Testing times

A survey examining how the recession is affecting benefit services

Local government report

December 2009
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Summary

1 Many individuals and households rely on accurate and timely payment of housing and council tax benefits. In June 2009, the Audit Commission surveyed all heads of benefit services in England to find out what impact the recession was having on demand for these benefits and how councils were responding.\(^1\) Forty-one per cent of councils responded. This report summarises the survey results.

2 Most councils reported rapid increases in demand.

- Between April 2008 and April 2009, caseloads increased in all types of council and all regions.
- The median caseload increased by 7.1 per cent, but increases ranged from 0.2 to 28 per cent.
- In the six months before April 2009, applications for discretionary housing payments increased in 69 per cent of councils surveyed. Eighty-two per cent reported higher demand for debt counselling.

3 Most councils have changed aspects of their approach in response.

- All councils received additional funds from the Department for Work and Pensions in 2008/09 to help them deal with higher caseloads; the most common use of the money was to pay for more staff.
- Seventy per cent have changed their strategy or operational plans for 2009 to address increases in demand. Changes have included reviewing job roles and activities, more use of telephone interviews, IT solutions and increasing staff numbers.
- Forty-seven per cent have increased funding for debt counselling or money advice services in 2009.
- Forty-six per cent particularly targeted take-up advice to people who had lost or were in danger of losing their jobs, often in partnership with other agencies.

4 Heads of benefits services had a number of concerns about the future.

- Twenty-eight per cent were more concerned about fraud in June 2009 than in June 2008.\(^2\) They felt that higher caseloads might reduce the staff resources available for preventing and detecting fraud and error.
- Some stated that they were struggling to manage the additional demand on their services.
- Despite changes in the job market, some were still finding it difficult to recruit the right staff.

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\(^1\) Early increases in housing benefit demand were reported in *Crunch Time* (Ref. 1) in December 2008.

\(^2\) More detail on anti-fraud activity in councils is available from the Audit Commission's report *Protecting the Public Purse* (Ref. 2) published in September 2009.
Summary

Given current trends in the labour market, it seems likely that caseloads will continue to rise for some time. The information and ideas reported in this survey may give councils information that will be helpful in developing their local response.
1 The Audit Commission survey

In June 2009, the Audit Commission sent a confidential online survey to all heads of benefit services in England. Forty-one per cent replied (Table 1).

<table>
<thead>
<tr>
<th>Authority type</th>
<th>Number responding</th>
<th>Percentage of all councils of this type</th>
</tr>
</thead>
<tbody>
<tr>
<td>District council</td>
<td>71</td>
<td>35</td>
</tr>
<tr>
<td>London borough</td>
<td>16</td>
<td>48</td>
</tr>
<tr>
<td>Metropolitan council</td>
<td>17</td>
<td>47</td>
</tr>
<tr>
<td>Unitary authority</td>
<td>29</td>
<td>53</td>
</tr>
<tr>
<td>All responses</td>
<td>133</td>
<td>41</td>
</tr>
</tbody>
</table>

Note: Councils self classified. There may be variations in unitary and district classification given the reorganisations of April 2009.

Source: Audit Commission

The survey results informed When it Comes to the Crunch (Ref. 3), an Audit Commission report looking at how councils are responding to the recession.

This report summarises the survey results. A simple online tool provides a series of graphs showing all results. Councils can use this tool to compare their caseloads with those of other councils. Comparisons can be made by region and authority type. A copy of the questionnaire is also available online.iii

Monthly figures on caseloads for all councils for the period from November 2008 to May 2009 were published for all councils in August 2009 by the Department of Work and Pensions. Changes in the way data was collected by the Department mean that there is no comparative data for the full year April 2008 to April 2009. The Department figures available show trends similar to those found in this survey. More details are given in Appendix 1.

This report looks at:

- changes in demand (based on questions in sections A and C of the survey);
- benefit service responses to increased workloads (sections D and E); and
- targeting take-up (sections B and E).

All quotations are taken from the open responses in the survey.

iii The tool and the survey can be found at www.audit-commission.gov.uk/localgov/goodpractice/benefits/Pages/benefitservicestool.aspx
2 Changes in demand

Between March 2008 and March 2009, there were increases in live housing and council tax benefit caseload across all geographical regions and types of local authority. The rate of change varied considerably (Figure 1). Caseloads have increased most rapidly in unitary and district councils (Table 2).

Figure 1 Percentage change in live housing benefit and council tax benefit caseload between 31/3/08 and 31/3/09
There were increases across all geographical regions and types of local authority

![Percentage change in live housing benefit and council tax benefit caseload between 31/3/08 and 31/3/09](image)

Counsil increase 2008 to 2009

- District council
- London borough council
- Metropolitan borough council
- Unitary council

Counsil can compare their own position with that of others in their region and authority type by using an on line tool on the Audit Commission website.

Source: Audit Commission

There is a large variance in the scale of increase within authority types. That variation is most likely to be a function of local economic conditions. Table 2 shows the trend for different types of authority.
Changes in demand

Table 2  Changes in caseload 2008 to 2009 by authority type
Caseloads have increased most rapidly in unitary and district councils.

<table>
<thead>
<tr>
<th>Authority Type</th>
<th>Median housing or council tax benefit caseload April 2008</th>
<th>Median housing or council tax benefit caseload April 2009</th>
<th>Median percentage change in past year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>District councils</td>
<td>7,566</td>
<td>8,173</td>
<td>8.2</td>
</tr>
<tr>
<td>Unitary councils</td>
<td>17,187</td>
<td>19,680</td>
<td>7.6</td>
</tr>
<tr>
<td>London boroughs</td>
<td>21,461</td>
<td>22,479</td>
<td>4.2</td>
</tr>
<tr>
<td>Metropolitan councils</td>
<td>30,362</td>
<td>32,124</td>
<td>6.8</td>
</tr>
<tr>
<td>All councils</td>
<td>11,512</td>
<td>12,462</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Source: Audit Commission

14 After previous recessions, employment levels typically lagged behind overall economic recovery. Most services are therefore likely to face further – but variable – increases in unemployment-linked demand. So arrangements to manage increases in caseload should take into account the likelihood of further growth in demand.

15 The survey asked about four other areas of demand.

- Councils reported a small increase in the total number of defective claims (average 2 per cent) between 31 March 2008 and 31 March 2009.\textsuperscript{IV}
- There was a larger year-on-year increase in unsuccessful claims\textsuperscript{V} (average 9 per cent).\textsuperscript{VI}
- Sixty-nine per cent had seen an increase in demand for discretionary housing payments over the past six months.
- Eighty-two per cent had seen an increase in demand for debt counselling and money advice, both as provided directly by councils and in services contracted or grant aided by councils.

\textsuperscript{IV} Defective claims – applications which councils cannot determine because of information not provided by the customer.
\textsuperscript{V} Unsuccessful claims – applications for benefit which are assessed and show no entitlement for benefit.
\textsuperscript{VI} The year-on-year increase across those councils who responded was 7,992 for defective claims (based on data from 89 services) and 18,898 for unsuccessful claims (based on data from 101 services).
Changes in demand

Comments made about increases in demand

16 Even in areas where overall demand did not significantly increase between March 2008 and March 2009, councils reported short-term peaks in new demand that they associated with the credit crunch. For example, in one council, where a large plant had temporarily shut down, caseloads increased by 17 per cent in five months.

17 First time customers tend to take up more staff time than those with prior experience of the service. Some service heads have reviewed the information given to new customers because of the increase in people claiming for the first time. Councils said that they particularly wanted to stress to new customers the importance of reporting future changes in circumstances as soon as possible.

18 In open questions some service heads reported noticeably greater increases in demand from tenants in the private rented sector. Monthly caseload figures now available from the Department of Work and Pensions (see Appendix 1) confirm this trend; between November 2008 and May 2009, overall caseloads increased by 5.7 per cent, while the number claiming benefit for privately rented accommodation increased by 15 per cent.
3 Responses to increases in demand

Sixty-seven per cent of councils who have seen an increase in demand for debt counselling and money advice have increased funding for these services. Fifty-six per cent of those who had an increase in demand for discretionary housing payments in 2008/09 increased their local contribution to the fund (Table 3); only 46 per cent had increased their local funds for 2009/10. If demand continues to increase this may cause hardship for some households by the end of the year.\textsuperscript{vii}

\begin{table}
\centering
\begin{tabular}{|l|c|c|c|c|}
\hline
 & Number of councils reporting an increase in demand for discretionary housing payments 2008/09 & Percentage of these where additional funding provided & Number reporting additional demand for debt counselling or money advice & Percentage of these where additional funding provided \\
\hline
District councils & 54 & 57 & 48 & 48 & 70 \\
Unitary councils & 17 & 47 & 41 & 24 & 71 \\
London boroughs & 7 & 43 & 29 & 11 & 55 \\
Metropolitan councils & 12 & 67 & 50 & 13 & 62 \\
All councils & 90 & 56 & 46 & 96 & 67 \\
\hline
\end{tabular}
\caption{Additional funding allocations made in response to increased demand}
\end{table}

\textsuperscript{vii} However, there are some councils which do not normally spend all their local fund; there may be others intending to review funds during the year.
Responses to increases in demand

20 All relevant councils have received some extra government funding to help them meet rising demand. The 2009/10 grant for the UK (including the extra funding) is 12 per cent more than in 2008/09 and 14 per cent more than originally planned. Eighty-one per cent of councils said they had used this extra money for staff, through increased overtime payments or new appointments. Thirty-five per cent had invested in IT. Eighty-nine per cent had changed or intended to change some working practices because of increases in demand.\footnote{The Budget Report 2009 announced that the government had set aside further additional funding for the Department of Work and Pensions over the next two years as a result of the economic downturn. The original UK wide administrative grant for 2009/10 of £528 million was increased by £75 million. This money is provided to assist local authorities in their statutory duties to administer and process housing or council tax benefit claims and directly related enquiries during the economic downturn. Estimated spend data for 2008/09 suggests that in England the administrative grant covered 66 per cent of the actual costs of administering and processing benefit.}

21 Councils have reallocated existing staff time as well as increasing overall staff numbers and hours (Figure 2).
Responses to increases in demand

Figure 2 Measures put in place to tackle increased demand on benefits services

Councils have reallocated existing staff time as well as increasing overall staff numbers and hours.

What measures have you put in place to tackle increased customer demand on the benefits service?

- Yes
- No
- Not answered

Numbers add to more than the total number of councils which responded (133) as respondents could select multiple options. 'Other’ responses include generic additional staff resource through overtime or agency staff and reallocation of time, to processing.

Source: Audit Commission

22 Open ended responses suggest that some local services have found it difficult to keep up with demand.

'More resources needed at the customer facing areas…finding it difficult to keep up with demand, staff working all hours available…'

'Resources are severely stretched.'

23 In a few cases councils have cut back on services in ways that may disadvantage vulnerable households.

'Reduction in non-statutory services.'

'There's no point running take-up campaigns if we don't have the capacity to deal with the enquiries, so we're concentrating on streamlining processes and cutting out waste first.'
Responses to increases in demand

24 The scale of change has meant that 70 per cent of survey respondents have had to amend their strategy or their operational plans for 2009/10. Table 4 summarises the changes reported.

Table 4 How has the recession affected strategic and/or operational planning for benefit services in 2009/10?

<table>
<thead>
<tr>
<th>Responses</th>
<th>Type of council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on maintaining performance; no resources to develop services</td>
<td>District council</td>
</tr>
<tr>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Scale down or delay developmental projects due to budget restraint</td>
<td>5</td>
</tr>
<tr>
<td>Focus on streamlining claims process</td>
<td>3</td>
</tr>
<tr>
<td>Increase staff resource through recruitment, overtime and home working, or</td>
<td>6</td>
</tr>
<tr>
<td>using time from other council staff (for example, general reception staff</td>
<td></td>
</tr>
<tr>
<td>trained to provide initial help to applicants, or library staff now</td>
<td></td>
</tr>
<tr>
<td>given powers to verify documents)</td>
<td></td>
</tr>
<tr>
<td>Increase training for staff</td>
<td>2</td>
</tr>
<tr>
<td>Introduce automated or ICT systems</td>
<td>6</td>
</tr>
<tr>
<td>Increase in promotional activity</td>
<td>3</td>
</tr>
<tr>
<td>More liaison with other departments, sectors and voluntary organisations</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Audit Commission, based on categorisation of responses to an open question
Responses to increases in demand

25 Some councils were relying on short-term measures such as:
   - Saturday morning overtime;
   - moving staff away from other areas (such as checking for errors); and
   - outsourcing some of their additional claims processing.

26 Others have made more long-term changes, sometimes as part of whole service reviews. Changes reported include:
   - better use of telephones and technology, including automatic e-transfer of documents and replacing some time consuming home visits with telephone calls;
   - promoting home working where local trials had shown this to improve productivity;
   - increasing staff numbers, often linked to reorganisations also designed to make best use of experienced staff;
   - revising customer service staff working hours, to maximise staffing levels at peak enquiry times;
   - redesigning workflows so that one member of staff could, wherever possible, deal with a full claim in one session; and
   - retraining staff elsewhere in the council to support the service more effectively, for example reception and library staff.

Future concerns: fraud, staff recruitment and service development

27 The survey highlighted three areas of particular concern: the possibility of increases in fraud, problems in recruiting and retaining good staff and the difficulty of identifying and delivering improvements at the same time as managing the day-to-day pressures of increasing caseloads.
Responses to increases in demand

Fraud

28 Twenty-eight per cent of respondents to the survey were more concerned about fraud in June 2009 than they had been a year earlier. A number of respondents thought increased caseloads and either less resources or no increase in resources might lead to less stringent controls and fewer investigations, both in councils and in Department of Work and Pensions offices. They felt this might allow more fraud to enter the system.

29 The survey suggests that resources are being shifted away from fraud work in some councils. While 11 per cent had increased staff resources for this area, 75 per cent said that less staff resource was now devoted to fraud, either because staff numbers were reduced or because staff spent a smaller proportion of time on fraud related work.

'Increased caseload, and rather than increasing fraud capacity there has been a reduction in fraud staff.'

'An expectation that a knock-on effect of caseload growth will be a proportionately greater incidence of fraud.'

30 In open comments individuals explained their concerns. Many expected an increase in claims to lead to a pro rata increase in fraud. Some also suggested that behaviours might change because of the downturn in the economy, with more people tempted to deliberately withhold information on income or capital that might disqualify them from claiming. The only hard evidence for such behaviour change reported was an increase in customers deliberately delaying or not reporting changes in circumstances.\textsuperscript{iX}

\textsuperscript{iX} More detail on anti-fraud activity in councils is available in Protecting the Public Purse (Ref. 2) published in September 2009.
Responses to increases in demand

Staff recruitment and retention

31 It has not been easy for all councils to increase staff numbers rapidly. A few services reported that it was becoming easier to recruit, as the recession meant that more people with the right skills are looking for jobs. However, others said that attracting and retaining permanent, temporary or agency staff with the appropriate skills was still a problem. The increase in demand for agency staff has meant an increase in the rates charged by some agencies, which in turn can lead to councils losing staff to work for an agency.

32 Some councils had discussed sharing staff, but because the increase in demand has affected all areas they found little spare capacity among their neighbours. Some intend to recruit and train staff through specific new traineeships as a medium-term response to additional demand, which will also help with local skills development. This is also seen as a cheaper long-term option compared to using contractors.

'New entrants scheme to train up new assessors rather than relying on expensive temps.'

'We intend to focus entirely on increasing employee resources and training them.'

Future service development

33 Survey responses show that increased demand is not stopping innovation and development. However, in open ended answers a significant minority of respondents reported putting wider plans for service development on hold under the pressure of caseload increases.
4 Targeting take-up in the recession

Many survey respondents explained how they were using or gaining knowledge of their communities to identify those who had, or were in danger of, losing their jobs. They were trying to mitigate the impact of job losses by reaching potential new benefit customers quickly.

Figure 3 shows the groups councils targeted in benefit take-up campaigns between November 2008 and May 2009. Pensioners remain the group most often targeted in take-up campaigns. Newly unemployed people were the second most common target group. A number of councils explained how they were working with businesses affected by the recession to reach people in danger of losing their jobs as early as possible.
Figure 3  Recent targets for take-up campaigns
Between November 2008 and May 2009, newly unemployed people were the second most common target group.

The graph includes multiple responses. One campaign might be targeted at more than one client group. 'Other' responses were targeted at geographical areas or through specific institutions (for example more deprived wards or doctors surgeries); or were generic campaigns, including leaflets with all council rent information or council tax demands, or articles and forms inside council magazines.

Source: Audit Commission

Many of the campaigns reported involved joint working as a more effective and efficient way of reaching and helping a target group. Three examples are given below:

- Working with other partners to offer support to individuals in danger of losing their jobs (Case study 1).
- Working with neighbouring councils and the third sector to raise awareness and promote a range of benefits to local people (Case study 2).
- Working with schools to promote benefit take-up by low income families and to promote changes to the benefit regulations that were due in November 2009 (Case study 3).

The 2008 budget proposed a change to benefit rules to help lower income families. The proposal is for child benefit income to be excluded from family income when fixing housing and council tax benefit entitlement. The regulations for this change were published in July 2009 and the change will take affect from November 2009.
Targeting take-up in the recession

Case study 1: Working with businesses adversely affected by the recession in Sandwell

Sandwell Metropolitan Borough Council’s benefit service has joined forces with Job Link, part of the Council Regeneration Division, to offer advice and support at redundancy workshops.

Affected businesses are identified in a number of ways. These include:

- Jobcentre Plus reports;
- information from frontline customer contact staff who pass on information from customers about likely redundancies or businesses introducing compulsory short-time working; and
- informal information from friends and neighbours.

The Revenues and Benefits Stakeholder Relations Officer contacts the HR manager of any identified business and offers to visit, to discuss how the Council can help.

Between February and June 2009, Council staff made 16 visits to 10 different employer sites. Work included presentations and one-to-one support for individual members of staff. Audiences varied from approximately 10 to 60. On some sites the staff gave several presentations to reach large numbers of workers. Further visits are expected, depending on emerging need.

This service provides a ‘face’ for potential customers who have never previously claimed benefits and offers people reassurance and guidance about the benefits system. Providing people with the right advice helps to maximise income and prevents unnecessary claims for benefit.

Feedback from businesses and employees shows that they value the following:

- Discretion. Businesses do not want creditors or suppliers to know that they may be experiencing financial hardship.
- Non-formal presentations. Employees tend not to want to sit through PowerPoint presentations or have formal lectures. When visiting businesses, council officers will be asked questions about wider council services. Therefore a broad knowledge of council services is also required.
- Attention. Many are upset about their circumstances. Even if the practical help from the Council is limited, people appreciate it taking an interest and showing support.
Case study 2: Improving benefit take-up in Colchester

The Essex district councils share practice on benefits and work together on promotions. To promote benefit take-up during the recession, the cross-council partnership decided to run a specific day of activity across the county in March 2009. This maximised publicity while giving individual district councils the opportunity to deliver something specific for each area. The County Council coordinated county wide publicity, which included newspapers, council magazines and radio advertising on all local radio stations.

Colchester decided to run a take-up ‘market’. The event looked like a normal street market and included stalls from 20 local welfare agencies. It attracted much public interest, generating hundreds of enquiries. The nature of the event made it difficult to link it directly to any subsequent specific increase in take-up. However, the links made between the different agencies involved have led to other joint initiatives.

Colchester decided to repeat the event in August, when families might be more likely to attend because of school holidays. The day was also selected carefully to link to when most older people draw their pensions and so would be more likely to be in town.

The third case study relates to planned changes to benefit rules that came into effect in November 2009. The government estimates that up to 200,000 families on low incomes could be helped. Only 53 per cent of survey respondents said that they had already planned specific take-up work targeted at families who may be affected by these changes. Figure 4 summarises details of those activities. General local advertising was the most common form of take-up campaign planned.
Targeting take-up in the recession

Figure 4  Planned or current take-up work targeting low-income families who may be affected by changes to the regulations taking effect from November 2009

General local advertising was the most common form of take-up planned

![Graph showing planned take-up work]

The graph shows categorised open responses.

Source: Audit Commission

38 Some councils are trying to target those families most likely to benefit. They are identifying possible customers by working with children’s services and schools, for example organising after-school events and sending letters home with pupils. The Isle of Wight is one such council. The service has identified the potential for a 10 per cent increase in its caseload as a result of this change to benefit regulations (Case study 3).
### Case study 3: Isle of Wight Council: proactive work with schools

The Isle of Wight Council has found that schools are more than willing to host community events to raise awareness of benefits and other council services. The benefits service has worked in partnership with the council’s children’s services to identify suitable schools to approach to host events. Letters are sent to all parents inviting them to attend evening events. Parents from surrounding schools are also invited. Events have been well attended. Events were marketed as an opportunity to find out about the forthcoming changes and whether these might affect local families. Families were also able to learn more about the benefits service in general.

### Conclusion

39 The recession has meant a rapid increase at a national level in the number of households claiming housing and council tax benefit. In some cases the local increase is relatively small, and can be dealt with by relatively minor changes. In others the scale of increase requires more significant changes to current arrangements.

40 The challenge for councils is to manage local changes without any increase in the time taken to deliver benefits accurately.

41 The Audit Commission will continue to research changes to demand linked to the current recession and to monitor the performance of benefit services. We will share examples of effective local responses identified through national research or local inspections of benefit services.
Appendix 1 Comparing the survey with caseload figures for all local authorities from the Department of Work and Pensions

1 In August 2009, the Department of Work and Pensions published comparative monthly caseload statistics for all councils from November 2008 to May 2009. These can be found at http://research.dwp.gov.uk/asd/hbctb.asp and will be regularly updated. Recently updated Department data confirms that the increase in demand highlighted in our survey are continuing, making effective benefits management increasingly important.

2 The figures in those spreadsheets are not directly comparable with the ones collected for this survey.
   • The Department figures at council level are separated into housing benefit claims and council tax claims. As the same person frequently claims both benefits, the two figures cannot be combined to give a total claimant count.
   • There are no Department figures for April to October 2008, so an annual comparison is not possible.

3 An analysis of the six-month Department figures shows a similar picture to that given in this report.
   • There have been increases in virtually every council.
   • The range is variable, with a median percentage change in housing benefit claims of 6.4 per cent between November 2008 and May 2009, but a range of -7 per cent to 22 per cent. The median in our survey was 7 per cent and the range 0.2 to 28 per cent.
   • Increases have been greatest in the South West and the West Midlands.\(^{11}\)
   • Councils with a high percentage of residents already on benefit have not always been those where the percentage of claims has increased most rapidly. We were not able to calculate this using our survey results because council responses were anonymous.
   • The fastest increase in claims has come from those renting in the private sector. This confirms the comments made by some respondents to our survey.

\(^{11}\) It was not appropriate to aggregate regional data from our anonymous survey.
Appendix 1 Comparing the survey with caseload figures for all local authorities from the Department of Work and Pensions

4 Some councils with a high percentage of households already on benefit have seen further rapid increases. These areas have had a particularly rapid increase in low income households, which will have affected local communities. Benefit services here will also be facing the management pressures associated with rapid increases in demand described in this survey.

5 The Audit Commission will review the new data on changes to demand and use this to inform local work by inspectors and auditors.
References


3 Audit Commission, *When it Comes to the Crunch: How Councils are Responding to the Recession*, Audit Commission, August 2009.