LEARNING from INSPECTION

HOUSING BENEFIT ADMINISTRATION
The Audit Commission promotes the best use of public money by ensuring the proper stewardship of public finances and by helping those responsible for public services to achieve economy, efficiency and effectiveness.

For more information on the work of the Commission, please contact:
Sir Andrew Foster, Controller, The Audit Commission, 1 Vincent Square, London SW1P 2PN, Tel: 020 7828 1212 Website: www.audit-commission.gov.uk
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Over 3 million households in England and Wales rely on housing benefit (HB) to enable them to pay their rent in full. This involves local authorities in paying out over £10 billion a year on behalf of central government. Serious problems in delivering this service have persisted since at least the early 1990s.

- long delays in paying housing benefit (some authorities take over 100 days on average to process new claims) and failures of ‘customer care’ are causing hardship, anxiety and even the threat of eviction for claimants
- administration is tarnished by error, waste and fraud that is estimated to cost the taxpayer hundreds of millions of pounds each year
- as a result, early best value inspections have resulted in more ‘fair’ than ‘good’ judgements

The quality of the service delivered varies hugely.

- the economy, geography and demography in which a local authority operates can make the benefits service easier to deliver well
- but similar authorities offer very different standards of service, suggesting that organisation and management can be at least as important as environment
- authorities that are providing a high-quality service tend to be those that value the benefits service, recognising its contribution to corporate objectives and giving it high profile

Authorities must take action in four areas...

- understanding the needs of claimants, not just as a matter of equality and respect, but to ensure that the details are more often ‘right first time’
- probing how well the service is being managed: strong leadership and good performance management are two crucial ingredients, especially in view of the recruitment and retention problems in many areas
- building the capacity to deliver improvement in the future: HB sections are often struggling to cope as a consequence of outdated information technology
- re-evaluating relationships with the large number of council departments and external organisations involved with housing benefit work, to avoid error and delay

Local authorities do not have to provide the whole service through their own employees.

- HB is a service that has discrete elements (customer interface, administration, processing) and outsourcing of some or all of these must be considered as part of a best value review
- but outsourcing by itself is unlikely to solve the problems of a struggling service, although it can be effective in the right circumstances
- making it work depends on good management, by both client and contractor
- partnership between authorities appears promising, but it is rare and difficult to set up

Councils have little discretion in how they apply the housing benefit regulations. The case for reform of the scheme itself has been vigorously debated for many years, and the Audit Commission will be undertaking further work on the wider issues underpinning the scheme.
1. This paper is one in a new series of ‘Learning from Inspection’ papers from the Audit Commission. These papers are based on the lessons emerging from best value inspection and other research. It is intended primarily for relevant members and senior officers who need an overview of the main issues facing the housing benefit service – perhaps because they are involved in a best value review. It is not meant as an exhaustive guide for those officers managing the service directly: there are a number of ‘operational guides’ from other sources – in particular, counter-fraud guidance from the Benefit Fraud Inspectorate (BFI), and forthcoming publications from the Institute of Revenues, Rating and Valuation (IRRV) on best value, and the Department for Work and Pensions (DWP) on performance standards.

2. The Commission has also produced a separate eight-page briefing summarising the main messages from this paper. This briefing highlights the key issues for leading members and chief officers, together with stakeholders in the wider world of government and relevant bodies.

3. Housing benefit administration has been chosen as an early topic for a ‘Learning from Inspection’ paper for several reasons: it has a major impact on the lives of the people receiving it, particularly if it goes wrong; and authorities face dilemmas in delivering improvement:
   • how to make access easier while still safeguarding against fraud;
   • how to improve quality while containing costs; and
   • how to respond to the wide range of varied, individual claimants’ needs within a rigid framework.

4. The paper draws upon inspections that have been carried out by both the Audit Commission’s Best Value Inspection Service (BVIS) and the Benefit Fraud Inspectorate (BFI). Relatively few councils have so far reviewed their housing benefit service and many of these reviews that have been carried out were done so as a part of wider reviews of financial administration. The paper therefore also draws on initiatives at authorities (listed in Appendix 1) that have been visited by the Commission but have not been inspected. We have also analysed national data and taken part in wider discussions with relevant stakeholders.

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I Most first and follow-up BFI inspections to date have reflected the Government’s March 1999 strategy for tackling fraud and improving security: A New Contract for Welfare: Safeguarding Social Security (Ref. 1). Six best value inspections of services relating to housing benefit administration have been carried out by joint teams from the Commission’s BVIS and the BFI. More recently the BFI has undertaken four inspections following the approach to best value that is outlined in the Audit Commission’s publication Seeing is Believing (Ref. 2), and these will be an increasing element of BFI’s work. The first of these is expected to be published in October 2001.
5. Although much has been written about the shortcomings of housing benefit services, less has been published about how authorities can achieve change in this area. This report shows how some authorities have done this, for example, improving accuracy and the speed with which claims are processed, and building the good customer service that can underpin efficiency. It should therefore help all authorities to improve their service, particularly through their best value reviews.

6. Local authorities have little discretion as to who receives housing benefit and how much. So, best value inspection – and this paper – concentrates on the way in which the benefit is administered. Some of the wider issues about the scheme itself will be the focus of a further Audit Commission report early in 2002.

7. In carrying out this study, the Audit Commission has worked with a range of stakeholders, especially the BFI and the DWP. Their representatives, officers from local authorities and the Housing Corporation, and representatives of user views – Shelter and NACAB – (all listed in Appendix 1), formed an advisory group which helped the Commission with the work. The Commission has also liaised with the IRRV, which has conducted its own inquiry into HB. However, responsibility for the paper’s conclusions rests with the Commission alone.
8. Housing is a basic human need. Housing benefit (HB) helps 3.4 million households in England, and 0.2 million in Wales, to meet that need, at a cost in 1999/00 of £9.6 billion in England and £500 million in Wales. HB is thus a key element of the welfare system. The service affects not only claimants, but registered social landlords, private landlords, the voluntary sector and councils’ own housing services (BOX A).

**BOX A Basic facts about the housing benefit system**

Housing benefit, and the closely related council tax benefit (CTB), are means-tested welfare benefits administered by London boroughs, metropolitan districts, unitary authorities and (in shire areas) district councils.

Council tenants receive HB as a rebate on rent due to the council. For other tenants, including those of registered social landlords (RSLs), an allowance towards rent is paid either directly to them or to the landlord.

Many people claiming HB first enter the system through the Benefits Agency (BA), which administers Income Support (IS) and Jobseeker’s Allowance (JSA). People who are entitled to receive IS or JSA are often also eligible for HB.

Claimants must provide information on their financial and domestic circumstances to establish whether they are entitled to benefit. For private sector and RSL claimants the authority also has to decide whether the accommodation is appropriate, and whether the rent is reasonable.

HB is awarded for a fixed period, typically 6 or 12 months. To renew the claim, the claimant must provide updated information. Meanwhile, claimants must notify the authority of any changes of circumstance that may affect their entitlement.

Local authorities must guard against fraud. In the past three years the DWP has encouraged authorities to adopt the ‘Verification Framework’ (VF), to verify from original documentation that the claimant is entitled to benefit. This involves carrying out a range of checks, some with other organisations such as the BA.

*Source: Audit Commission*
9. A good benefits service contributes to effective anti-poverty work and regeneration. But poor services that fail to pay benefit on time actually add to social deprivation and to the problems that vulnerable people face; for example, some landlords refuse to accept tenants who receive benefits. Concerns about the levels of error and delays in payment date back at least to 1993, when the Audit Commission reported that perhaps only one-third of local authorities were administering housing benefits properly, and that many others achieved efficiency ‘at the expense of adhering to some of the (admittedly complicated) regulations’ (Ref. 4). For a significant minority of authorities the position was causing even greater concern: large backlogs had developed causing a spiral of unopened mail, unprocessed claims and unanswered queries.

10. These problems have continued to affect both tenants, who include some of the most vulnerable people in society, and the financial position of housing providers. A 1999 survey of registered social landlords (RSLs) found high levels of delays and inaccuracies leading to rent arrears and reduced cashflow, and concluded that HB performance had reached crisis level and was souring the relationship between local authorities and RSLs (Ref. 5).

11. In 2000/01, the Ombudsman received over 4,000 complaints about HB administration (Ref. 6) – 21 per cent of all such complaints; this figure had continued to rise dramatically over previous years, particularly in London. Such poor administration can have a devastating effect on the lives of claimants:
   - in a case of maladministration found by the Ombudsman (Ref. 7) a lone parent, who was a council tenant, had to wait 11 months for an initial decision on her claim for housing and council tax benefits. Her arrears built up meanwhile, and the housing department issued a notice seeking possession, and threatened that her name might be disclosed to the press. The tenant was also sent a summons for council tax arrears before the council had assessed her entitlement to council tax benefit, further contributing to the worry and distress caused by the authority’s maladministration.

   and can also have a serious impact on landlords:
   - a tenant’s HB was being paid direct to the landlord’s managing agent to offset accumulated rent arrears. The tenant then asked the council to pay the benefit direct to him. Had the council checked with the landlord, it would have found that the tenant was in arrears. But the council paid £1,200 – seven months’ benefit – direct to the tenant, who then left without paying the landlord, and could not be traced.

   as well as the council itself:
   - one recent report by the Audit Commission’s Housing Inspectorate praised a council’s record on collecting rent arrears, but noted that performance was adversely affected by HB delays; only 40 per cent of council tenant claims were being dealt with within 14 days, while the rest were taking 13 weeks on average.

12. HB suffers significant levels of fraud and error, due to the high volume of payments, the difficulty of keeping track of every person’s circumstances and the opportunity for dishonest representation. And because the regulations are complex, it is easy for claimants to make mistakes or misunderstand the requirements. In 1997, the Commission, with the National Audit Office (NAO), reported that estimates of HB fraud and error varied from £900 million to over £2 billion a year (Refs. 8 and 9). Local authorities have a responsibility to detect fraud and put in place measures to prevent abuse. In November 1997 the Government set
up the Benefit Fraud Inspectorate (BFI) to measure the robustness of individual authorities’ administration, and in particular their processes to guard against fraud.

13. In view of these persistent problems with administration, many stakeholders, including the Audit Commission and the NAO, have suggested that the whole scheme, as laid down by central government regulation, has become too complex and is in need of reform. Critics have also alleged that even if properly administered, regulations would fail to provide adequate financial support for some tenants. The Social Security Select Committee’s inquiry into HB and the housing Green Paper early in 2000 (Refs. 10 and 11) provided a focus for this debate (Appendix 2). In its subsequent response to consultation comments, the Government has:

- set up an expert team that is available to assist struggling local authorities; and
- started to develop a performance framework, built on best value, to improve performance in councils generally.

14. Many of the ideas for reform have already been identified and discussed by the Audit Commission and other organisations in previous reports. The aim of this paper is not to comment on HB reform and improvement, which the Audit Commission will explore in a second paper early next year. This first paper aims to help local authorities to work within the existing system, and to promote improvement through their best value reviews. In particular, it should help those authorities currently delivering a poor service quickly to get the basics right. It will also help authorities that are already improving to focus on improving further.

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1 Such as the ‘single room rent’ rule, which restricts the benefit payable to most single claimants under the age of 25, based on the cost of defined shared accommodation.
Across England and Wales, service quality varies widely. Too few authorities meet the best standards, and too many struggle to keep their heads above water. Both processing times and administrative expenditure per claim, for example, vary significantly between authorities – even authorities of the same type (EXHIBITS 1A, and 1B overleaf). Although some can process new claims in as little as 20 days, clearly those taking 100 days or more on average are open to challenge. An almost ten-fold range within the same authority type must be addressed in best value reviews. Equally, questions must be raised where some authorities’ costs are over four times the average of others.

**EXHIBIT 1A  Average time to process new claims (2000/01 estimates)**

Average processing times vary significantly, even among authorities of the same type.

Note: Regulations require an authority to reach a decision on entitlement within 14 days, or as soon as possible afterwards – starting from when it has received all the relevant evidence. However, the processing times for this performance indicator are calculated from when it first receives the claim. There are no national targets for any benefits service best value performance indicator.

Source: DTLR, Best Value PIs 2000/01 England (Ref. 12), and data published by Welsh authorities collated by District Audit
Unit costs vary significantly, even between authorities of the same type.

Note: Claims are weighted to reflect the different amounts of work involved in new claims, renewals and changes in circumstances. Data are 2000/01 estimates.

Source: DTLR, Best Value Ps 2000/01 England (Ref. 12), and data published by Welsh authorities collated by District Audit.

16. But clearly some authorities face dilemmas in balancing performance and cost (EXHIBIT 1C). Some authorities succeed in paying claims within a reasonable timescale on average without excessive cost (segment A), but others incur significantly higher costs to meet the same timescale (segment B). Those authorities with lower costs but long delays (segment D) might need to consider spending more\(^1\) if delays are to be reduced. Those authorities with high costs and significant delays (segment C) need to take urgent action to improve. Ideally, all authorities should strive for minimum delay and low costs.

17. Inspection reports published to date re-inforce the view that some authorities are struggling to provide a best value service, and that some of these will find it difficult to improve in the future (EXHIBIT 2). These early judgements are from a small number of authorities, although emerging evidence from current inspections suggests the picture is unlikely to change.

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\(1\) Authorities should also check that their costs have not been understated, for example, due to overheads not being included. The DWP is planning to issue guidance so that costs are calculated more consistently.
EXHIBIT 1C  Time taken to process a new claim against the cost of administration

Some authorities succeed in paying claims within a reasonable timescale without excessive cost.

Note: Data are estimates for 2000/01.
Source: Best Value PIs 2000/01 England (Ref. 12), and data published by Welsh authorities collated by District Audit

EXHIBIT 2  Inspectors’ published judgements on revenues and benefits services

Some authorities are struggling to provide a best value service, and some of these will find it difficult to improve in future.

Note: This chart includes judgements from some inspection reports that are awaiting publication.
Source: Audit Commission, Best Value Inspection Service
18. The environment that an authority operates in – economic, geographic, demographic – can exert a pressure on the scale and performance of the HB service. Large London boroughs and the big metropolitan districts are responsible for bigger, more shifting populations of claimants. The volume of work will depend not just on the numbers of claimants, but on the rate of change of new claims, renewals and amendments (BOX B). It is local factors like these that a best value review must explore in order to identify the potential for improvement.

19. In-house and outsourced services also vary greatly in quality. So the best value imperatives of ‘compare’, ‘challenge’ and ‘compete’ require authorities to consider all options, including outsourcing or partnerships. Outsourcing may be advantageous, particularly where councils:
   - struggle to recruit staff locally, or
   - have high costs because they are too small to achieve economies of scale in staffing or IT (though some small district councils perform well, having lower volumes of work to deal with).

But outsourcing is not an instant cure for poor performance. A recent best value corporate governance inspection of an authority that had outsourced benefits concluded that ‘current performance is unacceptable and the council has not yet got the capacity to resolve it... strengthening the client side is a priority’. Some authorities, struggling with poor performance, have outsourced but then found the service moving from bad to worse, and in the worst cases, have needed to bring the service back in-house.

BOX B The local environment can influence the scale and scope of the benefits service

Areas of economic deprivation and high unemployment will usually have larger numbers of benefit claimants than affluent areas.

Authorities dealing with more older people may find it easier to process benefit because their circumstances are unlikely to change much; but they may need to do more to make services accessible and acceptable, especially when checking documentation under the Verification Framework.

Authorities dealing with claimants who move in and out of employment or the area, for example, London boroughs and other metropolitan areas, may experience higher workloads. Some traditional seaside or resort towns experience significant seasonal fluctuation in the number of people seeking benefit.

Housing stock profile differs: councils who pay benefit largely to their own tenants should have better control over the process – and are likely to know more about claimants’ circumstances than councils dealing primarily with people in other accommodation, especially houses in multiple occupation (HMOs) and hostels for homeless people.

People in dispersed, rural areas may face difficulty in accessing their local council, particularly where public transport is scarce, and the local authority may therefore have to operate from local offices or visit isolated areas to collect information and provide advice. Urban councils, on the other hand, may be able to locate their service centrally, within easy reach of their customers.

Source: Audit Commission
20. The quality of organisation and management can have at least as much influence on performance as the environment does; and benefits work has many inputs and processes that need to be managed (EXHIBIT 3). This paper therefore goes on to explore in detail what makes the differences in performance. But it does not put forward a single standard checklist of good practice. To do so would be inappropriate: good and improving authorities attribute their strengths to a variety of working practices, some of which are occasionally incompatible with others’ approaches or would not be appropriate in different circumstances. So this report describes various ways of working that appear to be effective for councils in their own local context. Its purpose is to stimulate challenge about local practices, particularly during best value reviews, enabling any authority to improve from its own current position.

EXHIBIT 3  The components of a benefits service

Benefits work has many inputs and processes needing to be managed.

Source: Audit Commission
HOW TO IMPROVE: 1. VALUING THE SERVICE

Poor performance may be due, in part, to local authorities giving insufficient priority to housing benefit administration. Councils need to recognise the contribution that the service makes to corporate objectives. Its aims and objectives should make this contribution clear and it should be adequately resourced to achieve the stated goals.

RAISING THE PROFILE

21. The fundamental purpose of HB is to ensure that people on low incomes can afford to live in reasonable accommodation\(^1\) that meets the basic needs of their household. But HB can sometimes be seen as a ‘cinderella’ service – and may need champions to further its cause. Political leaders, as well as chief officers, need to view HB as an asset rather than a liability. A high corporate profile – members or senior officers who highlight the importance of benefits work – can help the benefits section to integrate with other council activities and meet the new duty to develop community strategies and promote well being. The service needs to establish effective links with many other areas of council work (EXHIBIT 4):

- anti-poverty and neighbourhood renewal strategies, for example, promoting take-up of HB among excluded or marginalised groups, and linking housing benefit with other entitlements can act as a gateway for local people to access other benefits to which they are entitled (CASE STUDY 1);
- housing strategies, ensuring that landlords can rely on the council to pay HB promptly on behalf of tenants who are entitled to receive it – this applies to the council’s own housing too; prompt settlement of claims minimises council tenants’ rent arrears.

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\(^1\) See the Housing Green Paper (Ref. 11), paragraph 11.4.

CASE STUDY 1 Giving attention to anti-poverty strategy

Inspectors judged Dacorum Borough Council’s anti-poverty strategy to be ‘good’ (two star), including the contribution made by its speedy and efficient HB and CTB services. They also praised the work of its Welfare Promotion Service for having increased benefits take-up among local people by over £150,000 each year.

The mainstream attention given to the council’s anti-poverty strategy led to the HB section’s overpayments policy being revised. More consideration is now given to individuals’ circumstances, allowing support to be targeted quickly and effectively to prevent further hardship.

Source: Audit Commission, Best Value Inspection Service
EXHIBIT 4 The corporate importance of housing benefit

The service needs to establish effective links with many other areas of council work.

Source: Audit Commission

RECOGNISING THE FINANCIAL IMPLICATIONS

22. Housing benefit accounts for the majority of payments made by most councils, and although central government provides subsidies, there is a net cost to local authorities (since rents sometimes exceed the levels set by central government, and administration costs are not fully subsidised by central government). And, even more important than the direct costs of the service, is the real financial loss that may occur if housing benefit delays impact on council tax collection and rent income. Financial planning for HB services needs to take into account the less tangible, but very real, costs associated with correcting errors and dealing with emergency arrangements: for example, when tenants are evicted because of arrears due to HB payment delay.

23. The service needs to be adequately resourced. Turning round a failing service usually involves reallocating resources from other areas, at least to pump-prime the recovery. These are hard decisions to make, since the benefits service can account for a substantial proportion of the council workforce, particularly in shire districts. Members and chief officers need to take a realistic longer-term perspective about the cost and efficiency savings that might accrue.
CLARIFYING THE AIMS AND OBJECTIVES

24. Clear service aims and objectives can help to link the HB service into corporate objectives (BOX C), as well as giving direction to the work itself. They cover three broad areas:

- **a focus on the (potential) claimant/customer**: minimising processing times, making payments accurately, maximising take-up, offering accessible offices, a responsive telephone service, forms and letters that are easy to understand, and addressing the needs of specific claimant groups;
- **respect for the public interest**: providing efficient administration, controlling the costs per claim; deterring, detecting and acting against fraud; and
- **support for the activities and policies of the council more generally**: working well with housing department objectives, anti-poverty strategies, and maximising the subsidy that is claimable.

Central government sets some standards and targets in these areas, whereas others are set or negotiated by local councils (examples of each are in Appendix 3).

25. From a claimant viewpoint, research shows that the most important features are ‘...accuracy, speed and polite customer service’ (Ref. 13). With modern technology, [claimants] could not see any reason why they should have to choose between these features, but when pressed to do so, they opted for accurate processing.’ But authorities face dilemmas in pursuing all their objectives:

- measures to minimise fraud (such as VF) are likely to make the application process more onerous and protracted for all claimants;
- measures to improve the quality of the service (such as speed and accessibility) can impact on the cost of the service.

**BOX C Objectives of one council’s benefits service**

The best value review sets out the aims of the service:

‘To provide an accessible, high-performing revenues, benefits and rent collection service that recognises and meets the needs of the local community and contributes to its overall welfare’.

Below this overall aim the Council has set specific objectives to:

- maximise benefits for the people of Gateshead, within the terms of the scheme;
- assess claims accurately, and process payment in a timely manner; and
- make the service easier to access in order to encourage take-up, in line with the Council’s social inclusion and equality policy objectives.

The inspectors commended this authority for its clear and challenging aims and objectives.

*Source: BVIS report on Gateshead Metropolitan Borough Council, Revenues, Benefits and Rent Collection*
26. Underlying these themes of leadership of the service, and its place in the organisation of the authority, evidence from inspection reports and high-performing authorities suggests that there are four areas that often underpin improvement or sustained success (EXHIBIT 5, overleaf):

- how the staff/services relate to claimants; placing claimants at the heart of the service is not just about equality and respect; it ensures that their circumstances are correctly reflected when benefit is paid, reducing error, improving accessibility and speeding up the process;
- how well they manage the service week by week; managers can only keep on top of the service if they know how well it is doing; some authorities have turned around failing services by paying attention to staffing issues, good management and performance;
- how well they manage change in the longer term; most housing benefit sections need, from time to time, to make some major changes, but they do not necessarily have the skills and resources to deliver the improvements they hope for; and
- how they relate to others; this includes other parts of the council and external organisations; benefits sections have to maintain and develop good working relationships with a large number of other council departments and external organisations.

27. This section of the report deals with these four areas in turn – assuming that the service is provided directly by the council. But best value requires councils to question this assumption. A final section therefore deals with the issues surrounding outsourcing and partnership.
EXHIBIT 5 Areas for action: finding solutions to problems

Four areas often underpin improvement or sustained success.

1. RELATING TO CLAIMANTS
   - Service difficult to access
   - Poor advice
   - Repeat calls and visits
   - Decisions are difficult to understand or to challenge

2. MANAGING THE SERVICE
   - Staff difficult to recruit, train and keep
   - Performance management and information
   - Review process/organisation

3. BUILDING THE CAPACITY TO DELIVER
   - Major restructure may be indicated
   - National drive to bring in the Verification Framework
   - Outdated IT requires replacement

4. RELATING TO OTHERS
   - Poor communication between councils and landlords
   - Liaison with advice agencies
   - Effective project management including:
     - realistic business planning;
     - identifying the resources needed; and
     - taking staff with you.

A GOOD SERVICE

Recognition of service across the council

Source: Audit Commission
1. RELATING TO CLAIMANTS

Placing claimants at the heart of the service is not just about equality and respect; it ensures that circumstances are correctly reflected when benefit is paid, reducing error, improving accessibility and speeding up the process.

PEOPLE NOT KNOWING WHAT THEY ARE ENTITLED TO – COUNCILS CAN PROVIDE INFORMATION AND PROMOTE TAKE-UP

28. Although over 90 per cent of those eligible for HB do claim it (Ref. 14), some groups may not be fully aware of their entitlement to benefits generally. Hard-to-reach groups may not see leaflets and posters that are on display in council buildings. Many councils have made efforts to reach those who may not usually make contact with the benefits service, for example, Dudley Metropolitan Borough Council sets itself a target to identify £1 million in unclaimed benefits – and exceeds it every year. Possible steps include:
  - attending Citizens Advice Bureaux (CABx) to assist with advice;
  - funding advice agencies to undertake home visits; or
  - posting out benefits information in anticipation of a change in circumstances, for example, to those coming up to their 18th birthday.

SERVICES CAN BE DIFFICULT TO ACCESS – COUNCILS CAN PROVIDE OUTREACH AND VISITING SERVICES

29. Many people apply for benefits in person at council offices, perhaps because they are reluctant to trust supporting documents to the post, or because they have queries that are not easy to deal with over the telephone. Most councils provide facilities for this at outlying offices as well as at the town hall, recognising that claimants by definition have low income, and many are older or vulnerable people who may find transport difficult to arrange and use (CASE STUDY 2, overleaf).
CASE STUDY 2  Annual visits when renewals fall due

Staff at Easington District go out to 21 collection centres in 14 parishes once a year when renewal claims fall due. In this way, claimants can receive advice from experienced benefits staff without needing to travel, and they do not need to entrust vital documents to the post.

Source: Audit Commission, Best Value Inspection Service

30. However a large network of outlying offices can be expensive to maintain. Best value reviews should examine the costs and level of service provided and decide whether alternative approaches might be better.

31. Different groups using the service have their own particular needs. Some claimants have literacy problems or do not speak English fluently. Some areas may contain many different ethnic groups, not all of which have a written language. Meeting all their needs is a huge task, but inspections have identified surprising gaps, such as:
   - disabled people having nowhere private to discuss their affairs because cubicles are not wheelchair accessible; and
   - very little literature being provided in relevant ethnic minority languages in a large inner-city office (although providing interpreters may be at least as important).

   Claimants who speak other languages may have no way of finding out what the council does offer, for example, that welfare advisers can make home visits in cases of need.

32. Often the first step is the most difficult; before people can look for accommodation, they need to know whether and how much benefit they might receive. Advice agencies, such as the CAB, can provide potential claimants with an estimate of what they might expect, and therefore what sort of property they can afford to live in. This initial advice is important for councils too; at the City and County of Swansea, new council tenants on low incomes who will probably have to contribute to their rent, are given an estimate of what they need to start paying via a benefit ready reckoner at the local housing office.

33. Not all enquiries need to be dealt with in person. But telephone calls can be frustrating for the claimant, with some inspectors reporting long delays before speaking to someone who can help – or even difficulty in getting through at all. Some councils have set up their own ‘call centre’ with its own phone number, where staff’s first responsibility is to deal with incoming calls.

34. Although many claimants may not have easy access to the internet, information on housing benefit is increasingly being made available there. Councils such as Dudley and Tameside Metropolitan Borough Councils make application forms available on their websites, although regulations currently require claimants to apply on paper.
POOR ADVICE – THERE SHOULD BE TRAINING AND SUPPORT FOR STAFF

35. Any first point of contact, whether it be a call centre or a reception desk, needs to have properly trained staff. They must know what to ask claimants for, and be able to deal with most queries without requiring the claimant to phone back or visit again. Some inspectors have found that poor advice is a major source of complaint; elsewhere, however, councils go to a lot of effort to get the first contact right (CASE STUDY 3).

CASE STUDY 3 Properly trained staff who know what to ask claimants for

Brighton & Hove City Council’s call centre is staffed with people who mostly live locally, and start in the centre as the first step into local authority service. The centre handles all rent allowance first time contact. The centre is successful (90 per cent of claimants are happy with it) because staff have local knowledge, and the prospect of job progression gives them an extra incentive to get things right.

Source: Audit Commission study team

REPEAT CALLS AND VISITS CAN BE MINIMISED WITH CLEAR LANGUAGE AND FORMS

36. Claimants may have to return in person, in some cases up to half a dozen times, to pursue their claim. Councils should review repeat visits to find out why the subsequent contacts were necessary. Better information or advice to claimants on their first visit might reduce the problem. For many councils an important step has been making the claim form clear and easy to use, signposting claimants through each section and applying clear English standards, such as the Plain English Campaign’s Crystal Mark. The BFI has produced a model claim form, which authorities may adapt and use.

DECISIONS CAN BE DIFFICULT TO UNDERSTAND OR TO CHALLENGE – NEED FOR CLARITY AND CONSULTATION

37. How well a claimant is informed of the outcome of their claim is equally important. The law requires that notification letters contain considerable detail of how the award was calculated, and claimants often describe the letters as hard to understand. Claimants need a straightforward covering letter, as well as the full detail to allow an advisor to challenge the decision if appropriate.

38. Finally, consulting with service claimants is an important part of a best value review; and the new best value performance indicators include results of satisfaction surveys on many aspects of the service. Managers need to take action to meet claimants’ specific complaints. A service panel of claimants, for example, can help to devise appropriate solutions (CASE STUDY 4).

CASE STUDY 4 A better place to visit

Dudley Metropolitan Borough Council’s customer group, made up of representatives from Age Concern and mental health charities, as well as community groups and individual claimants, contributed to a successful redesign of the entrance foyer to the benefits section. As a result; access is now easier, with automatic doors, ramp access and better signposting; the waiting area is larger and more pleasant, with better furniture; and privacy is better respected, with more private interview rooms as well as more enquiry hatches.

Source: Audit Commission study team
2. MANAGING THE SERVICE

Managers can only keep on top of the service if they know how well it is doing: some authorities have turned around failing services by simply paying attention to staffing issues, good management and performance.

NOT COPING WITH PEAKS IN THE WORKLOAD – PERFORMANCE MANAGEMENT AND INFORMATION NEED IMPROVEMENT

39. Housing benefit administration generates high volumes of work: authorities typically process thousands of claims and changes of circumstances during the year. At any one time, there may be 500 claims in payment for each member of staff. Authorities that fail to measure performance may not realise that they are falling into backlogs. Both managers and staff need to have the performance information to spot problems early on. One inspection report concluded:

‘Performance management is about trend analysis; that needs early, prompt action. Staff can be aware of what is happening but not appreciate that action is required to deal with the issues.’

The authority was criticised for failing to put in place procedures to manage, target and ringfence backlogs in order to manage staff workloads and productivity.

40. Once a backlog builds up, the work required to deal with it can further worsen performance, as new work has to be put to one side or supervisory checks are suspended. Recovery can then be difficult; one authority suspended its sample checking of new claims to deal with a backlog that resulted from a number of staff leaving, but then found it difficult to reintroduce the checks without delaying the payment of new claims.
41. Some authorities have been able to halt the cycle of backlogs, poor performance, poor morale and high staff turnover by addressing these issues with rigour. The speed and accuracy of payments, and good customer care, go hand in hand with effective management.

42. Good management information not only enables authorities to deal better with workloads, but also ensures better customer care. One authority inspected analyses information from its IT systems to identify not only any claims that fall outside the 14 day target, but also any correspondence that has not been replied to within one week.

43. In one authority, inspectors were impressed by the considerable effort to more accurately monitor levels of performance and to ensure that staff are given regular feedback, but felt that responsibility for action lay with too few key individuals. Performance needs to be embedded into day-to-day working – and this requires target setting at a detailed level, monitoring individual staff performance, as well as at the strategic level (CASE STUDY 5).

**CASE STUDY 5  Low maintenance management of performance**

At the Borough of Spelthorne, staff have a sense of ownership of their own performance, identifying potential delays before they actually arise, and keeping track of their team’s performance through simple paper charts drawn up from the performance information held on the computer system. The head of service feels not only that she has a finger on the pulse at all times, but that performance management is ‘low maintenance’ – staff do not have to be continually reminded about it.

*Source: Audit Commission study team*

44. Poor organisation is often a feature of the worst performing councils (or of poor contractors). Inspectors have found a number of good examples of innovative practice which has helped to turn around poor services.

45. Analysing and acting on existing weaknesses and underlying problems may be the first step to improving quality. In 1999, the London Borough of Haringey mapped out how claims passed through the office and systematically examined where delays were occurring. They identified action points throughout the office, from the post room to the payment systems. As a result it has moved away from a position where delays and backlogs had been endemic.

46. There are a variety of models for organising work. Each can be effective in appropriate circumstances. Research published by the DSS in 2000 found no evidence that processing speed was influenced by which department was responsible for administration or how staff work was organised (Ref. 15). Councils need to review which approach fits best locally.

47. The London Borough of Haringey, for example, found it useful to implement *functional working*, dividing the service into specialist teams, on the basis that it is difficult for everyone to be expert in the entire subject. Each team knows the standards to which they and their colleagues are expected to work.
48. Some councils have organised their teams so that there is a clear separation between those staff initially receiving and checking information from the claimant, and those staff who assess the claim. Once administrative staff have checked that the information is complete, the assessor can process the claim. This approach avoids repeat requests for information, saving time as well as reducing error.

49. In other circumstances, perhaps in smaller authorities, another way forward is to introduce generic working, where staff deal with public enquiries as well as dealing with a variety of back-office processes. Sometimes staff can even move between benefit and council tax processing. This has several advantages: it gives management more flexibility to cope with any temporary high demand; it encourages staff to send clear, accurate letters to claimants, in the knowledge that they may be meeting the claimant face to face; and the arrangement can be popular with staff: ‘generic working is one of the best – and hardest – things we’ve ever done’ (member of staff quoted in two-star inspection report).

50. Decentralised authorities may reap benefits in terms of a closer relationship between customers and service delivery, but it is important to ensure that benefits staff in separate regional or neighbourhood offices are able to keep in touch with each other and receive sufficient support from the centre. Inspectors have found ‘patchy’ customer service where decentralised benefits teams have not worked sufficiently closely. And DSS published research suggested that delays in processing rent allowance were worse where HB administration was devolved (Ref. 15).

51. Some authorities avoid peaks and troughs in their workload by better planning; for example, by visiting older people in residential homes several weeks before their claim is due for renewal, or identifying age changes in advance so that the number of potential claimants can be estimated. Phasing renewals on an area-by-area basis can also help.

52. Keeping staff informed is also important; benefit regulations are complex and subject to frequent change. Some authorities now summarise DWP circulars as they are received and communicate them to staff who need to understand them, for example through newsletters or the intranet.

53. And staff progression and rotation can help. One council trains most of its new recruits on its call centre before they are able to deal with all types of claims; another council has found that rotating staff between assessment teams improves and refreshes skills.

STAFF ARE DIFFICULT TO RECRUIT, TRAIN AND KEEP – INCENTIVES, TERMS AND CONDITIONS AND TARGETED TRAINING CAN HELP

54. Managers need good staff to deliver the service, but concerns about staffing underlie many of the ‘fair’ judgements made by inspectors. There is often a vicious circle:

- high turnover of staff – sometimes fuelled by differences in pay between neighbouring authorities – leads to staff shortage and loss of experience;
- this leads in turn to operational problems and falling morale. For many staff, motivation comes from giving a service that customers appreciate, and so morale is vulnerable to work overload or an unanticipated backlog; and
- as a result still more staff leave to seek work elsewhere. There are reports of new recruits leaving after just a few weeks because of high levels of stress. A high sickness rate, often a symptom of poor morale, can worsen the problem further.
Many authorities in such situations rely on the expensive option of agency staff, since, in London especially, vacancies are hard to fill. The benefits section may depend too much on a few experienced officers: ‘if three key staff left, this place would fall apart’ (staff focus group quote).

55. Some shortages are due to the short-term nature of decisions taken by the authority:
   - due to budgetary pressures, one council did not replace experienced staff after a major budget reduction exercise. As a result, they had to depend too heavily on newer, inexperienced staff, which led to poor results; and
   - another council left its benefits manager post unfilled for 12 months. The consequent lack of leadership or service development over this period contributed to a one-star inspection marking.

56. Conversely, low turnover can itself be a problem. In one authority, the majority of staff had been in post for over five years, and the head of the service for 20 years. While performance was reasonable, the inspector could not find any evidence of rigorous challenge to the service.

57. Authorities need a stable pool of experienced staff, well trained and able to pass on expertise to new colleagues. Benefits sections tend to be large in scale, but relatively flat in structure; so because career progression is limited, authorities need to think about making the service as attractive as possible to would-be applicants. Offering flexible working can sometimes alleviate recruitment and retention problems, and contribute to stability and good morale (CASE STUDIES 6 AND 7, overleaf).

58. Several inspections have commented that staff training needs are not systematically identified, or that training is patchy, interrupted or postponed, even in good authorities. This can lead to another vicious circle: in one authority, experienced staff were diverted to coaching new staff, exacerbating the backlog.

59. A lack of clear guidance, regular supervision and poor controls and standards can all contribute to poor performance. Some departments have achieved ISO9000, Investors in People, or Chartermark. Such external assessments are no guarantee of success, but inspectors have reported favourably where such schemes provide regular training, up-to-date procedures and mechanisms to feed back on accuracy and customer satisfaction. A number of sections have spoken of the sense of pride engendered by the award. Several authorities have introduced formal training schemes to halt an exodus of staff, and inspections have found that staff in focus groups have counted good personal development opportunities as a key employee benefit.
CASE STUDY 6 Flexible working hours

At the Borough of Spelthorne, offices are open from 7.30am to 6.30pm; the workforce, who are largely female with responsibility for childcare, find the freedom to choose part- or full-time working within these hours attractive. The authority has found that advertising in the local press is sufficient for its needs.

Source: Audit Commission study team

CASE STUDY 7 Home working

The London Borough of Enfield has had home working for benefits assessors for over 10 years. Although introduced as a response to high office costs, the authority says that it has proved an effective way of ensuring adequate staffing levels in a difficult labour market.

Source: Audit Commission study team

60. But all of the actions above are underpinned by sound leadership in the benefits section and recognition of the service across the council. All the above factors for improving service management rely in turn on one key ingredient – a good quality manager. Performance is a matter of managing, not just information. An authority may be aware of what needs to be done, but lacks the drive to move forward. Some authorities have turned around a poor service by bringing in fresh talent to draw together service improvements (CASE STUDY 8).

61. Benefits sections are more likely to improve if they are valued by top management; introducing service changes or bringing in additional resources can often depend on the commitment from key chief officers. One benefits section brought about a significant improvement in staffing levels and resources by preparing a business plan for members; setting out clearly the performance improvements that members could expect.

CASE STUDY 8 Bringing in new management to turn things round

One authority faced with a severe backlog, and a critical BFI inspection, transferred the head of council tax to take over the service. The new manager quickly put in place a strategy for ringfencing the backlog while keeping up-to-date with current work. Staff morale improved as soon as they realised that training and resource needs were being given priority.

Source: Audit Commission study team
3. BUILDING THE CAPACITY TO DELIVER

Most housing benefit sections need, from time to time, to make some major changes. But they do not necessarily have the skills and resources to deliver the improvements they hope for.

THE NEED FOR MAJOR CHANGE PROJECTS: RESTRUCTURING THE SERVICE, INTRODUCING THE VERIFICATION FRAMEWORK AND REPLACING INFORMATION TECHNOLOGY

62. As well as keeping their section running smoothly, most benefits managers face some major one-off projects. Depending on the authority’s current position, these can include:

- restructuring the section;
- implementing the verification framework; and
- taking advantage of new technology.

Changes like these often do improve performance, but can lead to worse backlogs and deteriorating service. The projects carry risks as well as the potential gains:

- On major re-structuring, one inspection report said: ‘The decision of how to organise the benefits section has been avoided for some time. This is a crucial decision, as with the service being a good performer ... people ... have a lot to lose from an unsuccessful restructure.’

- Few managers would disagree with the aim of the national drive towards introducing the verification framework (VF). (The framework specifies extensive checking of claimants’ original documents before benefit can be paid.) However, 173 authorities out of 409 have not yet introduced the VF. Many have hesitated to impose on staff the burden of collecting and recording the extra information, knowing that some authorities have experienced significant delays in processing claims as a result. However, some that already had in place most or all of the checks, and other requirements of the VF, before going live, found it relatively easy to implement.

63. New technology offers perhaps the greatest opportunities – and the greatest risks. There can be unrealistic expectations that new IT will cure all of the weaknesses in the department. But outdated IT is often part of the problem, providing poor response times...
and access, unreliable service, and inflexible outputs. Some systems are 10 to 20 years old, and cannot readily provide staff with help screens or cope with the full range of central statistical returns. And a profusion of small IT suppliers and in-house developments in the past has made continuing good service difficult to guarantee.

64. Modernising IT will increasingly require complex negotiations with the few large suppliers whose systems can interface with other council departments and meet the e-government agenda. But performance is still at risk; inspectors at one council reported that the new IT system introduced in April 2000 had over 1,000 defects. At another, inspectors commented that:

‘The procurement of this new (IT) system and the migration of data from the old system presents considerable risks as well as opportunities for improvement. It is essential that the project is managed effectively, as both the continuity and timing are critical to success.’

New technology also offers document image processing (DIP), video conferencing, and electronic data management (EDM). All can help a benefits section to succeed. For example, the London Borough of Lewisham has used video conferencing to allow claimants visiting its main enquiry office to speak directly to benefits staff. And EDM can deliver multiple improvements: Dudley Metropolitan Borough Council has cut outstanding work by one-third, and now expects to be able to increase access hours for customers, as well as allowing staff to work at home.

EFFECTIVE PROJECT MANAGEMENT IS REQUIRED

65. Initiatives such as these require careful project management throughout:

- **realistic business planning**: The costs and benefits of alternative solutions need to be systematically evaluated. Sometimes the result will be to do nothing; one small authority decided not to implement DIP at present because current workloads can be effectively dealt with by a paper-based filing system.

- **identifying the resources needed** and securing them: Some authorities have implemented VF with little adverse long-term impact. They had forecast the extra work, and planned how to deal with it. And sufficient time for staff training can make the difference between success and failure.

- **taking staff with you**: Successful restructuring in particular requires managers to invest a lot of time in consultation with staff.

- **phasing the work**: The DWP now recognises that the VF may best be implemented in stages. This gives the opportunity to learn from each stage, and plan the necessary resources for the next.

66. Some inspectors have urged caution where they do not feel confident about an authority’s ability to manage a major project. A few authorities have tried to implement two or more projects simultaneously, and found themselves unable to maintain an acceptable ongoing service. Authorities may need to implement changes one step at a time, even if this means that hoped-for improvements in service may take longer to achieve.

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1 The DWP is engaging directly with IT suppliers and local authorities to ensure that changes to HB regulations and systems can be more easily accommodated by IT systems.
4. RELATING TO OTHERS

Benefits sections have to maintain and develop good working relationships with a large number of other council departments and external organisations.

67. Not all of the problems relating to benefits administration are under the direct control of benefits managers. Relationships with other parts of the council, especially council tax and housing departments, affect HB performance; so do those with external organisations such as the Benefits Agency (BA), registered social landlords (RSLs) and the Rent Service. These relationships do not always run smoothly. Managers need to question how they relate to other departments and organisations (BOX D).

**BOX D Questions for benefits managers about co-ordinated working and liaison**

- Do the relevant staff here understand the requirements and priorities of colleagues working in other departments?
- Are our work procedures tailored to meeting those requirements?
- Do managers on both sides create and use opportunities to resolve outstanding problems?
- Do senior officers in the organisation give a lead that promotes working together?

*Source: Audit Commission*
 Poor communication between benefits and housing departments can have a drastic impact on claimants’ lives. In the worst cases, examples still occur of council tenants being served notices seeking possession by an authority, solely because that authority has failed to award a rent rebate on time. And where the council is not the landlord, the consequences of benefit delays on rent arrears can be even more drastic; if the landlord decides to actually evict, quite apart from the traumatic effect on the claimant, the council may have to bear the cost of rehousing the homeless person.

Nearly all tenants are responsible for paying council tax, and so may be entitled to help with that as well as with their housing costs. The rules about entitlement for HB and CTB are very similar. But some authorities process the two claims separately, on different IT systems, leading to different standards of service. Confusingly, people may wait much longer to receive one than the other; or they may tell the council about a change in their personal circumstances and find that one benefit is affected much later than the other.

Inspectors found that in one authority, the benefits function was divided between two separate departments; rebates for council tenants were managed in the housing department, and payments to private tenants were undertaken by the finance department. While there is nothing wrong, in principle, with such a division, the two teams operated entirely in isolation. They did not share information on fraud issues or on changes to DWP regulations.

In authorities where housing benefit and council tax are organisationally separate, there needs to be clarity about how the two sections co-ordinate their work. Some small authorities locate the staff physically in the same area. Elsewhere, regular meetings and visits, or individuals work-shadowing colleagues, can make it easier to understand the requirements and priorities of another department or organisation.

Authorities can help their tenants in many ways if the housing department and the benefits section work together:

- At some authorities, new tenants on low incomes who will probably have to contribute to their rent, are given an estimate of what they need to start paying via a benefit ready reckoner at the local housing office.
- Many authorities give new tenants a starter pack, with full information about claiming not only housing benefit, but other benefits and services.
- In South Norfolk District Council, for example, generic housing staff are able to process all housing benefit enquiries, as well as dealing with day-to-day housing issues.

And whenever a tenant falls into serious rent arrears, the housing department must be able to check whether any housing benefit is overdue before taking any action against the tenant.
COMMUNICATION ERRORS AND DELAYS: MEETINGS REQUIRED WITH THE BENEFITS AGENCY AND THE RENT SERVICE THAT INCLUDE REGULAR REVIEWS OF SERVICE LEVEL AGREEMENTS (SLAs)

73. Many people claiming housing benefit are also entitled to income support or jobseeker’s allowance from the BA. When considering these claims, local authorities rely on information that the claimant supplies to the BA. Confusingly, claimants have to supply some details twice, once on a national BA form, and again on their local council’s form. Then, as the claim is processed, delays by either party (perhaps due to a lack of resources) can lead to frustration and tension. And according to Shelter, ‘too often, information goes missing when being passed between the two administrative systems, resulting in delays in assessments and current claims being incorrectly ended’ (Ref. 16).

74. At present, full use is not being made of the facility for the BA and local authorities to exchange information automatically about new claims and changes. ‘Smarter’ solutions – electronic data transfer – could potentially do much to speed up the HB process.

75. The Government has promoted the use of service level agreements (SLAs) between many of the statutory bodies involved in benefits administration. For example, BA must work to a model SLA when dealing with local authorities. This agreement specifies minimum standards, not only for prompt and comprehensive exchange of information, but for liaison and for monitoring the service at quarterly meetings. The SLA is also intended to facilitate joint projects. Similar SLAs cover councils’ relationships with the Employment Service and the Rent Service. Councils can also set up their own SLAs between departments.

76. Simply signing an SLA achieves little. Inspectors have been critical of cases where information has not been gathered or presented to regular joint meetings, or when there have been no minutes to record the actions that were agreed. But if a range of officers are involved in agreeing the standards, gathering information, and attending constructive meetings, SLAs can focus attention and effort on what needs to change.

77. The Rent Service has a key role to play in the determination of a benefit claim, and generally best value inspectors have reported few, if any, problems with its relationship with local authorities. However, some authorities have raised concerns; querying, for example, why every claim has to be separately determined, even for properties of similar type and in the same street, thereby adding extra time to process a claim. But there are many strengths to the relationship: the Rent Service has clear performance standards to work to, and has encouraged the introduction of SLAs with local authorities.
IMPROVING COMMUNICATION BETWEEN COUNCIL AND LANDLORDS – A PRO-ACTIVE APPROACH TOWARDS ENGAGING WITH LANDLORDS AND ADVICE AGENCIES

78. Failure to share information can lead to situations where landlords take action to evict tenants because they are unaware of a delay in paying benefit (CASE STUDY 9). Simply meeting local landlords on a regular basis and letting them know about delays and problems would avoid such stress for claimants, and would warn landlords about potential cashflow problems.

79. Many authorities already have in place regular meetings with RSLs and groups of private landlords to discuss aspects of the housing service and strategy. Information on claimants can therefore be shared and potential problems with payments identified before they arise.

80. Some tensions between claimants, landlords and the council may be resolved with the help of the voluntary sector. Councils need to recognise the dual role that advice agencies such as the CAB provide:
   • advice and assistance during the claims process, particularly in overcoming language barriers and guiding people through the complexity of the system;
   • helping authorities to improve customer services, for example, on design of claim forms and access; and
   • acting as advocate on behalf of claimants (or landlords) when things go wrong.

Some councils have contracts or SLAs with local CAB offices as part of funding agreements; but whether liaison is formal or informal, it is the recognition of this dual role that is important.

CASE STUDY 9  Failing to let landlords know about delays

A CAB in Lancashire reported that a client had received a warrant for possession because the landlord had received no rent for seven months and arrears were now over £2,000. When the CAB contacted the housing benefit department, they said that everything was in order with the claim but that there was a backlog and the benefit would be paid soon. The landlord agreed to cancel the warrant but said the client would have to pay the costs incurred.

Source: National Association of Citizens Advice Bureaux (Ref. 17)
81. So far, this paper has focused on ways in which individual authorities might take direct action to improve. But some problems are hard to overcome locally, such as competition to recruit skilled benefits staff, or competing demands for capital investment across the council.

82. Outsourcing, and partnership with other councils, or with the private sector, are potential solutions to all of these problems. Working with a large national contractor has enabled one council to draw on the expertise and back-up of the company while remaining accessible to local people (CASE STUDY 10).

83. There are some well publicised examples of failed outsourcing, creating delays in payments and extra costs to councils to correct the situation. Contributory factors from the client side appear to be:
   - loosely defined specifications or poor tender evaluation;
   - failure to brief the contractor fully on actual volumes of work; and
   - poor or non-existent performance monitoring.

And from the contractor’s point of view:
   - failure to anticipate workloads;
   - not retaining or attracting well-trained staff; and
   - not building in any capacity to react to changes in the regulations or to improve the service.

CASE STUDY 10  Working well with the contractor

East Cambridgeshire District Council (ECDC) has outsourced HB processing since 1993 and fraud investigations since 2000. The council provides accommodation for the contractor’s employees, many of whom have worked for the service since before it was outsourced. A strong sense of co-operation between the council and the service provider has developed; as far as is possible, any operational problems are resolved on the spot and do not need to be raised at formal meetings.

Although only small numbers of staff are required for the annual 4,500 claims, they can draw on wide-ranging advice and experience from the service provider nationally. To help the council to become VF-compliant, the company provided training for council employees, as well as for its own staff.

Contractor-side staff take phone calls from members of the public. They are also available to talk to people in person when the council’s own enquiry officers, who cover a range of council services, cannot deal with the matter. Letters to members of the public carry the name of one of the contractor staff who can be contacted if necessary.

ECDC’s service achieved three successive Chartermark awards, and many of its ‘customer service’ BVPIs are among the best of all districts in England.

Source: Audit Commission study team
Both client and contractor sides have sometimes contributed to communication failures with claimants, and to poor liaison with other council departments. Claimants need to know how to contact the service with enquiries or complaints; equally, departments such as housing need to have clear arrangements for exchanging information with HB officers.

84. Complete outsourcing or a totally in-house service are not the only options. Some authorities have outsourced a part of their service, for example, the receipt and electronic management of post, while retaining more complex aspects internally. Customer interface and back office processes are generic functions, and can perhaps be well served by the private sector. A different option that large authorities might consider is geographically-based outsourcing – giving a contractor responsibility for one or more areas within the council boundary. This might stimulate challenge and competition without relying on the private sector for the whole of the HB process.

85. Contracting out HB, in whole or in part, is not in itself guaranteed to turn around a poor service, but it can lead to lower costs and/or better services if it is managed properly. Outsourcing HB does not mean that an authority can adopt a ‘hands-off’ attitude or can abandon the contractor when things go wrong – councils are still responsible for paying benefit to claimants, and a failure by the contractor is also a failure of the council. The Government is clear that ideological barriers should not stand in the way of outsourcing or partnership if this delivers better value. Local authorities need to consider these options carefully, particularly in a complex area with many regulations (CASE STUDY 11).

86. There is no reason why successful authorities cannot process housing benefit and council tax benefit on behalf of poorer or smaller neighbours. Alternatively, neighbouring authorities can club together to run a joint service. But there are relatively few examples of either approach so far.

**CASE STUDY 11 Good client management**

The London Borough of Bromley considers that establishing the right relationship with the contractor is the key to a successful contract. Client management knows how the contract is operating through regular performance information and by monitoring the effect on subsidy, and will call the contract manager to account well before problems become ingrained. But instead of imposing a prescriptive regime of penalties over each error or delay, the authority takes a more constructive approach, providing incentives for the contractor to operate and develop the service – for example, by building in a bonus for overpayments recovered above a certain target. It is therefore in the interests of the contractor to control the service well and to avoid error. The contractor is aware, however, that prolonged failure to perform would result in the council taking over the running of the service – and charging the contractor to do it.

*Source: Audit Commission study team*
IDENTIFYING THE PRIORITIES

87. Each of the areas for action discussed so far is important to delivering a good benefits service. However, authorities facing severe difficulty – payment delays, high error rates, large backlogs, and a high level of staff turnover – will need to take action on some areas sooner than others, getting the basics right before building up the service to relate better to claimants, the rest of the authority and external organisations.

88. Real improvements (CASE STUDY 12, overleaf) are possible, and inspectors are identifying where they are both necessary and likely. There are no ‘quick fixes’ to housing benefit problems, but the experience of some authorities that have recovered from a crisis suggests that authorities should ask themselves the following questions (BOX E).

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<td>Is there a recovery plan in place to tackle backlogs without disrupting current payments?</td>
</tr>
<tr>
<td>Recognising the problem</td>
</tr>
<tr>
<td>Are the section’s problems given sufficient attention at the top – by members and chief officers, who can put the right resources and leadership in place?</td>
</tr>
</tbody>
</table>

Source: Audit Commission
BRINGING IT ALL TOGETHER

CASE STUDY 12  Turning round a struggling service

The London Borough of Haringey is a particularly difficult area within which to administer housing benefit. A high percentage of claims come from tenants of private landlords, and the borough contains large areas of deprivation and diverse communities.

During the 1990s, backlogs had become endemic in the housing benefit section. In 1997/98, only 66 per cent of housing benefit claims were paid within 14 days of all documentation being received, one of the poorest records among London boroughs. At the same time, its cost per claim was one of the highest.

A consultant’s report in the late 1990s recommended that the separately organised services for the private sector and for council tenants should be merged, and that the computer system should be replaced. A new manager was appointed from a northern authority whose first task was to implement the re-organisation, and to deal with the disappointing initial performance of the new IT.

The new manager also decided to map the sections’ processes in detail. He and his staff mapped the service and identified the main problems that arose at each stage, from receipt of post to cheque authorisation and production. They have implemented action plans to deal with the sources of delay and error.

The mapping process also allowed him to divide the section into teams working to clearly specified and documented standards. Separate teams now work on:

- new claims;
- claim maintenance (for example, changes in circumstances);
- closure and overpayment; and
- scanning and indexing documents and checking their completeness.

The authority has found that this approach:

- allows the staff to build up specialist knowledge through targeted training;
- reduces the potential for fraud; and
- enables management to control the flow of work through the section.

This workflow management depends entirely on the facilities provided by the IT system for allocating case files to individual members of staff. Team leaders have responsibility for setting work priorities. Using this facility, supervisors aim to ensure that an assessor attends to each new case by the fourth day following receipt of an application, and that the claimant gets a decision, in principle at least, within 14 days. Graphs of performance against this target are on display in the office.

Provisional figures for 2000/01 show that Haringey is settling new HB claims within 44 days on average, and changes in circumstance within 11 days. Both figures are within the best 25 per cent of London authorities. The reported cost of £80 per weighted claim is one of the lowest in London.

Source: Audit Commission study team
Central government has a role to play in improvement: reducing barriers and encouraging opportunities.

89. Beyond the question of improvement, lies a broader set of policy issues:

- how much of the service should be administered centrally, and how much locally? Other benefits, such as jobseeker’s allowance, apply to local people but come under central government;
- does the framework of regulations need to be simplified, and if so, how? The debate between government and stakeholders continues; and
- how can the wide range of benefits – housing, living needs, education and disability – all with different rules, but having some circumstances in common, such as unemployment or insufficient income – be brought together? There appears to be little advantage in the duplication of welfare providers that exist currently. From the claimant’s point of view, it would be much more straightforward to deal with just one agency.

90. The scheme itself may be too complex to deliver to consistently high standards. The DWP has work in progress to support councils and introduce better performance management nationally. The Government has made commitments to reform the scheme, and is looking at:

- simplifying the four different schemes for private rented sector HB;
- involving RSLs in verification information (currently being piloted);
- introducing a single claims process (with IS/JSA);
- making it easier for people to make the transition from welfare into work; and
- introducing fixed benefit periods for pensioners.

But these proposals may not be enough to enable local authorities to deliver a consistently high standard of service. High standards of housing benefit administration are important in order to meet individuals’ basic needs, and to underpin the government’s social inclusion agenda. But only a minority of services so far inspected have been given more than a ‘fair’ rating.

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1 Speech by Malcolm Wicks MP, Parliamentary Under Secretary of State, 21 June 2001.
91. There is no instant solution that will enable councils to deliver a three-star service, and many have several management areas to work on. The good practice identified in this paper does not provide universal solutions, as each authority must analyse its own problems and local circumstances. Wide-ranging best value reviews will help councils to identify ways to improve, learning from the experience of their peers and the increasing flow of inspection judgements. Best value reviews should examine the options for competitive provision, but outsourcing itself does not automatically result in improvements; it must be carefully planned and put into practice.

92. Housing benefit is a complex service that is hard to deliver well. Good performance and continued improvement call for:

- strong leadership within the service, in order to manage change and build on the positive aspects within the authority; and
- a corporate recognition of the value of the service.

In reality, there are councils where backlogs have been endemic for several years, and recovery there will be particularly difficult. Even well-managed authorities can still find it difficult to do more than keep their heads above water. The scheme itself, and its complexity, may be part of the problem. The Audit Commission will therefore carry out further work on the scheme and on how it works at a national level.
APPENDIX 1: ACKNOWLEDGEMENTS

ADVISORY GROUP

The Audit Commission is very grateful to the members of the advisory group for their advice during this study. They were:

- **David Barr**, *Department for Work and Pensions*
- **Catherine Hipkin**, *South Norfolk District Council*
- **Mark Jenkin**, *Benefit Fraud Inspectorate*
- **Clare Miller**, *Housing Corporation*
- **Steve Ongeri**, *Housing Corporation*
- **Liz Phelps**, *National Association of Citizens Advice Bureaux*
- **Lesley Pigott**, *London Borough of Camden*
- **Clive Singleton**, *Department for Work and Pensions*
- **Rick Steels**, *South Norfolk District Council*
- **Gary Stevens**, *Audit Commission Best Value Inspection Service*
- **Gwyneth Taylor**, *Local Government Association*
- **Charlie Thompson**, *District of Easington*
- **Matthew Waters**, *Shelter*

Officials of the National Assembly for Wales and the Local Government Association for Wales also provided input to this paper.

OTHER AUTHORITIES

The Audit Commission is also grateful to officers at the following authorities for contributing to the study:

- Brighton & Hove City Council
- London Borough of Bromley
- Dudley Metropolitan Borough Council
- East Cambridgeshire District Council
- London Borough of Enfield
- London Borough of Greenwich
- London Borough of Haringey
- South Cambridgeshire District Council
- South Somerset District Council
- Borough of Spelthorne
- The City and County of Swansea

The Audit Commission also drew on authorities inspected during the study.

STUDY TEAM

The Audit Commission study team consisted of Patrick Clackett, Geoffrey Rendle, Nic Rattle and Kevan Forde under the direction of Greg Birdseye. They received valuable assistance from Matthew Gladstone and Tom Keena of the Best Value Inspection Service.
APPENDIX 2: CURRENT RECOMMENDATIONS AND PROPOSALS FOR HOUSING BENEFIT REFORM

i. During 2000, the House of Commons Select Committee on Social Security undertook an inquiry into housing benefit and identified a number of areas where the system might improve (Ref. 10):
   • improving customer service by developing more streamlined, integrated approaches to administration through best value, and considering the scope for simplification;
   • tackling fraud and error by improving protection and detection and improving partnerships between organisations; and
   • improving work incentives by improving administration, including transition into work, and by considering other options for improving income in work.

ii. In April 2000, the Government published its Housing Green Paper Quality and Choice: a decent home for all (Ref. 11), and followed this up in December 2000 with its response to consultation on the Green Paper. Both included suggestions as to how housing benefit could be improved:
   • improving customer service, by providing local authorities with online access to relevant information about claimants’ income support and jobseeker’s allowance, and electronic information from the Benefits Agency on decisions and changes in circumstances through the ‘Integrated Enquiry Service’;
   • reducing complexity, including plans to reform the single room rent policy, giving older people the choice of oral rather than paper forms, simplifying processes when claimants start or leave jobs, and clearer, better, more co-ordinated guidance and circulars; and
   • improving work incentives and transition into work, and also longer-term support for tenants on low income, for instance, by setting support at a fixed rate that does not vary with rent levels.
## APPENDIX 3: STANDARDS AND TARGETS FOR LOCAL AUTHORITY BENEFITS SERVICES

<table>
<thead>
<tr>
<th>Sources of standards and targets</th>
<th>Encouraging a focus on the claimant</th>
<th>Protecting the public interest</th>
<th>Reflecting corporate council aims</th>
</tr>
</thead>
<tbody>
<tr>
<td>The law and central government guidance requires:</td>
<td>14-day standard for processing claims; if this is not met, entitlement to payment on account</td>
<td>Elements of central government subsidy intended to reward anti-fraud work</td>
<td>All expenditure must be legitimate for it to be taken into account when central government calculates subsidy.(^1)</td>
</tr>
<tr>
<td>National best value performance indicators highlight:</td>
<td>Speed of processing claims of various types</td>
<td>Existence of anti-fraud strategy</td>
<td>Administration costs</td>
</tr>
<tr>
<td>Service level agreements (SLAs) with others draw attention to:</td>
<td>Operational efficiency of working with Benefits Agency which will affect the speed of processing</td>
<td>Co-ordination of anti-fraud work such as visiting claimants’ addresses with other agencies</td>
<td>Improved integration between different council departments</td>
</tr>
<tr>
<td>Objectives and targets within councils are set locally – and promote, for example:</td>
<td>Better access for claimants (for example through one-stop shops)</td>
<td>Integrated benefits service</td>
<td>Increased take-up of benefits as a contribution to social inclusion and anti-poverty strategies</td>
</tr>
</tbody>
</table>

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\(^1\) Central government subsidy reimburses councils for most HB expenditure. One hundred per cent of HB rent rebates paid to council tenants are taken into account in subsidy calculations. For rent allowances paid to other tenants, 95 per cent is directly repaid in subsidy. However, lower percentage rates apply to claims that have been backdated or overpaid. Councils also receive subsidy based on their performance on fraud and error.
REFERENCES


