

Local Authority  
Omnibus Survey

The Local Authority Omnibus Survey is conducted every six months among managers with responsibility for the administration of Housing Benefit and Council Tax Benefit. It aims to provide the Department with a regular means of finding out how local authorities organise their benefit administration and view current and future policy and regulations.



## Wave Eight Summary

This summary presents the findings of key sections of Wave 8 of the Survey. It also outlines how some of the information collected from this and previous waves has been used. More detailed findings from these and other sections are given in the full report, which is available free of charge.

Wave 8 of the Survey covers questions on the following issues:

- Performance Standards
- New Tax Credits and Pension Credit
- Appeals
- Local Housing Allowance (LHA)
- Electronic Payment Methods
- The Single Room Rent
- Website Issues
- Management Information Systems
- LA Administration
- BFI website

The last three sections are covered in the full report rather than in this summary.

### How to get the full report

The report for Wave 8 will be available in October 2003 as part of the DWP in-house series. You can get copies of this summary and the full report by contacting the Research Support Team on **020 7962 8566** or from [www.dwp.gov.uk/asd/asd5/IH120.pdf](http://www.dwp.gov.uk/asd/asd5/IH120.pdf)

### Performance Standards

In 2002 LAs were given the opportunity to bid for funding from the DWP to help them achieve the Performance Standards for the processing of HB/CTB claims and the recovery of overpayments.

In particular, the funding was designed to address training and staffing issues, which may be preventing authorities from reaching the standards in these two areas.

Wave 8 of the Omnibus Survey showed that two-thirds of participating LAs submitted a bid and that 71% of these did so because their LA was below standard in the processing of claims. Other reasons for submitting a bid included staff recruitment (44%) and retention (33%) problems and inadequate IT (37%).

The majority of LAs agreed that the DWP was right to make training (93%), staffing (93%) and capital investment in IT (79%) a priority in the first tranche of Standards funding.

The barriers that appear to have had the greatest impact on LAs ability to achieve an "at standard" performance in the Processing of Claims are the amount of new DWP legislative or procedural change, the difficulties in obtaining further information from the client and the lack of trained benefit assessors.

Only 12% of LAs said that their bid to the Standards Fund addressed "all" of the barriers they rate as having had a high impact, while three quarters said it addressed "some" of them and 10% said "none".

When "below standard" LAs were asked what (additional) support DWP could give in order to help their authority achieve an "at standard" performance in the processing of claims, the two types of help mentioned most often were "more/adequate funding" and "a reduction in the number of changes in legislation" (mentioned by 19% and 12% respectively).

### New Tax Credits/Pension Credit

New Tax Credits were introduced in April 2003 and extended the scope of the pre-existing tax credits.

Since NTCs were implemented, over three

quarters of LAs (77%) have experienced problems which have impacted on HB/CTB claims processing. The problems mentioned most frequently were delays in notification of the awards by the Inland Revenue (21%), difficulties getting through to the help line set up by the Inland Revenue (19%) and delays with the Inland Revenue processing a New Tax Credit claim (16%).

There were doubts expressed about the value of the telephone hotline provided by the Inland Revenue, to check information provided by claimants. Just a quarter of LAs described this service as very or fairly helpful, while three in five felt it was not very or not at all helpful.

The DWP had published a guide to New Tax Credits to help LAs prepare for their implementation. Nearly all LAs (97%) were aware of the guide and most had used it (97% of those that were aware). The vast majority of LAs had used the guide for staff training purposes (81%) and those that had used it had found it helpful (86%).

Pension Credit is being introduced from October 2003. The DWP was interested to know what preparations were being made by LAs for the implementation of Pension Credit. At the time of the survey, 27% of LAs said all staff have received training on this, while 32% said some but not all staff had done so. However, two in five LAs said staff have not received training on Pension Credit.

Of those LAs with trained staff, a fifth (21%) said all staff understood the differences between the different types of Pension Credit, while 62% said some, but not all, understood.

Similarly 19% of LAs said that all of their trained staff were clear about the impact that the introduction of Pension Credit will have on HB/CTB, while the majority (53%) said that some but not all staff were clear about the impact.

Eighteen percent of LAs have already made preparations and seven in ten LAs (71%) planned to make preparations for new HB/CTB claims linked to advance claims for Pension Credit, that may be received in the period April to October 2003. The main areas of preparation were "training of staff covering how to deal with claims" (85%) and "awareness sessions regarding additional information relating to Pension Credit available via the RATS" (77%).

Forty four per cent of LAs have estimated the additional workload which will be created by Pension Credit. Of these more than four out of five (82%) said they will need additional staff for the introduction of Pension Credit. Just over a half (52%) of those LAs needing additional staff had successfully recruited at the time of interview.

The majority of LAs (77%) have started to make changes to their IT systems for Pension Credit. Of these, just over a third (34%) said all the changes would be completed on time, just over two in five (42%) said some would be completed, five per cent said they wouldn't be completed, while one in five (19%) did not know.

The main reasons given by those LAs that say that just some or none of the work to the IT systems would be completed on time include:

- the software suppliers ability to deliver on time (75%)
- delay in DWP specifying the changes needed (65%)
- complexity of changes causing delays (42%)

Where LAs did not anticipate the work being completed for October 2003, most (72%) thought their IT systems would be ready by the end of 2003, two per cent during 2004, while 25% did not know when they would be ready.

The main areas identified as potential problems by LAs when Pension Credit comes into force in October 2003 were:

- customers understanding the new system/confusion (27%)
- software/computer problems (19%)
- additional work/increased volume of claims/caseload (16%)

## Appeals Service

The Appeals Service began dealing with HB/CTB appeals in July 2001. Recently the Omnibus Surveys have been used to find out how the new system is working in practice and the effect on the processing of appeals.

Wave 8 of the Survey found that there were wide variations in the number of HB/CTB appeals lodged with LA appeals teams during the year ending March 2003. While five LAs had no appeals lodged, six had in excess of 1001. However most LAs fell somewhere between these extremes giving an average of 149 appeals lodged:

- 31% of LAs lodged between 1 and 20 appeals
- 25% of LAs lodged 21-100 appeals
- 19% of LAs lodged 101-500
- 3% lodged between 501-1000 appeals
- 18% of LAs could not say how many appeals were lodged.

Of these appeals, 19% of LAs said "none" lapsed due to a revised decision being made. Among those that have had lapsed appeals, (26% said don't know or did not answer), the average is 57.

Three per cent of LAs said none of the appeals have been sent to the Appeals Service. Again, a relatively high proportion did not give an answer (21%). However, among those that did send



appeals to the Appeals Service, the average is 25. Thirty per cent of LAs said they do not have any appeals outstanding. However, among those that do, the average is 20 (23% did not give an answer).

## LHA and Private Rented Sector Tenants

As part of the DWP's HB reform programme, a Local Housing Allowance for private sector claimants is being introduced, initially in 9 LA pathfinder areas from November 2003, in advance of a national scheme. The LHA will be based on average rents in an area with payments generally being made direct to the claimant.

While just under a quarter of LAs (23%) had no concerns about the possible introduction of a LHA in their LA area, the majority of LAs (70%) had concerns. Their main concerns were:

- landlords will increase rent to the LHA even if accommodation is sub-standard (25%)
- tenants may feel forced to go for sub-standard accommodation (14%)
- LHA set too low/not meeting LRR (13%)
- may lead to evictions (13%)

The vast majority of LAs (80%) have concerns about the LHA being linked to direct payment to private tenant claimants (rather than having the option of paying the landlord direct). Here the main concerns were:

- that landlords would not receive money increasing fraud/evictions (54%)
- could increase rent arrears (30%)
- may force landlords to withdraw from renting properties to benefit claimants (23%)

This is an issue because the survey found that at the moment, most HB payments for private sector claimants are made direct to the landlord (57%) with a smaller proportion (43%) currently being paid direct to the claimant.

When housing association claimants are included as well, an even higher proportion of HB payments are currently being made direct to the landlord.

Including this group means that LAs on average paid 71% of payments direct to landlords while 29% are made direct to claimants. The main method of payment to both landlords and claimants was by cheque, followed by electronic payment methods. Few LAs made payments by cash or giro.

## Electronic payment methods

The DWP has a policy to increase the number of benefit payments being made through electronic methods, into claimants' bank accounts.

For HB this policy has to be implemented in conjunction with LAs. Currently, forty-six per cent of LAs do not use electronic payment methods for HB. However more than four out of five of these (81%) said their LA had plans to introduce it. For 80% of these LAs they said this would be introduced within the next year or sooner. Reasons given for not using this method include the benefits software not supporting electronic payments (22%), problems with links between payment and benefit systems (15%) and concerns over security and identifying overpayments (13%).

## The Single Room Rent

The DWP broadened the definition for a Single Room Rent (SRR) in July 2001, to give some flexibility to the type of accommodation payable for under 25 year olds.

Around a half of all LAs said the SRR had increased (on average by just over £7) since the change in definition from July 2001. A further 19% of LAs say the SRR has not increased over this period while three in ten (31%) did not know.

Overall, just 12% of LAs said the increase in the SRR rate since then has made it easier for under 25s to find private rented accommodation. By contrast 47% felt the increase had not made it easier. The main reasons given were:

- SRR still too low compared with rent (55%)
- Not enough accommodation in the area (18%)

The average shortfall claimants face between their rent and the SRR, is on average just under £16 (41% did not know). Although a half of LAs did not know what percentage of under 25s face a shortfall between their rent and the SRR, among those that do, the average is 82% of under 25 year olds.

## Website Issues

The main users of the LA Resource Area of the DWP website are benefit managers (88%), benefit team leaders (55%) and counter fraud staff (45%).

Users mostly visit the site once or twice a month (37%) or weekly (35%). Most LAs (87%) found the site user friendly.

The information contained in the LA resource area was deemed useful by 97%. The main reasons given were:

- it contains the latest version of documents (66%)
- quicker than locating information locally (51%)

While a quarter of LAs felt the website doesn't need improving, 29% would like to see a "chat room" for practitioners set up, 22% felt the search facility could be improved and 13% felt the navigation could be made easier.

The majority of LAs own websites (83%) include information on HB/CTB, and a further 14% of LAs have plans to include this information in the next six months. Information on how to claim (87%), entitlement information (86%), and customer service information (75%) were the main items included. Just under a third of LAs (31%) include a claim form on their website, around a quarter (26%) a form to notify change of circumstances and less than one in five (17%) include some other type of form. Just 17 LAs had forms on their site that could be submitted electronically.

## About the Survey

One manager from all 408 LAs in England, Scotland and Wales was invited to take part in Wave 8 of the Survey. Respondents were contacted by telephone between 29 April and 15 July 2003. Interviews were conducted by NOP World with managers from 286 different local authorities (70%), using a 35-minute questionnaire.

## Next Wave of the Survey

We will shortly be starting work on Wave 9 of the Survey and will be in touch with LAs again within the next month.

We would like to thank all those LAs who participated in Wave 8 for the time you have given up to help us with this survey and hope that you will participate in the next wave. If you have any questions, queries or would like further information, contact the project manager, Karen Elsmore on **020 7962 8279** or e-mail her at [karen.elsmore@dwp.gsi.gov.uk](mailto:karen.elsmore@dwp.gsi.gov.uk).

## FEEDBACK

**The information that LAs provide the Department through the Omnibus is invaluable. The Department uses the information in a variety of ways. For example, information from previous waves has been used in the following ways.**

## Single Room Rent

The DWP has recently commissioned a research project to investigate the effects of the Single Room Rent. This will use the findings from the Omnibus Survey and look in more detail at how the July 2001 regulations have affected shortfalls between rents and SRR determinations. It will also examine the ways in which the SRR impacts on claimants and their housing decisions as well as on landlords and their lettings strategies.

## Local Housing Allowance

LAs initial views and concerns over a Local Housing Allowance will help to

inform the Department's overall evaluation strategy for the pathfinders, who will be introducing a LHA in their area from November. The evaluation will identify the major operational issues that arise and will inform the design of the national 'roll-out' of this policy initiative. It will seek to examine the extent to which the LHA:

- gives tenants a transparent and simple incentive to find accommodation at a rent met by the local allowance.
- boosts the after housing cost incomes of tenants with rents below the local market rent.
- simplifies and speeds up the administration of Housing Benefit.
- impacts upon rent levels, the supply and quality of accommodation in the PRS and on work incentives.

## Fraud

The Department is keen to gauge the impact on LAs of implementing various fraud initiatives and policies. Through the LA Omnibus Survey, we receive feedback on the effectiveness of our initiatives, whether they are achieving what they were set up to achieve and to give LAs the opportunity to raise concerns so that we can review those initiatives, as necessary.

Two of our fraud initiatives are voluntary, the Verification Framework (VF) and Royal Mail Do Not Redirect. Whilst the Department would like 100% compliance, we understand why some LAs have not taken on either or both of these schemes. Therefore, we have used various waves of the Omnibus Survey as a means of establishing just what it is about these schemes which is causing the greatest concerns for LAs. The Department has acted on that feedback. For example, various simplifications were made to the VF last year, whilst at the same time we have increased the level of funding quite considerably.

The Department is also carrying out a review of the VF and SAFE (Security Against Fraud and Error) schemes, to

ensure that LA efforts are focused on the most cost-effective activities to reduce fraud and error. In conjunction with LA partners, we will be putting forward proposals for any changes, and will be seeking the views of LAs on those, through future waves of the Omnibus Survey.

## New Tax Credits

The implementation of NTCs was a huge exercise and much preparation was undertaken beforehand to make sure that LAs received the information they needed. In April, Inland Revenue increased the number of helpline staff and will be looking again at staffing and capacity. In addition, a team of IR Tax Credits staff were in place in August to respond to written enquiries about existing tax credit awards.

The Inland Revenue and DWP are continuing to work closely with LAs, including the future provision of tax credit information. A detailed study is well underway, which is looking at a range of options that could improve the provision of information, specifically the flow of information from the Inland Revenue to LAs,

## Pension Credit

The DWP is working intensively to ensure the smooth implementation of Pension Credit in October 2003. We are checking with LAs about their state of readiness and circulated a short questionnaire to LA Chief Executives in the summer to find out what preparations still need to be made, so that we can target any further work.

Further information on the various initiatives outlined above, can be found on the DWP website: [www.dwp.gov.uk/housingbenefit](http://www.dwp.gov.uk/housingbenefit)

Further information about BFI's activities, processes and reports can be found on the BFI website: [www.bfi.gov.uk](http://www.bfi.gov.uk)