government's goal to halve child poverty by 2010 and eradicate it by 2020 will require specific targeting of families with disabled children"
- Disabled children who don't receive DLA are more likely to live in poverty than other children ([see appendix 6](#)) but the numbers actually experiencing poverty are likely to be even larger than the statistics indicate because all income is taken into account including their DLA when calculating who is in poverty and no account is taken of their extra expenses. This means that the experience of a family with a disabled child and living just above the poverty line is likely to be considerably worse than an average family living just below the poverty line. Gabrielle Preston and Mark Robertson in their report 'Out of reach, Benefits for disabled children'³) point out that the largest concentration of children affected by disability is in the poorest quintile and 63 per cent of children in families with some DLA receipt are in the poorest two quintiles. However the poorest quintile does not have the most children on DLA; they also argue that this may demonstrate how disability benefits are appearing to lever many families out of the poorest statistically.
- It does however mean that those families who have the extra costs associated with disability but do not have disability benefits or their associated premiums could be in considerable poverty.

4.3.2 The problems have a disproportionate effect on ethnic minority groups

- Research⁴ shows that it is socially excluded families and families from ethnic minority groups who were most likely not to be receiving DLA or receiving it at a lower level than would be expected.
- The recent survey by Contact a Family⁵ confirmed there is still a problem.

³ 'Out of reach, Benefits for disabled children' Gabrielle Preston with Mark Robertson CPAG December 2006

⁴ *On the edge: Minority ethnic families caring for a severely disabled child* by Rampaul Chamba, Waqar Ahmad, Michael Hirst, Dot Lawton and Bryony Beresford

⁵ <http://www.cafamily.org.uk/campaigns.html#OutOfReach>

- Even families from ethnic minority groups whose English was good enough to cope with a web based survey took much longer to find out about DLA.

- 'Contact a Family' did a web-based survey of parents with disabled children. Out of 436 respondents almost half (43 per cent) either had never made a claim or took more than two years to find out they could be entitled to DLA for their child.
- Collectively, minority ethnic families took longer to find out about DLA – only 39 per cent had claimed within two years compared with 56 per cent of white families within two years. Similarly, minority ethnic families were more likely not to have made a claim at all – 36 per cent compared with 14 per cent of white families.”
- It should be stressed that this was a survey of parents who had access to the web and could speak good English. The results may have been even more dramatic had it been possible to include more socially excluded groups.

4.4 Why are the proposals directed at children?

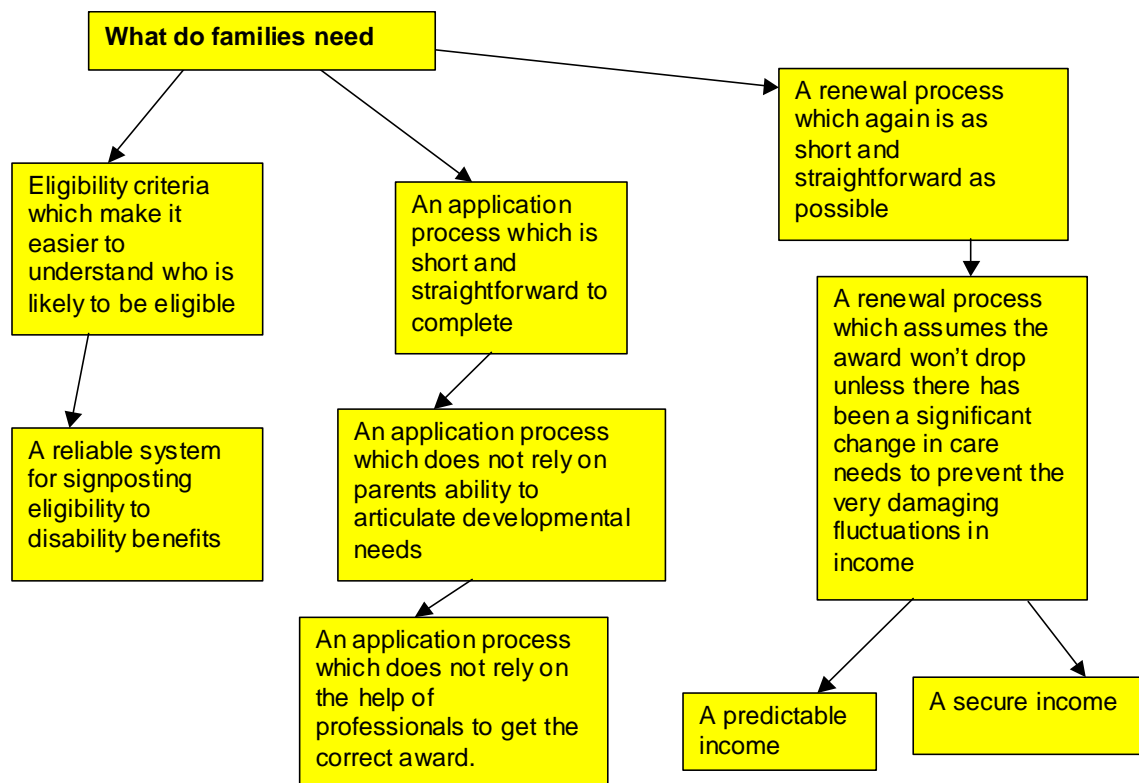
- It is much more difficult for someone not familiar with case-law to understand what is needed on a form for a child because help needs to be balanced against an average child of that age. In the case of young children who are very dependent on their parents for care showing the extra needs can be difficult and is likely to revolve round talking about their developmental needs.

Parents of a partially sighted young child had a claim for DLA refused. Her Health Visitor had completed the form and had put all the extra help she needed compared to other children with dressing, feeding herself etc but this wasn't sufficient to entitle her to DLA. Her appeal was successful because it was identified that she needed much more structuring of her language development than an average child. She needed her pushchair pushed close to cats, dogs etc because otherwise she couldn't see what her parents were pointing out to her. This must be true for every partially sighted child. It should be unnecessary for those completing the form to identify developmental needs.

- For adults the care needs depend not only on the severity of the condition, but also how the person has adapted to the condition and the situation they are in – someone disabled who is working or who is a parent may well have a lot more care needs than someone who has no extra responsibilities – the differences between these factors are likely to be much smaller for children.

4.5 Proposal

4.5.1 What do families need?



4.5.2 Step 1 Develop library for all conditions and impairments of associated developmental needs and care needs.

Use information which is known – use doctors, child psychologists, welfare rights workers, voluntary agencies, disabled people and parent groups to establish developmental needs and care needs associated with different conditions, treatments and impairments at different ages. There is work going on in this area such as the Customer Case Management pilots which could hopefully be used in this way.

4.5.3 Step 2 Develop a new claims procedure which involves a simple form asking about condition, impairments and, if relevant, treatment – then a

second tailored form asking questions to establish more about the impairment(s), the day to day problems and any extra care needs

- CLIC Sargent suggested a scheme to improve the application process and in conjunction with information design consultants, Boag Associates produced a sample form for children with cancer⁶. The first form would be signed by the doctor and the parent on diagnosis. They would then be sent a form tailored to their situation. CLIC Sargent also make a number of suggestions as to ways in which the forms could be restructured to avoid repetitive questioning. This procedure could form the basis of a useful interim step to improving the application process for all claims for child DLA though obviously not all forms would be completed by a doctor on diagnosis.
- However this can only be at best a partial solution as it still relies on parents knowing and understanding child development and knowing about any delays in their own child's development and being able to articulate the appropriate associated care needs.
- Where there are known developmental delays associated with any condition or impairment DCS should assume them both in the original application and the renewal. There needs to be a focus on capabilities – what the child could do with extra support and help. So for example if every child of eighteen months with Down Syndrome reasonably requires structured speech development – it should be assumed even if the parents are unaware of this need.

“...if we can accelerate the speech and language development of children with Down syndrome, we can improve their mental abilities and the rate at which they can learn” Sue Buckley, Emeritus Professor of Developmental Disability, Psychology Department, University of Portsmouth

CLIC Sargent (in what they call their radical solution) point out if “the DWP were to agree a list of diagnoses and treatments (for cancer) that qualify for DLA, the doctor’s diagnosis and treatment regime provided on our initial 4-page form could determine whether the customer is eligible for DLA.” This is because sufficient is known about the side effects of treatment and therefore what the care needs are likely to be.

- If a reliable map can be drawn from diagnosis to impairment to care needs then this knowledge should be used. Parents

⁶ <http://www.clicsargent.org.uk/Getinvolved/Campaignwithus/Cuttheredtape/Campaigninformation>

under such stress should not be asked to provide information which could be available and which should increase consistency in the awards made.

- It would be helpful if this approach could be piloted to see if it improves the customer experience and leads to greater consistency in the awards made.
- Some conditions will lead to varying impairments and have a spectrum of developmental delays and care needs stretching from higher rate care to virtually no extra care needs, e.g. cerebral palsy, and so will need extra questions about the type and level of impairment before it is possible to be clear whether the child will be entitled to any DLA. Other conditions will have a spectrum which only stretches from higher rate care to middle rate care e.g. a child of 4 years registered as blind – this would lead to much greater certainty about entitlement.
- And a new renewal process. This should not involve completing a full form again.
- Option 1: DLA should reflect the procedure for IB and be awarded for an indefinite period but with regular reviews to check whether there has been any change in circumstances. These reviews should take fully into account the picture which has already been built up of the customer's medical history, their impairment(s) and their care needs and should be there to establish what changes have taken place.
- Option 2: Issue a pre-populated form so that the customer is directed to check there has been no change in all the personal details, medical history etc. The customer would then just need to update the form and describe any changes in care and mobility needs.

4.5.4 Step 3 Develop a take-up campaign round this new claims procedure. Take-up campaigns were much favoured by the voluntary sector but I believe any take-up campaign must be targetted and give a clear message about likely entitlement if it is to be effective. The proposed information prescriptions could have a key role in this (see para 4.5.7) but careful thought needs to be given to how strong a message can be given.

4.5.5 The stronger and clearer the message can be about likely entitlement the more those who are entitled are likely to apply and the greater the chance of reaching socially excluded and ethnic minority groups

4.5.6 The need for more joined up working with other departments

- There are a number of specific ways in which DWP could work with other departments to increase take-up – the following are potential ways in which people could be informed (see [Appendix 4](#) for further information)
 - Information prescriptions – The White Paper Our health, our care, our say: a new direction for community services (published by the Department of Health on 30 January 2006) included a proposal for information prescriptions. These are potentially an extremely helpful way of improving take-up as they will be given to everyone who has just been diagnosed with a serious illness or disability. These are tailored to the individual so it is important that the information about benefits is also tailored to give as clear and strong a message as possible.
 - **NHS Direct** operates an online and an interactive digital TV service providing health information and advice reaching over ten million households. The website receives over half a million “hits” a month. The digital TV service provides access to many elderly and low income families who do not have internet access. As the services are already in place there is potential to add, at little or no extra cost, information on benefits for people with illness or disability. This would seem a good opportunity for joined-up working between Government Departments and more efficient and effective use of e-Government services.
 - Statements of Special Educational Need – many children with statements will be entitled to DLA. Informing parents of children with a statement about the criteria for DLA seems to offer an important way of increasing take-up.
- The point was made by many of the disability groups that when a child is diagnosed with a disability or illness there is other information they also require about education and support available. They are likely to be too traumatised at the actual time of being told of the diagnosis to take much else in but every parent should subsequently be given an information pack and a referral for help – hopefully the information prescriptions may be able to be developed to perform this function.
- There was a very clear response about the need for more joined up working between the different departments who are likely to be involved. There were also a number of comments about the desirability of better training for health professionals, social workers etc in the need for referral to DLA and the important role benefits play in the lives of many disabled people. However, I think it needs to be recognised that although some health professionals are very diligent at

referring patients to benefits when appropriate, many do not see it as part of their role. It is therefore vital that the complexity of entitlement is resolved to allow as simple and strong a message as possible if more health professionals are to be encouraged to engage with the system.

5 Chapter 5; The problems of making work pay

5.1 The DWP needs to be aware of the issues which create difficulties for those who are working and claiming in work benefits. The following principles would simplify the system for those returning to work:

- 5.1.1 Customers to only be subject to one clawback at any one time
- 5.1.2 Customers to only have to notify one department of any changes
- 5.1.3 One department to be responsible for help with childcare costs.
- 5.1.4 If possible, childcare costs to be paid as a weekly benefit or at least in a way that reflects the large increases during school holidays
- 5.1.5 The system to give customers confidence that increasing hours of work will increase the customers income
- 5.1.6 The system to give customers as stable an income as possible

5.2 The Problem

Nowhere are customers of benefits caught in a more complicated position than those who are claiming both TCs and other benefits. The problems they experience impact on the DWP's key targets of reducing child poverty and helping more people to return to work. The policy lead for a lot of this area is with HMRC but it is important that the DWP is aware of some of the issues their customers face if targets are to be met.

5.2.1 The poverty trap

- The following table gives an indication of how the income of a lone parent would change as she increases her hours. The calculation assumes that she has two children, is working for £6 per hour, she pays rent of £80 per week and council tax of £25 per week.

	Hours worked	Income /wk from work after tax	Childcare costs	Tax Credits and CHB (and IS)	HB/CTB	Total income before paying rent, C tax and childcare costs	Total income after paying rent, C tax and childcare costs
Any yr	4 -on IS	£24	0	£162	£105	£290	£185
Yr 1	20	£115	£75	£231	£49	£395	£215
Yr1	25	£137	£100	£252	£37	£422	£217
Yr1	30	£157	£125	£284	£10	£451	£221
Yr1	35	£178	£150	£304	0	£481	£226
Yr2	35	£178	£150	£264	£32	£472	£217

5.2.2 The table demonstrates a rise in income of about £30 on entering fulltime work but does not take into account the loss of free school meals, access to the social fund, and any travel costs. Taking these into account she may be very little better off.

5.2.3 The calculations are done on the basis of the TCs she will get on first entering work. However in subsequent years she will get less TCs as they are based on the previous year's income.

5.2.4 It demonstrates that increasing her hours are unlikely to make her any better off especially after the first year. In fact if she has travel costs then increasing her hours will actually mean she has less disposable income in the second year than if she was working less hours.

5.2.5 The example assumes a rent of £80 per week – many people are paying much higher rents than this and are likely to find even greater problems in making work pay.

5.2.6 Similarly those with higher childcare costs, such as those who have to pay more for care because their child is disabled, would also find it even more difficult to make work pay.

5.2.7 The underlying unemployment trap

There is an obvious and demonstrable poverty trap for some customers (see above) but I believe that for many there is also an underlying unemployment trap.

5.2.8

For lone parents for example, figures have shown that on average lone parents are better off in work. Some lone parents are indeed a great deal better off when they enter work. Those lone parents who receive high amounts of maintenance from their ex partners for their children and who are able to get

jobs working for significantly more than the minimum wage have been helped very significantly by TCs.

However lone parents who receive no maintenance and who are only able to get a minimum wage job, or slightly above, struggle to make work pay. The headline figures comparing out of work benefits with earnings and in work benefits will appear to demonstrate that this group are also better off in work. However these comparisons do not take account of differences in expenditure in and out of work.

In practice many lone parents find that they have less money left for household expenditure when they are in work after necessary expenditure has been covered. This experience of getting into a financial mess as a result of returning to work or seeing friends get into a financial mess is, I believe, an important factor in deterring people from returning to work.

There are a number of factors contributing to the mismatch between the headline figures (showing a rise in income of about £30 on entering work) ([see 5.2.1](#)) and a person's actual experience:

A lone parent working 20 hours on the minimum wage and with two children at primary school is likely to incur the following expenditure compared to being on IS:

- Losing free school meals (£16)
- Travel costs to work (obviously vary but many would have to spend at least £5 / day – (£15 - £20)
- Because of misalignment in the way childcare costs are treated in TCs and in HB/CTB, customers who have a large difference in term-time costs and costs in school holidays (likely once children reach school age) can receive less than they are notionally entitled to receive. This can easily translate into a loss of about £10 a week. This is £10 per week less than a better off calculation would have demonstrated. (see [9.3.1](#) and [Appendix 5](#))
- The unemployment trap occurs when those without work find the difference between in work and out of work benefits too small to provide an incentive to enter the labour market. Very many lone parents who are without maintenance and have jobs on the minimum wage are in the above situation. As can be seen the above three factors taken together would mean the lone parent would be £16/week worse off in work than on IS and working four hours per week.

- However there is another factor which potentially can be much more important, lone parents in work have to be reliant on credit cards and other more expensive loans such as doorstep lenders to a much greater extent than those on benefits. They have no access to the social fund for sudden emergencies such as their cooker breaking or a new pair of child's shoes being needed.

A cooker which costs £159.99 when bought from Argos costs £405 when bought from Brighthouse over 125 weeks.⁷

- Income is more likely to fluctuate, eg because TC calculations average out the childcare costs and pay the same amount each week but the amount the person has to actually pay during school holidays can be very much higher(see 9.3.1).
- The fear many customers have of losing access to their credit cards is enormous because many have been reliant on them for buy food for their families on a number of occasions but this leads to high interest payments being prioritised. The sort of interest payments they are then paying makes the actual money left to spend very significantly less than on benefits.

There are other factors which can have a further effect, eg

- Having to pay extra childcare costs to friends or relatives when the employer insists on the customer working when the childcare allowable for TC purposes isn't available (obviously doesn't affect everybody but is certainly not uncommon. One client, had to pay £25 to a friend every 3 weeks – the employer insisted that she worked every third Saturday but the childminder wasn't available for Saturdays)
- Having an overpayment of TCs whilst claiming HB/CTB can lead in some cases to customers paying back considerably more than they have gained. When the repayment is taken into account the money actually gained from a period in work can be seen to have been very significantly less than if they had remained on benefit ([see section 8.5.1](#))

⁷ The Poverty Premium - How poor households pay more for essential goods and services *Save the children & FWA* March 2007

- There may be costly expectations of people within work – in terms of dress code etc and also in terms of socialising.

I strongly believe that being aware of all these factors and tackling as many of them as possible is essential to the strategy of persuading Lone Parents to return to work. Their own experience and that of their friends of getting into a financial mess on returning to work is much more powerful than any advertising campaign.

5.2.9 Making work pay for those on a minimum wage is very difficult because of the interaction between TCs and HB/CTB. A system which lifted people out of reliance on HB/CTB but without giving more money to the customers already out of HB/CTB trap would be more likely to make work pay and would produce a slope of steadily increasing income for hours worked rather than a sudden cliff edge, where increasing hours only starts to make work pay at the point where one no longer qualifies for HB/CTB. Many people, especially lone parents, can never reach that point however many hours they work because increasing hours lead to increasing childcare costs – 17% of which are paid for by increased HB/CTB.

- This is particularly true for those living in the private rented sector in areas such as London. When rents are very high it is impossible for those who are not able to command high wages to escape from the HB/CTB trap.

5.2.10 Calculating whether work will pay or whether increasing hours of work will increase income is an extremely complex calculation at present. As well as doing a better off calculation it involves looking at

- how much will be clawed back in loss of HB/CTB,
- what time of year it is,
- whether there is a large difference in childcare costs between term-time and school holidays
- what the previous year's income was,
- how reliable the childminder will be – will there need to be extra payments made to others where childcare can't be claimed for if the customer has to do overtime at weekends or the childminder is sick,
- how much will travel expenses be,
- what will be the impact of loss of access to the social fund and to free school meals.

- It may be that returning to work will pay for the rest of the financial year but then there will be a drop in income.
- It is important that customers are given a realistic picture of how well off they will be financially or the work will prove unsustainable.

5.2.11 Alignment Customers find it extremely difficult to keep two and sometimes three departments informed what is happening. Those in work have to inform HB/CTB, CB, CTC/WTC of changes. There are differing rules for the three different benefits

- Updating - different requirements
- Different capital limits
- Different definition of what counts as income
- Different definition of when responsibility for a child ends
- They also often find it confusing to know who has been updated.

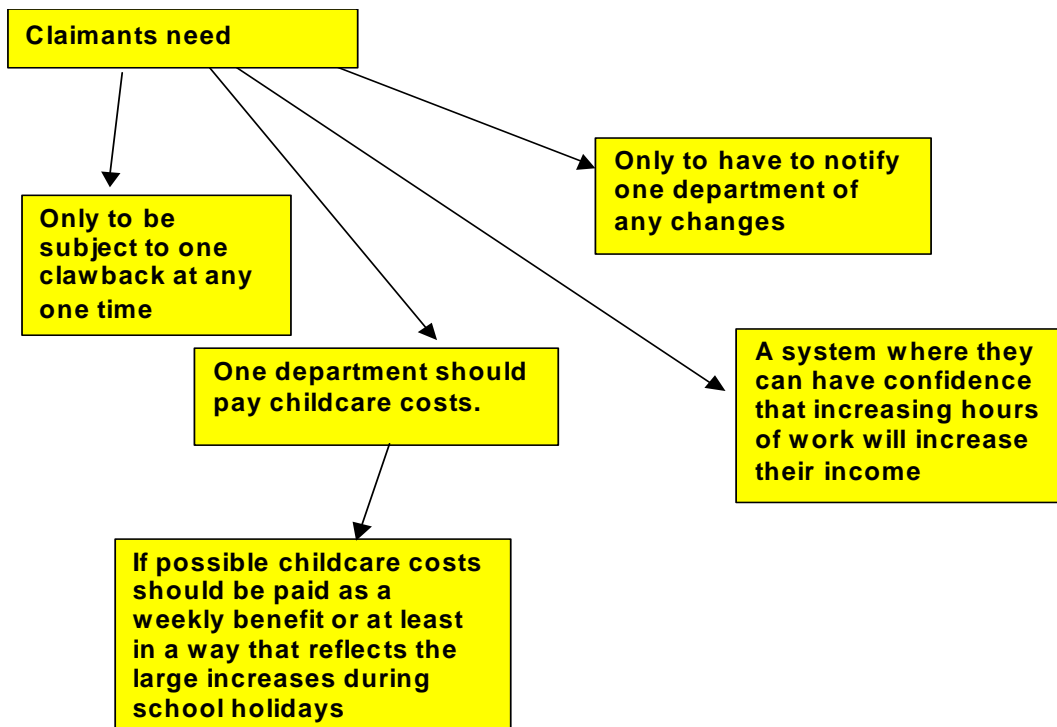
5.2.12 Particular problems round HB/CTB

- Many are actually receiving a relatively small amount of HB and CTB but the reporting requirements are very difficult. Because it is a weekly benefit they are obliged to inform on a weekly basis how much they have earned if their hours fluctuate, every time the childcare costs fluctuate etc. They may be able to agree with the LA to work out an average over a longer period but this has difficulties of its own. These reporting requirements of course impinge most on those who have least to gain from going back to work – those in low wage jobs and with childcare costs and therefore still eligible for some HB/CTB.

Lone parents who have returned to work are also responsible for all the childcare arrangements for their children, getting the children to and from the childminder, coping when the children or the childminder is sick, playing with, reading to, listening to the children read, bathing, putting to bed etc. They also have to deal with all the household arrangements, cooking, shopping, cleaning, washing, ironing, making sure all the bills get paid, sorting out all the household problems – calling the plumber etc. They need a system which produces a regular and reliable source of income in the least time consuming manner possible.

- In this situation some decide that it is too stressful to claim HB/CTB at all but this means that work is even less worthwhile in financial terms.

5.3 Proposal



5.3.1 Lifting most people working at least sixteen hours out of HB/CTB entitlement would mean that they would see a steady rise in their income for increasing hours of work. They would also not have to deal with and update two separate departments. Some customers would rate this reduction in complexity more highly than a rise in income.

5.3.2 The DWP obviously does not have responsibility for the TC system. However two key targets for the DWP, child poverty and getting more people back into work, are dependent on having an effective system of in work benefits. Some interim measures are suggested in Chapters eight and nine. However, a long term solution must tackle the HB/CTB trap which means that some people can never make work pay. The two departments, DWP and HMRC, need to work together closely to address this issue.

6 Chapter 6: Raise customer awareness of benefits and make changes that encourage and improve take-up.

6.1 Proposal in brief - Raise customer awareness of benefits and make changes that encourage and improve take-up.

- 6.1.1 Simplify, by decreasing the number of separate applications a customer has to make
- 6.1.2 Use information already held by DWP to notify people of likely entitlement
- 6.1.3 Simplify conditions of entitlement wherever possible to enable more accurate signposting to the system

6.2 The Problem

- 6.2.1 Many people are losing out on benefits they are entitled to claim because the system is too complex. Customers tend to miss out on secondary but important benefits such as free health costs, the increases in other benefits caused by the award of disability benefits, and benefits they don't realise exist, such as IB for young people. Chapter 1 details this problem.
- 6.2.2 The best way to improve take-up would be a full benefit check as a gateway to the system as laid out in proposal 1. Here I suggest a number of interim measures using the principles laid out above:
 - Simplify, by decreasing the number of separate applications a customer has to make
 - Use information already held by DWP to notify people of likely entitlement
 - Simplify conditions of entitlement wherever possible to enable more accurate signposting to the system

6.3 Proposals

Simplify the system for the customer by decreasing the number of separate applications a customer has to make or separate agencies a customer has to keep updated.

6.3.1 Passporting on ESA

- ESA as planned at present will discriminate against some people who have worked and paid contributions.
- Those who are ill but do not have a sufficient contributions record will be entitled to income related ESA (ESA(IR)) if they fulfil the means test. This will also passport them to automatically receive free health costs, they will have access to grants and loans through the discretionary social fund and will be eligible for various other types of financial help such as education fees, travel and leisure cards, reduced
- Those who are ill and do have a sufficient contributions record will be entitled to contribution based ESA (ESA(CB)). This will be paid at the same rate as ESA(IR). For those with other income, or a partner who is working, having their own income through contributory ESA (ESA(CB)) is an advantage.
- Some people who are entitled to ESA(CB) will receive a top-up of income related benefit if they have a partner with no income or are entitled to a carer's premium or SDP.
- However there is a significant group of people who are on their own with no other income and no savings who will only be entitled to ESA(CB). If they are on (ESA(CB)) they will not receive the passported benefits which will accompany ESA(IR). They will be barred from various types of financial help and have to undergo multiple means tests to access other help. Many will miss out on this help because they will not find out about it.
- Many people who are at present entitled to passported benefits through an IS top up to their IB(CB) (because long term IB for those over 45 is paid at a lower rate than a single persons IS entitlement with the disability premium) will no longer be entitled to a means tested benefit. Those groups who will be disqualified from passporting will receive no extra money on contributory ESA than those who receive ESA(IR). They will in fact be considerably worse off as a result of having worked and paid contributions when the

financial advantage to be had from the passporting is taken into account.

- Customers on ESA (CB) but who have no other income and savings other than would be allowed on ESA(IR) should be entitled to the passported benefits those on ESA(IR) will receive including access to the discretionary Social Fund. They should be offered a means test when applying for ESA and if they fulfil the criteria a marker should be placed on their benefit showing they have access to passported benefits.

6.3.2 Customers in receipt of contributory JSA

- To ensure consistency with ESA, it would be worth considering the scope for giving automatic entitlement to passported benefits to customers in receipt of contributory JSA who have underlying entitlement to JSA (IB). The feasibility of extending this easement would need to take account of the fact that contributory JSA is time limited, most JSA recipients only stay on the benefit for short periods and the administrative costs of identifying those who would be entitled.

6.3.3 Allowing a claim for IS or PC to include a claim for the carers premium without the need for a separate claim. This is being considered within the PS

- Applying for CA to qualify for the *carer's premium* is extremely confusing to many customers.

For example Mr A is receiving IB in his own right but is also caring for his wife. Their income includes IB plus a small occupational pension which takes them just over the applicable amount for IS. Mrs A is advised to apply for DLA. In order to receive all they are entitled to they will need to apply for IS when she applies for DLA (a protective claim for IS so they can get the backdating) but they will be refused IS at that point. If DLA (middle rate care or above) is awarded Mr A will then need to claim CA but again will be refused, however he will have underlying entitlement to the carers premium. He will then need to reapply to IS and at this point it will be awarded and backdated to when his wife applied for DLA.

- Someone making a claim for IS or PC is giving most of the information which is needed to make a decision about CA. If someone answers that they are caring for someone they could then be asked for the information about the person they are caring for. A separate claim for CA should be unnecessary. The underlying entitlement to CA could be recorded or CA awarded where relevant. It should be unnecessary to make a separate claim.

- A first step has been made by piloting a shortened claim form for CA for those with underlying entitlement on PC. It would be helpful if IS could also look at the possibility of doing something similar. It would however be important to guard against the risk that when IS stopped the CA did not continue because only underlying entitlement had been awarded.
- A proposal is also made to remove the need to make a protective claim for IS ([see 10.3.7](#))

6.4 Use information already held by DWP to notify people of likely entitlement

6.4.1 Carers Allowance is frequently confused or missed.

- A diagnostic interview accompanied by an entitlement record would clearly be the surest way to ensure proper take-up of this benefit however a start would be to ensure that CA is more fully explained in the award letter for DLA/AA.

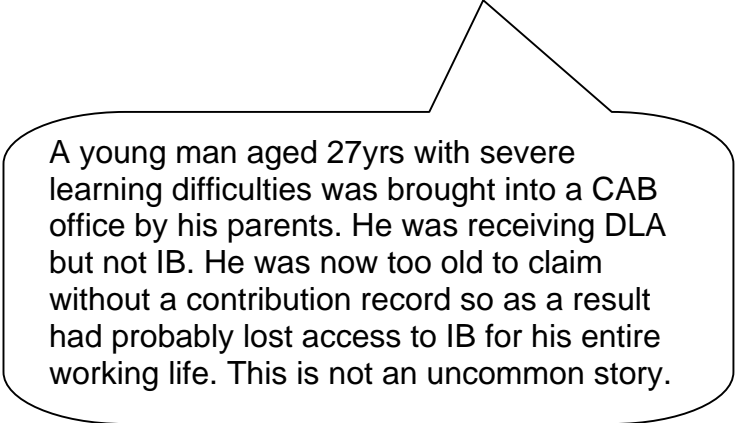
6.4.2 Contact customers to advise of change in benefit entitlement

- Many customers who are entitled to IB have no other income and so are also entitled to some IS when they have been ill for a year. However customers are frequently unaware of this and it is counter-intuitive that at the point where their IB has just risen they are entitled to means tested benefit that they weren't entitled to at an earlier stage because they had too much income from IB.
- This problem will be resolved by ESA as the contributory rate is the same as the income related rate. However until ESA is implemented some customers will continue to lose out on benefits they are entitled to receive because of the present complexity. A clear explanation of the possible entitlement to IS could be included in the letter sent to the claimant telling them their IB will now be paid at the long-term rate.

6.4.3 IB for young people

- The problem - Although take-up of IB is generally good for people who have been working and become ill, there is evidence that many disabled young people are unaware they can claim IB without having to satisfy the contribution conditions. If they are under 19 then they only qualify if they are not on a fulltime course of education (21 hours) – however only the instruction or tuition received which would be suitable for someone of the same age and sex without a physical or mental disability is counted towards the 21 hours.

This means that most young people with a learning disability will be eligible for IB in Youth at 16 years. The information is held by DCS .



A young man aged 27yrs with severe learning difficulties was brought into a CAB office by his parents. He was receiving DLA but not IB. He was now too old to claim without a contribution record so as a result had probably lost access to IB for his entire working life. This is not an uncommon story.

- An invitation could be sent with the DLA form for renewal when the young person reaches 16 years, inviting them to an interview for a full benefit check, or at least warning them that they may now be eligible for IB in Youth.
- More should also be done to publicise IB for young people in the appropriate educational establishments. More joint working with the Department for Education and Skills is needed to establish ways in which young people and their parents can be informed of possible benefits they should claim.

6.5 Simplify conditions of entitlement wherever possible to enable more signposting to the system

6.5.1 In Chapter 4, I propose a long term approach to simplifying disability benefits by changing the application procedure to rely less on the customer having to have a detailed understanding of which care needs will entitle them to benefit. I propose this approach be trialled first with children but it is of course a problem for adults as well. Any move towards simplifying entitlement to disability benefits is to be welcomed. A couple of measures which would simplify entitlement in some situations are mentioned here.

6.5.2 People suffering from conditions such as cancer where there are immediately very high care needs and high expense together with a likely drop in income at a time of great trauma, but where it is not clear that the care needs will continue for nine months, often have great difficulty in getting DLA.

- In a survey carried out by CLIC Sargent of parents with children diagnosed with cancer, the average extra costs of caring for their children through the first 13 weeks were found to be £1500. This figure does not take into account the

fact that most families had experienced a large drop in income because the parent(s) had had to take unpaid leave or in some cases leave their job in order to be able to care for their child.

- This must be true for a number of conditions where children need an intensive and lengthy treatment regime following diagnosis. A list would need to be compiled of situations where parents are likely to suddenly face a dramatic increase in costs.
- In the past a child being treated as a hospital inpatient may well have involved savings for the family and so the rationale of waiting to see what the long term care needs were likely to be, made sense. However, now when parents are encouraged to be with their children in hospital, caring for them full time and then taking them to and fro as outpatients, it is a period of great expense, and for many, financial worry. Again this is a situation where the public purse as a whole should be considered – if parents are unable to look after their children in hospital it will cost the NHS a great deal more.
- It was remarked that some children were unable to get any benefit at all because although their care needs were very high it was felt that they were unlikely to last for nine months. However, many children were given awards for much longer than the care was likely to be necessary – perhaps in recognition of how stressful the renewal process is. It is very difficult if the onus is put on parents to report that their child is now well – it feels like tempting fate. Clic Sargent notes that this has been described as ‘Damocles Syndrome’.
- It is also likely to be true for adults who have a major health problem such as a stroke that this is a point when family income drops drastically – it can involve the loss of both incomes as not only does the person who is ill lose income but also their partner may take unpaid leave to care for them during the worrying early stages. A serious health problem is one of the most important reasons why people get into debt.
- Remove the waiting period for conditions or impairments (such as those caused by a serious car accident where there are very high care needs for a time and where care needs are likely to continue for six months. This would simplify the process for customers by allowing them to access benefit when they need it most. It would make it easier to signpost if it is available immediately. The cost could be recovered by reviewing awards at an earlier stage where care needs are unlikely to be ongoing.

6.5.3 The definition of terminal illness

- At present a customer who is predicted to be likely to live less than six months is automatically entitled to receive higher rate care without the need to complete a form detailing all their care needs. This system works well for those whose doctor completes a form asking that their patient be treated under the special rules. Their application is generally processed very quickly and the customers are treated with sensitivity. However there appears to be some confusion amongst doctors as to who qualifies for the special rules. The background notes for doctors explain that 'terminal illness is defined in Social Security legislation as a progressive disease where death as a consequence of that disease can reasonably be expected within six months. A report commissioned by Macmillan ⁸ found that some doctors will treat 'reasonably expected' as meaning a greater than 50% chance but other doctors appear to think they will be seen as having made a wrong decision if they refer ten patients under the special rules and only nine die within six months.
- This variability needs to be tackled to ensure consistency. Macmillan's report ⁸ recommended that extending the definition of terminal illness to 12 months might give those doctors greater confidence to use the special rules. This should be trialled and costed to see if it could reduce variability without greatly increasing costs.

Discussions with the DH should also examine whether there are any other ways of increasing consistency – perhaps by increasing guidance to doctors.

6.5.4 Date on the DLA form - backdating of benefit

- If a customer is sent a form by DCS it will have two dates on the front – the date that the person requested a form and a date six weeks later when the form must be received back by DCS. As long as the form is sent back by that date, if awarded benefit the customer will have their claim backdated to the date they first contacted DCS. However if a customer gets their form from somewhere else their award will only start when the completed form is returned to DCS. The process of getting a form, getting an appointment to get

⁸ Benefits advisers' perceptions of the problems cancer patients face when claiming Disability Living Allowance and Attendance Allowance. Miller, S. [2005] <http://www.macmillan.org.uk/abetterdeal/accessdenied.htm>

help to get it completed (usually a two to three hour interview – often split over a couple of weeks because of the difficulty of sitting through such a long interview), gathering medical or other professional evidence (not essential but suggested by most advisers) and then sending it back is likely to take most of the allowed six weeks. As a result some customers are losing up to six weeks DLA just because they got their form from a different source – this is clearly both confusing and inequitable.

- If printed on the front of the form was an instruction to ring the office when they receive the form and register the start of the claim – the customer then be given a date to return the form by, which they could put on the form and which could also be registered by the system.

7 Chapter 7: Making it easier for customers to make a claim – some interim steps

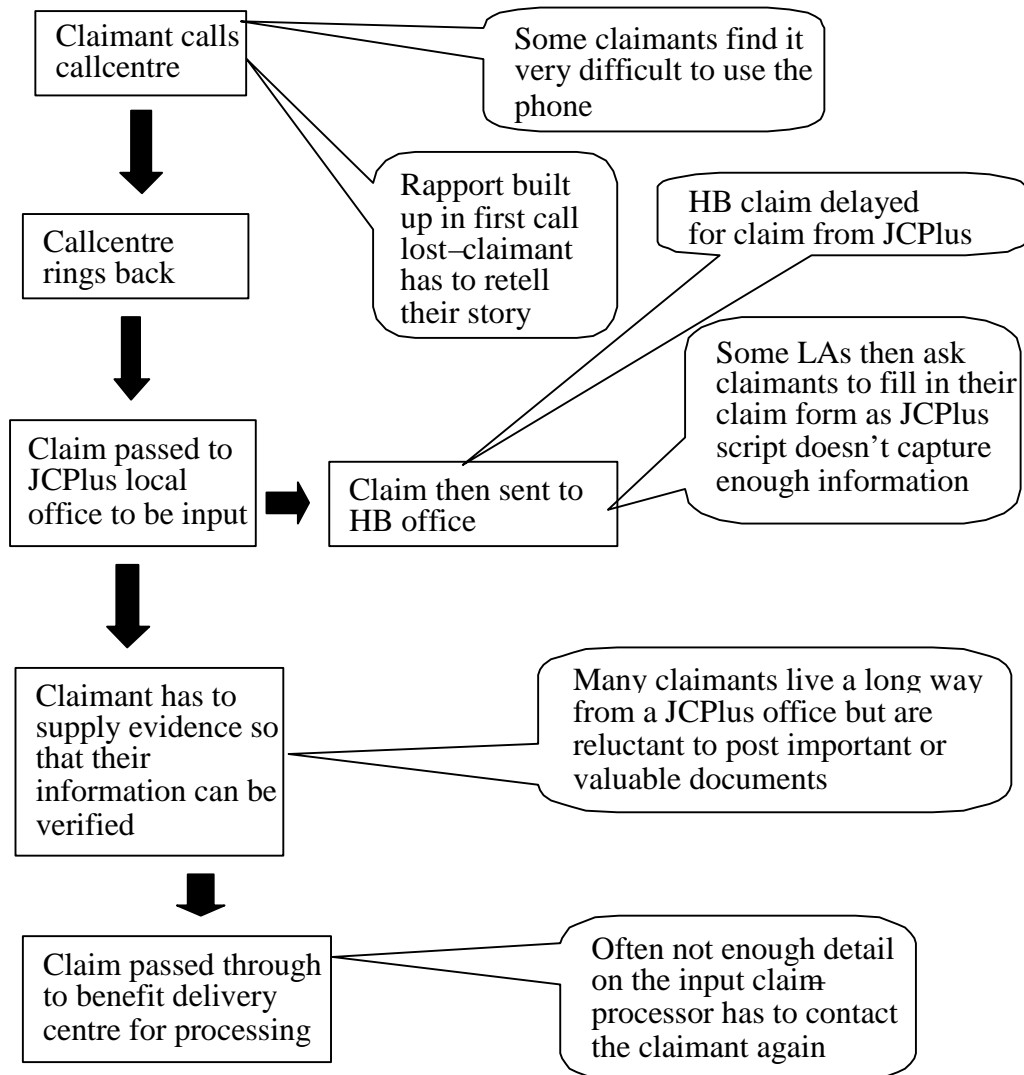
7.1 Proposal in brief - In proposals one, two and three and four a long-term approach to improving application procedures for customers was laid out. However there are a number of interim measures which could be taken to improve the system by:

7.1.1 Reducing the number of contacts or calls required and avoiding collecting the same information more than once e.g. ensuring sufficient information is captured by script so there is no need for a separate HB form

7.1.2 Improving accessibility e.g. Negotiating with LAs and others to allow many more places where customers can go to have documents verified

7.2 The problem – applications to Jobcentre Plus

- The current business model for claiming Jobcentre Plus benefits passes through a series of stages which, as was shown in section 3, involve the customer in repeatedly having to explain their story and can create delays and inefficiencies. The following diagram summarises some of the problems of the present system.



- I have recommended earlier that someone trained in benefits should be at the front of the process (proposal 2). There are a number of improvements which can be made in the short-term

7.3 Reducing the number of contacts or calls required and avoiding collecting the same information more than once

7.3.1 Claiming in one call

- The present business model involves the customer ringing the helpline for a call lasting about 20 minutes to establish

which benefits to claim and then the contact centre calls back to take full details in a much longer call.

- Questions are often repeated because of the two-stage claim procedure.

Staff at the call centre said they felt frustrated that they had often built up a rapport with the customer and had learnt quite a lot about their situation in the initial call from customers' explanations which couldn't be reflected in the recorded answers. They felt it would save a lot of time if the claim could be done in one call where possible.

- Customers similarly often feel frustrated by the process. Often they make their first call with the help of someone from an advice agency but instead of being able to follow it through then they will be on their own when the rest of the call proceeds.

One client with a mental health problem had a relative who assisted in making the first call but because they were unable to take time away from work to wait for the call back the claim was delayed for a couple of months.

- Some time is also wasted by the call back teams who are unable to reach the person on the agreed day. Avoiding this should save time and money.
- At present claiming in one call is being piloted by Jobcentre Plus. If this proves successful it will certainly be helpful to customers and should be rolled out nationally as soon as possible.
- When it is not possible to complete the application in one call then it would be helpful if the same adviser was responsible for both calls so that the rapport built up was not completely lost and the customer does not feel the need to explain their story in full again.

7.3.2 Pilot combining a benefit check with taking the claims for benefit for those who need a home visit or face-to-face interview.

- As outlined in more detail in the [section on accessibility](#), home visits or face-to-face interviews would make a good place to pilot combining benefit checks with taking claims.

7.3.3 Verification- not being asked to verify information already held by the DWP

- Customers are often asked to verify information already held by DWP. When someone rings the helpline to claim IS they are asked about the benefits they are on. If they say they are receiving IB and DLA the contact centre member of staff can go into the CIS system and check this is correct but despite this the customer has to verify their awards by finding their award letters. Customers are also asked for their CHB ref no. although again this must be readily available.
- They are asked to provide a lot of details about their circumstances such as their bank account details. They are asked all sorts of details about their tenancy even if they are living in the same place as when they last claimed benefit and with the same landlord. It should only be necessary for the customer to confirm that there has not been a change.
- If the information is already held the customer shouldn't be expected to re-verify it.

7.3.4 Going straight from the contact centre to Benefits Processing for customers who don't need a work focussed interview straight away.

- The Jobcentre Plus local office stage seems to be adding considerably to the delays but to be of very little value overall – much of the work done at this stage appears to need repeating or completing at the processing stage.
- Several processors pointed out that they always had to go back to the initial claim as the input document never had sufficient information to allow them to process the claim.

7.3.5 Ensure sufficient information captured by script so no need for separate HB form.

- A number of questions are asked in the script about the tenancy. On the basis of these answers some LAs process the claims for HB. However other LAs believe that not enough questions are asked about the tenancy for them to safely process the claim and so send HB forms to those who have been referred to them by the jobcentre. Customers having answered most of the necessary questions for HB in the call to the contact centre have to answer them again on the HB form. This duplication should be unnecessary.
- Liaison should take place between LAs and the DWP to ensure sufficient information is captured in the script so that no LAs feel there is a need for a separate claim for HB/CTB.

7.3.6 Information sharing between departments so verification is only necessary once

- It was also noted that someone who has just gone through a life change – becoming seriously ill, having a baby etc - is likely to have to claim a number of benefits at once and is often asked to supply the same documents to several agencies at the same time. A scheme is being piloted to provide one point of contact to report a birth or death – this would then be notified to all government departments. Hopefully this will be expanded to include all changes in circumstances.
- In the interim, verification should be standardised so that verification by any department is accepted by the other departments.

7.3.7 Awarding nil benefit

- Customers doing permitted work on IB who accept an opportunity to earn more than the permitted limit for IB for a couple of weeks have their benefit stopped and have to reclaim. Similarly those on JSA who accept a couple of weeks full-time work have their JSA stopped and have to reclaim.
- In both cases it would be a rapid reclaim but this is still a time consuming procedure and quite likely to delay benefit.

The example was given of an unemployed man who has a small part-time job, his employer asked if just for one week whilst someone was off sick he could increase his hours. Instead of just being able to suspend benefit for that week it had to stop and he had to reapply. His benefit was then delayed.

- Cooperating with an employer in this way is a sensible way to increase the chances of getting a full-time job.
- In the case of someone on IB it could be a way of testing out if they can go back to fulltime work.
- Allow benefit to be suspended when the department knows that the work over the limit to receive benefit will last for less than, for example 4weeks, to prevent the need to reclaim.

7.3.8 Streamline the DLA renewal process

- At present DLA awards are usually for a fixed period. Towards the end of their award customers have to reapply and complete a new form in full again. None of the information in the previous form will be taken into account.

This includes asking them for all their personal details again such as their date of birth and their bank details (even though at that point they are being paid DLA into a bank account). The claimant also needs to repeat all their medical details and relevant medical history. As pointed out in Chapter 4 this is very stressful for the customer and represents a huge waste in statutory and voluntary resources both in the completing of the forms and also the unnecessary appeals.

- This generates unnecessary appeals because the customer doesn't realise the decision maker hasn't got access to their previous form so doesn't realise the need to get help and complete it in full. This then leads to fluctuating income as pointed out in Chapter 4 because when disability benefits stop, all the related premiums stop. It takes considerable time to resolve by appeal and so can be an important cause of debt for some customers.
- Option 1: DLA should reflect the procedure for IB and be awarded for an indefinite period but with regular reviews to check whether there has been any change in circumstances.
- Option 2: Issue a pre-populated form so that the customer is directed to check there has been no change in all the personal details, medical history etc. The customer would then just need to update the form and describe any changes in care and mobility needs.

7.4 Improving the accessibility of the system

7.4.1 See Chapter 3 – offering other ways of applying for benefit for those who find the phone difficult clearly has to be tackled as an interim measure as well as being part of the long term vision.

- DCS is piloting using the Pension Service to do home visits to help complete DCS forms for working age customers. However they will only offer informal information about other benefits. They could be given training in other benefits and the use of a benefit calculator so that they will be able to give information about the effect of DLA on their eligibility for other benefit.
- Partnership with organisations within the voluntary sector could be piloted to offer face-to-face interviews and home visits (as has been done within the Pension Service) for those who need them.

- Advertising a choice of means of applying for benefits should be piloted
- Anyone who has learning difficulties should be offered a face-to-face interview as should those who are deaf or hard of hearing but prefer not to use a textphone. Those who have English as a second language should also be offered a face-to-face interview as a matter of course with an interpreter present (not on the end of a phone line) whenever possible (see 7.4.2). This will not only be to the benefit of the customer, but also be a more efficient and accurate process for DWP. Again the expertise within the voluntary sector could be used in this area.
- Crisis loans are a lifeline for some customers. When customers need a crisis loan they, and advisers working on the customer's behalf, have great difficulty getting through by phone. It is particularly difficult for those customers who only have a mobile phone. They frequently spend more than two hours just trying to get through to speak to someone. Apart from the distress caused to customers this represents a considerable time cost to voluntary organisations. An improvement in the accessibility of crisis loans needs to be tackled as a priority.
- Give voluntary organisations a fax number for crisis loans which will get a response within a given time – hopefully this could be as short as an hour to allow the organisation to deal with the problem that day.
- Allow customers to text a request for a crisis loan with a guarantee they will be phoned back within 24 hours. This would allow Jobcentre Plus to control the workflow more effectively.

7.4.2 The use of face-to-face interviews with local interpreters where possible and access to interpreters throughout the claim

- When someone with English as a second language wishes to make a claim for benefit they will be told to ring the contact centre and if they are struggling to understand they will be offered an interpreter. The call back will thus be set up with the customer at home, the interpreter in one office, and the contact centre member of staff in another office. The interpreter is unable to see any of the customer's documents such as payslips or a rent agreement so is unable to help them answer many of the questions. When the printout is sent it is therefore likely to have many gaps or mistakes but unless the customer gets the help of another interpreter at this stage they are unlikely to be able to spot the mistakes. The interpreters used on the phone are reported to

frequently speak a different dialect to the customer which adds further to the difficulty.

• One CAB which served an area with a large Pakistani community remarked that DWP used to have two interpreters from the local area who were known to be in Jobcentre Plus office on the same day each week. They spoke the same dialect as most of the community. Now the phone interpreters are used customers sometimes have a great deal of difficulty understanding them because they speak a different dialect and the whole process has become more difficult and unwieldy.

- In some cases, especially in areas where there is a reasonably sized community of people living who speak the same language, it would be more efficient to provide interpreters in the Jobcentre Plus on a regular basis to assist customers in making claims.
- Using interpreters from the local area also makes it more likely that the dialect spoken will be the same.
- This would also address a further problem. One adviser remarked that there seems to be a reluctance to book a phone appointment with an interpreter and assumptions are made that if the customer speaks a little English it is enough to understand.
- The other advantage of having a regular time when an interpreter is in the office is that customers who need the services of an interpreter can have their signing on day and all their appointments on that day. If just a short explanation is needed it can be quickly done. It is vital that any conditions of entitlement are clearly explained.

One customer was sanctioned for failing to sign on because he hadn't understood he had to do this.

Another was sanctioned for stopping going to a course which he hadn't understood was compulsory.

One personal adviser told a customer that now he had been on a language course (6 sessions) he would no longer need an interpreter!

7.4.3 Negotiate with LAs and others to allow many more places where customers can go to have documents verified

- People who don't have a Jobcentre Plus office in their town or area can have great difficulty getting to a local office to

take in their documents for verifying but are very unhappy about putting valuable documents in the post. This then causes delays because customers aren't sure what to do and leads to extra work for DWP staff chasing evidence.

- It would be very helpful if an agreement could be negotiated with Local Authorities that documents could be taken into local housing offices to be verified and copies faxed through. Housing Offices are often set up to be able to do this with verification for HB purposes.
- Another route would be to look at the use of alternative offices for this in the same way as the Pension Service has done.

7.4.4 WFIs need to be offered in outreach centres especially for customers in rural areas

- 20% of those in rural areas are in poverty. For those without their own transport the increasing centralisation of services has presented enormous problems, especially for those who are disabled.
- WFIs need to be offered in outreach centres especially for customers in rural areas

Customers in North Yorkshire living in one of the large villages or towns in the Dales round Ripon, reliant on public transport and needing to go to the Jobcentre Plus office in Harrogate have to travel on a very infrequent bus service into Ripon followed by a further journey of 12 miles from Ripon to Harrogate. This is a very daunting journey for someone who is ill or disabled enough to be entitled to IB but it does not mean that they would not be prepared to look for work in their own locality.

7.4.5 Ensuring privacy in WFIs

- Most Jobcentre Plus offices are now open plan with limited facilities for private interviews. This means that other customers nearby can hear what is being said in any interview. Some people who are ill are embarrassed talking about their health problems and the impact on their ability to work. Problems such as incontinence, the effects of IBS or mental health problems may not get talked about or glossed over.

- When someone is going to be asked about the effects of their health on their ability to work they should be offered the use of an interview room.

8 Chapter 8: Reducing complexity caused by interaction between benefits

8.1 Proposal in brief - Reducing complexity caused by interaction between benefits by:

- 8.1.1 Better sharing of information between departments e.g. Linking applications between departments
- 8.1.2 Cooperation between departments when overpayments or backdating have effects on other benefits e.g. Where backdating of one benefit causes an overpayment of another benefit the combined effect should be calculated
- 8.1.3 The interactions between TCs and other benefits cause significant problems for some customers. These have an impact on DWP targets of persuading people back into work. DWP needs to be aware of these issues and wherever possible within their remit address them or work with HMRC to address them.
- 8.1.4 Focussing on the consequences of delays in one benefit for other benefit claims e.g. Responsibility for a child – reduce the time taken to get IS into payment for the parent with care when ChB needs transferring

8.2 The problem

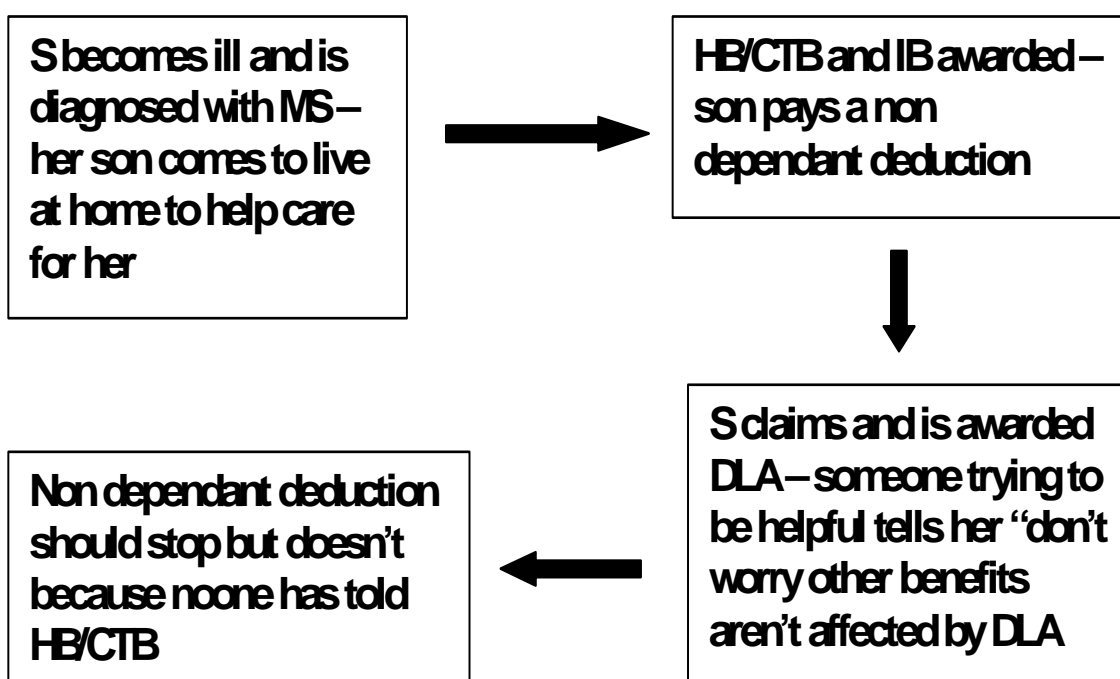
Customers are frequently confused about what benefits they might be entitled to and which offices they need to contact. Throughout the system the way different benefits interact causes problems for customers.

8.3 Complexity caused by interaction between benefits could be reduced by better sharing of information between departments.

8.3.1 Interim measures towards improving the transfer and sharing of information (see Chapters 1 and 2 for a fuller explanation and a more long term proposal)

- Better arrangements for sharing information offers the possibility of cutting the number of errors and overpayments as well as ensuring that customers get all the benefit to which they are entitled.

Sharing information would prevent many incorrect payments



At present the Customer Information System (CIS) shows awards to customers of IS, PC, JSA, CA, DLA, AA, SP and IB. The CA data stream shows details of linked disabled person with entitlement to DLA and AA. NTC interest in a customer is already shown on CIS. However, no details of the NTC award itself is available; although an award feed to CIS is under consideration and it is possible that NTC award data may be available on CIS from April 08. Electronic Transfer of Data (ETD) is already in place and LA staff can access the ETD information electronically, using an icon on their desktop. ETD does not currently include NTC information and there are no firm plans for changes in the near future although availability of NTC data on CIS is a catalyst for that to happen. CIS is a passive system which the LA can check. This of course means that if DLA is awarded after HB has been awarded the disability premium will not be added unless the customer understands that they need to contact the LA. ETD will give a positive notification that something has changed.

- Some interim measures
 - Ensure that ETD between the TCO, the DWP and LAs happens as quickly as possible.
 - Examine the scope for a flagging system which alerts TCO and LAs that there has been a change which might alter entitlement to TCs or HB/CTB.
 - Send TC customers' DLA decisions to TCO automatically.
 - Address possible effects of time delay in data matching on TCs as well as HB/CTB.
 - Use award letters to explain that the award of DLA/AA increases entitlement to other benefits so if someone has been refused HB/CTB, PC, IS or JSA (IB) because their income was just over the limit they may now be entitled to those benefits if they reapply.
 - Customers to be informed clearly on award letters for the middle or higher rate of the care component of DLA or any rate of AA that if anyone cares for them at least 35 hours a week and is earning less than £84 a week they may be able to claim CA.

8.3.2 Linking applications between departments

- Customers often have no clear idea of the difference between DWP and HMRC. The TC form asks 'Are you applying for IS?' Some customers interpret ticking this as an application for IS. This can lead to considerable financial hardship and loss of money to which the customer is entitled as it is some time before they realise that they haven't made a claim for IS. Similarly examples were cited of customers who had applied for IS but hadn't realised they needed to make a separate claim for CTC.

8.4 Cooperation is needed between departments when overpayments or backdating have effects on other benefits

8.4.1 Where backdating of one benefit causes an overpayment of another benefit the combined effect should be calculated

- There are frequently delays in awarding benefits. This can have ongoing repercussions for other benefits being claimed.

In a typical case Mr and Mrs A both applied for IB. They were already receiving HB/CTB and IS of about £90. Their IB claims (both short term HR IB £140 in total) took some time to process but once they had been processed they received a considerable amount of backdating (IS paid subtracted from IB due is £50/ week, 6 weeks at £50/week is £300). A month or so later they received a letter telling them that taking into account their income from IB they had been overpaid HB and CTB (85% of £300 is £255 overpayment of HB/CTB) of which 65% of £300 = £195 will translate into rent arrears. They hadn't realised that the cheques for backdating of IB would have this effect and so had used the cheques to pay pressing bills. They were both quite ill and the large volume of letters ending with them in rent arrears was very distressing and unnecessary.

- Where arrears of benefit are calculated consider whether it is possible to check the impact on HB/CTB in the same way as the impact on IS is calculated. The overpayment of HB/CTB could be deducted from the backdating and the net amount paid.

8.5 The interactions between TCs and other benefits cause significant problems for some customers. These have an impact on DWP targets of

persuading people back into work. The DWP needs to be aware of these issues and wherever possible within their remit address them or work with HMRC to address them.

8.5.1 Some customers have to pay back a great deal more than they have gained from the public purse when they have a TC overpayment whilst claiming HB/CTB

The following table shows what generally happens when someone receiving HB/CTB is overpaid TCs.

	TCs	HB/CTB	Net result
During the overpayment period	Overpaid £2000	Will receive £1700 less HB/CTB because income taken into account is £2000 greater	£300 gain to customer from public purse
Whilst repaying the TC overpayment	Paid £2000 less than calculated entitlement	Will receive £1700 more HB/CTB because income taken into account is £2000 lower	£300 gain from customer to public purse

However if for some reason the customer is unable to gain from HB/CTB increasing when they are repaying the overpayment then they will have only gained £300 but will repay £2000.

This may be because:

- They are now getting full HB/CTB because they have moved onto IS and so a drop in their CTC to repay the overpayment cannot lead to any increase in HB/CTB *or*
- They are entitled to no HB/CTB now *or*
- The money is being recovered directly not through their TCs. The income taken into account will be their full TC entitlement there will be no increase in their HB/CTB to take into account their repayment of the TC overpayment.

When a couple separate:

Mr and Mrs A have an overpayment of £2000 WTC and CTC because HMRC didn't correctly note his increase in income when Mrs A rang the helpline to report the increase. It was found to be recoverable because they hadn't noticed the wrong income on the form. The income that had been taken into account for HB/CTB purposes included the £2000 overpayment and so as a result they are paid £1700 less HB/CTB than they would have otherwise received. Mr and Mrs A separated so the debt has to be recovered directly - not off Mrs A's ongoing TCs – this means the £2000 will be recovered in full. They have gained £300 from the public purse but will repay £2000 because they failed to notice an HMRC mistake.

When someone becomes ill and unable to work:

A lone mother who is working is overpaid £1000 by the TCO. She has only gained £150 from the public purse from this overpayment as her HB/CTB will have been £850 less than it would have otherwise been. This is discovered at the point when she has to claim IS because she has become ill. She is entitled to full CTC and full HB/CTB. Some of her CTC will be deducted until the full £1000 has been paid. However although she will have less CTC she will not receive any extra HB/CTB because she already receives the maximum.

- This problem particularly targets the most vulnerable – those who have just separated and those who become too ill to work

There needs to be a way of ensuring no-one repays more than they have gained.

Option 1: This problem could be addressed by HB/CTB treating income in the same way as IS treats income. IS calculations take into account the actual award of TCs which should have been made. This means that if the award of TCs is subsequently found to be wrong they can go back and revise the award of IS. This would produce a fairer solution but would involve extra administration by HB/CTB.

Option 2: Work with HMRC to find other ways of addressing this issue

8.5.2 When someone stops work but WTC won't stop

- When a customer stops work and informs TCs but their WTC carries on they are told that this is an overpayment of TCs and will be recovered because they are aware they are being overpaid. At the same time the customer is unable to claim IS because WTC is in payment. This leaves them with in

effect with no income (just a repayable loan to live on) until WTC stops.

8.5.3 IS should have the power to look at underlying entitlement. When someone is off work sick and claiming SSP

- The position is very complex and depends on the time of year as to what they will be eligible to claim. If a wage earner who has a relatively high income is ill in January or February and is only entitled to SSP they will be entitled to very little TCs because their income has been too high in the first part of the year. They would then be eligible to claim IS – this would then start a new period for WTC and CTC. The extra WTC would however then take them out of entitlement to IS and so would their new period then stop?
- There are situations where there is a direct incentive for the partner to give up work though it may be that within any system such anomalies will occur.

Mr and Mrs T have 3 children. Mr T normally earns about £350 /wk. Mrs T has a small part-time job earning about £40 per week. In late January he has an accident and is off work sick – he gets SSP. His TCs only go up a small amount because his predicted income for the year is high. However their income from SSP plus her job is too high for IS. If she gives up her job they will be entitled to IS. Entitlement to IS starts a new TC period and gives entitlement to full WTC and CTC. If this happens they will be a lot better off.

The underlying point is that the links between TCs and benefits are at their most complex when someone is ill.

8.6 A greater focus is needed on the consequences of delays in one benefit for other benefit claims

8.6.1 Responsibility for a child – reduce the time taken to transfer child benefit so that the parent with care can qualify for IS.

- IS, HB/CTB, tax credits and child benefit all have different definitions for ‘responsibility for a child’.
- For IS purposes it is essential to look first at who gets child benefit and only when no-one receives child benefit is it relevant to look at where a child usually lives.
- HB/CTB is decided on basis of where the child ‘normally lives’. Only if this is not clear will child benefit be considered.

- Tax credits also treat someone as responsible for a child if they 'normally live' with them. If this is not clear then they use a 'main responsibility' test.
- Child benefit considers where the child is normally living but when the person receiving child benefit is no longer the carer and child benefit needs to transfer the person who has been receiving it will continue to receive it for a further 3 weeks unless they withdraw their claim.

When someone who hasn't been receiving child benefit is left to look after the children they can experience considerable financial problems because of the difficulty in transferring child benefit and therefore also not being able to get IS into payment.

Mrs A came into a CAB office because her husband had left her and she had no money. Mr A had worked and looked after all their finances, their bank account was in his name as were any payments such as child benefit. Mrs A had been at home looking after their children. It took a number of weeks to get child benefit transferred into her name. She was unable to claim IS until it had been transferred. She was also unable to claim JSA because she was not available for work leaving her with no source of income.

- It can be equally a problem if the person left with the children has been the working partner but now has to be at home because there is no-one to look after the children.
- ChB can take a long time to sort out and any money paid to the absent parent won't be paid to the parent looking after the children. ChB will in any case continue to be paid for 3 weeks after CB office have been notified that the person is no longer playing any part in looking after the children.
- IS definition of 'Responsibility for a child' needs to reflect who is actually looking after the child at that time. A more pragmatic approach would be the 'normally lives' with test of TCs and HB/CTB. It seems to work well in that if the child has just gone to spend a fortnight with their grandparents to give mum a break then mum continues to have responsibility. However, if the parent with care has left for an indefinite or lengthy period and someone else has to be at home to look after the children then they need to be able to claim immediately.
- An interim solution would be to make crisis loans more easily available to customers in this situation

- Another interim solution would be to work with HMRC to see if it is possible to have some sort of emergency procedure to transfer ChB immediately.

8.6.2 The requirement that customers of Carers Allowance (CA) nominate the date they wish to claim from is made very complex because of the time taken to decide whether DLA should be awarded.

- If someone wished to claim CA from the point the person they were caring for was awarded DLA it used to be necessary to put in a protective claim for CA at the time DLA was applied for. The CA would be refused but if DLA was subsequently awarded then the CA could be backdated.
- New rules have been brought in to simplify this. They allow CA to be applied for up to 3 months after the award of DLA has been made and still be backdated to the date DLA was claimed.
- Customers no longer have to apply for CA and be refused and then reapply.
- However there is a risk that people putting in a claim after DLA is awarded will not understand the backdating rules.
- CA claims need to be monitored to see if a significant number of claims which seem potentially to be able to be backdated for a longer period are failing to ask for backdating.

8.6.3 There is also a risk that the new rules for CA claims will increase the number of people who lose out on a significant amount of IS and HB/CTB.

- Customers of CA waiting for a DLA decision do still need to put in a protective claim for IS (and HB/CTB) at the time the person they care for claims DLA if the carers premium would bring them into entitlement for IS. They are however even less likely to realise this now because of the general assumption that CA can be claimed after DLA is awarded with no loss.
- IS and HB/CTB backdating should be allowed without the need for a protective claim when entitlement or underlying entitlement to CA creates entitlement to these benefits. ([see 10.3.7](#))

9 Chapter 9: Removing complexity which creates barriers to work

9.1 Removing complexity when it creates barriers to work

- 9.1.1 When DWP considers interim changes to HB/CTB for people reliant on both HB/CTB and TCs, decisions should be made with the goal of decreasing the number of departments customers have to communicate with and the number of changes HB/CTB customers have to report.
- 9.1.2 Addressing problems faced by particular groups of customers who have additional challenges in making work pay
- 9.1.3 Tackle issues which cause people to feel uncertain about whether they will be better off in work. E.g. - the problems caused by TC overpayments when claiming HB/CTB (see proposal 8)
- 9.1.4 Making it easier for sick/disabled people to work

9.2 When DWP considers interim changes to HB/CTB for people reliant on both HB/CTB and TCs, decisions should be made with the goal of decreasing the number of departments customers have to communicate with and decreasing the number of changes HB/CTB customers have to report.

9.2.1 At present the government pays benefits to cover 97% of the childcare costs of working HB/CTB customers. However, the current arrangement of paying customers through two departments may be confusing and can be inefficient. The DWP should be aware of the effect of this on the viability of work for many customers.

- As was pointed out in chapter 5 customers find it extremely difficult to keep two departments informed of what is happening.

At present 80% of childcare costs are paid through TCs. A further 17% is paid by increasing the amount of HB/CTB a customer is paid. (Childcare costs paid by TCs are included in income – childcare costs of £100 would have £80 paid by TCs but full childcare costs are disregarded ie £100. The £20 lowering in net income yields an extra 85% of £20 ie £17 more HB/CTB.)

- The more a lone parent works the higher her/his childcare costs are likely to be so she/he remains trapped in HB/CTB. [\(see section 5.2.1\)](#)

9.2.2 Align HB/CTB with IS by removing an allowance for children from the applicable amount and then ignoring CTC and child benefit(ChB) as income for HB/CTB purposes.

- The change would decrease administrative costs of HB/CTB and make maintaining the claim less complex for customers because the LA would no longer need to be updated about changes in CTC or about changes in the household which don't affect the size criteria.
- For a large majority of customers there would be no net change in income. Their HB/CTB would remain exactly the same. The CTC and ChB no longer included in the disregard being exactly balanced by the lower applicable amount.

	ChB & CTC	Applicable amount for children plus family premium
One child	£17.45+£44.38 = £61.83	£45.68+£16.25= £61.83
Two children	£29.15+£78.26= £107.41	£91.16+£16.25= £107.41

- However there will be some people who don't get full CTC but are still entitled to some HB/CTB. As will be seen from the above table anyone who doesn't receive full CTC will

lose from the change. There are two main groups that this will affect:

- Those whose rent is so high that they are still entitled to some HB at the point when their income is high enough to not receive full CTC.
- The following table shows what would be the effect on someone who had a rent of £200 per week

Income	HB	Total income now	Effect of this measure on HB	Total income with this measure
£15000	£103	£456	£0	£456
£17500	£93	£461	£-12	£449
£20000	£83	£467	£-28	£439

- This would clearly be unacceptable. It would be possible to prevent this by having an extra income disregard in HB for incomes over a certain level. It would add complexity to the system but simplify the situation for the majority of customers. The preferred solution however would be find some other means than HB to address this issue of the effect of high rents on work incentives.
- The second group of people who would be adversely affected are those people who have an overpayment of WTC but it is being recovered from their CTC (see section 8.4.2). They would have had the extra WTC taken into account as income but would not get an increase in their HB/CTB when the overpayment is repaid thus repaying more than they have gained. However as has been shown this is already a significant problem for other groups. If it were effectively dealt with then this proposal would not cause a problem for this group.
- It might also have a detrimental affect on some ‘substantial minority carers’ who may be looking after their children three days each week with no help from the benefits system apart from extra HB/CTB. Some special help needs to be built into the benefits system as a whole for those in this position rather than complicate the position for everyone. One possibility within HB/CTB would be to allow an extra disregard for those looking after children with no CTC. It

would be more sensible however to find a way of allowing this group some help through TCs.

9.3 There are particular groups of customers who have additional challenges in making work pay

9.3.1 The misalignment in the way childcare costs are paid by TCs and by HB/CTB means some customers get considerably less money than would be expected from a calculation of their yearly entitlement

- TCs pay average childcare costs for the year whereas HB/CTB usually looks at what the actual cost has been that week.
- This misalignment in the way childcare costs are paid causes three problems for customers:
 1. They have two departments to update – they have different reporting requirements
 2. It means that some customers receive less money as a result of the misalignment
 - Some customers, during school holidays, find that their income for HB/CTB purposes (after full childcare costs have been disregarded but their income from TCs for childcare costs is only an averaged amount) is less than their applicable amount. This means that their income from HB/CTB during the course of the whole year is less than it would be if TCs paid weekly according to their actual childcare costs rather than averaging them across the year and paying the same averaged amount each week. (see [Appendix 5](#) for a more detailed explanation).
 3. TCs paying an average cost makes it very difficult to budget finances especially during the long summer holidays

A lone parent who has 2 children has childcare costs of £40 per week during term-time but costs of £200 per week during school holidays. She will be paid TCs on the basis of costs of £80 per week throughout the year. Paying in this way makes it very difficult to budget especially during the long summer holidays. It also increases the chances of the person getting into debt.

- Some LAs will agree to average childcare costs as well – this overcomes problem 2 (the misalignment creating a loss for some customers) but creates an even greater budgeting

problem as customers would then find that the weekly amount of disposable income fluctuated even more.

- The DWP needs to be aware of this when assisting customers to return to work

9.3.2 Families with disabled children can find it particularly difficult to make work pay

- The maximum levels of childcare costs that can be considered are £175 for one child or £300 per week for two or more children.
- It has been estimated that an agency providing a home childcare worker with experience of disabilities would charge at the very least £8 per hour and that the average is nearer £11. For a basic 35 hour week with no traveling time this would be £280 for one child (using £8/hr) or £350 (using £10/hr).⁹
- This makes calculating how to make work pay much more complex. Calculating exactly how many hours at what rate of pay they can afford to work will be much more difficult. Many find that they are unable to find a way of making work pay.

- One survey found that 85% of parents of disabled children want to work either full-time or part-time. Despite this level of aspiration only 16% of mothers of disabled children are in work compared with 61% of all mothers¹⁰.

In a web-based survey of parents of disabled children parents were presented with a list of possible government actions and were asked to select only one option. The most popular option was more assistance with childcare in Tax Credits¹¹.

- Increase provision for childcare costs for disabled children to make it easier for parents to find a way of making work pay

9.3.3 Carers without children have difficulty in working sufficient hours to make work pay

- Many carers would welcome going back into work but in order to claim TCs those without children have to do paid

⁹ *Families with disabled children and poverty*, July 2006 Jill Harrison and Derek Sinclair
<http://www.cafamily.org.uk/povertytaxcredits.pdf>

¹⁰ http://www.edcm.org.uk/pdfs/edcm_briefing_rock.pdf Russell, P, 2002, Bridging the gap

¹¹ Contact a Family undertook a web-based survey of parents with disabled children in November-December 2004 <http://www.cafamily.org.uk/>

work of at least 30 hours per week. CA customers are already caring at least 35 hours per week. So to get tax credits, the government currently expects customers to work a minimum of 65 hours per week. This deters many carers from taking on paid work.

9.3.4 Those who live in areas of very high rents

- Temporary accommodation in Inner London can cost £300 per week. Those in jobs on or just above the minimum wage won't be able to escape the HB trap however many hours they work. At this level of rent even someone with an income of £15000 per year is likely to be entitled to HB.

9.4 The perception of risk is a very important factor in deciding whether to return to work. Tackle issues which cause people to feel uncertain about whether they will be better off in work

9.4.1 Tackle the problems some people have with TC overpayments when claiming HB/CTB ([see section 8.4.1](#)) as problems such as these have an impact on the risks people perceive in returning to work

- some people are made considerably worse off after a period of work. These problems are likely to have an impact not only on the person concerned thinking twice about returning to work but also on those around them who may be considering returning to work.

9.4.2 The inclusion of all necessary costs in better off calculations.

- Costs such as travel to work, loss of free school meals, lack of access to the social fund, whether the job will involve working at times when their normal childcare won't be available and so they will have extra costs which won't be allowable in their TCs. What their TC income will be after the initial year etc. will be crucial in determining whether the work is sustainable. ([see section 5.2.7](#))
- Customers who return to work only to find they are having a greater struggle financially as a result of returning to work are likely to give up that job but also be more reluctant to try again
- Some personal advisers do include some of the above factors in their calculations. This good practice should be built on so that customers are given as clear a picture as possible of their likely financial position if they return to work.

9.5 Making it easier for sick/disabled people to work

9.5.1 Much greater promotion of the Disability Element of TCs

- Those entitled to the disability element of TCs are able to receive TCs if they do at least 16 hours of paid work each week. If someone doesn't have a child and is not receiving the disability element they have to do 30 hours of paid work each week to qualify for TCs. The disability element can therefore be extremely helpful in allowing people who don't have children, but who for health reasons would not be able to cope with over 30 hours work each week, to move into work which is sustainable.
- There are two conditions to fulfil to be entitled to the disability element:
 - A health condition – this encompasses a wide variety of health problems including having a health condition which prevents fulltime work. Most people who need the disability element do not have a problem fulfilling these criteria.
 - Secondly a benefit condition – customer must be receiving DLA or have been receiving a benefit because he/she was ill. The rules about how long ago he/she was receiving this benefit are quite complicated and unfortunately get ignored frequently. Someone with a mental health problem who is considering going back into work is unlikely to be receiving DLA but may well qualify for the disability element.
- DWP staff advising those returning to work are often unaware of the criteria. It is important that they are aware of the time limits once someone is no longer receiving a sickness benefit, otherwise the customer could lose the opportunity of ever claiming the disability element and thus of finding sustainable work.
- Most people with mental health problems who are thinking of returning to work would be unlikely to be able to cope with going straight back into fulltime work so the disability element is likely to be particularly useful for them.
- When someone is found capable of work they may nevertheless have health problems which would entitle them to claim the disability element of TCs. As put forward in [Chapter 6](#) they should be informed of this by letter. It would also be helpful if those receiving DLA were told of this help.

- An advertising campaign about this element to GPs would give them positive information to give to patients who might be able to return to some work. This could be particularly useful for patients with mental health problems.
- It is important that those who advise customers, who may have health problems, about returning to work understand clearly the criteria for the disability element of TCs.

9.5.2 The linking rules for the disability element of TCs are liable to push someone back onto IB instead of JSA

- The current criteria state that if a customer is receiving the disability element of TCs and loses their job or is made redundant they will only retain the disability element in their next job if they find another job within 56 days (unless they claim IB again).

A young man with mental health problems had made three or four attempts to work since he left school but within 3 or 4 months had had to give up because his health problems became worse. With the assistance of the disability element of TCs he had managed to sustain a job working twenty hours per week for over a year (despite his health problems continuing) when the shop he was working for had to cut back on staff. He was very anxious not to return to IB and fortunately managed to find another job before the 56 days were up. It seems strange that the system is pushing someone like him back onto IB when the correct benefit for someone with some health problems but able to work about 20 hours a week is JSA.

- It is important for the sustainability of the job that someone with health problems finds an employer who is supportive. Losing a job is likely to be more stressful than staying in the same job. It makes no sense that if you stay in the same job you keep the element in perpetuity but if you are unlucky enough to lose your job the incentive to find another is taken away and you are pushed back on to IB.
- The DWP needs to be aware of the effect of the linking rules for TCs and advise those who sign on for JSA of the effect on the disability element of TCs if they don't get another job within 56 days. Not advising a customer about this could lead to them taking an unsustainable job which then pushes them back onto IB for a longer period. The DWP should also work with HMRC to find a solution which does not push customers who wish to sign on and find work onto IB in this way.

9.5.3 Consider ways of assisting those who are not eligible for higher rate of mobility but can only walk very short distances (say up to 100m before a stop). At present DLA mobility has 2 rates:

- Higher rate mobility for those unable or virtually unable to walk
 - Lower rate mobility for those unable to walk on unfamiliar routes without guidance.
 - This is very confusing for customers who assume that lower rate of mobility is for those who can walk slightly further than those on higher rate mobility.
 - It would be sensible to rename the present lower rate mobility as DLA mobility for guidance
- The higher rate of mobility allows those who are virtually unable to walk a degree of freedom to escape social exclusion. The extra money it brings assists in their extra transport costs and the blue badge allows them to park near places which would otherwise be out of their reach.
 - However there is a considerable gap between those who are virtually unable to walk for the purposes of higher rate mobility and those who are able to use public transport without great difficulty or able to walk sufficiently to be able to visit many places without access to disabled parking spaces.
 - There are therefore a group of people on a low income whose mobility is not impaired sufficiently to qualify for higher rate mobility but who are unable to use public transport or walk to the shops or leisure facilities. Unless they have friends or family to assist them in getting out they can become very socially isolated. Many of this group are amongst those who the government is keen to encourage back to work. A first step to assisting them to get back to work would be assistance to get out of the house on a more regular basis.
 - One option would be to introduce a new lower rate of mobility for those who can only walk very short distances (say up to 100m before a stop). This measure would carry considerable costs so is unlikely to be possible in the short term. It would however be of considerable help in helping to prevent social exclusion for some groups especially if it also brought entitlement to the blue badge although that of course is outside the scope of DWP.
 - There may be other possible ways of addressing this issue as part of the assistance available to assist those on IB in taking steps to return to work.

9.5.4 Extend the help offered to customers in finding work to offering ongoing support to those who need it whilst in work

- Many customers such as those with mental health problems will struggle to sustain work without some ongoing support.

9.5.5 Postponing a PCA:

- Under the Pathways scheme when someone is working closely with their adviser to try to get back to work a further PCA (following the gateway PCA) can be postponed for three/six months. This means that the customer can feel their benefit is secure whilst they try to take steps towards returning to work. It prevents the danger of them being thrown off track in the middle of the process.
- However in practice this discretion does not appear to be used very often.
- Advisers should be encouraged to use the power to postpone a PCA when appropriate.

9.5.6 Setting effective standards for those private agencies offering customers support back into work

- Private agencies are to be used along with some parts of the voluntary sector to provide support into work. It will be important to put in place criteria which reduce the incentive to cherry pick customers who will require little help to return to work leaving those needing the most support getting no help. For example the criteria should include:
 - The 'distance travelled' by customers in progress towards getting back to work
 - How sustainable the work proves to be - careful monitoring needs to take place to ensure that people are being placed in work which is proving sustainable.

10 Chapter 10 : Align benefits where possible and implement other rule changes where complexity cant be masked

10.1 Align benefits where possible and implement other rule changes where complexity can't be masked

10.1.1 Wherever possible, without causing hardship, rules for different benefits should be aligned. E.g. what is meant by responsibility for a child

10.1.2 Specific issues of complexity which can't be masked should be tackled. E.g. Non dependant deductions, Waiting Period for Housing Costs, Contrived Tenancies

10.2 The Problem

10.2.1 As has been pointed out in most of the previous proposals, complexity can often be masked for the customer and this is frequently easier than simplifying the myriad of small rules which add together to make the complexity of the system. It requires less legislative changes, is considerably cheaper and doesn't create losers or the complexity of transitional protection.

10.2.2 However even in a system where complexity is masked by good delivery it is important to keep the customer in touch with the principles and logic behind the benefit, why it has been awarded and what will be the effect of changes. The customer should always be sent the calculation on which their benefit is based. This means that it is also important to try to simplify the system wherever possible.

10.2.3 In a system which is too complex to get a feel for what is happening and why, the customer is likely to feel disempowered. In this situation there will be many more overpayments and underpayments as the customer is much less likely to question any possible mistakes.

10.2.4 All means tested benefits have some basic rules about what counts as income, what counts as capital, what can be disregarded, when a claim can be backdated, what premiums can be added. The rules are different for the different benefits, sometimes for compelling policy reasons but often as a result of historical timing.

10.3 Wherever possible, without causing hardship, rules for different benefits should be aligned.

10.3.1 Income and capital rules

- There are different income and capital rules for many benefits. Tax Credits have yet a different set of rules. This is very confusing for customers who learn about one set of rules and assume that other benefits have the same rules.
- A consistent set of rules would be easier for both customers and advisers. A very important start on this was made by aligning the capital rules for IS and JSA (IB) with HB/CTB. Some suggestions are made as to ways in which further progress could be made towards alignment

10.3.2 Income and capital rules – treat SSP, SMP, SAP and SAP as earnings for all benefits

One example of income being treated differently is the way SSP, SMP, SAP and SAP are treated by the different benefits. They are treated as earnings by most benefits and by TCs but not as earnings by IS. This means that for IS purposes they don't attract a disregard but they do for other benefits.

For example the following table shows the income of a couple one of whom works part-time the other person is long-term sick. It shows what happens to their IS and their total income when the partner who is working becomes ill. Customers in this position are often confused as to why when their income from work has dropped by £5 the amount they get from IS also drops.

	Earnings/SSP	IS	Total income
Partner working	£85	£60.05	£145.05
Partner on SSP	£70.05	£55	£125.05

- Treating SSP, SMP, SAP and SAP as earnings for IS purposes and therefore entitled to a disregard would align IS with other benefits and TCs. It would prevent the confusion and stop the drop in income for people already on a very low level of income. It would reduce the complexity of the rules within the system to a small degree.

10.3.3 Capital rules for PC and HB/CTB for over 60s

- There are no capital limits on PC just a tariff income of £1 for every £500 of capital.
- There is however a £16000 capital limit on HB/CTB.

- Anyone who qualifies for PC is automatically entitled to full HB/CTB even if their capital is much higher than £16000.
- As a result of the difference in rules as to how capital is treated a customer aged over 60 years who pays rent and council tax of £100, has savings of £20000 and income including tariff income £1 more than the guarantee credit will get no HB/CTB. Someone who has £2 less income and thus just qualifies for PC will get full HB/CTB and so will be about £100 per week better off.
- At a time when people are being encouraged to work for longer this acts as a strong disincentive for people to carry on with a part-time job if that would take them out of entitlement to PC.

E.g. Couple with joint income of £100, rent of £80/wk, council tax £20/wk and savings of £25000. They will be entitled to PC of about £36 and full HB and CTB so a total income of £236. If he claims IB or takes a part-time job with an income of £50 or more they will be entitled to no HB or CTB and so will be considerably worse off. (An income of about £150 assuming a job bringing in £50.) This is clearly a significant unemployment trap.

- Align capital rules for HB/CTB for over 60s with those for PC.

10.3.4 Capital rules in general

- It would be simpler if rules on capital for all benefits could be aligned with the rules for PC or TCs. At present someone who has saved for their future by buying an expensive house can still get means tested benefits if they become ill in their fifties. Poorer people who have perhaps separated but not got enough from the equity from their house to buy a house or been made redundant or simply have put aside some savings for old age but couldn't afford to buy a house will see those savings dwindle to £16000 if they become too ill to work before they get any help from either IS or HB/CTB.
- Align capital rules for all means tested benefits in line with TCs or PC – use a tariff income but no upper limit.

10.3.5 Maintenance as Income

- There are some inconsistencies in the way maintenance paid by a non-resident parent is treated. When maintenance for the children is paid it does not count as income for the purposes of CTC which is the income assigned for the

support of children but counts in full or in part for the purposes of IS even though the IS is an allowance for the mother not the child. This rule causes a lot of resentment as non-resident parents feel that money they are paying to support their children is being used to support their ex partner instead.

- It is also very time consuming to collect all the information as part of the application process. The lack of consistency in the payment by some non resident parents can cause great difficulty
- Consideration should be given as to whether it is possible to disregard all maintenance paid for the purposes of IS/JSA (IB) and HB/CTB.

10.3.6 Claiming CA when stopping work - customers have to give the exact date they wish their claim for CA to start. The final earnings rules make this very complicated.

- If they were paid monthly they are unable to claim CA until a month after they finished work.

A lady who had given up her job to look after her husband, who has Alzheimer's Disease and is receiving DLA, put in a claim for CA a couple of weeks after she finished work. The claim was refused and so she assumed she was not entitled for reasons she didn't understand. Fortunately this was picked up on a visit to a CAB and they helped her reapply. She had been refused because the decision that she was not entitled was made before the period her final pay was deemed to have covered had ended.

- It causes great resentment to those who are paid monthly that despite having been paid no more than if they had been paid weekly, they lose out on three weeks' benefit simply because of the way their previous employer chose to pay them.
- Simplify the final earnings rules to allow a claim for benefit one week after finishing work whether the customer has been paid weekly or monthly.
- The CA form states:

"What date do you wish to claim Carer's Allowance from? You must tell us an exact date. If you do not give us an exact date your claim may be delayed. If you do not fill the date in this claim form cannot be accepted and will be returned.....We may be able to pay you CA for up to 3 months before the date we receive your claim.

If the person you look after is awarded.....we may be able to pay you CA from when their benefit payments start. But you must claim within 3 months of the date the decision is made on their benefit.”

- If customers have just left work to care for someone the date they can claim from is very complicated to work out. Yet the form warns them that if they don't fill in the date the form will not be accepted.
- It is not clear to customers what date they can claim from. It would be helpful if the form could make clear that they can get help if they are not sure what to put.
- Customers who have just given up work to care for someone could be asked to give the date they stopped working, together with the date they were last paid and whether they were normally paid weekly or monthly.

10.3.7 Backdating of benefits

- There are many different rules governing backdating. Generally in order to claim backdating of a means tested benefit (apart from PC and TCs) the customer needs to show good cause why the claim could not have been made at an earlier stage.
- What counts as good cause is different for different benefits. Finding a way through the complexities of what will count as good cause in the various benefits is difficult and time consuming for customers and the staff administering the benefits. It makes a particularly complex situation when entitlement to one benefit follows the award of a qualifying benefit.

- | |
|---|
| <ul style="list-style-type: none">- E.g. A couple who have too much income to be entitled to IS become entitled to DLA and thence have an underlying entitlement to carers premium. If the premiums from these two benefits bring them entitlement to IS they need to make a protective claim for IS as soon as they claim DLA even though at that point they will be refused.- They then need to claim again once they have been awarded benefit and they will be awarded the backdating of the premium. This situation is impossibly complex for customers unfamiliar with the benefits system to be able to sort out. |
|---|

- The new rules for CA have complicated the situation further because claimants are now being told not to claim CA until

after DLA has been awarded and it can then be backdated. It is not being explained to claimants that the carers premium cannot be backdated unless IS is already in payment

- As suggested earlier a diagnostic interview as a gateway for all customers might be able to mask this complexity by flagging up the need for a protective claim for IS. It is however simpler whenever possible to prevent the need for a protective claim.
- When entitlement to one benefit follows the award of a qualifying benefit allow backdating of all means-tested benefits to the date of the award of the qualifying benefit.
- However there are other situations where people need backdating.

One lady had been suffering from depression for some time – she had not opened any letters including those from IB asking her to go to a medical. As a result her IS stopped and so did her CTB, her family became aware there was a serious problem when the bailiffs came. The LA agreed there was good cause and agreed to backdate CTB for about six months.

- The ideal solution would be to allow one year's backdating for all benefits where the customer could show they had fulfilled the criteria throughout the period. The customer would not have to show good cause. This would align the backdating rules of all benefits in line with PC. It would get rid of the need for any special rules round protective claims. It would reduce the number of appeals because there would no longer be an issue about whether there is 'good cause'. I recognise that the costs for this are likely to be too high.
- A solution which would help the majority of customers who are caught by these problems would be to allow 3 months backdating again without the need for good cause for all means tested benefits. This would align these benefits with TCs and with CA and IB.
- The rationale for not backdating is that means tested benefits are for the present. If someone has managed to survive without the benefit then they no longer need it.
- However, now debt is much more prevalent, people who find it difficult to claim, especially those with mental health problems, have often got themselves into a financial mess before making a claim. If it is possible for them to claim what they should have been entitled to receive they are

more likely to be able to start thinking about returning to work than if they are worried that they are about to be thrown out of their home because of rent arrears.

10.3.8 Responsibility for a child

- Child benefit and IS have different rules to CTC for when a parent ceases to be responsible for a child.
- IS decides whether a parent is still responsible for a child on the basis of whether child benefit is still payable. CTC has a different definition. This misalignment causes parents and their children considerable problems.
- Child benefit is payable up to the child benefit terminal dates. No IS can be paid to the child in their own right if their parent is still eligible for child benefit. However CTC will stop immediately the young person finishes school if it is later than 1 September after their 16th birthday. The rules for ChB and CTC have been aligned to allow extension periods in CTC. However if an extension period is not relevant because for example the young person is pregnant, then they will be left without any source of support during their late pregnancy.

10.4 Specific issues of complexity

10.4.1 Sure Start Maternity Grant

- The sure start maternity grant is a payment of £500 to help new mothers cope with the extra costs of buying all the equipment necessary for a young baby. It is paid if you are on IS, PC, JSA(IB), CTC at any rate greater than the family element or WTC with the disability element. It can be claimed from 11 weeks before the baby is due to 3 months after the birth.
- It is extremely helpful for many clients but may come at the wrong time for some of the most vulnerable and needy. A lot of first time young lone mothers are unable to access it until some weeks or even months after the birth of their child as their MA or SMP means that they are not entitled to the qualifying benefits. Ironically those who have a child already and therefore need it less because they already have the equipment can access it before the birth of the child because they will be on CTC.
- After the birth these young women are going to be entitled to CTC (also a qualifying benefit) and therefore will get the

grant. By then they obviously need to have bought most of the equipment such as cots, pushchairs etc that they will need for their baby. This grant is primarily there for that purpose. Yet those who need it most, those who are having their first baby (and are therefore unlikely to have any of the equipment) and who would be entitled to IS were it not for the maternity benefits are unable to access it at the time they need it.

- Allow the claim for a sure start maternity grant if the customer will be entitled on the birth of the child. This could be done by including a means test form (similar to the CTC test) with the form for the sure start grant. Those who aren't receiving a qualifying benefit would be able to use it to claim before the birth of their child if they wish.
- There would be no extra costs apart from the administration of the means test. It would greatly improve the effectiveness of this grant by getting it to those who need it most at the time they need it.

10.4.2 Non dependant deductions

- Customers who have adult children or other relatives (non dependants) living with them have deductions made from their HB or IS housing costs and their CTB because it is assumed that the 'non dependants' (with some exceptions such as full-time students and single people under 25 years on IS) will make a contribution towards the rent (or mortgage) and council tax.
- The size of the deduction is decided on the basis of the income of the non-dependant. There are six different levels of deduction depending on the income of the non-dependant.
- The customer claiming IS or HB or CTB is responsible for notifying DWP or HB/CTB when the income of the non-dependant changes. This can be very difficult and frequently causes overpayments as customers are often unaware when their children's income changes. This is stressful for customers and creates a lot of administrative work for local offices.
- Option 1: Simplify non-dependant deductions by having one level of non dependant deduction for non wage earning non dependants and a slightly higher level for those non dependants who are working. I recognise this would have considerable cost implications.
- Option 2: Fix non dependant deductions for a set period (one year). Once a year the non dependant would be contacted to

ask if their income has changed but there would be no overpayment incurred for changes which had occurred during the year.

- A clause may need to be put in to prevent abuse of the system by someone deliberately working for less wages for a short period each year.
- A new period would need to start if the non-dependant either started work or stopped work.
- To prevent hardship in a few cases, the option should also remain to allow the customer to contact if there was a change which meant their contribution should be considerably lower.
- This measure would also have some cost implications but should decrease the number of overpayments and save on administration costs.

10.4.3 Waiting Period for housing costs in IS (mortgage interest payments)

- Someone who is eligible for IS and who has a mortgage can get help with their mortgage interest payments. However most people won't qualify for help immediately. There are 3 separate waiting period rules depending on the circumstances of the customer:
 - Entitled immediately
 - 26 week waiting period – nothing is paid for first 8 weeks, 50% of housing costs paid for next 18 weeks
 - 39 week waiting period – nothing is paid for first 39 weeks of claim
- The 39 week waiting period was introduced in the mid nineties to encourage people to insure themselves against the risk of sickness or unemployment. However many people are not insured and having to wait this long can put their home at risk.
- The rules governing how long any particular customer will have to wait before their housing costs are paid are very complex and cause confusion for customers and advisers. The complexity is heightened because there are so many seeming anomalies in the rules:
 - pensioners who could arguably have foreseen their reduction in income do not have to wait at all to have their housing costs paid
 - someone who is working and has an accident or is diagnosed with a serious illness and has an unexpected

large drop in income has to wait 39 weeks – this leads to financial stress at what in any case is a very stressful time

- carers come into the 26 week waiting period rules
- the people they care for have to wait 39 weeks even if they are on DLA at the highest rate.
- Simplify the waiting rules for housing costs by changing back to the pre October 1995 waiting period rules when there was either no waiting or the 26 week waiting period.
- The situation is made more complex because some people misunderstand what the waiting period means and if they aren't going to be entitled to any IS until their 26 or 39 weeks have gone by they don't put in a claim until then and are horrified to discover that their waiting period will start at that point.
- Allow the date of the claim to be backdated for as long as someone can demonstrate that they have fulfilled the conditions for the benefit for the purposes of serving a waiting period.
 - There is a sort of precedence for this in IS when someone has been sick for some time. If they can demonstrate with a backdated sick note that they have been ill throughout the previous year then they can get the disability premium immediately. Similarly someone who would be entitled to some IS once their mortgage interest was payable would be deemed to have fulfilled the waiting period if they could demonstrate that for a previous period of time equivalent to the waiting period they had fulfilled the criteria.

10.4.4 Contrived Tenancies

- In order to claim HB all customers have to demonstrate that they are liable to pay rent. Those who are a near relative of the landlord also have to demonstrate that it is a commercial tenancy.
- Welfare rights organisations and the HB office I spoke to both reported this as causing problems.

The HB office I visited said it was absorbing a great deal of the time of the processors in deciding whether a claim was a commercial tenancy. They also reported that they were unhappy that in many cases they felt it was honest customers who were being penalised because the decision frequently came down to the question whether the relatives would evict the customer if they stopped paying rent. It was easy to answer yes to this question with no comeback but more honest customers were being refused yet other landlords would not face this question.

Advisers of ethnic minority groups felt this rule impinged particularly on their clients as for example within the Pakistani community it is a common scenario that a son puts his parents into a house and they pay rent to him. This then causes a lot of problems showing it is a commercial tenancy.

- This problem was reported to be increasing and absorbing increasing amounts of HB processing time.
- If regulation 7 was abolished so that there was no need to establish a commercial tenancy a considerable amount of HB administrative time would be saved. Deciding on whether HB was payable would rely on regulation 6 – whether a person is to be treated as liable for payments. This is much less contentious so there would be considerably less HB appeals and a great deal less time having to be spent on decision making on this issue.

10.4.5 Benefit run-ons and job grants

- The extended payments schemes for HB/CTB and for housing costs in IS allow these benefits to continue to be paid at the same rate for 4 weeks after the customer has left benefit (IS, JSA(IB), IB or SDA) and returned to work.
- The job grant gives additional help on returning to work.
- Benefit run-ons and the job grant give confidence to customers returning to work that they will be protected during the transition phase and not left with no money when one benefit stops and their wages haven't yet started.
- The benefit conditions for the job grant are very straightforward. They stipulate that the customer should have been receiving any combination of the specified benefits for the previous 26 weeks.
- The conditions for the extended payments scheme for HB and CTB exclude a combination of some weeks IB and some

weeks IS or JSA(IB). This arbitrarily excludes some people from taking advantage of this scheme.

- Use the same conditions for the extended payments scheme for HB/CTB as are used for the job grant.

10.4.6 Clients who return from abroad

- In order to claim AA/DLA or CA or IB or IB in youth customers must be ordinarily resident in GB, be present in GB and have spent at least 26 weeks in the past year in GB. (There are some exceptions to the presence tests e.g. for members of the armed services.)
- People claiming DLA/AA on the basis that they are terminally ill are exempt from the condition that they have to have been present for at least 26 weeks in the past year. However they are unable to claim IB and carers looking after people who are terminally ill can also not claim. There does not seem to be logic in the position that someone who is terminally ill can claim DLA/AA but cannot claim the benefit for which they have fulfilled the contributions criteria. This is very confusing for clients. It is also confusing that they can claim the care component of DLA but their partner who has returned with them to do the caring can't receive CA.
- It also penalises people who live abroad but return home to care for a relative who is terminally ill. Returning back to this country because for example a parent is terminally ill is helpful in terms of limiting the amount of care the ill person will need from the state but without being able to claim CA some people will be unable to do this.
- The public purse as a whole should be considered. If 70 people claiming CA stop one person being admitted into hospital then the state will have saved money.
- Get rid of the residence and presence conditions for terminally ill people and their carers.

10.4.7 Students who are carers

- Many students are unable to manage financially without doing a part-time job. Students who have caring responsibilities are often unable to manage a job as well and so have to give up their studies.
- Students should be allowed to claim CA in recognition of the fact that they are unable to work to supplement their loans.

10.4.8 Students who suspend their course to care

- When a student suspends their course part way through a year because someone in their family is seriously ill they are still unable to claim CA even though they are no longer studying. This is very confusing and a shock to many who have been in this position. When they stop caring they can claim JSA until they return to their course.

For example a student stops their course mid year and returns home to look after their mother because she has just been diagnosed as terminally ill. They apply for IS/CA and discover they cannot receive either because they intend to return to their course at a later date. They are told they can claim JSA if they are prepared to look for work.

- Students who suspend their course in order to care for someone should be able to receive CA and IS

10.4.9 Change the 'downrating rules' for DLA/AA and CA.

- The rules on most benefits whilst the customer is in hospital have been changed so that they continue either indefinitely or for 52 weeks (in the case of IS and PC disability premiums- unless the premiums are just due to disability benefits when they stop with the disability benefit).
- DLA and AA are currently withdrawn after 28 days (84 days for children) as a hospital in-patient. For the purpose of deciding how long you have been in hospital separate stays are added together unless separated by 29 days or more out of hospital. Macmillan's report 'Access Denied'¹² points out how difficult and complex it is for cancer patients in the middle of demanding and debilitating treatment to keep track of their stays in and out of hospital.
- CA also stops when the disability benefit of the person being cared for stops.
- The rationale for DLA/AA payments stopping after 28 days (84 days for children) is that the customers no longer face extra costs as a result of their disability.
- However there are now many extra costs associated with being an in-patient – travel expenses, parking, telephone, TV rental charges, additional clothing and reading material.

¹² Access Denied - Benefits advisers' perceptions of the problems cancer patients face when claiming Disability Living Allowance and Attendance Allowance. Miller, S. [2005]
<http://www.macmillan.org.uk/abetterdeal/accessdenied.htm>

- When a child is an inpatient the costs are now frequently much greater than if the child is at home. One of the parents often stays with the child to care for them. The parents may need accommodation near the hospital. If one parent stays with the child and the other with their other children there may be large travel costs as specialist centres are often a considerable distance from the child's home. In addition to the above costs one of the parents frequently has to take unpaid leave or give up their job. CLIC Sargent found in a survey of parents of children with cancer that the average extra cost of the care their child needed as a result of their illness and treatment was £1500. This was in addition to the money lost through stopping work.
- Option 1: Change the downrating rules for DLA/AA and CA, so that these benefits continue for 52 weeks (aligned with the disability premiums for IS and PC) whilst the person is in hospital.
- Option 2: If option 1 is too expensive it would at least remove a lot of the complexity if the linking rules were abolished for hospital stays so that each time someone came out of hospital a new period began.

Appendix 1: Proposals

The vast majority of the proposals include more than one benefit – where there is one obvious lead department they have been included under those headings. Where the interactions play an important part they have been included on the following list.

1. Benefit Interactions

Long term proposals

[A full benefit check as a gateway to the system](#)

[An improved application process](#)

[An Entitlement record](#)

Issues to be addressed

[Develop the system of in work benefits to be more responsive to the needs of customers – making work pay](#)

[A greater focus on resolving the complexity for those off work sick and claiming SSP](#)

[Introduce measures to assist those in areas of very high rents](#)

Short to medium term proposals

Information sharing

[One point for change in circumstances](#)

[Agree procedures for verification and information sharing between departments so verification is only necessary once](#)

[Examine the scope for a flagging the system](#) which alerts TCO and LAs that there has been a change which might alter entitlement to TCs or HB/CTB

[More needs to be done to link applications](#) for different benefits and share information between different departments

Practical Problems

[Help claimants locate award letters](#) by sending them on coloured paper.

[Benefit checks](#) - Pilot combining a benefit check with taking the claims for benefit for those who need a home visit or face-to-face interview.

[Partnership with organisations](#) within the voluntary sector could be piloted to offer face-to-face interviews and home visits to do benefit checks and take claims

Pension Service pilot to do [home visits](#) to help complete DCS forms – could include information about other benefits

The combined effect of the backdating of one benefit- Where backdating of one benefit causes an overpayment of another benefit the [combined effect should be calculated](#) and then the customer notified.

Regulatory changes

[Passporting](#) Those on ESA (CB) who also fulfil the means test should be awarded a marker on their benefit allowing them passported benefits.

[Consider the scope for giving automatic entitlement](#) to passported benefits to customers in receipt of contributory JSA.

[Carers' premium](#) Allowing a claim for a means tested benefit to include a claim for the carer's premium.

[Awarding nil benefit](#) Allow benefit to be suspended when the department knows that the work over the limit to receive benefit will last less than 4 weeks, to prevent the need to reclaim.

[Tackle the problems caused to some claimants](#) who have to pay back a great deal more than they have gained from the public purse when they have a TC overpayment whilst claiming HB/CTB

[Offsetting - Overpayments of one benefit](#) should be able to be offset against possible entitlement to another benefit - To prevent someone being left with no income when they stop work but WTC won't stop.

[Responsibility for a child](#) -

[Align capital rules](#) for all means tested benefits in line with TCs or PC.

[Maintenance as income](#) Consideration should be given as to whether it is possible to disregard all child maintenance paid, for the purposes of IS/JSA (IB) and HB/CTB.

[CA - Final earnings](#) - Simplify the final earnings rules to allow a claim for benefit one week after finishing work whether the customer has been paid weekly or monthly.

CA form - Customers who have just given up work to care for someone could be asked to give the date they stopped working, together with the date they were last paid and whether they were normally paid weekly or monthly.

When entitlement to one benefit follows the award of a qualifying benefit [allow backdating of all means-tested benefits](#) to the date of the award of the qualifying benefit.

[Backdating](#) - Allow 3 months backdating of any benefit without the need for good cause.

[Responsibility for a child](#) - when responsibility ends

[Passporting to sure start maternity grant](#) Allow the claim for a sure start maternity grant if the claimant will be entitled on the birth of the child by including a means test form (similar to the CTC test) with the form for the grant for those unable to qualify by the qualifying benefit route.

2. JC Plus proposals

[A full benefit check as a gateway to the system](#)

[An improved application process](#)

Interim measures

[Claiming in one call](#)

[Pilot combining a benefit check with taking the claims](#) for benefit for those who need a home visit or face-to-face interview

[Verification](#)- not being asked to verify information which DWP holds

[Miss out the JC Plus local office stage](#) for customers who don't need a WFI straight away

[Ensure sufficient information captured](#) by script so no need for separate HB form

[Information sharing between departments](#) so verification is only necessary once

[Allow benefit to be suspended](#) when the department knows that the work over the limit to receive benefit will last less than four weeks to prevent the need to reclaim.

[Expanding the concept of the alternative office](#) consider using the voluntary sector to pilot offering face-to-face interviews and home visits to do benefit checks and take claims

[Give voluntary organisations a fax number for crisis loans](#) which will get a response within a given time.

[Allow customers to text a request for a crisis loan](#) with a guarantee they will be phoned back within 24 hours.

[Pilot advertising a choice of means of applying for benefits](#)

[Offer face-to-face interviews](#) with a local interpreter for those with English as a second language

[Negotiate with LAs and others](#) to allow many more places where claimants can go to have documents verified

[Offer WFIs](#) in outreach centres especially for claimants in rural areas

[Privacy in WFIs](#) -When someone is going to be asked about the effects of their health on their ability to work they should be offered the use of an interview room.

3. IS/JSA (IB) proposals

[IS and HB/CTB backdating should change in line with CA](#) to allow backdating of the claim in the same way as CA. Allow backdating of all means-tested benefits when entitlement to one benefit follows the award of a qualifying benefit.

[Income and capital rules – treat SSP, SMP, SAP and SAP as earnings for all benefits](#)

[Disregard all maintenance paid for the purposes of IS/JSA\(IB\) and HB/CTB](#)

Housing costs - [Simplify the waiting rules for housing costs](#)

[Students who suspend their course in order to care for someone should be able to receive CA and IS](#)

4. Proposals for ESA

[Passporting](#) - Those on ESA (CB) who also fulfil the means test should be awarded a marker on their benefit allowing them passported benefits.

[Encourage advisers to use the power to postpone a PCA](#) when appropriate

[Measure the effectiveness of private agencies](#) using criteria which will measure the help for all claimants.

5. IB proposals

[Using information held by DCS](#) to warn those who may now be eligible for IB in Youth

[Awarding nil benefit](#) Allow benefit to be suspended when the department knows that the work over the limit to receive benefit will last less than 4 weeks, to prevent the need to reclaim.

[Where backdating of one benefit causes an overpayment of another benefit the combined effect should be calculated](#)

[Disability Element of TCs](#)

[Change the linking rules for the disability element](#) of TCs

[Abolish the residence and presence conditions for terminally ill people and their carers.](#)

6. HB/CTB proposals

Issues

[Introduce measures to assist those in areas of very high rents](#) – if possible by adding extra to TCs

HB/CTB proposals

[Ensure sufficient information captured by script](#) so no need for separate HB form.

[Where backdating of one benefit causes an overpayment of another benefit the combined effect should be calculated](#)

[Tackle the problems caused to some claimants who have to pay back a great deal more](#) than they have gained from the public purse when they have a TC overpayment whilst claiming HB/CTB

[IS and HB/CTB backdating should be allowed without the need for a protective claim](#) when entitlement or underlying entitlement to CA creates entitlement to these benefits. (See 10.3.7).

[Decrease the number of claimants having to claim both TCs and HB/CTB](#) by paying all childcare costs through TCs.

[Align HB/CTB with IS](#) by removing an allowance for children from the applicable amount and then ignoring CTC and Child Benefit as income for HB/CTB purposes. (NB see provisos)

[Align capital rules for HB/CTB for over 60s](#) with those for PC.

[Simplify non dependant deductions](#) by having one level of non dependant deduction for non wage earning non dependants and a slightly higher level for those non dependants who are working.

[Contrived Tenancies](#) – abolish reg 7 so that there is no need to establish a commercial tenancy. Rely on reg 6 – whether a person is to be treated as liable for payments.

[Use the same conditions for the extended payments](#) scheme for HB/CTB as are used for the job grant.

7. Proposals on DLA

Long-term proposals

[A change in the application procedure for child DLA](#)

[Develop library for all conditions of developmental needs and care needs associated with impairments.](#)

[Develop new claims procedure for child DLA](#)

[DLA renewal](#)

Option 1: DLA should reflect the procedure for IB and be awarded for an indefinite period but with regular reviews to check whether there has been any change in circumstances.

Option 2: Issue a pre-populated form so that the customer is directed to check there has been no change in all the personal details, medical history etc. The customer would then just need to update the form and describe any changes in care and mobility needs.

Short/medium term proposals

[Use information held by DCS](#) to warn those who may now be eligible for IB in Youth

[Remove waiting period for DLA](#) where there are very high care needs for a time and where care needs are likely to continue for at least six months.

[DLA – consider trialling extending the definition of terminal illness](#) to 12 months to see if this measure can increase consistency of awards under the special rules without greatly increasing costs

Discuss with D of H whether any other ways of increasing consistency.

[Date on the DLA form](#) – allow customers wherever they receive the form from to register the start of the claim. They would then be given a date to return the form by.

[Pension Service pilot to do home visits](#) to help complete DCS forms – could include information about other benefits

[Greater clarity in letters about the effect of disability benefits on other benefits such as CA](#)

[Much greater promotion of the Disability Element of TCs](#) – including informing those on DLA

[Consider introducing a lower rate of mobility](#) for those who can only walk very short distances

Downrating rules Option

1: [Change the 'downrating rules' for DLA/AA and CA](#) in line with other benefits so that these benefits continue whilst the person is in hospital (or possibly for 52 weeks in line with the disability premiums for IS)

Option 2: Abolish the linking rules for periods in hospital so that a new period begins each time someone came out of hospital.

8. Carers Allowance proposals

[Allowing a claim for IS or PC to include a claim for the carers premium](#)

[Ensure CA is more fully explained](#) in the award letter for DLA/AA.

[CA claims need to be monitored](#) to see if a significant number of claims which seem potentially to be able to be backdated for a longer period are failing to ask for backdating. .

[CA - Final earnings](#) - Simplify the final earnings rules to allow a claim for benefit one week after finishing work whether the customer has been paid weekly or monthly.

[Abolish the residence and presence conditions for terminally ill people and their carers.](#)

[Allow students to claim CA](#)

[Students who suspend their course in order to care for someone should be able to receive CA and IS](#)

9. Proposals involving some working with other departments

Longterm proposal

[The DWP needs to be aware of the issues which create difficulties for those who are working and claiming in work benefits.](#)

Other issues of concern that need addressing by DWP and HMRC working together

[A greater focus on resolving the complexity for those off work sick and claiming SSP](#)

[Develop measures to assist those in areas of very high rents](#) – if possible by adding extra to TCs

Interim changes involving DWP working with HMRC

[Information sharing between departments](#) so verification is only necessary once

[Tackle the problems caused to some claimants who have to pay back a great deal more](#) than they have gained from the public purse when they have a TC overpayment whilst claiming HB/CTB

[Overpayments of one benefit should be able to be offset against possible entitlement to another benefit](#) – to prevent someone being left with no income when they stop work but WTC won't stop.

[The problems for customers in the way help is given with childcare costs](#)

[The misalignment in the way childcare costs are paid by TCs and by HB/CTB](#)

[Childcare costs for disabled children](#)

[Understanding the difficulty in making work pay for carers](#)

[The linking rules for the disability element of TCs](#)

[Alignment of definition of responsibility for a child](#)

Appendix 2: Organisations consulted in compiling the report

Numerous people have helped by sharing ideas. It is not possible to name all the individuals so I just name below the voluntary organisations who were involved. I am however very grateful to those individuals for their ideas – some people took time to write detailed suggestions on a number of issues – this was extremely helpful.

Action Group, Edinburgh

Age Concern

Carers UK

Citizens Advice

CABx (I have spoken in workshops and conferences to people from very many CABx. Each CAB is a separate organisation but it is not possible to name them all. I do however need to make special mention of the following because of the extra contributions they have made: Bradford, East Dorset, Harrow, Prestatyn, Ripon, Selby,)

CLIC Sargent

Community Links

Contact a family

CPAG

DIAL

Disability Rights Commission

Downs Syndrome Association

Enquire Advice centre, Loughborough

Epilepsy Action

Help the Aged

LGA's Social Security Adviser

Low Incomes Tax Reform Group

Macmillan Cancer Support

MIND

MND Association

National Autistic Society

National Deaf Children's Society

One Parent Families

RNIB

RNID

SENSE

York Welfare Benefit Unit

Appendix 3: Table showing benefit combinations

All claimants by benefit combination, Great Britain					
Thousand					
Benefit combination	May 2002	May 2003	May 2004	May 2005	May 2006
All combinations	17,090.93	17,227.53	17,250.72	17,362.74	17,498.12
CA only	246.58	255.38	264.80	267.81	271.62
CA and SP	61.76	90.82	109.16	120.21	130.64
DLA only	499.70	535.14	560.93	588.30	612.44
DLA.SDA	83.38	77.33	72.36	68.41	64.31
IB only	873.10	842.16	836.99	805.98	765.56
IB and CA	7.95	9.13	10.67	11.24	11.32
IB and DLA	490.60	504.94	518.01	528.73	533.09
IS/PC only	987.31	961.21	932.96	898.90	888.81
IS/PC and CA	128.64	133.82	135.68	137.08	138.94
IS/PC, CA and SP	11.47	20.16	46.34	57.29	66.07
IS/PC, DLA and SDA	204.48	200.54	194.69	189.16	183.43
IS/PC and IB	679.75	679.23	656.79	639.53	620.18
IS/PC, IB and DLA	395.99	430.73	453.03	469.00	481.13
SDA and IS/PC	27.67	23.69	20.64	17.98	15.92
SP and PC/IS	703.66	703.82	1,147.19	1,224.29	1,212.37
IS/PC, SP and AA	514.88	515.10	670.94	724.41	732.59
IS/PC, SP and DLA	165.85	182.06	257.06	285.27	302.35
JSA only	889.07	896.25	788.53	811.64	909.59
SDA only	15.42	13.36	11.93	10.71	9.53
SP only	8,270.58	8,282.81	7,853.65	7,817.47	7,818.22
SP and AA	908.39	938.52	810.66	780.27	800.04
SP and DLA	469.78	491.74	450.85	457.10	469.02
WB only	179.42	153.65	131.52	111.56	95.25
Other combination	275.49	285.96	315.34	340.41	365.72
Total average weekly amount for all claimants by benefit combination, Great Britain					
£ per week					
Benefit combination	May 2002	May 2003	May 2004	May 2005	May 2006
All combinations	90.39	93.55	98.14	100.81	103.68

CA only	—	—	42.37	44.62	46.18
CA and SP	—	—	73.87	76.11	78.99
DLA only	53.24	54.36	55.81	57.50	58.92
DLA.SDA	113.15	115.95	119.64	123.91	127.62
IB only	72.63	72.53	72.75	73.92	75.52
IB and CA	—	—	72.88	75.52	77.74
IB and DLA	135.94	136.35	138.13	141.14	143.93
IS/PC only	101.30	110.31	108.38	99.01	93.26
IS/PC and CA	—	—	146.87	141.40	137.82
IS/PC, CA and SP	—	—	119.72	125.94	130.65
IS/PC, DLA and SDA	158.09	161.37	160.60	165.07	170.37
IS/PC and IB	94.96	98.19	98.77	96.00	96.04
IS/PC, IB and DLA	170.67	174.57	176.57	177.79	180.62
SDA and IS/PC	96.61	100.57	101.14	102.12	104.13
SP and PC/IS	103.54	106.46	108.69	113.07	117.88
IS/PC, SP and AA	172.05	174.37	176.32	182.06	189.85
IS/PC, SP and DLA	178.12	183.14	186.36	193.44	200.82
JSA only	55.62	57.18	55.30	52.36	52.52
SDA only	54.70	55.91	57.75	59.77	61.50
SP only	75.48	77.92	80.18	83.29	86.44
SP and AA	125.21	128.96	133.24	138.71	143.92
SP and DLA	134.98	138.81	142.59	147.93	153.06
WB only	79.55	79.88	80.66	81.44	82.01
Other Combination	126.55	134.41	145.26	151.08	156.66

Notes:

1. Case load figures are rounded to the nearest hundred and displayed in thousands; Some additional disclosure control has also been applied.

2. Average amounts are shown as pounds per week and rounded to the nearest penny.

3. Benefits included are jobseeker's allowance (JSA), income support (IS), pension credit (PC), incapacity benefit (IB), severe disablement allowance (SDA), disability living allowance (DLA) (from May 2002), carer's allowance (CA), bereavement benefit (BB)/widow's benefit (WB), state pension, attendance allowance and national insurance credits only (through JSA or IB).

4. Housing benefit and council tax benefit are not available from WPLS data and are shown separately.

5. Average weekly amounts are combined averages of all benefits in payment.

unreliable prior to August 2003 and are therefore not included in the table
Source: Information Directorate, Work and Pensions Longitudinal Study (WPLS) 100 per cent. data.

6. Figures for AA, CA and DLA include those cases with entitlement but where payment is currently suspended (for example, because of an extended stay in hospital or an overlapping benefit).

7. Average weekly amounts of carer's allowance are

Appendix 4: Working with other departments to increase take-up of disability benefits (see section 4.5.7)

a) **Information prescriptions** - The White Paper *Our health, our care, our say: a new direction for community services* (published by the Department of Health on 30 January 2006) included a proposal for information prescriptions. *Better Information, Better Choices, Better Health* is a three-year programme to improve information to people, so they can make better choices and better manage their own health. Information prescriptions will be piloted as part of this programme. This looks as if it might be a partial help towards the joined up approach which the voluntary groups were asking for but needs to involve closer working so that the patient is not just given a bewildering list of telephone numbers.

In respect of disability benefits it would be helpful if as clear a message as possible could be included in these information prescriptions about the patient's entitlement. Minimum automatic entitlement would obviously make it easier.

b) **NHS Direct** – website (NHS Direct Online) and digital TV service (NHS Direct Interactive). Following diagnosis of a long-term illness or disability patients are obviously very shocked and there is a limit to the information they can take in. One of the purposes of NHS Direct was to provide a source of information which the doctor can signpost the patient to but which the patient can access in their own home when they were ready. On the website there is a range of information about various clinical conditions and on the digital TV service videos about a range of illnesses and disabilities are played in turn so that within a day or so of the diagnosis the patient should be able to watch a programme giving them all the information they need about the illness, the ways it is likely to affect them, ways in which they can mitigate the symptoms, what the treatment is likely to be etc. At present this and the information on the NHS Direct website which can perform a similar function for some is purely medical. It would be helpful if the DH, DfES and DWP could work together to give people a package of information including information about benefits and education where appropriate.

- c) **Statements** – children who are statemented by their LEA obviously have considerable special needs. The majority of these children are likely to be entitled to DLA. It would be helpful if the DWP worked together with the DfES to ensure that all children who undergo an assessment also had their entitlement to DLA flagged up. There would however be concern if only information from schools was used to make a decision about entitlement as schools don't see the full picture and are used to putting forward a very positive interpretation of a child's progress.

Appendix 5:

Calculation showing the effect on HB/CTB of TCO averaging childcare costs throughout the year when parents have low costs during term time but high costs in holidays.

(The figures have been rounded and are approximate)

A lone parent with one child, works 16 hrs/week, earns £100/week no childcare costs in term but £160/wk in the holidays, rent £65/wk, C tax £15/wk

Tax credit will pay her £32 /week childcare costs (80% of £40)

Earnings £99

Child benefit £17

WTC £63

CTC £44

Income approx £255/wk

Applicable amount £119/wk

Current situation – TC childcare costs averaged, HB/CTB taking actual costs of the week into account

In Term Disregard of £40 (LP £25 + wkg 16hrs £14.90)

excess income £95

HB £4 CTB £0

In Holidays Disregard of £200 (as above + £160 childcare)

income £255 - £200 =£55

ie £65 less than applicable amount so full HB and CTB

HB £65 CTB £15

Total for year HB = £1000

CTB = £195

Total benefit = £1195 for yr

If childcare costs paid by TCO were not averaged throughout the year but paid childcare costs disregarded for HB and CTB each week same as

In Term Disregard of £40 Income £223 excess income £63

HB £22 CTB £2

In Holidays Disregard of £200 income £352 - £200 = £152 excess income £32

HB £44 CTB £9

Total for year HB = £1430

CTB = £195

Total benefit = £1625 for yr

As can be seen from the above calculations some lone parents are losing out on considerable sums of money because of the way the TCO averages the costs over the year. The loss in the above calculation is £430 or nearly £9 / week averaged over the year

Appendix 6: Are disabled children more likely than other children to be living in poverty?

The initial answer to this question is no. 18% of all children live in poverty and 18% of disabled children live in poverty.

However these figures aren't as straightforward as they seem. If instead of looking at the group of disabled children as a whole we divide them into two groups: Group A families with a disabled child who is in receipt of DLA and Group B families with a disabled child who is not in receipt of DLA the picture becomes clearer.

Group A families with a disabled child who is in receipt of DLA

It has been frequently pointed out that DLA is included as part of the income of the family but is actually given for necessary extra expenditure. This effect masks the poverty these families are in because they appear to have more income than another family in poverty but when their extra expenses are taken into account they may actually have less money to spend on ordinary core living expenses. It would be expected that this group will appear to seem to have a lower chance of poverty than the norm for the group as a whole

Group B families with a disabled child who is not in receipt of DLA

There are a substantial group of children who are disabled under the DDA but not receiving DLA either because they have not applied or have applied but been refused because they didn't realise what would count as care or are not sufficiently disabled to be entitled to DLA. This exercise is an attempt to look at the chances of this group being in poverty.

The HBAI has figures for children affected by disability in their family, broken down into income quintiles. It also provides figures for families in receipt of DLA for at least one member of the family. It does not unfortunately break down the figures to show the effect for families where there is a disabled child. This analysis therefore looks at what the effect of receipt of DLA does to the chances of being in poverty for a child affected by disability in the family and then makes the assumption that there would be a similar effect on families where the child is disabled and hence draws conclusions about the chances of a disabled child not in receipt of DLA being in poverty.

Analysis 1 What is the percentage reduction in the chances of children in families affected by disability being in poverty when the family is in receipt of DLA?

What is the effect of DLA receipt?

Table 1: The following table shows the chances of all children affected by disability being in the poorest quintile and second poorest quintile and the chances of the subset of this group – those children in families affected by disability and receiving DLA - being in the poorest and second poorest quintile.

	Children affected by disability in their family	Children in families receiving DLA
Number in poorest quintile	1,050,000	180,000
Total number (in all quintiles)	2,900,000	800,000
% chance of being in poorest quintile	36%	22%
Number in second poorest quintile	820,000	320,000
% chance of being in second poorest quintile	28%	40%
% chance of being in bottom two quintiles	64%	62%

Looking at the group of children who are affected by disability in their family it can be seen that those children within this group whose families are in receipt of DLA reduce their chances of being in the poorest quintile by more than 33%. (36% chance reduced to 22% chance.)

Relative chance, compared to all children in families with disability, for children in families with disability being in poverty if they are on DLA = $22/36 = 61\%$

Why does DLA receipt reduce the chances of being in the bottom quintile?

When the bottom two quintiles are looked at it can be seen that the chance of the group of children who are in receipt of DLA being in the bottom two quintiles is virtually the same as the chance of the wider group of children who are affected by disability.

It seems likely therefore that the major reason for this is the effect the DLA itself has as this would only be likely to push someone up one quintile. As can be seen below receipt of DLA can make a significant percentage increase in household income – sufficient to raise someone from the poorest quintile into the next quintile.

Disabled adults

A child living with a lone parent (LP) who is disabled - no DLA but in receipt of IS plus dis. prem. (through sickness route)

– family receives £144

A child living with a LP who is in receipt of IS and mid rate(MR) DLA plus SDP –

– family receives £232

Analysis 2: Can the percentage reduction in the chances of disabled children being in poverty when the child is in receipt of DLA be calculated?

Will DLA receipt have the same effect on families where the children are disabled?

Looking at just those children who are themselves disabled (a subset of all children affected by disability in the family) it seems likely that receipt of DLA will have at least the same effect on this group as the rise in income on receipt of DLA is greater because a disabled adult not in receipt of DLA can still qualify for the disability premium through the sickness route whereas there is no disability premium for children without DLA.

Disabled children

A disabled child living with a lone parent on IS –

- family receives £119 /wk

A disabled child in receipt of MR care living with a LP who has CA

- family receives £232

As can be seen the rise in income on receipt of DLA is likely to be greater for families with disabled children than those where the adult is disabled.

If we assume that DLA has the same percentage impact on families where children are disabled what does that say about disabled children and their chances of poverty?

Then if 18% of all disabled children are in poverty, then making the above assumption 12% of disabled children who receive DLA will be in poverty (as calculated using income) (DLA money will count as income for general expenditure not for the extra costs associated with the disability). (assume an approx 33% reduction).

This it should be emphasised does not mean that only 12% of disabled children in receipt of DLA will experience poverty (in terms of not having income available to buy essentials as they may have additional costs) as compared to 18% of children as a whole. This chance is less than the population as a whole because the income that is there to help defray their extra costs is included in the calculation as to whether they have enough to cover the essentials.

Assuming there are 327,000 children receiving DLA and 690,000 children who are disabled under the DDA then:

327000 children receive DLA 12% of 327000 = 39,240 children who are in poverty despite DLA being taken into account to cover essentials.

690,000 disabled children in total, and 18% of all disabled children are in poverty therefore 18% of 690000 = 124,200 disabled children are in poverty

124,200(total number of disabled children who are poor) – 39,240 (number on DLA who are poor) = 99,360 disabled children who are not receiving DLA and who are in poverty.

770000– 327000 = 443000 total number of disabled children not receiving DLA

	Disabled children ¹³	Disabled children who receive DLA	Disabled children who don't receive DLA
Total number	690,000	327,000	363,000 (690,000-327,000)
Numbers in poverty	124,200 (18% of 690,600)	39,240 (12% of 327,000)	84,960 (124,200-39,240)
Percentage in poverty	18%	12%	23.4% (see calc below)

Percentage of disabled children not receiving DLA who are in poverty is therefore

$$84,960/363,000 * 100 = 23.4\%$$

Whilst an assumption has had to be made about the percentage effect of DLA receipt on poverty – it is very clear there must be some effect and that therefore this figure is likely to be a more accurate reflection of the chances of disabled children who are not in receipt of DLA being in poverty.

It should also be pointed out that whilst obviously not all of these children would qualify for DLA many of them will have some extra costs to do with their disability and some of them would be entitled to DLA and do have substantial extra costs. I think the fact that they have a greater chance of being in poverty than the average child and they may have extra costs gives a clear justification for targeting this group.

¹³ Figures are for children under 18yrs in GB

Appendix 7: Abbreviations

AA	Attendance Allowance
CA	Carer's Allowance
CAB	Citizens Advice Bureau
CHB	Child Benefit
CSA	Child Support Agency
CTC	Child Tax Credit
CTB	Council Tax Benefit
DCS	Disability and Carers Service
DfES	Department for Education and Skills
DH	Department of Health
DLA	Disability Living Allowance
DM	Decision maker
EMA	Education Maintenance Allowance
ESA	Employment and Support Allowance
ESA (CB)	contributory Employment and Support Allowance
ESA (IR)	Employment and Support Allowance - income based
HB	Housing Benefit
HMRC	Her Majesty's Revenue and Customs
HR	Higher rate
IB	Incapacity Benefit
IS	Income Support
JSA (IB)	Jobseeker's Allowance- income based
JSA (CB)	contributory Jobseeker's Allowance
LA	Local Authority
LEA	Local Education Authority
LR	Lower rate
MA	Maternity Allowance
MR	Middle rate
PC	Pension Credit
PCA	Personal Capability Assessment
PPA	Prescription Pricing Authority
SDA	Severe Disablement Allowance
SAP	Statutory Adoption Pay
SMP	Statutory Maternity Pay
SPP	Statutory Paternity Pay
SSP	Statutory Sick Pay
TC	Tax Credits
TCO	Tax Credits Office
WTC	Working Tax Credit