Benefits Administration
A Management Handbook

The Audit Commission for Local Authorities and the National Health Service in England and Wales

A·U·D·I·T
COMMISSION

BEN1
Benefits Administration: A Management Handbook
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Housing Benefit (HB) and Community Charge Benefit (CCB) are important parts of the social security system. They are administered by local authorities but most of the cost is met by central government grant. Council Tax Benefit (CTB) will replace CCB as the Community Charge is succeeded by the Council Tax in April 1993.

Central government provides the legislative framework within which authorities administer benefits. It also determines the legal and financial structure, which has a powerful influence on the way in which authorities undertake benefits work. But the financial structure does not always have the intended effect; for example, the subsidy mechanism contains a number of perverse incentives which reward and encourage poor performance. These issues are discussed in another Audit Commission report, *Remote Control: the National Administration of Housing Benefit.*

This *handbook* discusses the practices of individual authorities which are the most important determinants of local performance. The Commission's auditors examine the operation of authorities' benefits systems every year and certify grant claims submitted by local authorities to government departments. They also test authorities' accounting arrangements and controls, including the steps that authorities take to safeguard against fraud. In 1993 this work will be supplemented by reviews of the effectiveness and efficiency of councils' procedures, drawing on best practices derived from the Commission's study.

Both reports are based on work by a team from the Commission's Directorate of Local Government Studies, which worked under the direction of Doug Edmonds and was led by John Gaughan. Other members were Dene Robson, Annie Tsang and Tim Watkinson, an auditor seconded to the Commission from KPMG Peat Marwick. One of the Commission's computer auditors, Richard Havergal, and two consultants, Martin Ward and Sue Sanders, also contributed. The research included analyses of national data, some of which were performed by Emmanuel Thanassoulis of Warwick University, fieldwork in 15 authorities, shorter visits to others, and the analysis of a questionnaire about administration costs and arrangements which was returned by 240 authorities. The project team consulted the local authority associations, professional and voluntary bodies and other organisations. It also visited Citizens Advice Bureaux and housing associations in some field work authorities. MORI carried out research into claimants' priorities on the quality of service. The team also drew upon regularity and grant claim work carried out by the Commission's auditors.

An advisory group, comprising practitioners nominated by the local authority associations, officials from the Department of Social Security, the Chief Executive of a major housing association and an officer from the National Association of Citizens Advice Bureaux, met regularly. Representatives of the Accounts Commission, which oversees the auditing of local authorities in Scotland and which has been carrying out work on benefits administration in parallel with the Audit Commission, also attended meetings.
The Commission is grateful to all who helped; however, responsibility for the findings and the recommendations lies with the Commission.
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Housing Benefit, Community Charge Benefit and Council Tax Benefit are income related benefits, administered by local authorities, which help people on lower incomes pay their rent and local taxes. All income related benefits, whether administered by central or local government, are complex because they unavoidably involve an assessment of a claimant's needs and resources. Rules for benefit entitlement were simplified and harmonised by reforms introduced in 1988. Nevertheless, the calculation of entitlement to Housing Benefit has to take account not only of a claimant's income and rent but must also distinguish rent from service charges and must take account of a claimant's savings and the income of non-dependants in the household. Information has to be exchanged regularly with the Benefits Agency's local offices and the Rent Officer.

Entitlement must be re-examined as claimants' circumstances change. People can move, their incomes can change, partnerships can form or dissolve, children grow up and rents change. Changes in entitlement are also instigated by the regular up-rating of pensions, other benefits, income tax, national insurance and council house rents. Benefit entitlement must, in any event, be re-examined at least every sixty weeks.

These complexities are compounded by the subsidy rules. Proper claims for grant must distinguish the causes of any overpayments and correctly identify backdated awards; authorities must also distinguish the rents set by the Rent Officer for subsidy purposes from those used by the local authority when calculating the amount of benefit. Details of the caseload must also be recorded so that administrative subsidy can be calculated.

This degree of complexity might be manageable in a stable environment. But the system and its rules are changing constantly. The latest change is the introduction of Council Tax Benefit from April 1993. This benefit is more complex than Community Charge Benefit. It includes calculations, similar to those for Housing Benefit, linked to the income of certain other adults in the household. The claimant must give details of the incomes of these people, yet has no right to obtain this information.

Only a minority of authorities administer benefits properly, efficiently and effectively. Many other authorities administer the system efficiently, but do so at the expense of adherence to some of the, admittedly complex, Regulations. This affects only a minority of claimants. But some authorities are reluctant even to publicise claimants' rights to have decisions reviewed firstly by officers and, later, by a Board of councillors. Some authorities never allow benefit to be based on rents higher than those set by the Rent Officer for subsidy purposes, even though the Regulations require the authority to form its own judgement; overpayments are almost always treated as recoverable, even when some are due to local authority error which the claimant could not reasonably have identified. Thus a national scheme can be distorted by local administrative practice.
Auditors make frequent qualifications of the subsidy claim forms submitted by local authorities, usually because they cannot link the categorisation of payments back to records of individual claims, often because of deficiencies in computer systems.

Many authorities have little protection against fraud. The amount of fraud reported by some is unbelievably low. Payments are regularly posted to tenants in the private rented sector who may have moved on but with little checking on their proper receipt. The extent of checking of claims is also weak in some authorities, as is the checking of office procedures by Internal Audit. The DSS has recently proposed subsidy incentives aimed at increasing the amount of local fraud investigation.

For a significant minority of authorities the position causes even greater concern. In some, large backlogs of claims have built up with the result that it can be many months before claims are processed. This can lead to arrears and even homelessness, especially because payments on account are rarely made. In a few others, many claims have been paid for longer than the maximum time permitted by Regulations, without obtaining successful repeat applications, leading to overpayment and an increased danger of undetected claimant fraud.

The example set by the best authorities shows the way forward. The availability of benefit should be publicised in a targeted way. Forms and notices should be clear. People should be dealt with promptly and with consideration, and Regulations should be properly applied.

The achievement of these goals rests mainly with management but councillors must take a lead. They should begin by calling for a report on the speed of processing, accuracy, adherence to Regulations and the extent of protection against fraud. They should set targets and review their local authority's performance against the good practices set out in this report.

Officers need to ensure that staff responsibilities are clear and are monitored, that their training arrangements are adequate and that there is flexibility to meet the variations in workload. Those authorities operating a decentralised service often have particular difficulties to overcome. These issues will all be highlighted by the introduction of the new Council Tax Benefit system.

A companion report Remote Control: the National Administration of Housing Benefit identifies ways in which central government could improve the local operation of benefits by removing certain perverse incentives and by focusing on performance, but corrective action ultimately rests with local authorities themselves. Benefits claimants come from the more disadvantaged groups of society and local government is failing to provide many of them with the effective service that they need, particularly when large backlogs are allowed to accumulate. At the same time, Government cannot be assured that payments are properly made and fraud is minimised. All councils should re-examine their benefits procedure to assess whether it is prompt, accurate and polite.
Introduction

1. The administration of Housing Benefit (HB) and Community Charge Benefit (CCB) are important local government services. They provide direct help to over half of those in rented accommodation and about a third of all chargepayers. Council Tax Benefit (CTB) can be expected to have a similar importance. These services are also important bedrocks for the delivery of other local services. Much 'care in the community' relies on HB to support those re-housed in the community upon transfer from long stay institutions. An efficient and effective council housing service relies on the prompt payment of HB to all those with an entitlement. Housing associations may be deterred from working in an area if they know that their cash flows will be jeopardised by poor HB administration. And the cash flow into Council Tax collection funds will in part be dependent on the good administration of CTB.

2. Because it directly pays about 95 per cent of the cost, and because it wishes to harmonise benefit payments with other social security payments, Government exercises considerable central control. It achieves this through Regulations and the subsidy mechanism. A companion report, Remote Control: the National Administration of Housing Benefit, discusses the effect of these controls on local authority performance. It concludes that there should be greater emphasis on the quality of performance of local services.

3. There is much that local government can do for itself. Outside agencies have rightly criticised the performance of a significant minority of local authorities. A minority suffer considerable backlogs of work which have a disastrous effect on local performance. A spiral of unopened mail, unanswered queries and unprocessed claims can develop. In about 25 per cent of authorities half or fewer of claims are processed within 14 days of when all the necessary information has been obtained from the claimant. This is only a part of the delay from the recipient's viewpoint. It takes no account of delays in transmitting application forms and in checking the details of the application. A national survey (Ref. 1) of housing associations found that for 42 per cent of respondents the total elapsed time, from the landlord's viewpoint, was over eight weeks. A survey in fifteen authorities in the North West of England, which examined the average times taken to process claims from the housing association's perspective, found that most of the authorities averaged between five and ten weeks; only one averaged under five weeks and in three the average time was over fifteen weeks (Ref. 2).

4. This report describes the work of a local benefits unit (Chapter 1) and then analyses the performance of local authorities as it affects take-up, adherence to the Regulations and efficient administration (Chapter 2). It concludes with an analysis of more general principles of sound administration (Chapter 3). Although central government action would improve local administration, action is also required at the local level. The poorer authorities can greatly improve their performance by adopting the good practices that are to be found elsewhere.

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1  Replies were received from 234 housing associations.
5. The administration of benefits is a substantial task. The Regulations governing benefits are complex and volumes of work are high. Benefits staff organise and hold substantial numbers of personal files and, almost always, must understand and manage a significant computer application. The average London authority had 15,500 HB claims and 23,000 CCB claims in payment at the end of 1990/91. Equivalent figures in metropolitan districts were 29,000 (HB) and 50,000 (CCB) and, for shire districts, 5,400 (HB) and 11,000 (CCB). The number of claims actually processed in a year is about double these amounts because of claimant turnover and the need to obtain further (‘repeat’) claims from people currently receiving benefit (Exhibit 1, overleaf).

THE WORKLOAD
TYPES OF CASE

6. The work associated with each claim varies by type of case. The Department of Social Security (DSS), in distributing its administrative grant, attaches different weights to each type of case (Table 1). These distinguish, on the one hand, between the type of claim, e.g. whether for rent rebate or rent allowance and, on the other hand, by type of claimant.

Table 1
DSS ADMINISTRATIVE GRANT WEIGHTINGS
1992/93 Weightings

<table>
<thead>
<tr>
<th>Claimant is receiving Income Support</th>
<th>Claimant is not receiving Income Support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Claimant has some earned income</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Rent rebates (council tenants)</td>
<td>130</td>
</tr>
<tr>
<td>Rent allowances (private tenants)</td>
<td>296</td>
</tr>
<tr>
<td>Community Charge Benefit</td>
<td>110</td>
</tr>
</tbody>
</table>

7. The work involved in processing claims from people receiving Income Support (IS) is less than for other types of claimant (Exhibit 2, overleaf). Tenants and chargepayers who are entitled to IS are usually also entitled to maximum benefit. Eligibility for IS is assessed by the Benefits Agency on behalf of the DSS. The Agency provides relevant claimants with HB and

1 Estimate based on data from 25 London authorities, 36 metropolitan districts and 316 shire districts.
Exhibit 1
HOUSING BENEFIT
The average shire district had 5,400 HB claims in payment at year end

Source: Audit Commission analysis of DSS MIS data.
local tax rebate claim forms which it later forwards to the local authority. It subsequently informs the authority if entitlement to IS has been established and the date of that entitlement. For CTB, the local authority will alter the claimant's Council Tax account accordingly. For council tenants, the authority's staff must also rebate the rent account, but first they must adjust gross rent to exclude any services, e.g. district heating, which are included in the rent but which are not covered by HB. This is further adjusted to take account of any other adults, apart from the claimant's partner, who are in the household. Such 'non-dependants' are, in effect, assumed to be contributing towards the rent; the figure used to calculate HB is reduced accordingly. These deductions are based on a simple set of flat rates, related to the non-dependants' level of income; for example, in 1992/93 a deduction of £18 a week was made if non-dependants in remunerative work had a gross income of £1 30 a week or more.

Exhibit 2
PROCESSING INCOME SUPPORT CLAIMS
The work involved is less than for other types of claim.

8. In the private rented sector, this process is more complex. Details of rent liability have to be obtained from the tenant as do details of any services covered by the rent. Many authorities seek to confirm these details with the landlord. Non-dependant deductions are again made. With the aim of safeguarding public money, rent allowances in the deregulated private sector are supported by the Government's subsidy only to the extent that the rent charged is 'reasonable' for that tenancy, in relation to the market, in the eyes of the Rent Officer (RO)(or is based on the RO's view of a reasonable rent for suitable alternative accommodation, if the premises exceed specified size criteria). The ROs figure can be valid for 12 months and so one determination may cover several HB claims. Even so, local authorities must pass details of many claims to the Rent Officer each year; there can be further correspondence if the Rent Officer has insufficient information. A second RO can be required to re-examine a case but such appeals are rare.

9. Whilst the ROs figure is final for the purposes of the authority's claim for subsidy, it is only informative for the purposes of determining how much benefit will be paid to an individual
claimant. Separately, local authority staff have to decide the 'eligible rent' to be used for the purposes of calculating the rent allowance. They must reduce the actual rent by an appropriate amount if it is unreasonably high or the premises over-large, unless the applicant is in a protected group (e.g. pensioner, or family with children), when they can make such reductions only if suitable alternative accommodation is available and it is reasonable to expect the claimant to move. In other cases, they must consider the claimant's circumstances and the local market for rented accommodation and cannot automatically use the RO's figure. Once any non-dependant deductions have been made, and the 'eligible rent' determined, the authority's staff generate payments either to the tenant or the landlord when, for example, the tenant requests this or when there is more than eight weeks' arrears of rent. It is for these reasons that the DSS weighting system treats the workload emanating from a private sector tenant to be more than twice that of dealing with a council tenant. Some authorities have a number of even more demanding cases — the so called 'boarders' — where benefit is payable to residents of bed and breakfast accommodation. Here claimant turnover is high and greater care is needed to guard against fraud and abuse. In recognition of this, the weightings shown earlier, in Table 1, are enhanced by 25 per cent for such cases.

10. Superimposed upon these differences is the distinction between Income Support and non-Income Support cases. In the latter cases not only must rent be determined in the manner described, but local authority staff must also obtain and validate details of the household's composition and the income and savings available to the claimant and his or her family so that the household's needs and resources can be established and the amount of rent (or local tax) that is to be met from benefit can be calculated. Though they form a low proportion (6%) of cases, the task of calculating resources for those in employment (earners) is particularly time-consuming because of the need to check and validate information about income.

11. The workload of an authority, therefore, depends on the types as well as the volumes of cases. In fact these relative volumes do not differ much from authority to authority save that:

— the higher the rents, the more non-IS cases there will be;

— where an authority has implemented a Large Scale Voluntary Transfer of its housing stock, there will be a corresponding switch from rent rebates to rent allowances;

and

— the relative numbers of 'boarders' cases are much higher for some Inner London authorities and some seaside resorts than elsewhere.

CHANGES IN BENEFIT ENTITLEMENT

12. Benefits staff must periodically obtain repeat claims from people currently receiving benefit and must react when they become aware of changes in claimants' circumstances which affect their entitlement to benefit. Adjustments may be caused by individual changes in resources (income or capital), to private sector rents or to household composition or circumstances e.g. claimants become pensioners, children come or go from the family home, and partnerships are formed or disbanded. People can also move home. These changes require staff to keep records of current claims so that they can be updated. There are also computerised 'batch updates' as council rents change, pensions are up-rated, as benefit Regulations are altered and as local tax levels are
Local authorities are able to defer implementing the effects of changes to income tax and social security contributions for up to thirty weeks, but individual changes in circumstances usually apply from the Monday after the date on which they occurred, not the date on which they were identified. These usually involve local authorities in the computation of under- or over-payments, the payment of underpaid benefit and the recovery of overpayments.

13. Some overpayments are inevitable, no matter how quickly the claimant, or Benefits Agency, forwards information to the authority; for example, rent allowances are usually paid two weeks in advance. Indeed nationally the number of overpayments identified in a year exceeds the number of claimants at any point in time.

ENQUIRIES AND APPEALS

14. The calculation and updating of benefit entitlement is not the end of the process. Claimants can require authorities to provide written explanations of decisions; they can also obtain 'Internal Reviews' of cases by officers and have decisions examined by 'Review Boards' of elected members. Review Boards are rare in most authorities but, when held, are administratively demanding.

ACCOUNTING AND SUBSIDY

15. Authorities must also hold detailed accounts of benefits payments. The number of financial transactions is enormous - there are, for example, about 40,000 separate rent allowance payments a year in an average shire district. Payments must also be classified for subsidy purposes. The subsidy system is described in detail in the companion report. It involves distinguishing between rent rebates within the Housing Revenue Account (HRA), which are subsidised by the Department of the Environment (DOE) or Welsh Office, and other payments, which are subsidised by DSS. Authorities must also identify backdated awards (ones where entitlement begins before the date of the claim) and categorise overpayments (as the subsidy DSS gives when benefit has been overpaid depends on the cause of the overpayment). In addition, rent allowance payments to people living in deregulated tenancies must be compared with the figures set by the RO to calculate the subsidy due. In other cases - rent allowance paid to people living in some tenancies created before deregulation and certain rent rebate payments to people placed in temporary accommodation by the council - benefits payments must be compared with subsidy thresholds set by DSS. Within the HRA, the authority loses some subsidy if rents of tenants receiving HB rise relative to those of other tenants. Lastly, details of the caseload must also be supplied so that the administrative cost subsidy can be calculated.

FRAUD AND ERROR

16. Authorities must also guard against external and internal fraud and inadvertent errors. Prevention is best; checking and validation of claims, supervision, quality control and internal audit can all contribute. But no system can be completely watertight and possible frauds may be identified and need to be investigated. Some pro-active work is also important. This includes regular, sample hand-delivery of rent allowance payments or, where rent allowance is being sent...
direct to the landlord, sample visits to check that claimants are still living at addresses for which HB is being paid.

LOCAL AUTHORITY RESOURCES

STAFFING

17. On average, each successful claim receives only one or two hours attention during the year (spread over a number of staff and across many weeks or months). The Commission's questionnaire revealed that, among respondents, the typical London borough had 106 FTE staff in post at the end of 1990/91, compared with 78 in the typical metropolitan district and 18 in the typical shire district. Several hundred HB, and over 500 CCB, cases were in payment for each FTE at any moment. In the typical shire district in 1990/91, each FTE dealt with over 500 HB and 1,200 CCB claims in the year, i.e. a total of about 35 cases a week, and was responsible for benefits payments worth about £500,000 (Exhibit 3). The replacement of CCB by CTB in April 1993 will alter these averages.

Exhibit 3

BENEFIT CASELOAD AND EXPENDITURE

On average each Full Time Equivalent member of benefits staff dealt with 1,700 claims in shire districts in 1990/91

Source: Audit Commission analysis of data from its questionnaire and from DSS, DOE and Welsh Office grant claims.

18. The majority of authorities locate benefits staff in their finance departments but a minority are in housing departments, to emphasise the link between good administration of HB and rent collection and the management of rent arrears. In a few authorities, benefits administration is treated as a neighbourhood or consumer service. In some, responsibility is split, usually with HB in housing and CCB in finance. Other splits are occasionally used, for example rent allowance and CCB in finance but with rent rebates in housing.

\[1\] The Commission issued a questionnaire on administration costs and arrangements which was returned by 240 authorities. Staffing was taken as covering all aspects of benefits administration including work on overpayments.

\[2\] Full Time Equivalent e.g. two staff, each working half time, would count as one FTE.
19. Most authorities' operations are centralised but some councils, particularly in London and other large cities, have decentralised to local offices. The number of decentralised offices varies considerably; some London boroughs and metropolitan districts have only three or four. Others are well into double figures. As a result, some decentralised offices employ only four or five benefits staff.

COMPUTER SUPPORT

20. Good computer systems are essential in all but the smallest of authorities. Some councils use software developed in-house but about 80 per cent use commercial packages. A survey by DSS in 1990 found that 30 per cent of the total market was held by ICL and that this company, plus three others, together held 55 per cent of the market. The other 25 per cent of authorities, which had bought in software, used fourteen different suppliers, eight of which had fewer than ten customers each. A number of companies have since failed or withdrawn from the market.

ACCOUNTABILITY

21. Benefits units are responsible for substantial public expenditure. In 1990/91, the typical London authority paid over £36 million in benefits, the typical metropolitan district over £37 million and the typical shire district close to £8 million; Housing Benefit was the largest component of this expenditure. Though most of this cost is directly subsidised by Government, some falls onto local authorities' General Funds and HRAs. Administrative cost is about six per cent of these sums and 70 per cent of that cost is met by General Funds (Table 2).

<table>
<thead>
<tr>
<th>Table 2</th>
<th>NET COST OF BENEFITS TO LOCAL AUTHORITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Costs</td>
<td>HRA (Rent rebate payments)</td>
</tr>
<tr>
<td>Rent rebate</td>
<td>Rent allowances</td>
</tr>
<tr>
<td>London</td>
<td>17.7</td>
</tr>
<tr>
<td>Met Districts</td>
<td>18.9</td>
</tr>
<tr>
<td>Shire Districts</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Source: Audit Commission analysis of data from DSS, DOE and the Welsh Office.

In the average shire district, the net charges to the General Fund arising from benefits work represent seven percent of all revenue expenditure. Thus both from the criteria of effectiveness and efficiency, sound administration is important.

22. Benefits administration is a complex task involving many administrative steps. Though some claims, for example from pensioners, can be relatively stable and simple to administer, the administration of other cases can be a complex task (Box A, overleaf). The Commission has found that local authority practice varies widely and that there is ample scope for improvement by the wider adoption of best practice. These issues are discussed in the next Chapter.
**Box A**

**A YEAR IN THE LIFE OF AN HB/CCB CLAIMANT**

Married couple with one child living in private rented accommodation in an area with effective benefits administration.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friday 13th March</td>
<td>The claimant is made redundant.</td>
</tr>
<tr>
<td>Monday 16th March</td>
<td>The claimant looks for work hoping to find something without having to 'sign-on'.</td>
</tr>
<tr>
<td>Friday 20th March</td>
<td>The claimant registers as unemployed at the local Unemployment Benefit Office and makes a claim for Income Support (IS) at the Benefits Agency (BA) local office. He also claims HB and CCB, returning forms to the BA local office.</td>
</tr>
<tr>
<td>Monday 23rd March</td>
<td>The BA determines the claimant's IS entitlement and passes the HB/CCB claim forms and IS decision note to the local authority (LA).</td>
</tr>
<tr>
<td>Thursday 26th March</td>
<td>The LA receives the HB/CCB claim forms and the IS decision note. The LA sends the claimant its standard, private tenants' HB claim form, to obtain details of the claimant's tenancy. The LA determines the CCB claim. Maximum CCB is awarded. The claimant's, and his partner's, Community Charge accounts are rebated. The LA's notification of CCB entitlement etc., is posted to the claimant.</td>
</tr>
<tr>
<td>Monday 30th March</td>
<td>The LA completes the private tenant's claim form and returns it to the LA.</td>
</tr>
<tr>
<td>Tuesday 7th April</td>
<td>The LA considers that it does not have enough evidence about the details of the private letting and writes to the claimant requesting a copy of his tenancy agreement.</td>
</tr>
<tr>
<td>Tuesday 14th April</td>
<td>The claimant has the tenancy agreement photocopied at a local newsagent and sends the copy to the LA.</td>
</tr>
<tr>
<td>Thursday 16th April</td>
<td>The LA receives the copy of the claimant's tenancy agreement. As a deregulated tenancy, the LA must refer the claim to the Rent Officer.</td>
</tr>
<tr>
<td>Monday 20th April</td>
<td>The claimant receives a note from his landlord about non-payment of rent. The claimant contacts the LA to enquire about progress on his HB claim.</td>
</tr>
</tbody>
</table>
| Wednesday 22nd April | The claim is considered by the Rent Officer. The RO considers whether the claimant’s:
- rent is significantly higher than the landlord might reasonably be expected to obtain;
- home exceeds size criteria;
and the amount of any ineligible services.
The Rent Officer returns his determination to the LA. |
<p>| Thursday 23rd April | The LA decides not to appeal against the RO's figure, determines the claimant's entitlement and notifies the claimant accordingly. |
| Saturday 2nd May   | The claimant receives his first HB cheque. |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday 9th July</td>
<td>The claimant finds low paid employment. The new job starts on the following Monday.</td>
</tr>
<tr>
<td></td>
<td>The claimant informs the BA.</td>
</tr>
<tr>
<td>Tuesday 28th July</td>
<td>The LA receives notification from the BA informing it that the claimant’s IS entitlement ended when he started work.</td>
</tr>
<tr>
<td></td>
<td>The LA stops the claimant’s HB/CCB.</td>
</tr>
<tr>
<td></td>
<td>The claimant is notified about overpayments of HB, and CCB, and invited to submit new claims for HB and CCB directly to the LA.</td>
</tr>
<tr>
<td>Tuesday 11th August</td>
<td>The claimant returns the LA’s claims form, accompanied by his latest wage slips. The wage slips suggest the claimant is working overtime regularly in his new job. The LA queries this with the claimant.</td>
</tr>
<tr>
<td>Saturday 15th August</td>
<td>The claimant writes to the LA to let it know the position on overtime.</td>
</tr>
<tr>
<td>Tuesday 18th August</td>
<td>The LA assesses the claimant’s needs and resources, determines and awards CCB and HB and notifies the claimant accordingly.</td>
</tr>
<tr>
<td></td>
<td>The claimant’s HB is reduced to recover overpayments arising from his failure to advise the LA of the end of IS entitlement.</td>
</tr>
<tr>
<td></td>
<td>CCB has also been overpaid; the claimant’s, and his partner’s Charge accounts are debited.</td>
</tr>
<tr>
<td>Saturday 22nd August</td>
<td>The claimant receives his next (reduced) HB cheque.</td>
</tr>
<tr>
<td>Sunday 4th October</td>
<td>The claimant’s son has his 11th birthday.</td>
</tr>
<tr>
<td></td>
<td>The claimant’s HB/CCB is re-calculated from the following Monday, using the new ‘applicable amount’.</td>
</tr>
<tr>
<td></td>
<td>The claimant’s benefit entitlement increases by a small amount.</td>
</tr>
<tr>
<td>Tuesday 24th November</td>
<td>The claimant is advised that his benefit period will end in 4 weeks time and is requested to complete a new claim form for HB and CCB.</td>
</tr>
<tr>
<td>Wednesday 2nd December</td>
<td>The claimant completes the claim form and sends it to the LA.</td>
</tr>
<tr>
<td></td>
<td>The repeat claim form includes details of the claimant’s partner’s part-time earnings from a job started three months earlier.</td>
</tr>
<tr>
<td>Tuesday 8th December</td>
<td>The LA contacts the claimant to establish the exact date on which his partner started working at the local paper shop.</td>
</tr>
<tr>
<td>Tuesday 15th December</td>
<td>The claimant’s answer to this enquiry is received by the LA.</td>
</tr>
<tr>
<td></td>
<td>The LA recalculates benefit and calculates the overpayments caused by the late disclosure of the partner’s part-time earnings.</td>
</tr>
<tr>
<td></td>
<td>The LA notifies the claimant and debits the claimant’s and partner’s Charge accounts with the amounts of the CCB overpayments and reduces on-going HB entitlement for a number of weeks to recover the overpayment.</td>
</tr>
<tr>
<td>April 1993</td>
<td>The claimant’s Housing Benefit will be up-rated at the beginning of April but he will be liable for Council Tax. Council Tax Benefit should however, be awarded automatically on the basis of existing entitlement to HB and CCB.</td>
</tr>
</tbody>
</table>
2. Performance

23. Benefits processing is not entirely under authorities' control. Legislation, and the quality of computer support, affect performance, as can claimants' failures to fill in application forms correctly and delays within the Benefits Agency or by the RO Service. But authorities can do much to assist the claimant and influence these organisations, as is evidenced by the performance of the better authorities. This Chapter evaluates authorities' performance against key service quality and financial criteria (Exhibit 4) and summarises good practices. Staff training has a critical role when implementing these practices. Improved training, and other changes which will help improve the service, are discussed in Chapter 3.

Exhibit 4
EVALUATING PERFORMANCE
Performance is evaluated against key service quality and financial criteria

TAKE-UP

24. Successful administration must begin by ensuring that those entitled to benefit submit claims. Take-up failures can leave individuals in financial difficulty. But in practice benefits are not claimed by everyone entitled to them. The DSS has estimated that, in 1989, 91 per cent of the HB which could have been paid was claimed, although only 83 per cent of those who could have claimed were receiving benefit (Ref.3) suggesting that many non-claimants are likely to be entitled only to partial benefit. Take-up by private sector tenants was lower than for council tenants. More recent changes in the law, rent levels and unemployment levels will have altered the proportion of the population who are eligible.

25. It is probable that, in most authorities, some eligible people are failing to secure benefits, particularly in the private sector. Take-up in individual authorities can be estimated accurately
only by comparing numbers of cases in payment with local estimates of people entitled to the benefits. To be precise, this would require large scale local sampling which would be expensive and would need to be repeated regularly as Regulations, rent levels and other factors altered.

26. A crude estimate of local take-up can be made by comparing the percentage of council tenants receiving HB with figures for other similar authorities. While such comparisons take no account of different rent levels, unemployment concentrations etc., they can highlight areas warranting further investigation. One London borough mounted a publicity campaign following such a comparison and received over a thousand successful new applications. A range of measures is available to improve take-up. Publicity aimed at council tenants can be associated with letting, transfer, rent increase and rent arrears procedures. CCB has been publicised with CC bills and during arrears action. Similar methods are being, or will be, used to publicise CTB. However, low take-up can be a symptom of other problems. For example, people are unlikely to claim rent rebate if their occupancy of a council property is unauthorised. Local authorities will be able to use results from the 1991 census to focus their campaigns, helping them identify areas of rented accommodation which have unusually low take-up. Take-up campaigns must be well targeted; some authorities which have failed to do so have been inundated with unsuccessful applications. These create backlogs and hold up the processing of successful claims.

PEOPLE IN TEMPORARY ACCOMMODATION

27. The procedures for dealing with benefit for people placed in temporary accommodation by the local authority are sometimes weak. Such licensees will usually be entitled to HB, which will prevent or reduce rent arrears. Most authorities encourage applications when they accept people into temporary accommodation. But the transient circumstances of homeless families require a particularly high standard of administrative vigilance. Premises may be occupied for only a short time, for example as the authority moves families from bed and breakfast to other, less expensive temporary housing. Each address usually requires a separate calculation.

28. Poor liaison between benefits staff, Homeless Persons' Units and rent accounting staff has meant that this has not always been done on change of address. In addition, benefits staff have sometimes abandoned work on a claim once they discover that the claimant has left the address in question. In some inner city and seaside authorities, claimants have accumulated large debts, and the authority been left with major rent arrears and substantial loss of subsidy, because it has wrongly treated claims as lapsed. A claim lapses only if the applicant does not respond to a request for further information within four weeks of being asked. Hold-ups may not be the claimant's fault and the authority can extend this period.

PRIVATE SECTOR TENANTS

29. Housing associations and other private sector landlords can encourage take-up and thus improve their cash flow and reduce arrears and rent collection costs. The authority can help by supplying leaflets, publicity material and application forms. Housing associations are particularly well placed to discuss likely entitlement with new tenants. As social landlords they often have detailed information about new tenants' personal and financial circumstances. Many associations encourage HB applications. But sometimes the relationship between the local authority and a
housing association is poor. A recent report published by the Housing Corporation (Ref. 1) recommended that the management and reception staff of housing associations should be given basic training in HB so that they can give advice to tenants.

SOCIAL SERVICES

30. Welfare Rights Units attached to some authorities’ social services departments have been prominent in take-up campaigns covering the whole range of social security benefits. Close links between those responsible for front line social services and benefits staff are rare. In London and the metropolitan counties this would normally involve inter-departmental co-operation; elsewhere it requires co-operation between shire districts and county councils. Community care initiatives make it particularly important that clients receive their full entitlement. But the take-up of social security benefits of all types is receiving increasing attention. For example, one county’s Social Services Department has appointed a Benefits Officer in each of its five areas; under its plans every customer would be ‘entitled to receive a competent welfare benefits assessment by a social worker or care manager who would have access to the specialist advice of the Area Benefits Officer’.

GOOD PRACTICE : IMPROVING TAKE-UP

Liaison

• Liaise with the authority’s rent collection staff so that HB is publicised whenever:
  — a property is let;
  — a tenant transfers;
  — tenants are notified of rent increases;
  — rent arrears appear.
• Give housing management appropriate training about benefits.
• Publicise CTB and other state benefits at the same time as HB, both for take-up reasons and because their award will make it easier for people to meet any rent not covered by HB.
• Encourage housing associations (and other large local landlords) to publicise HB and other benefits, supporting this by providing them with posters, leaflets and application forms and by giving background training to their staff.
• Liaise with the authority’s Council Tax collection staff to ensure that CTB is publicised whenever bills are sent to people not receiving benefit or arrears action is taken against such people. (Material sent to people already receiving help may generate unnecessary claims).

Targeting

• Examine statistics on the percentages of tenants and Council Tax payers claiming benefits authority wide (comparing the data with figures for other similar authorities) and estate by estate or ward by ward. Target areas with anomalously low take-up. The census results may also help to identify areas to target. Liaise with social services and
CUSTOMER CARE

31. A customer survey has highlighted the importance that claimants attach to various aspects of customer care (Exhibit 5). Customer care is attracting a high priority in many authorities. For example, Camden, Bolton and Oxford have carried out user surveys to identify the strengths and weaknesses of their services. Particular attention is being paid to contact between claimants and the authority - location and ease of access to offices, their opening hours, queue lengths, waiting times for interview and the inter-personal and telephone skills needed to cope courteously and helpfully with enquiries. In some authorities, benefits enquiry desks have been moved to 'one stop shop' enquiry facilities or decentralised alongside housing and, possibly, social services functions. A few authorities now locate their benefits operations within consumer services departments rather than their traditional homes, finance or housing. Such initiatives address many of the issues which concern claimants, though some authorities will need to change their interviewing arrangements if they are to respect claimants' privacy.

Exhibit 5
CLAIMANTS' VIEWS ON QUALITY OF SERVICE
Claimants attach importance to various aspects of customer care

Scores are on a scale from 0-10; 0 is of no importance, 10 vitally important

Note: Averages are of the views of 344 adults either receiving HB or CCB or who received HB or CCB in the last 12 months.
32. Only about half of claimants visit council offices during the year, but virtually all fill in claim forms and receive Notices giving details of the authority's decisions. HB and CTB application forms ask for large amounts of information and can be forbidding. So the clarity of authorities' paperwork is crucial. Claimants want short, easy to understand forms and clear information about entitlement and any overpayments which are being recovered. Well presented publicity material, forms and letters can improve the speed with which claims are processed, and save money, by explaining what the authority wants. Claimants then provide information at the first time of asking, thereby reducing enquiries from people confused by documents sent to them.

33. Document design and wording receive great attention in some parts of the public sector. Forms used by the Benefits Agency have a standard house style, colour coded by type of claim. Designs are piloted and field trialled before new forms are introduced. In contrast, each council has its own benefits forms. Differences between computer systems and in working methods are offered as explanations. Yet IS claimants use the standard national Benefits Agency form when claiming HB. This suggests there is scope to standardise local authority documents.

34. Most authorities visited had made determined efforts to try and produce forms which were easy to use. Some could still be improved whilst others, such as Camden's, were praised by the Plain English Campaign. On the other hand, Notices about authorities' decisions, sent to claimants, are usually computer generated and are often poor. Bad presentation means that some are almost incomprehensible. Language is often jargon ridden and bureaucratic, and abbreviations common and unclear. Some Notices use numerical codes, the keys to which are not given or are on separate sheets of paper. Many Notices are matrix printed or use small type, creating difficulty for people with poor eyesight. Standard letters have similar faults. The 'Fog Index' (Box B) is one of several well established ways of measuring comprehensibility, while advice on forms design is available from the Plain English Campaign and other organisations. Authorities should calculate the 'Fog Index' of any documents containing significant amounts of text.

**Box B**

**THE FOG INDEX**

To calculate the Fog Index:

- Select several 100 word samples of text.
- Obtain the average sentence length by dividing the number of words by the number of sentences. Ignore incomplete sentences.
- Obtain the percentage of long words by counting the number of words containing three or more syllables and dividing by the number of 100 word samples of text. Do not include words that are:
  - capitalised;
  - combinations of easy words, like 'book-keeper';
  - verb forms made into three syllables by adding -ed or -es (e.g. ignorecreated').
- Add the average sentence length to the percentage of long words.
- Multiply this result by 0.4.

Material explaining benefits should aim for a low index, 12 or below.
GOOD PRACTICE : CUSTOMER CARE

Access
• Publicise enquiry points and keep them open at least during office hours, including lunch times.
• Locate enquiry points near to public transport and car parking.
• Consider the needs of disabled people.

Service
• Avoid long queues, using flexible staffing to meet peak periods. Monitor waiting times against targets.
• As benefits are means tested, personal information must be discussed. Interview in private.
• Ensure front line staff have:
  — the requisite knowledge of benefits rules;
  — access to computer and manual records.
• Train staff in interview techniques.

Telephone enquiries
• Publicise numbers on letters and through leaflets, claim forms and posters. State the times when telephones will be answered.
• Route calls to the appropriate members of staff. Ensure that telephone transfers are possible.

The elderly and those with disabilities
• Pay personal visits to people who may have difficulty completing a form or visiting a local authority office, particularly if:
  — social workers, community workers etc. suggest a visit be made;
  — a request for information to support a claim has been ignored (as the claimant might not understand the request and not realise that the claim cannot be processed if he or she does not reply);
  — a request to submit a repeat claim, close to the end of current benefit entitlement, is ignored (for similar reasons).
• Make special arrangements, such as tapes or braille, to publicise benefits to blind and partially sighted people. The former is preferable as many people who have visual impairments do not know braille.

Written material
• Use clear, well designed publicity material, written in plain, easy to understand English, supported with simple tables showing how much benefit people in different circumstances are likely to receive. Update material when rules change.
• Translate publicity material, if significant numbers of local residents are likely to be unfamiliar with written English.

• Check the design of forms for clarity of layout and against plain English guidelines. Compare with Benefits Agency Form NHB 1. Seek the views of voluntary bodies.

• Similarly check:
  — publicity material;
  — standard letters.

• Provide pre-addressed (and consider providing pre-paid) envelopes for claim forms.

• Do not matrix print documents and do not use small type.

• Do not use jargon, abbreviations or numerical codes.

• Calculate the ‘Fog Index’ (for documents containing several hundred words or more or by averaging across similar documents e.g. standard letters).

• Field trial new forms and documents.

• Where documents must meet legal requirements, check changes which seek a greater clarity with legal advisers.

• Liaise with other users of the same software and with commercial suppliers, or with in-house software teams, about improvements to computer generated documents. Cost and prioritise changes.

DEALING SPEEDILY WITH CASES

35. Take-up initiatives, private interviews, clear well designed forms and other customer care initiatives are wholly nullified if the authority cannot process cases quickly. Speedy, accurate processing of claims and rapid payment of all the money to which a claimant is entitled are central to the quality of service. There are frequent complaints from claimants, voluntary bodies, housing associations and other landlords about delays in processing claims, failures to adjust benefit speedily when the rent increases and unnecessary overpayments caused by failures to act on information about changes in claimants’ circumstances. In fact the reported performance of many authorities does not justify these complaints. A half of all authorities report that they process over 80 per cent of claims within 14 days. Sometimes these statistics are flawed, for example computer systems can use the wrong start date. From April 1993, statistics on the speed of processing will be a part of the Citizen's Charter Performance Indicators. These statistics will then be subject to external audit.

36. Regulations set a number of statutory targets for the speed with which HB claims should be processed:

— every claim shall be determined within 14 days of the date the claim is made and all supporting information and evidence required from the claimant has been supplied or as soon as reasonably practicable thereafter (HB Regulation 76 (3));

— people affected are to be notified of determinations on claims immediately or as soon as reasonably practicable thereafter (HB Regulation 77 (I)(a));
— people affected by other determinations (e.g. reassessment of entitlement following a change in circumstances) shall be notified within 14 days or as soon as reasonably practicable thereafter (HB Regulation 77 (1)(b));

— the first payment shall be within 14 days of receipt of the claim at the ‘designated office’ or, if that is not reasonably practicable, as soon as possible thereafter (HB Regulation 88 (3)).

CCB and CTB have similar targets to the first three above. There are no targets for the speed with which Community Charge and Council Tax rebates should be made because these are not paid in cash.

37. DSS monitors performance against the first requirement. Equivalent information, for rent rebate applications only, is published locally by individual authorities in the reports to tenants that are required under the Local Government and Housing Act 1989. But for the minority of authorities which suffer significant backlogs there is little information on the consequent delays, although the Commission's research confirms that, in some councils, claims take many weeks, or even months, to process. In these cases, monitoring, where it exists, usually involves no more than comparing the volume of unopened or unacted mail with the average amount of mail received each day. It can be difficult to do anything else. Cases cannot be categorised if they are still in the mailsacks in which they arrived; counting and categorising backlogs by hand is time consuming and delays work on the claims themselves. Delays lead to further delays. Above all else, authorities must use their best endeavours to avoid backlogs or, if they do arise, to extinguish them as rapidly as possible.

AVOIDING BACKLOGS

38. Backlogs have to be recognised early and nipped in the bud. Once they begin, a vicious spiral can develop. The authority is so overwhelmed by people chasing up information on unpaid claims that it cannot deal with new work; some benefits administrators estimate that enquiries treble when backlogs appear. Backlogs can then grow catastrophically. Delays also increase the numbers and values of overpayments creating further unwanted work. Staff morale can collapse as unprocessed work increases; productivity can decline and sickness rates rise. Work must be monitored and resources, or cases, re-assigned when problems appear. Because benefits work is demand led, authorities need contingency arrangements for releasing extra resources when these are required. But resources should not be increased to help clear a backlog, without first addressing the managerial and organisational problems which led to its appearing in the first place. Unplanned increases in resources sometimes bring no improvement whatsoever. But there are authorities which have successfully cleared major backlogs. Such councils can help other authorities by publicising their experiences and the approaches they used to overcome their problems.

39. Good monitoring systems do exist, as at Camden, Bolton and Gillingham. Their arrangements are simple. Daily and consolidated weekly manual counts of mail received, mail acted on, computer inputs made and numbers of items of post awaiting action provide line management with timely and useful information. Figures can be recorded either for each assessment team or for each member of staff. They allow management to identify and investigate the reasons for any hold-ups and to move work or resources as claim patterns alter or problems appear. They complement information on performance against the 14 day target.
PERFORMANCE AGAINST TARGETS MONITORED BY DSS

40. Reported performance, which must be treated with caution, varies widely from authority to authority. Some report that they process the overwhelming majority of cases within the 14 day target time; a minority that they clear none at all. Authorities would appear to have little excuse for not meeting the target as the time interval does not start until an authority has obtained all the information it needs from the claimant and has completed any follow up contact with him or her. It then has 14 days to complete any necessary enquiries outstanding with a third party and to act on the information. It should be possible for an assessor to deal with even a complicated case in half an hour or less, once all the information is to hand.

41. The 14 day statistic covers only claims which have been processed and reveals nothing about unactioned ones. A few authorities undermine benefit administration by leaving large volumes of mail unopened. One authority visited had not dealt with CCB claims which were over a year old. Until they were processed, they would not appear in the 14 day statistic. Since 1991/92, DSS has also collected data on the number of new claims outstanding each quarter. Data definitions are, however, based on ‘claims received’ and ‘claims processed’ and unopened claims are unlikely to be counted. In other places, performance against the 14 day target might appear good when claims are eventually processed; the delay is occurring before the authority has begun checks and enquiries on claims and does not therefore register in the statistic. Also the 14 day statistic does not reveal anything about how particular groups of claimants are treated. For example, staff in one authority processed claims from private sector tenants quickly, as they saw eviction as a real possibility, but they gave little priority to rent allowance claims from housing association tenants, believing that associations, as social landlords, were unlikely to evict. Rent rebate claims also received higher priority than housing association cases, because of pressure from within the authority to reduce the council’s rent arrears.

42. As the 14 day target relates only to a part of the process, there is a tension between local authorities’ perception of performance and those of claimants, housing associations and other landlords. A recent survey (Ref. 1) asked housing associations about the average (overall) time taken by authorities to process new HB claims - 42 per cent of respondents said that on average it was in excess of eight weeks and only 9 per cent said that it was less than four weeks. However, few associations have adopted a systematic approach to monitoring processing times and so such data is at least partially subjective. But another recent survey, carried out in North West England, examined over 500 HB applications from housing association tenants. The average time, from the landlord’s perspective, was under five weeks in only one of the fifteen local authorities covered by the research, and was over fifteen weeks in three of them (Ref. 2).

TARGETS FOR THE RENT OFFICER SERVICE

43. The requirement to refer cases to the Rent Officer made new demands on authorities. In general, both sides have worked hard to build a good working relationship. The position is steadily improving as the system beds down. Nevertheless, some authorities argue that delays by the RO are a significant constraint on their performance on rent allowance claims. Information which would prove or disprove these allegations is not, however, being systematically recorded by local authorities and many are not checking whether they are doing all they can to make the
system work. For example, Regulations stipulate that cases should be referred to the RO within three days of the authority receiving the application; this is rarely monitored.

44. Regulations also require that the RO notify the authority of his or her findings within five working days; this can be an interim decision but, where this is done, final decisions must be notified within a further twenty days. DOE measures performance against these targets but does not publish the data. Few authorities systematically record how long they have to wait for a reply. In any event, the time targets apply only after the RO has received all the information he or she requires. The Institute of Rent Officers (IRO) has argued that cases often have to be returned to authorities because they have not sent the RO sufficient information about the tenancy (Ref. 4). It has also argued that many cases are referred unnecessarily in the first place. RO decisions are valid for twelve months, unless, for example, the terms of the tenancy or number of occupants changes; the RO cannot offer a new figure within that time simply because the rent has risen.

CITIZEN’S CHARTER

45. Authorities can measure a wide range of other indicators. DSS circulated guidance to them in 1992 on the advantages they could obtain from collecting performance information, on applying performance indicators to the administration of HB and CCB and on how to introduce and use such information (Ref. 5). As part of the Citizen’s Charter initiative, the Local Government Act, 1992, placed the Audit Commission under a duty to specify performance indicators which authorities are to collect and publish locally. The Commission will also publish national comparisons. In the first year (1993/94) Housing Benefit and the new Council Tax Benefit are together covered by four main indicators which aim to measure the volume of claims and the speed and cost of processing them. The issue of incorrect payment may be included in later years. The Commission has also specified indicators covering ways in which authorities deal with the public - answering the telephone and letters, complaints to the Ombudsman, internal complaints procedures and access to buildings. These apply to benefits administration as well as to other services (Refs. 6 and 7). Fuller details appear at Appendix A.

<table>
<thead>
<tr>
<th>GOOD PRACTICE : SPEED OF PROCESSING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring performance</td>
</tr>
<tr>
<td>• Monitor performance against :</td>
</tr>
<tr>
<td>— statutory targets;</td>
</tr>
<tr>
<td>— non-statutory targets set by members (e.g. for the time to act on information about changes in circumstances);</td>
</tr>
<tr>
<td>— Audit Commission Citizen’s Charter Performance Indicators for benefits.</td>
</tr>
<tr>
<td>• Ensure that information about performance against statutory time targets is accurate. Check whether computer systems correctly record the dates used to derive the statistics. If they do not, improve the software or ensure that staff amend computer records by inputting correct dates.</td>
</tr>
<tr>
<td>• Compile daily activity counts of :</td>
</tr>
<tr>
<td>— mail received;</td>
</tr>
</tbody>
</table>

24
RESPECTING CLAIMANTS' RIGHTS

46. Perverse incentives within the subsidy arrangements can lead authorities to misapply the legislation, for example when considering whether to backdate awards, when setting the rent allowance to pay in cases which have been referred to the RO and when dealing with overpayments. Administrative convenience has also led to other errors - failures to notify claimants properly about the authority's decisions, failures to operate the review mechanism adequately and failing to pay rent allowance within time targets set by Regulations.

BACKDATED AWARDS

47. Regulations require that awards be backdated when the claimant has 'good cause' for a late claim. But some authorities seem more concerned about possible loss of subsidy than in whether there is good cause. In one authority, all such backdated awards, and any others which did not attract maximum subsidy, had to be personally authorised by the Treasurer. People who do not know backdating is possible are unlikely to offer evidence to justify it. Yet many authorities
do not mention the possibility on publicity material and claim forms. Others, such as Birmingham and Newham, do. Some authorities are reluctant to backdate even if an argument is advanced. In 1990/91 about 25 per cent of authorities did not make a single backdated rent allowance payment. In the majority of authorities backdated awards account for 0.2 per cent or less of total payments, yet in a few the backdating of awards is surprisingly common. While claimants in some authorities lose money to which they are entitled, a small minority of authorities, whose backdated rent allowances exceeded 1.5 per cent of total payments, may be awarding backdated benefit to which claimants are not entitled. DSS is to increase the subsidy rate on backdated awards from 25 per cent to 50 per cent to reduce the perverse incentive.

### GOOD PRACTICE: BACKDATING

- Monitor the numbers and value of backdated awards.
- Give staff clear guidance on the definition of ‘good cause’.
- Advise claimants that backdating is possible but also describe clearly the circumstances in which an award can be backdated.

### RENT OFFICER REFERRALS

48. Rent Officer referral is an important part of the HB system. Rent Officers set rents to be used when calculating the subsidy which PSS will give on HB paid to people renting property in the deregulated private sector. Authorities should also refer housing association tenancies if they believe the accommodation is unreasonably large or the rent unreasonably expensive. RO procedures covered over 40 per cent of all rent allowance paid in 1990/91. There were over 420,000 referrals in that year, only 3,000 (0.7 per cent) of which were of housing association tenancies. Most (86.5 per cent) were for furnished accommodation. In 36 per cent of cases, the RO determined that the rent being charged was unreasonably high, or that the accommodation was too large for its occupants' needs and that subsidy should be based on a lower figure (Exhibit 6). In those cases where the RO’s view of a reasonable rent was below the rent asked by the landlord, differences between the two could be substantial (Exhibit 7).

49. Before April 1991, HB Regulations gave authorities the power to reduce the ‘eligible rent’ used in a HB calculation if the rent appeared unreasonably high or the accommodation overlarge for the household’s needs. Since then they have been obliged to make an appropriate reduction. But the legislation protects certain groups. For example, the authority cannot reduce the amount of benefit if any of the occupiers is aged 60 or over unless suitable alternative accommodation is available and it is reasonable to expect the claimant to move. The relevant Regulation appears to apply, at least in theory, to all types of HB. So a local authority tenant could be refused full HB if he or she under-occupied their property. In reality it is used only on claims covered by RO referral, where payments based on eligible rents above the RO figure would cause subsidy loss.

50. Subsidy penalties apply whenever the RO’s figure is below the eligible rent, even when the authority is not allowed to reduce the eligible rent. The result is a perverse incentive to misapply the legislation. Consequently, a significant minority of authorities always restrict the rent used for benefit assessment purposes to the RO figure, even if protected occupiers are present,
Exhibit 6
RENT OFFICER REFERRAL
Thirty six percent of cases referred in 1990/91 involved unreasonably high rents and/or premises which exceeded size criteria.

Source: DOE Rent Officer Statistics 1990/91

Exhibit 7
RENTS SET BY THE RO FOR SUBSIDY PURPOSES
The RO's view of a reasonable rent can be substantially below the rent asked by the landlord.

Source: DOE Rent Officer Statistics 1990/91. Data is for those cases where the premises were not overlarge but the RO's figure was below the landlords.
and never incur any subsidy loss. Sometimes letters sent to claimants state, quite wrongly, that the authority cannot pay above the RO figure. Proper application of the Regulations requires that decisions to restrict should take account of other information, as well as the RO's determination. As work by the Centre for Housing Policy at the University of York has also found (Ref. 8), this is widely ignored.

### OVERPAYMENTS

51. As entitlement depends closely on the claimant's personal circumstances, and alters as these change, some overpayments are inevitable. No matter how quickly a claimant tells an authority about a change and no matter how quickly the authority acts on that information, the change in HB cannot synchronise with the tenant's change in circumstances. For example, rent allowance is usually paid fortnightly, two weeks in advance, making some overpayment likely whenever entitlement ends unexpectedly or is reduced.

52. The extent of overpayments is partly dependant on the local authority's own performance. If it allows a backlog to build up, then overpayment can last for many weeks. Overpayments caused by delay by the local authority in processing information are classified as local authority error and receive a lower rate of subsidy from DSS than those caused by errors and delays by the claimant; backlogs then lose the authority subsidy.

53. Overpayment recovery is summarised in Exhibit 8. The authority has first to decide whether an overpayment exists. Authorities receive reduced subsidy for overpayments but retain most recoveries. There is therefore a perverse incentive to avoid recognising, and enquiring about, possible overpayments, if the authority believes it is unlikely to recover the money. Authorities' practices vary greatly. For example, some follow up discrepancies between the original claim for benefit and a repeat claim to establish when the claimant's circumstances changed so they can calculate any associated overpayment (or underpayment). Others accept the new information but ignore possible overpayment. This is a key explanation of the considerable variation between authorities in the proportion of benefit identified as overpaid (Exhibit 9).

54. Once an overpayment has been recognised, the authority must decide if it is recoverable and, if it is, whether to attempt recovery and from whom. These decisions are important. People on low incomes who are overpaid benefit rarely save it. The sums involved, though relatively modest, represent significant amounts of money to claimants. Repayment can cause genuine financial hardship. Citizens Advice Bureaux report that debts caused by overpayments can also create great emotional distress, particularly to elderly people who have never previously owed money.
Exhibit 8
OVERPAYMENTS - SUBSIDY AND RECOVERY PROCEDURES
These involve the following steps:

Exhibit 9
PERCENTAGE OF HRA RENT REBATE REPORTED AS OVERPAID 1990/91
Subsidy loss on overpayments may help to explain the wide variation

Source: Audit Commission analysis of data from DOE/Welsh Office HRA grant claims.
55. All overpayments are recoverable, except those which were caused by official error but where the claimant, or person to whom the benefit was paid, could not reasonably be expected to realise there was an overpayment. Official error overpayments include not only ones caused by miscalculations but ones which occur because of delays by the local authority in acting upon information about a change in circumstances. Benefits administrators have widely differing views about circumstances where the exception applies — for example, about the importance of the claimant's age, mental state, educational background or knowledge of English. But some authorities automatically treat all overpayments as recoverable. As a result claimants may sometimes be deprived of money to which they are entitled.

56. The size of most overpayments means that recovery costs can exceed the sum being recovered if the overpayment is treated as an ordinary debt to the authority i.e. if an invoice is sent to whoever is being asked to repay the money and standard debt collection procedures, culminating in court action, follow if the invoice is not paid. The easiest way to recover overpaid HB, permitted by Regulations, is to deduct from on-going benefit. Most authorities deduct only a few pounds a week, recognising that large deductions would cause hardship or a rapid build up of rent arrears. Recovery can take many months and may not be complete when entitlement to HB ends.

57. Some authorities control the recovery of overpaid rent rebates through tenants' rent accounts. Although this practice is lawful, authorities should never confuse an overpayment with rent arrears. The two are entirely different. Whilst rent arrears can form the basis of possession action, an overpayment of benefit cannot. Authorities visited, which were transferring overpayments to rent accounts, recognised that they could not take repossession action if alleged arrears included such transfers. They therefore inspected records manually and recalculated a tenant's arrears by hand to exclude benefit overpayments before taking court action on arrears. Even so, the practice misrepresents the authority's arrears level and may mean that tenants receive untrue statements during the earlier stages of the arrears process. Here, administrative convenience, and a desire to reduce administrative cost, are damaging customer care.

58. Rent allowance can be paid directly to the claimant's landlord in certain circumstances, for example if there are eight or more weeks' arrears of rent or if the tenant requests or agrees to direct payment. Direct payments have many advantages for landlords - guaranteed income and improved cash flow and reduced rent collection costs. Many seek their tenants' agreement to direct payment and may even be unwilling to let a property if it is not given. But it can be difficult to recover overpayments when the money has been sent directly to a landlord:

— as a result, some authorities will not make direct payments unless the landlord agrees to return overpayments. Some require that the landlord return every overpayment, including ones which the authority has no power to recover. But a landlord who returns overpayments which are not recoverable may, in turn, try and obtain money from the tenant. As a result of the authority's action, a safeguard, to protect the tenant from debts caused by overpayments which were not his or her fault, and which he or she did not realise were being made, is then overridden;

— but benefit paid directly to major landlords, with substantial numbers of tenants receiving rent allowance, is usually sent as a single consolidated cheque or BAGS transfer. Overpayments are often recovered by deduction from the next such payment. This is allowed by Regulations, if the deduction represents a recovery from the on-going benefit of the
claimant whose rent allowance had been overpaid. But some authorities go further and recover larger sums in this way or make deductions when the tenant is no longer receiving benefit, sometimes without the landlord’s agreement to the procedure. DSS advice that overpayments should not be recovered from benefit awarded to other tenants is supported by recent case law but has been ignored by some authorities.

In addition:

— tenants have not always been told about deductions. Information sent to landlords has also been incomplete. They have not been given full details of the gross payment - tenants, rent periods covered, sums being paid - and similar details of deductions and cannot therefore correctly assign monies received, and overpayments, to individual tenants. There is a danger that landlords will, in turn, try and recover money from their other tenants, who have not been overpaid and whose rent is in fact being met by HB.

Again, administrative convenience can take precedence over respect for claimants’, and landlords’, rights. Difficulties with recoveries from landlords contribute to the poor relationships which exist between some authorities and some housing associations.

GOOD PRACTICE: OVERPAYMENTS

- Train staff on overpayment procedures.
- Recover overpayments only when the authority has the power to do so.
- Give staff guidance on what may constitute reasonable circumstances for the tenant to be unaware of an overpayment caused by official error.
- Exercise discretion, and consider the circumstances of the individual case, before deciding whether to recover a recoverable overpayment.
- Do not treat recoverable overpayments of rent rebates as rent arrears. If overpayments have previously been treated as arrears, ensure that they are not included in rent arrears when issuing arrears notices or seeking repossession of council housing.
- Do not recover overpayments made to landlords from later payments relating to other tenants unless the landlord has freely consented to this. When this is done, ensure the landlord understands that other tenants’ benefit (and rent liability) is unaffected.
- Clearly explain to the landlord any changes in the amount of money which has been sent to him or her. Give the landlord details of the gross sum due (tenants, HB, periods) and of deductions for overpayments (tenants, sums, periods).
- Send Notices of Determination about overpayments to tenants even when the overpayment is being recovered from the landlord.

* * *

NOTICES OF DETERMINATION

59. Failures to give landlords and tenants information about recoveries is an example of a wider problem. Regulations specify the information which must be included in the Notices sent to claimants, and, in some circumstances, to other people affected, when the authority makes


31
decisions about entitlement or overpayments. Some authorities present this information poorly. Others are omitting required details and, consequently, are not meeting their legal obligations. In one finding of maladministration, the Local Government Ombudsman stated that the authority ‘did not notify the complainants of the overpayments in accordance with [the relevant Schedule to the Regulations], nor did they notify them properly of the decision to recover the overpayments. They should not have recovered the overpayments before they had notified the complainants of their intention to do so’ (Ref.9). In another maladministration finding the Ombudsman commented ‘the letter which notified [the complainant] of the overpayments did not comply with [the relevant Schedules to the Regulations]’ (Ref.10). There are problems even after Notices have been produced. In one authority visited, Notices were printed centrally, sent by internal mail to decentralised offices for checking and then returned to a central location for posting. Some were being lost. Others were delayed in transit for up to a month. As a result statutory time targets for delivery were being exceeded. Deficiencies in software specifications help to explain some of these shortcomings but, once more, administrative convenience has taken precedence over service to authorities’ customers.

**GOOD PRACTICE : NOTICES OF DETERMINATION**

- Check their design and contents against the requirements set out in Regulations.
- Check presentation against similar criteria to those for other documents - plain English, layout, clarity etc.
- Discuss possible improvements with legal advisers.
- Introduce improvements. Give a high priority to any necessary software changes.

* * *

**INTERNAL (‘OFFICER’) REVIEWS AND REVIEW BOARDS**

60. Claimants are entitled to appeal against authorities’ decisions, first to an Officer Review and then to a member level Review Board. Members should act in a quasi-judicial manner, independent from their local authority, considering arguments put to them on behalf of the authority and the person making the appeal. Regulations require that Notices include information about the Review process. This is not always done. Together with failures to produce accurate Notices speedily, it disempowers claimants by depriving them of information they need if they are to make use of the Review mechanism. The mechanism has other problems. Authorities do not always recognize and act upon requests for Officer Review. Some are reluctant to hold Review Boards; cases are repeatedly examined by officers rather than passed to members. Furthermore, decisions do not create precedents within the authority and can be ignored when dealing with other, similar cases. For example, one study authority treated all official error overpayments as recoverable. It applied Regulations properly if a claimant appealed and asked for Officer Review but did not change the way it treated other overpayments.
PAYMENT ON ACCOUNT

61. Private sector tenants face particular problems if benefit is delayed. They may be harassed or evicted or find that their landlord will not renew a tenancy. The legislation recognises this. HB Regulation 91 specifies that an authority 'shall' make a 'payment on account' if unable to process a rent allowance claim within 14 days of its receipt and the delay is not the claimant's fault.

62. These payments can be administratively difficult. Authorities need systems to identify claims 14 or more days old and to inspect each to identify the reasons for delay. This is impossible if there are backlogs of unopened mail. In any event, making payments on account diverts resources from the mainstream processing of claims. Accounts have to be kept, usually outside the main computerised benefits records. Adjustments will be needed if entitlement, once calculated, is found to differ from the sum paid on account. This helps explain, but does not justify, the widespread failure to comply with the law. Only one of the authorities visited by the Commission had systems to ensure that it could identify all the cases where the payments should be made. The others would make payments only in isolated instances, where claimants, aware of their rights, visited the benefits office and demanded that the authority obey the law. Local authorities are ignoring a major safeguard in the Housing Benefit system. Voluntary groups working with the homeless, and private sector landlords including housing associations, which are suffering cash flow losses as a result, have persistently and understandably complained.

GOOD PRACTICE : REVIEWS

- Compare the authority's procedures with those recommended by DSS (Good Practice Guide - Housing Benefit and Community Charge Benefit Reviews, Circular HB/CCB (92) 20).
- Train staff in the Internal Review and Review Board processes.
- Monitor the numbers of Reviews.
- Re-examine procedures and training, if the number of Internal Reviews performed annually is less than 1% of the number of claims in payment at any moment.
- Consider whether letters of protest and enquiry should be treated as requests for Review. If in doubt either Review the case or contact the claimant for clarification about his or her enquiry.
- Monitor the time taken to complete Reviews and compare with the time targets in the Regulations.
- Take account of the results of Reviews when designing procedures and training staff.
- Use consistent membership for Review Boards, and train members in procedures to follow when acting quasi-judicially.
- Notify people of the results of Reviews, as required by the Regulations.

* * *

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The quality of service and compliance with the law are important aspects of benefit administration, but authorities must also have regard to their financial performance. Sound financial systems are essential if public money is to be accounted for properly and if the subsidy system is to operate satisfactorily. The Commission's auditors have found significant problems in many authorities. Grant claims have been repeatedly modified and qualified since 1988. The most common reason has been the inability of local authorities to reconcile entries on grant claims with their ledger or other financial systems. The subsidy claim forms are generally compiled from benefit system records; these may not agree with the ledger, Community Charge or housing rents systems because of timing differences or because of the differences in the way rent allowance payments or discretionary enhancements are treated.

Another major reason has been the treatment and classification of overpayments. A number of computer systems from the major suppliers have been unable to classify overpayments properly between the different categories, each of which attracts a different rate of subsidy. In other authorities the misclassification has arisen through user error, either through not using the system correctly or through a lack of understanding of the Regulations. In other cases, all overpayments have been deliberately treated as claimant error even though some have had other causes. Thus, in some authorities, overpayments have not been classified, or have been misclassified, and in some instances, authorities have been claiming subsidy to which they were not entitled.

A few authorities have been unable to identify, and properly analyse, payments of rent allowances on tenancies which should have been covered by the Rent Officer referral procedures. Again these problems have been both software and user related. Authorities have lost income as DSS does not give subsidy if rent allowance is paid on claims which should have been, but were not, covered by a Rent Officer determination. Over 70 authorities lost subsidy for this reason in 1990/91; one lost £150,000.

**GOOD PRACTICE : PAYMENT ON ACCOUNT**

- Install systems to:
  - identify all claims which have not been determined and which are more than 14 days old;
  - decide whether in each case, the delay is caused by the claimant's failure to provide the authority with information it has requested.
- Make payments on account in every case where the claim has not been determined and is over 14 days old, where the delay is not the claimant's fault.
- Continue such payments until the case is determined.
- Then compare entitlement, as determined, with the payments made on account, and:
  - make up any underpayment;
  - apply overpayment procedures.

**ACCURATE ACCOUNTS AND MANAGEMENT INFORMATION**

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66. Other areas of concern identified by auditors include:
— difficulties in identifying disproportionate rent increases within the HRA subsidy claim.
  (Changes to the rules, introduced in 1991/92, should reduce these problems);
— paying benefit for longer that the maximum time allowed by the Regulations;
— the security of systems against fraud and inadvertent overpayment.

67. Financial systems need to be re-appraised. Authorities should examine past comments by internal and external auditors, check that their benefits systems interface correctly with other systems and that benefits payments are classified correctly for subsidy purposes. Authorities should also check whether their computer systems automatically classify overpayments for subsidy purposes and, if they do, whether staff examine each case to ensure that its classification is correct and amend it if it is wrong. Similar checks are needed on the ways in which computer systems deal with decisions about whether overpayments are, or are not, recoverable, and on whether recovery is to be attempted. Weaknesses in software should be identified and followed up with suppliers, either directly or via user groups.

68. Improvements in management information systems are also needed. The ways in which computer systems select the dates used to decide whether the authority has met the 14 day target for processing a claim require re-appraisal; some data currently submitted to DSS is wrong. Software enhancements will often be needed to produce accurate Citizen’s Charter Performance Indicators.

**GOOD PRACTICE : ACCURATE ACCOUNTS & MANAGEMENT INFORMATION**

**Payments**
- Ensure that the accounting system is able to identify:
  — payments on account;
  — stopped, returned and cancelled payments;
so that these can be treated correctly in subsidy claims.

**Overpayments**
- Ensure overpayments are recognised and are categorised correctly for subsidy purposes.
- Check benefits records and ensure that large sums of overpaid benefit are not held ‘in suspense’, awaiting classification for subsidy or recovery purposes.
- Treat overpayments as separate cost centres both within and outside the HRA.

**Accountancy framework**
- Ensure that the accountancy framework incorporates:
  — control accounts;
  — regular reconciliations of the benefits system with linked systems.
- Assign specific responsibilities for:
  — reconciliations with other systems;
PROPER PAYMENT

69. Local authorities have a duty to ensure that benefit is paid only where there is an entitlement. They must calculate the benefit accurately and guard against fraud.

INTERNAL CONTROLS

70. Wherever possible, errors should be identified before payment begins. Practice in authorities varies widely. For example, some authorities will not pay benefit to IS claimants who move into their area until they have obtained confirmation of IS entitlement from the Benefits Agency office covering the new address. Others accept giros or other documents sent to the claimant's old address as proof of entitlement to IS.

71. Some authorities work almost entirely from the claim form. Others will not process an application from a new claimant without first interviewing the person. This can be unmanageable in large authorities, but interviewing non-IS rent allowance claimants has much to commend it, if the interview is held when the claim is being made or as quickly as possible thereafter. It is not only a defence against claimant fraud or inadvertent overpayment, but also reduces the need for follow up letters and telephone enquiries about the claimant's income or rent and accommodation and can significantly speed up processing. Other authorities ask assessment staff or fraud officers to visit new applicants, particularly rent allowance claimants.

72. Sample checking of work by supervisors or internal control teams also differs between councils. Some authorities have reliable systems, others have weaknesses whilst some are over-rigorous, checking every claim before payment and effectively assessing each one twice. The checking of claims in payment varies widely. Sample checks before, and after, payment begins are essential. They are not simply defences against fraud but quality control mechanisms which help ensure Regulations are applied properly and claimants receive all the money to which they are entitled. For this reason, checks should also cover unsuccessful claims and overpayments, but in practice this is rare. Internal auditors have a part to play in checking a sample of claims but they also need to ensure that systems and working practices provide sound defences against both external and internal fraud. Some authorities' internal auditors regularly examine systems, sample cases and perform other checks. In others, internal auditors do not examine benefits operations in detail every year (Exhibit 10). This is sometimes because the authority has no designated fraud investigation officers. Consequently, internal auditors spend their time examining suspect claims referred to them by benefits staff, rather than ensuring that their authority's systems are sound.

Management information

- Review the ways in which the authority's software calculates compliance with the 14 day rule. Follow up any problems with the authority's software supplier.
- Similarly review other computer generated information about speed of processing.
- Review the methods used to derive other management information.

One accountant should have overall responsibility.
INTERNAL AUDIT WORK ON BENEFITS

Some Internal Audit sections do not examine benefit operations in detail in every year.

Note: Percentages are for preventative Internal Audit work on benefits as a proportion of all staff effort on benefits.

Source: Audit Commission survey (117 authorities provided data).

GOOD PRACTICE: INTERNAL CONTROLS

- Interview people claiming non-IS rent allowance for the first time.
- Check claims and validate important information on them. Undertake name and address cross checks to identify duplicate claims. Examine Rent Officer determinations to identify any discrepancies between information available to the RO and that provided by the claimant.
- Ensure supervisors, or others, sample check assessors’ work; but do not check every claim.
- Ensure sample checks include ones on unsuccessful claims and on overpayment decisions.

REPEAT CLAIMS

73. Regulations stipulate maximum periods for which benefit can be paid without a fresh application (repeat claim) from the claimant. For most claimants this is 60 weeks though for some it may be 64 weeks. Authorities are required to invite repeat applications (except where benefit was awarded for 16 weeks or less) before the current period ends. Repeat claims are an important defence against claimant fraud and inadvertent overpayment. But some authorities have failed to invite repeat claims and have paid benefit beyond the permitted maximum. One, visited by the Commission’s project team, had paid some claimants continuously since 1988 without inviting repeat claims; it had identified few overpayments during that time. Problems with computer systems help explain such failures. Some have not held the date on which entitlement ends! Revised subsidy incentives came into force from October 1992. Authorities making such payments will lose up to five percent of their subsidy entitlement. A few would have foregone several million pounds a year had they not revised their practices.
FRAUD PREVENTION AND DETECTION

74. Checks and defences are essential to safeguard against fraud. DSS has taken a number of initiatives to encourage authorities to be active in this area. The subsidy paid when a fraudulent payment is identified will increase, from 25 per cent to the full rate, from 1993/94. This will give authorities an incentive to detect fraud and recover overpayments. Other subsidy incentives are also proposed. DSS has also provided guidance, offered free training to all authorities, and it, CIPFA and other bodies have co-operated to produce a fraud prevention good practice guide.

75. However careful the procedures, fraud can still occur. Increasing numbers of councils employ fraud investigators, though some prefer to describe them as overpayment or visiting officers. But some authorities still carry out no systematic fraud investigations (Exhibit 11). Where investigation is carried out, it typically accounts for a little under four per cent of the total staff effort on benefits work.

76. Striking a correct balance between the privacy of the individual and the need to protect public money is a sensitive issue. Decisions lie with individual authorities which do not always give detailed guidance to their staff. Individual fraud officers develop their own methods leading to wide variations in practice. Approaches regarded as unexceptional in one place are viewed as suspect elsewhere. For example, one authority’s officer reads the in memoriam entries in local papers, compares these with benefit records and sends requests for repeat applications addressed to claimants who have died (indirectly to remind the family to cancel the claim).

77. Systematic hand delivery of rent allowance cheques and visits to rent allowance claimants' addresses is important because, unlike rent rebate and CTB which involve internal transfers between accounts, money leaves the authority when rent allowance is paid. There is a danger of landlord as well as tenant fraud and of theft and false encashment of cheques and giros. Such work is increasingly being carried out.

GOOD PRACTICE : REPEAT CLAIMS

- Do not award benefit for more than the maximum permitted period. Identify cases where the claimant’s circumstances are more likely to change and use shorter periods.
- Record the date on which current entitlement ends.
- Invite repeat claims before current entitlement ends.
- Follow up failures to submit repeat claims. (This may increase take-up, if the claimant did not understand the need to re-apply; it may also reveal changes in circumstances or, where the claimant has left the address, possible fraud or theft of rent allowance).
- Compare repeat claims with original claims. Follow up discrepancies. Establish whether circumstances have changed. If they have:
  - establish when;
  - calculate any under- or over- payments;
  - make up any underpayments;
  - apply overpayment procedures;
  - record any overpayments for subsidy purposes.

* * *

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Where fraud is suspected it should be investigated. Small authorities, within a county or similar area, which are unable individually to bear the cost, might co-operate to employ a fraud investigation officer. Allegations of widespread abuse appear regularly in the press. Some inner city authorities, which have mounted special exercises to hand deliver rent allowance cheques, have found that the claimant was not at the address stated in 10-20 per cent of cases. But proven fraud is rare; most authorities report that they prosecuted no-one in 1990/91. In that year, theft and false encashment of rent allowance cheques and giros, reported to DSS, represented under 0.03 per cent of all rent allowance paid; about 70 per cent of authorities identified no thefts at all. Fraud can, however, be difficult to prove, unless clearly involving the creation of false documents or identities or receipt of benefit when the claimant is not living at the stated address. Given the complexity of the legislation, claimants who have provided incorrect information, or failed to notify the authority about changes in circumstances, may simply have made a mistake; proceedings are unlikely to succeed without a clear admission of intent obtained in accordance with the requirements of the Police and Criminal Evidence Act 1984. Authorities can prosecute someone for making a false claim, but cases have to be initiated by the Police, under the Theft Act, if they involve a failure to report changes in circumstances. Although organised or high value fraud is prosecuted, Police can be unwilling to prosecute when relatively low sums are involved. Successful prosecution may, however, have an important deterrent effect.

Source: Audit Commission questionnaire. Data was provided by 145 authorities.
EFFICIENT ADMINISTRATION

79. Local authority administrative costs and staffing levels vary widely even when account is taken of the volume and make-up of caseloads. There is no relationship between cost and speed (Exhibit 12). Authorities which process cases speedily can have relatively low costs and staff numbers.

80. Efficient administration requires good management, otherwise resources will be used poorly and it is easy for backlogs to arise. And once a backlog appears it creates a spiral of administrative decline as its very existence generates extra work for the authority; for example, backlogs generate extra enquiries from claimants and increase the extent of overpayments.

81. But good working practices also help to prevent backlogs and to hold down administrative cost. For example, a structured approach to checking claims can reduce work on unsuccessful claims. The frequency with which repeat claims are invited can be chosen to minimise costs to the authority; repeat claims can also be staggered to spread the workload.

82. Effective administration requires reliable filing systems, to ensure papers cannot be misfiled or lost and that more than one file cannot be raised on the same case. File indexing should be unambiguous, perhaps supported by colour coding of files, as at Blackpool, to highlight any misfiling. Locations should be recorded when documents are removed from the main filing area. Papers should not be stored loose within files otherwise individual documents can be lost. Good
carry forward arrangements, such as those at Gillingham, mean delays in receiving replies from
the claimant, the Benefits Agency or the RO are recognised and followed up; otherwise claims
might remain in limbo indefinitely.

Exhibit 12
SPEED OF PROCESSING AND ADMINISTRATION COST IN ENGLISH SHIRE
DISTRICTS IN 1990/91
There is no relationship between cost and speed

Note: Workload points are derived from the weightings used by DSS to distribute administrative grant
- see para. 6.
Source: Audit Commission analysis of data from DSS and DOE.

GOOD PRACTICE : WORKING METHODS

Managing workload
• Minimise work on unsuccessful claims (e.g. where possible, examine information about
  savings before doing other work; claimants with savings above the threshold are not
  entitled to any benefit no matter what their other circumstances).
• Even out workload by awarding benefit for less than the sixty week maximum, in some
  cases, to avoid large numbers of repeat claims at year-end or during holiday periods.
• Adopt a disciplined approach to the daily clearance of work. Ensure that staff act upon
  mail, on the day on which it is received. For example, if a claim form is incomplete,
  or if supporting information has not been provided, staff should write to the claimant
  on the day that the claim was received.

Filing
• Ensure papers are not lost or misfiled:
  — have clear file storage arrangements (where files are to be kept, sort order etc.);
  — consider colour coding files to highlight, and thus help avoid, misfiling;
  — do not allow staff to keep large numbers of files on their desks. Store cases awaiting
    reply in a clearly identified way;
— record details (file location, date) whenever papers are removed from the benefits unit;
— do not keep papers loose. Secure all documents to the main file, to avoid loss.

• Ensure files do not become unmanageably large. Do not keep screen prints if these merely replicate information which can be called up by VDU. (Audit trails are necessary but audit records should be stored separately from case records).

• Weed paper files periodically. Earlier claims should be kept, for comparison with repeat claims. But earlier information can be discarded once the accounts for the year in which the repeat claim was made have been audited and the subsidy claim has been certified.

• Use formal carry forward systems to identify outstanding replies from the Benefits Agency, the Rent Officer etc. Make follow-up enquiries.

83. CTB will affect staffing levels. Eventually staffing is likely to be lower than for CCB but authorities should not be over-hasty in fixing their new establishments. The overhang of CCB will remain and there are bound to be uncertainties about the new workload. In the short term it will be important that backlogs do not accumulate while staff adjust to the new system.

84. Authorities' General Funds bear much of the cost of administration and obtain the entire marginal saving wherever administration costs are reduced. But under the subsidy mechanism General Funds, and Housing Revenue Accounts, also bear some of the costs of benefits payments. Although authorities must administer benefits, and claim subsidy, in accordance with Regulations and Subsidy Orders, there are ways of legitimately minimising payments which attract reduced subsidy, or for which Government gives no subsidy, and it is important that councils claim all the grant to which they are entitled.

GOOD PRACTICE : MAXIMISING SUBSIDY

• Remember that:

— retrospective increases in entitlement, made because a claimant incorrectly received too little benefit, are not backdates and do not incur subsidy penalties;

— benefit paid from the earlier date is not a backdate, and does not incur subsidy penalties, if the claimant submits a second claim because the authority mislaid his or her initial claim.

• Ensure that the gross sum overpaid is recorded for subsidy purposes. Recovered overpayments need not be netted off for subsidy except when the overpayment was caused by DSS error.

• Ensure that the authority has referred appropriate cases to the RO whenever it pays rent allowance to a tenant in the de-regulated private sector. DSS gives no subsidy on payments where the authority should have, but failed to, refer.

• Where subsidy is lost because of payments based on eligible rents above the DSS threshold, for claimants in old style private sector tenancies, encourage those claimants to seek a 'registered' rent. The rent may be reduced and, whatever the outcome, the threshold will cease to apply.

* * *
85. Good benefits administration does not just involve low administrative costs and legitimate maximisation of subsidy. It also involves speedy, accurate processing of claims, respect for claimants' rights and adherence to the Regulations, together with sound financial and information systems and satisfactory defences against fraud. The Commission summarised local authorities' performance in *Remote Control: the National Administration of Housing Benefit*. Many authorities manage benefits efficiently, but do not follow the Regulations faithfully. But in some others, people suffer because of large backlogs of unprocessed claims, unanswered queries and unopened mail. Only a minority of authorities provide their customers with a prompt, accurate and efficient service. Those conclusions drew upon analyses of questionnaires returned to the Commission by local authorities and of grant claim, management information and revenue outturn data which local authorities had submitted to government. They are supported by the Commission's field work. Most authorities could improve some aspects of their service (Exhibit 13). Few, for example, make payments on account to everyone who is entitled to such a payment. But improvements need to be introduced within a clear managerial framework.

**Exhibit 13**
SUMMARY OF FIELD WORK FINDINGS
Most authorities could improve some aspects of their service

![Quality of service and financial control chart]

Source: Audit Commission fieldwork with fifteen local authorities.
86. The individual elements of good practice identified in the preceding Chapter will, if adopted, go a long way to improving local performance. But an authority's management arrangements also exert a strong influence by:

- defining the desired standards and quality of service;
- improving the organisation of work and the training of staff;
- managing change effectively (Exhibit 14).

Exhibit 14
SETTING AND MONITORING STANDARDS
Management arrangements exert a strong influence

SETTING AND MONITORING STANDARDS
87. Councillors should set and monitor standards. Approaches vary considerably. Some councils have no standards; others do not know whether standards are being met. Authorities should review their strengths and weaknesses (Exhibit 15, overleaf). Short term targets can be set and then can be monitored and refined later. For example, an authority can begin by setting targets for the reduction of a backlog of unprocessed applications. Once achieved, the council can set other targets, linked more closely to the different time targets set by Regulations.
## Setting and Monitoring Standards

Authorities should examine their strengths and weaknesses

<table>
<thead>
<tr>
<th>Good arrangements</th>
<th>Weak arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits administration treated as a front line service.</td>
<td>Benefits administration ignored or seen as an adjunct of rent collection and collection of Community Charge / Council Tax.</td>
</tr>
<tr>
<td>Members set service standards covering:</td>
<td>Members interested only in maximising subsidy.</td>
</tr>
<tr>
<td>– measures to encourage take-up;</td>
<td></td>
</tr>
<tr>
<td>– processing times;</td>
<td></td>
</tr>
<tr>
<td>– accuracy of calculation;</td>
<td></td>
</tr>
<tr>
<td>– adherence to Regulations (respect for claimants’ rights);</td>
<td></td>
</tr>
<tr>
<td>– customer care;</td>
<td></td>
</tr>
<tr>
<td>– clarity of documents;</td>
<td></td>
</tr>
<tr>
<td>– response to claimants’ queries;</td>
<td></td>
</tr>
<tr>
<td>– times when offices to be open to the public.</td>
<td></td>
</tr>
<tr>
<td>Clear performance target.</td>
<td>No formal performance targets. In effect, performance is regarded as satisfactory providing members do not feel they are receiving an excessive number of complaints from claimants, landlords etc.</td>
</tr>
<tr>
<td>Clear responsibilities for collecting management information and performance targets.</td>
<td>Management information collected only as a one-off exercise, as part of a panic response to catastrophic failures in service delivery.</td>
</tr>
<tr>
<td>Members receive regular reports covering:</td>
<td>Members request information only when responding to complaints which they have received.</td>
</tr>
<tr>
<td>– performance against service standards;</td>
<td></td>
</tr>
<tr>
<td>– expenditure;</td>
<td></td>
</tr>
<tr>
<td>– quality control and audit.</td>
<td></td>
</tr>
<tr>
<td>Members follow up any poor performance.</td>
<td>Persistent, long term failure to deliver an adequate service.</td>
</tr>
</tbody>
</table>

88. Estimates based on samples may be necessary when measuring speed of processing, given the weaknesses of many computer systems. Surveys of the experience of customers in dealing with the service have an important part to play in setting standards and measuring achievement; targets can be set for customer satisfaction. Advice agencies can also make an input, by highlighting problem areas.

### Good Practice: Setting and Monitoring Standards

- Treat benefits administration as a front line service in its own right with clear responsibilities at member and officer level.
- At member level make decisions on, and set targets for, the quality of service.
- Report to members on achievement against those targets.

* * *
DEPARTMENTAL RESPONSIBILITIES

Administrative improvements may need to be made, including decisions about depart-mental responsibilities. But caution is needed. Too often councils respond to problems by large scale restructuring when the problems lie elsewhere. Changing responsibilities brings no improve-ment if managerial, procedural and training weaknesses are not addressed. Whatever approaches are chosen, authorities should avoid inter-departmental wrangling and recognise the full range of skills and expertise needed in benefits work (Exhibit 16, overleaf). Bringing the right skills to bear is more important than departmental empires, and processes are far more important than structures.

Authorities which have separated CTB administration from that of HB should, however, reconsider their decision. Splitting responsibilities has major disadvantages. For example, in some
authorities, HB, and CCB claims from tenants, have been dealt with in one department and CCB claims from owner occupiers and other non-tenants in another. Problems have included:

— confusion among claimants about whom to contact or where to send claims and other documents;

— inequitable treatment of claimants. Regulations have been interpreted differently by the two departments;

— organisational barriers to redeploying work, or people, as the profile of claims altered or backlogs appeared in one department while there was spare capacity in the other;

— duplication of training and other overheads;

— staff dissatisfaction, where benefits staff in the two departments have been graded or paid differently.

DECENTRALISATION

94. Decentralisation frequently brings more problems than it solves. Authorities with successful centralised operations may jeopardise them by poorly executed decentralisation. And decentralisation is not a panacea which will cure unsuccessful centralised approaches. Decentralising a badly managed operation whose staff are untrained and lack procedural guidance, without first addressing those problems, compounds difficulties. Delays and backlogs can increase. One of the intended advantages - ease of access for claimants - has been lost in some decentralised operations whose staff will not see personal callers, or take telephone calls, because they have to concentrate on backlog clearance. Badly planned decentralisation, e.g. to area offices which are poorly served by public transport, can also reduce accessibility. Authorities considering decentralisation should first establish whether claimants want the service to be delivered locally. A survey carried out by one authority visited suggested that claimants sometimes favour a remote
service; they prefer the anonymity of a visit to the Town Hall to discussing their personal affairs in front of their neighbours.

95. Any decentralisation needs careful planning and organisation (Exhibit 17). Staff administering benefits need close links with those collecting Council Tax as well as with those responsible for housing management. More critically, decentralisation to a large number of small working units creates similar problems to those found in small authorities. These problems can be overcome or alleviated, albeit at some increase in cost. Strong central monitoring of throughput and backlogs and re-deployment of resources to where they are most needed is essential, as is flexible use of staff.

Exhibit 17
DECENTRALISATION
Decentralisation needs careful planning and organisation

<table>
<thead>
<tr>
<th>Potential problems</th>
<th>Possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small working units are particularly vulnerable to the effects of unfilled vacancies and to absences.</td>
<td>Speedy recruitment procedures.</td>
</tr>
<tr>
<td>Problems in handling peaks and troughs of work - small units can be either understaffed (unable to meet a peak) or overstaffed (spare capacity in a trough).</td>
<td>Sickness monitoring/counselling.</td>
</tr>
<tr>
<td>Weak supervision and quality control if on-site management is unfamiliar with benefits.</td>
<td>Flexible job descriptions, central monitoring of throughput/backlogs and absence/vacancies and redeployment of staff to where most needed.</td>
</tr>
<tr>
<td>Reduced supervision increases vulnerability to fraud.</td>
<td>Peripatetic covering staff.</td>
</tr>
<tr>
<td>Separation of duties to guard against internal fraud is more difficult in small units.</td>
<td>Local management able to authorise overtime, recruit contract/temporary staff.</td>
</tr>
<tr>
<td>Inconsistency - different offices may interpret Regulations differently.</td>
<td>Monitoring, redeployment and peripatetic staff as above.</td>
</tr>
<tr>
<td>Poor customer care - claimants may not know which office to contact.</td>
<td>Staffing set at the level needed to meet troughs in workload; local management able to authorise overtime, contract/temporary staff to meet peaks.</td>
</tr>
<tr>
<td>Increased danger that mail will be lost or delayed (e.g. if centrally printed computer output is sent to local offices for checking/posting).</td>
<td>Training.</td>
</tr>
<tr>
<td>Interruptions - ease of access may mean more personal callers, disrupting assessment work.</td>
<td>Peripatetic quality control staff.</td>
</tr>
<tr>
<td>Costs can be higher as offices will need to deal with all types of case; low staff numbers reduce the scope to allow less experienced/junior staff to concentrate on simpler types of claim. The overall staff mix may need to be more experienced/senior than in a centralised operation.</td>
<td>Peripatetic quality control staff.</td>
</tr>
<tr>
<td>Staffing levels for individual offices, derived through workload formulae, may be rounded up not down to give whole numbers.</td>
<td>Audit records held off-site.</td>
</tr>
<tr>
<td>Filtering callers using enquiry staff able to handle simple queries.</td>
<td>Procedure manuals.</td>
</tr>
<tr>
<td>Siting offices in ‘natural’ communities.</td>
<td>Training.</td>
</tr>
<tr>
<td>Local printing of computer output.</td>
<td>Peripatetic quality control staff.</td>
</tr>
<tr>
<td>Publicity.</td>
<td>Audit records held off-site.</td>
</tr>
<tr>
<td>Procedure manuals.</td>
<td>Training.</td>
</tr>
<tr>
<td>Peripatetic quality control staff.</td>
<td>Filtering callers using enquiry staff able to handle simple queries.</td>
</tr>
<tr>
<td>As for dealing with peaks and troughs.</td>
<td>Training.</td>
</tr>
</tbody>
</table>
96. Clear managerial responsibilities are paramount when benefits services are decentralised. Some functions, such as the preparation of grant claims, computer liaison, training and preparing and circulating information about changes in Regulations, are usually retained centrally. Central units often employ the most highly graded benefits specialists in the authority but, in some authorities, the central units have no line management responsibilities for the devolved teams. Claim processing is overseen by local managers who can be housing specialists with no interest in benefits work. In extreme cases, no one really manages the service and chaos follows.

ALLOCATING WORK TO STAFF

97. Work can be allocated to staff in many different ways. There is no single best way of organising teams. Much depends on the local mix of claims, the experience and competence of staff and on staff turnover. As document matching, filing and carry forward systems are closely linked to the division of work between staff, there may be nothing to gain, and much to lose, in moving from a successful system. However, some specialisation by individuals or teams has great advantages. New, less experienced or less competent staff work on easier types of case (e.g. rent rebate claims from people on IS); more experienced and able staff deal with more complex work, offering career progression and personal development.

98. Whatever approach is taken, management should demonstrably take account of the difficulties of different types of case when allocating work. For example, some have agreed weightings for different types of case. This can help overcome fears that assessors dealing with particularly difficult and time consuming types of case will be judged unfairly when management examines throughput.

FLEXIBILITY

99. Internal structures must be able to change readily in response to circumstances. Flexibility is the key. There should be no barriers to moving people from section to section, team to team or within teams or to cover for absences elsewhere. It is helped by flexible job descriptions, so that staff are recruited knowing that their work may vary. Staff should be able to 'work up' and 'work down' i.e. do jobs or tasks normally performed by a supervisor or lower grade. Those 'acting up' should be paid accordingly; those 'acting down' should not suffer financially. Time spent acting up and acting down should, however, be carefully monitored as any large scale, long term pattern suggests that the grade mix is wrong and should be altered. Grading and pay structures which reward performance, and allow salary increases as staff take on extra responsibilities, without requiring regrading or promotion, also help. Authorities can consider performance related pay. If used, it should be linked clearly to quality of work as well as throughput. Again arrangements need to recognise the relative difficulties of different types of work.

FILLING VACANCIES

100. Vacancies caused by staff turnover have been a problem for many authorities, particularly in 1989 and 1990. The recession has since reduced competition for staff. CTB may reduce the number of claims, and thus staff numbers, in the medium to long term, though the current recession, and the new administrative demands made by CTB, mean that this is not certain. Authorities need to manage any reduction. They also need to ensure that any reduction is based
on real experience of administering CTB and does not take place too quickly, until the switch to CTB is complete and has bedded down. But vacancies will continue to arise from time to time and will need to be filled quickly (Exhibit 18).

Exhibit 18
FILLING VACANCIES
Vacancies need to be filled quickly

<table>
<thead>
<tr>
<th>Good arrangements</th>
<th>Weak arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertisement placed or promotion boards arranged immediately the need for new staff is recognised.</td>
<td>Vacancies 'saved up' for occasional recruitment/promotion exercises. Lengthy bureaucratic delay in agreeing to fill vacant posts.</td>
</tr>
<tr>
<td>Strong commitment to equal opportunities policies not seen as an excuse for delay.</td>
<td>Confusion about roles contributes to bureaucratic delay.</td>
</tr>
<tr>
<td>Clear, agreed roles for personnel department and benefits managers.</td>
<td>Posts left unfilled when staff are absent on maternity leave or are long term sick.</td>
</tr>
<tr>
<td>Well defined arrangements to cover long term absences, such as maternity leave.</td>
<td>Management unable to re-deploy staff or make other short term arrangements while waiting for vacant posts to be filled.</td>
</tr>
<tr>
<td>Managers can vary between budget heads to finance overtime and contract staff to help maintain service levels until a vacancy is filled.</td>
<td></td>
</tr>
<tr>
<td>Flexible job descriptions mean staff can 'act up' or 'act down' or otherwise cover when particularly sensitive posts become vacant.</td>
<td></td>
</tr>
</tbody>
</table>

STAFF ABSENCE

101. Benefits work may be stressful, especially if there are backlogs to clear or frequent contact with distressed or angry claimants. Comparison with sickness rates elsewhere in the authority, and with rates in outside bodies, can help councils to manage absences. The CBI has found average sickness absences of 5.7 days per FTE year for non-manual staff (Ref. 11). In the Civil Service, the average number of working days lost, per FTE person year in 1991, varied with grade and was higher for women than men. Average absences for grades analogous to those of local authority staff administering benefits were in the range 7.3 days (male team leader) to 13.5 (female clerical support). Figures for the Benefits Agency were not dramatically different from the Civil Service average. Authorities with figures significantly above the Civil Service averages need to pay particular attention to their controls. Management should be fair but must also be prepared to use the authority's discipline or formal sickness absence procedures. Senior management and members support this attitude in authorities with good benefits operations. Staff morale is usually high in authorities which follow these approaches.
GOOD PRACTICE : IMPROVED ORGANISATION

Supervision

• Define the responsibilities of different management levels.

• Avoid managerial and supervisory vacancies.

• Monitor the throughput and quality of work:
  — backlogs of work awaiting action;
  — assessments performed;
  — assessments input;
  — letters written;
  — enquiries handled;
  — error rates;
  — costs and overtime;
  — performance over time;
  — sickness and other absences.

Use of resources

• Use this information to (re-)apply existing resources quickly or to justify extra resources.

• Use staff flexibly, re-deploying in response to:
  — the development of backlogs;
  — variations in throughput;
  — changes in the mix of claims.

• Follow up high absence levels. Make fair but firm use of the authority’s absence procedures.

• Regularly review staffing levels and grade mix.

Advice and guidance

• Give staff detailed written guidance on:
  — the application of Regulations;
  — office procedures;
  — use of the computer system;
  — customer care.

• Integrate and consolidate this into desk manuals or other guidance.

• Have clear responsibilities for amending and updating instructions.
103. The complexity of benefits requirements, the frequency with which they change and the short lead times for implementation challenge both commercial and in-house software suppliers and explain why many authorities have been dissatisfied with at least some aspects of.

**TRAINING**

102. Good training is essential (Exhibit 19). Computer suppliers' standard training, included in the purchase or lease price of software, is not always adequate; further, more detailed training is often required to ensure staff fully understand and utilise systems. Training should not rely solely on on-the-job or cascade methods. Misunderstandings will not then become institutionalised and knowledge and understanding of rarely used procedures is not lost, as can happen if an authority relies entirely on in-house methods.

**Exhibit 19**

**TRAINING**

Good training is essential

- Ensure guidance is updated when necessary e.g. when:
  - legislation changes;
  - the computer system is altered.
- Issue appropriate guidance when sample checking of staff's work reveals problems and errors.
- Examine decisions made on Internal Review or by Review Boards, to identify faults. Issue appropriate guidance.
- Link guidance to job descriptions and training.

**COMPUTER SUPPORT**

103. The complexity of benefits requirements, the frequency with which they change and the short lead times for implementation challenge both commercial and in-house software suppliers and explain why many authorities have been dissatisfied with at least some aspects of
the systems that they use. But any change of system, whether voluntary or forced by supplier failure or withdrawal, can be difficult and disruptive. Authorities' overall IT strategies, their hardware platforms, the need to convert existing cases to new systems and to interface to rent collection, Community Charge and Council Tax and cheque generation systems all constrain choice or increase the cost of change. These issues are discussed in more detail in the companion report\(^1\) but are powerful constraints on the ways in which individual benefits units work and perform. However, some authorities cope with their difficulties better than others.

104. Good management of computer support is essential for a well run benefits service. Software has to meet a wide range of demands. Great care is needed when selecting a new system, whether to process CTB or for other reasons, and in establishing the correct relationship with the authority's supplier. The support provided by the computer unit itself is also critical; frequent hardware failures or other loss of service are highly disruptive. In addition, records of dead cases need periodically to be weeded, to ensure data-bases do not become unnecessarily large, expensive to run or slow to search and update. Good practices are summarised in Appendix B.

LIAISON

105. Good benefits administration requires effective liaison with the Benefits Agency. The Agency expects that its offices will have entered into local Service Level Agreements (SLAs) with every authority administering HB, and CTB, by April 1993. The local authority associations, the Agency and the DSS have prepared a model SLA which can be drawn upon when making these local agreements.

106. Liaison with the Rent Office Service is also important while effective contact with housing associations, and other landlords, can help publicise HB. It is also essential if substantial amounts of rent allowance are being paid directly to landlords and if any overpaid benefit is subsequently being recovered from them. A recent report published by the Housing Corporation has offered a possible framework for improved liaison between associations and local authorities (Ref.1). Good working relationships with voluntary bodies can also help publicise benefits and increase take-up; feed-back from advice agencies is one important way of identifying possible weaknesses in an authority's benefits administration. Effective liaison is also essential within the local authority; benefits units should work closely with lettings, rent collection and arrears management staff and will need good relationships with Council Tax units.

GOOD PRACTICE : LIAISON

Benefits Agency

- Enter into Service Level Agreement(s) with the Benefits Agency office(s) covering the authority's area, specifying:
  - BA service to the authority;
  - the authority's service to the Agency.
- Monitor performance against those standards.
- Meet regularly with the BA to discuss achievement.
MANAGING CHANGE

107. Good staff management and personnel arrangements are in the interest of both staff and management. But, most of all, they are in the interest of claimants who must be confident of a continuing quality service despite any staffing difficulties which confront the council. Making improvements will involve significant culture change in some authorities. The prospect of medium to long term reductions in staffing, as CTB beds down, will already have created fears and tensions. Councils will want to respect employment law, to honour negotiating agreements and to continue equal opportunities and other policies.

108. CTB has required careful planning and management. Some authorities experienced backlogs when CCB was introduced because they received large numbers of unnecessary claims from people who would he automatically awarded CCB, because they were already receiving rate

- Hold performance reviews with the Agency at least once a year, as recommended in the model SLA.

Rent Officer Service
- Monitor the turn around times of cases referred to the RO.
- Monitor the number of cases referred back to the authority by the RO and the reasons (eg. insufficient information sent to the RO, tenancy covered by an existing RO determination).
- Liaise with the RO about any problems.

Housing associations
- Examine the number of housing association properties in the authority’s area, the number of housing association tenants receiving HB and the proportion of these where the money is paid direct to the landlord.
- Consider introducing:
  — regular quarterly working group meetings between senior council staff and senior representatives of all housing associations in the authority's area;
  — regular problem solving meetings where staff with day to day responsibility for benefits work can discuss individual ‘problem’ cases;
  — joint training sessions;
  — exchange visits;
  — a Service Level Agreement describing how the authority, and associations, will deal with cases where benefit is paid directly to the association and with any subsequent recovery of overpayments.

Voluntary bodies
- Hold working level meetings with advice bodies to discuss ‘problem’ cases.
- Obtain feedback from advice bodies about the perceived weaknesses (and strengths) of the authority's benefits administration.

* * *
rebates. To avoid a repetition of this, HB and CCB claims should already have been converted to CTB. HB records should have been used, wherever possible, as, unlike CCB ones, these already contain information about non-dependants. Authorities should have forestalled unnecessary applications and enquiries (for example by mail-shooting existing beneficiaries to explain how the change will work). People already awarded CTB can then receive net bills, together with clear explanatory material, again forestalling unnecessary claims and enquiries. Though authorities should encourage claims from other people likely to be entitled to CTB, they should also avoid generating claims from people with no possible entitlement to the benefit, for example by clearly publicising the rules about capital holdings. In 1990, some authorities sent a CCB claim form with every Community Charge bill. This generated large numbers of unsuccessful claims which held up the processing of successful ones. The experience should not be repeated.

* * *

109. Whilst wider implementation of these good practices will improve customer service and financial performance, there will always be difficulties arising from the complexity of the present systems. Local government, acting in concert, can take steps to improve the situation; central government too, has a part to play. Recommendations are made in the companion report, *Remote Control : the National Administration of Housing Benefit*. Action by individual local authorities nevertheless offers an opportunity to improve the quality of life of many people on low incomes. Improving benefits administration, and bringing the quality of service offered by the weaker authorities up to that of the best, is a test of authorities' commitment to quality services. Authorities must pay the correct amount of benefit to the correct people at the correct time. They must also correctly record expenditure for financial management and subsidy purposes. Above all, authorities must have regard to the three most important elements of successful administration; avoiding backlogs, avoiding backlogs, and avoiding backlogs.
References


5. DSS Circular HB/CCB 92(7).

6. Pages 21 (HB and CTB) and 16 and 17 (Dealing with the Public) of *Citizen's Charter Indicators - Charting a Course*, Audit Commission, HMSO, 1992.


CITIZEN’S CHARTER PERFORMANCE INDICATORS

Indicators for 1993/94 include:

The Payment of Housing Benefit and Council Tax Benefit

1. (a) The number of new claims for Council Tax Benefit.
   (b) The percentage of such claims processed within 14 days.

2. (a) The number of new claims for Housing Benefit from local authority tenants,
   (b) The percentage of such claims processed within 14 days.

3. (a) The number of successful new claims for rent allowance,
   (b) The percentage of such claims paid within 14 days.

4. (a) The total number of benefit claimants.
   (b) The gross cost of administration per claimant.

Together with a number of more general indicators:

Dealing with the Public

1. ANSWERING THE TELEPHONE
   (a) The authority's target(s) for answering calls, excluding 999 calls.
   (b) How performance was monitored.
   (c) The performance against the target(s).

2. ANSWERING LETTERS
   (a) The authority's target(s) for answering letters.
   (b) How performance was monitored.
   (c) The performance against the target(s).

3. COMPLAINTS TO A LOCAL AUTHORITY OMBUDSMAN
   (LOCAL COMMISSIONER)
   (a) The number of complaints considered by an Ombudsman.
   (b) The number which were classified as:
      (i) Local settlement;
      (ii) Maladministration with no injustice;
      (iii) Maladministration with injustice.
4. HANDLING OF COMPLAINTS

(a) The authority's definition of a complaint.

(b) The answers to these questions:

(i) Does the authority have a written policy and procedure for dealing with complaints which covers all services and which is up to date and available to members of the public?

(ii) Does it contain information on the procedure for making complaints?

(iii) Does it contain a clear allocation of responsibility for receiving and investigating complaints and of overall responsibility for managing the arrangements for dealing with complaints?

(iv) Does it contain time limit(s) and target(s) for dealing with complaints?

(v) Does it specify that, when time limits and targets are not met, complainants must be informed of the delays, the reasons for delay and the revised targets?

(vi) Does it specify that those complaining in writing must receive a written explanation of the outcome of the complaint?

(vii) Is there a follow-up procedure if the complainant is not satisfied with a response from the department to which the complaint relates?

(viii) Does the authority have a written policy on remedies?

(ix) Is there a system for reviewing the causes of complaints to ensure that avoidable problems do not recur?

(x) Does the authority publish a report on complaints which is available to members of the public?

5. ACCESS TO BUILDINGS

(a) The number of the authority’s buildings open to the public.

(b) The number of such buildings in which all public areas are accessible to disabled persons.

More detailed information about the Citizen's Charter Performance Indicators is given in Ref.6. The indicators are formally defined, in more detail than above, in Ref.7.
GOOD PRACTICE : COMPUTER SYSTEMS

The service received by the benefits unit

• Ensure the system being used is satisfactory, i.e.:
  — produces correct grant claim/DSS MIS data;
  — records key dates correctly;
  — provides audit trails;
  — interfaces correctly to other systems, producing reconcilable control totals;
  — records payments on account;
  — records when current entitlement is due to end, and will not pay beyond this unless there is a successful repeat claim;
  — identifies uncashed payments and correctly adjusts subsidy claims accordingly;
  — identifies and correctly calculates sums overpaid, for subsidy purpose;
  — handles overpayment recovery correctly (e.g. does not automatically treat all overpayments as recoverable);
  — allows the authority to recover overpayments by all the methods permitted by Regulations (e.g. does not prevent recovery by deductions from on-going rent rebate payments);
  — maintains up to date records of claimants’ accounts;
  — produces Notices of Determination which meet the requirements set out in Regulations;
  — produces Notices, standard letters and other documents sent to claimants which are clearly worded and laid out and which are legible (e.g. are not matrix printed or in small type);
  — is not unavailable for lengthy periods during year end procedures.

• Follow up any problems with the supplier either directly (in-house or commercial supplier) or via a consortium or user group (commercial supplier).

Selecting software

• Prepare a user specification.
• Follow EC directives, where appropriate, when letting tenders.
• Consider, and cost, interfaces to other systems.
• Consider methods, and costs, of converting existing cases.
• Consider size, time and cost of year end procedures.
• Take account of likely average and peak workloads.
• Compare options against the specification.
• Fully cost options:
  — software acquisition/development;
  — software costs (maintenance/licence costs);
  — hardware consequences;
  — operating costs;
  — building works/accommodation implications;
  — telecommunications;
  — redesign of procedures;
  — training;
  — testing;
  — consumables;
  — benefits unit staffing required during live use.
• Adopt formal project management and evaluation techniques.
• Involve users and internal auditors as well as IT staff.
• Make a clear, formal decision, recording the reasons for the choice.

Further details are provided in the Commission’s recent publication *The Acquisition of IT, a Good Practice Guide* - Ref. 12.

**Implementing a new system**

• Use formal project management techniques:
  — explicit milestones;
  — user sign off/acceptance at each stage (e.g. of user specification, system specification, software, manuals etc.).
• Design new procedures and train staff in them.
• Test:
  — procedures;
  — software;
  — interfaces to other systems;
  — conversion of existing records.
• Re-test after correction, if systems fail initial tests.
• Prepare contingency plans.
• Carry out a Post Implementation Review, so experience can be fed into later projects.
**Relationship with supplier - commercial software**

- Ensure there is a formal contract, not necessarily in the supplier’s standard form.
- Obtain a solicitor’s comments before signing.
- Similarly check any later variations.
- Ensure that the supplier has clear obligations to:
  - deliver to agreed time scales;
  - correct errors;
  - upgrade for new subsidy/MIS/other statutory requirements;
  - give clear, and lengthy, notice of any withdrawal of support for the software.
- Safeguard the authority should the supplier fail (e.g. arrange for software ownership to revert to the user group if the supplier fails).
- Avoid ‘customisation’ after which the authority is not using a standard version of the package, if this means:
  - the supplier’s standard error correction does not apply;
  - the authority is unable to implement standard updates/new releases;
  - the council has to individually negotiate later enhancements/changes.

**In-house software**

- Avoid, where possible, dependence on the expertise of only one or two people.
- Ensure the system is well documented, particularly if it was produced, or is supported by, only a few people.
- Keep secure back-up copies.

**The support provided by the computer unit**

- Specify the service which the benefits unit is to receive:
  - system availability;
  - number and location of VDUs and printers;
  - VDU response times;
  - times taken to repair faults (hardware, telecommunications, software);
  - when cases will be processed, when outputs will be produced and when these will be received by the benefits unit/posted to claimants etc.
- Set these out in a Service Level Agreement (in-house computer operation) or contract (bought-in service/facilities management).
- Monitor against specification. Follow up and remedy any failures.

**Weeding**

- Regularly weed computer records, in a similar way to paper files, taking account of the requirements of auditors and of Data Protection legislation.
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