

Benefit Simplification Unit

**Simplification
Guide to Best Practice**

Foreword

Last May we were both pleased to endorse the publication of the first ever edition of this Guide to best practice as we believed it would be an important tool to support our aim of reducing the complexity that has arisen in the benefits system over many years.

We are both delighted to see that the Guide has made a real difference. Simplification is now receiving greater prominence in DWP policy and delivery decisions than ever before. Real results are coming through, most notably in the major set of simplification changes announced in this year's Budget. Indeed, many of the changes have been developed from ideas suggested by staff since we published the Guide. However, encouraging as this start has been, we know that there is a lot more to do and we therefore particularly welcome this revised version of the Guide with its extended guidance.

When we first published this guide we also introduced a requirement that all submissions proposing changes to working age benefits had to be referred to the DWP Benefit Simplification Unit before they were submitted to Ministers. These procedures have worked well. Ministers now get a much clearer picture of how specific proposals will impinge on complexity and the Unit has been able to challenge recommendations where it thought that the advice in this guide had not been followed.

We have therefore decided to extend these requirements to include submissions proposing changes to State Pension and State Pension Credit. Including these benefits in the vetting procedures will allow us to share experience of simplifying and spread good practice across the Department.

Last year; in publishing the Guide, we told you it was there to "help and to be used" and we asked staff to do so. We are delighted that so many of you have done just that and we believe that that this revised version will allow us to progress our drive for simplification still faster and further.

JAMES PLASKITT
Parliamentary Under Secretary of State

LEIGH LEWIS
Permanent Secretary

1. COMPLEXITY IN THE BENEFITS SYSTEM

Most of us would agree that the benefits system is complex. This has resulted from the wish to ensure fairness for our customers who live multi faceted lives, alongside the desire to maximise the use of limited resources.

In addition, over time a multitude of small and large scale changes have interacted and overlapped with existing provisions to cause further complexity. The sheer number of these changes can make the overall scheme hard to understand and limit the effectiveness of our administrative systems to deliver our Department's aims and objectives.

We have started to address this problem by specifically designing new benefits to reduce complexity, systematically removing anomalies, simplifying processes, such as the information we require customers to provide, and using technology to provide better services.

Simplifying the system will have clear rewards for our customers and for us. There are also financial advantages to simplification in improved efficiency, reductions in customer and staff error, fewer complaints and fewer appeals. We believe placing simplification at the heart of all our policy and delivery considerations is the key to tackling existing complexity and ensuring that future benefit design does not contribute to it unnecessarily.

This guide is intended for anyone responsible for designing or implementing a change to the benefits system. It sets out the ways in which complexity can occur and provides advice on how to avoid them. Staff should refer to this guide as their first point of reference when considering any benefit changes and confirm that its advice has been followed when submitting a recommendation for change to Ministers.

What's New in this revised guide? In a nutshell it:

- sets out the actions you must take to ensure that **all** proposals which go to Ministers have been considered from a benefit simplification perspective.
- gives more detailed guidance on the information you need to include when preparing the Explanatory Memoranda that supports the proposals the Department submits to the Social Security Advisory Committee. and
- reminds those of you working on projects to ensure that you use your project Business Cases to clearly demonstrate that you have fully considered simplification issues.

DO'S AND DON'TS OF BENEFITS SIMPLIFICATION

When designing new policies and procedures:-

Do

- ❖ Increase consistency and coherence by standardising where possible;
- ❖ Keep to a minimum the number of administrative steps needed to operate a process;
- ❖ Consider how easy it will be to explain and justify a policy to
 - Ministers
 - Staff
 - Customers and their advocates;
- ❖ Ask customers and staff to behave in ways that make sense to them;
- ❖ Reduce information requirements and avoid asking for it more than once.
- ❖ Pause before advocating the bright idea that makes policy sense but makes overall delivery harder to achieve.

Don't

- ❖ Base new proposals upon complex links and interactions;
- ❖ Create special groups unnecessarily;
- ❖ Require staff to give non-routine explanations to customers;
- ❖ Develop processes that cannot be automated;
- ❖ Require staff to interpret rules using subjective judgments.

2. WHAT ARE THE MAIN TYPES OF COMPLEXITY?

The continuing increase in complexity has led the benefits system to develop a number of characteristics which have hampered its operation. These can be divided into three main types, each of which can be illustrated by examples of lower level complexities that are found in the benefits system.

1. The benefits system has too many detailed and varied rules

The attempt to tailor the benefits system to meet a wide range of needs and circumstances has resulted in a proliferation of special groups each with their own legislatively designed characteristics, sets of rules and individual lists of exemptions and exceptions. Many of these detailed and varied rules have come about through the desire to constrain costs and avoid reducing the levels of benefit already in payment to existing customers at the time a change is made. Nonetheless, the multitude of rules and processes needed to support this can discourage some customers from claiming what they are entitled to. Customers can have difficulty understanding what information they are required to report and predicting the outcomes of the choices they are asked to make. Staff are often wary of offering advice due to a lack of confidence in their own level of understanding and for fear of accusations of misdirection.

Too many “special” groups mean that people in similar situations are treated differently

- Taking into account one form of income while ignoring another of a similar kind.
- Granting preferential treatment to those perceived to be performing a public service.

Information cannot easily be explained to customers and staff are required to give non-routine explanations to customers

- The differing contribution conditions for the various contributory benefits.
- The different rules for part-time working in different benefits.

Customers and staff are expected to know things they do not know and can obtain only with difficulty

- Customers are expected to provide details of the financial circumstances of non-dependant relatives.

Customers are required to make difficult decisions which require expert advice to decide the best course of action

- Customers having to choose between two mutually exclusive benefits, each offering a different mix of advantage and disadvantage.

Staff are expected to interpret rules using subjective judgements rather than having to follow instructions

- Requiring staff to use their discretion thereby running the risk of different decisions for customers in similar circumstances.

The system is full of anomalies, out-of-date rules and historical transitional provisions

- Groups entitled to or refused benefit based on circumstances that no longer apply.
- The need to make continued provision for benefits, or individual benefit rules, that were abolished for new customers years ago.

2. The benefits system has become administratively cumbersome

Complexity has placed a heavy burden on staff, customers and their advisers. Complicated claims procedures have developed with lengthy claim forms that can be difficult, and take time, for customers to complete and for staff to process. Decisions, once made, may be inconsistent and more prone to error and challenge. Independent IT systems have been unable to support the growth of interrelated and overlapping rules which has resulted in clerical interventions being required.

Duplicated or overlapping benefit provision gives rise to complex links and dependencies between the various benefits

- Making additional payments of one benefit dependent on receipt of a different benefit.

Information flows develop that are not fully automated and staff are forced to rely on clerical intervention

- Information being required by or from local authorities or other government departments when we do not have access to their

information technology.

- New provision being introduced for a specific target group so small that changes to the existing IT system are not cost effective and these claims are therefore being processed off-line.

Co-operation is required from third parties which cannot be guaranteed

- Information being required from a previous employer on why a job has come to an end.
- Measures which depend on information from public or private organisations.

3. The benefits system requires people to behave in a way that appears contrary to what common sense would suggest

In a number of areas the benefits system has developed rules that require people to make choices and act in a manner at odds with the way they would normally behave in their day to day lives.

Customers can be better off by claiming a benefit even though they will not be paid it

- Customers having to establish that they are entitled to Carer's Allowance in order to receive a Carers Premium even though the overlapping benefit rules mean they will not get the Allowance.

Customers are expected to manage their financial affairs through unusual means

- Customers being required to set up trust funds to manage potentially small sums of money, e.g. those derived from personal injury compensation, just so that we can distinguish this money from other sums that may be received in the future.

Customers are required to act in a particular fashion or respond to requests for information without understanding why this is relevant

- Customers being required to register for a benefit solely to "start a clock ticking" to future entitlement when there is no immediate payment due.

3. PROMOTING SIMPLIFICATION

Making simplification an instinctive aim when we make policy is essential to the successful delivery of a simplified benefit system.

- When designing future policies we must ensure the options we develop always include practical responses to the challenges posed by the need for simplification.
- When implementing policies we need to make sure they are fully tested against adding unnecessary complexity.
- Whilst maintaining policy we must regularly check that existing rules and measures remain appropriate and relevant and that they continue to deliver the intended outcome in the simplest manner possible.

Promoting simplification requires us to introduce policies and procedures that whenever possible avoid the introduction of the lower level complexities set out in Section 2. The best practices set out below provide us with a series of “standards” we should seek to achieve and a number of pitfalls we should seek to avoid. There will be times when simplification may not be possible and when the simplest option cannot be taken but the policy makers’ use of the guide will allow them to demonstrate that they have given the issue full consideration.

Simplification - Best Practices

Whenever we introduce new options and solutions we should look, unless clearly inappropriate, to apply the following:

Look to *standardise* the way the benefits system treats similar situations

- Promote standard rules across common types of benefits (e.g. the date of claim, period of payment and the means test in income-related benefits).
- Ensure new policies are consistent, where practical, with existing operational practices and common standards.
- Look to utilise existing sources of information rather than create a need for new ones.
- If a new name is required for a product, service or supporting element, use the Department’s published naming conventions.
- Transfer existing claimants across to new provisions as soon as possible. If it is decided that transitional protection is appropriate consider time limiting it.

- To help promote standardization of decision making, avoid introducing rules that need to be interpreted rather than simply followed.
- Increase coherence, e.g. alignment of the treatment of charitable and voluntary income across benefits.
- Don't make a change to one benefit without considering the interface with other benefits; consider whether any differences in approach between benefits that the customer is likely to claim at the same time are justifiable.
- Even where it seems unavoidable to introduce some additional complexity to a policy area, analyse policy in related areas carefully to determine whether or not there may be compensating simplifications or rationalisations that can be introduced at the same time.

Look to *minimize* the number of special cases and the number of administrative steps and processes needed to operate the benefits system

- Establish consistency of treatment. There is no need to cater for every variation in circumstances if a broad brush approach will do.
- Balance the need for special treatment against the scale of the discrepancy in treatment, the size of the target group, the potential effect and the additional expense it would cost to administer.
- Ensure that operational procedures are kept as simple and straightforward as possible.
- Develop links that can be supported automatically and that do not require the clerical transfer of information.
- Introduce options that reduce the administrative steps required to make a decision.
- When amending an existing rule by an addition, exception or qualification, consider whether a restructuring or reformation of the rule is preferable which will be easier to understand and to communicate.
- If resources permit, hold regular "spring cleans". If particular policy rules or business processes no longer make sense, get rid of them.

Look to develop policies and procedures which rely on staff and customers using their *common sense*

- Base new policies on how people act and organise their day to day affairs.
- Avoid ambiguities – and review and abolish existing ones where possible.

- Develop policies and procedures that can easily be explained in guidance and leaflets.
- Make the outcomes of the choices available to customers immediately obvious and do not expect them to obtain expert advice before they can make a decision.
- Consider the extent to which the proposed rule might encourage perverse behaviour, with customers engaging in artificial or unusual conduct in order to gain entitlement.
- Do not require customers to claim a benefit they know they will not receive.
- Do not require customers to register now merely in order to establish entitlement in the future.

4. THE WAY FORWARD

Simplification should not always be a sole justification for determining policy options. It cannot be seen in isolation from pursuing wider policy objectives and it is not desirable if it actually undermines Departmental aims. However, the consideration and, wherever possible, the application of these best practices will ensure that simplification becomes core to our maintenance of the benefits system and is placed at the heart of all our future policy considerations.

Simplification may not always appear to be the easiest option. It can require us to challenge existing custom and practice and will at times have risks attached (e.g. in terms of some individuals losing out).

However, it is important to be bold! If an existing policy or process appears unduly complex, be prepared to challenge it even if amendment or even removal would appear initially troublesome. If a particular policy or delivery option would result in reduced complexity, put this forward. Even though there may be risks attached it is for ministers to decide whether to run with them.

5. ENSURING BEST PRACTICE

To ensure that the best practices are being followed and that all proposals which go to Ministers have been considered from a benefit simplification perspective the Department has introduced new procedures that anyone considering a change to the benefits system must follow.

Talk to the Benefit Simplification Unit

In future when considering a change to benefits rules or procedures staff are required to:

- Refer to this guide when considering such changes.
- Discuss any proposals that might change the system with the Benefit Simplification Unit at an early stage of policy thinking.

Clearance of Submissions by the Benefit Simplification Unit

All submissions or scoping papers that recommend policy or operational changes to any benefit, both working age and pensions, **must** be referred to the Benefit Simplification Unit for vetting **before** they are submitted to Ministers.

- If the Unit considers that the proposals would complicate the system unnecessarily, they will seek to persuade the author to reconsider or will suggest alternative options for progression.
- Even if the Unit accepts that an increase in complexity is justified, the submission must tell Ministers explicitly that an increase in complexity is being recommended.
- The Benefit Simplification Unit should receive a copy of the final version of the submission that is sent to Ministers as well as notification of the Minister's decision on the proposal.

Format for Ministerial submissions

All submissions to Ministers, both working age and pension age submissions, setting out policy/operational options and recommendations for change, **must** contain one of the following:

- Where the submission is proposing a simplification or is at least not introducing additional complexity a short paragraph should be included at the end of the “Summary” box confirming that the advice in the simplification guide has been followed.
- Where the submission is recommending a proposal which will increase complexity but which the Benefit Simplification Unit has agreed is unavoidable, a paragraph should be included, set out in its own “Benefit Simplification” box immediately below the Summary box, explaining why this course of action is being proposed. A further paragraph should be included in the body of the submission covering the following points:
 - Whether and how the proposed measure will increase or decrease complexity in the system.
 - Where it has not been possible to include any simplification measures, a reasoned explanation as to why not.
 - Details of any alternative less complex proposals that were considered for achieving the objective, including an explanation for discarding them.
 - A brief estimation of the costs and the benefits of the simplest option and the recommended option.

If there is disagreement between the Unit and the team proposing a benefit change, the final submission to Ministers will have to include a passage, written by the Unit, pointing out their alternative, less complicated, option. This should be followed by a paragraph, written by the submission’s author, giving their explanation as to why they cannot follow this option. Both of these should be included in a “Benefit Simplification” box, under the “Summary” box at the front of the submission. This will make clear those proposals which have not been agreed with the Unit.

These assessments will allow policy and delivery decisions to be open to scrutiny by colleagues and Ministers

Private Office staff have been asked to return to its author any submission that does not meet with the above requirements.

Memoranda to Social Security Advisory Committee

As well as Ministerial submissions, all memoranda and papers to the Social Security Advisory Committee supporting new regulations or new processes must include a specific assessment and statement of the impact of the proposed measures upon the complexity of the benefits system and its operation and setting out the consequences for simplification.

Explanatory Memoranda should include, where appropriate, comments to cover:

A simplification statement, detailing whether:

- ❖ the change will add to or reduce complexity of the benefits system; or
- ❖ if it adds to complexity, the guidance in the *Simplification: A Guide to Best Practice* has been followed.

Impact on legislation, primarily whether:

- ❖ the proposed regulations consolidate or 'spring clean' existing legislation, or whether they introduce new provisions;
- ❖ they involve cross-references and interactions with other regulations, or they stand alone.

Impact on operations, for example whether:

- ❖ the proposals require an extension of existing procedures to a wider group (or conversely, restriction to a narrower group) or whether new provisions are needed;
- ❖ if using existing procedures, the proposal increases or decreases the administrative steps staff need to follow;
- ❖ the new procedures are supported by available IT;
- ❖ the rationale and the operation of the proposed new provisions can be easily explained to customers;
- ❖ staff will be required to gather additional or less information/evidence;
- ❖ staff will require new guidance and/or training;
- ❖ the proposed measures will entail staff following set procedures or exercising subjective judgments;
- ❖ the proposals will require DWP agencies, other Government Departments and/or external organisations to be involved in the business process and/or pass information between them.

Impact on customers, primarily whether:

- ❖ the rationale and the operation of the proposed new provisions can be easily understood by customers;
- ❖ customers will be required to answer more questions, provide more information/evidence or undertake extra activities;
- ❖ the proposed new provisions treat customers in a consistent way, both in terms of each other and how they have previously been treated;
- ❖ the proposed provisions will result in customers having a choice of possible actions they can or should take.

Impact on communications, primarily whether:

- ❖ the proposed provisions will require dedicated information channels and products and/or extensive changes to existing information products; and, if so,

- ❖ these will be easy to access and comprehend, for staff and customers and their advisers.

Project Business Cases

All projects that make changes to the benefits system must ensure that they have maximised the opportunity to simplify or reduce any existing complexities. Projects must clearly show in their Business Case that they have fully considered simplification issues. Guidance on completing Business Cases can be found on the Department's Change Lifecycle Intranet site. (<http://intranlink/corp/toolbox/dpm/lifecycle/index.htm>)

How to contact the Simplification Unit

You can contact the Unit by e-mail at simplification-unit@dwp.gsi.gov.uk, fax 020 7712 2458 or write to them at the Benefit Simplification Unit, 2nd Floor (SE), Adelphi, 1-11 John Adam Street, London WC2N 6HT.

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