

**Department for Work and Pensions**

**Research Report No 383**

# **Housing Benefit and Council Tax Benefit as in- work benefits; claimants' and advisors' knowledge, attitudes and experiences**

**Caroline Turley and Andrew Thomas**

A report of research carried out by BMRB Social Research on behalf of the  
Department for Work and Pensions

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# Glossary of terms

## **The taper rate**

The amount paid through Housing Benefit (HB) and Council Tax Benefit (CTB) varies according to the income brought into account and will be dependent on household circumstances. Below the point at which the taper rate becomes effective the full rent will be payable and so the effective net rent for the household is zero. Above this income threshold, households will be deemed to have 'excess income'. HB is then reduced at a rate of 65 pence for every £1 of excess income (or at a 65 per cent taper rate) and CTB at a rate of 20 pence for every £1 of excess income (or at a 20 per cent taper rate). If the rent is considered to be excessively high for the property, then the rent payable through HB will be restricted and the customer will be required to make up the difference.

## **The earnings disregard**

This is the part of a person's income that is not counted in the calculation of Income Support. Any income received over the level of the disregard will result in less Income Support. Just as income is calculated on a weekly basis, disregards apply weekly. Disregards are counted on net earnings, that is, earnings after the payment of tax, National Insurance contributions and half of any contributions towards an occupational or personal pension scheme. The current weekly level of the earnings disregard is £5 for a single person, £10 for a couple and £20 for a lone parent or if a person receives a disability premium.

**Extended payment of HB/CTB**

Extended payments (also known as HB run-on) occur when someone moves into work. When an individual is claiming HB/CTB and not working and then moves into work, they need to notify the Department for Work and Pensions (DWP) of a change in circumstances. As it takes approximately four weeks to process a change in circumstances, extended payments continue to pay the full amount of HB/CTB for four weeks in order to avoid customers losing all benefit when they have just started work and have yet to receive their first pay.

**Verification framework**

The verification framework sets out the information that must be collected and verified before HB/CTB can be paid. The aim is to ensure that claimants receive all the benefit that they are entitled to and also acts as an anti-fraud mechanism. Claimants need to complete an application form and provide original documentation for proof of identity, National Insurance number, income, savings and rent. The claim will then be checked and assessed.

**Better-off calculation (BOC)**

A BOC is a calculation which allows customers to compare their current income while on benefits with what they can expect to earn if they started work. It also advises customers if they are entitled to any in-work benefits such as Working Tax Credits, Housing Benefit, etc.

# Summary

## Background

There is currently a low take-up<sup>1</sup> of Housing Benefit (HB) and Council Tax Benefit (CTB) among people in work. As such, many people who are in work and entitled to HB/CTB are not benefiting from the in-work support available. Equally, those who are receiving HB/CTB may be reluctant to move into work, either because they think they will be worse off financially or because of perceived complications in making a claim when their circumstances change.

The Department for Work and Pensions commissioned BMRB Social Research to carry out qualitative research to examine the impact of HB/CTB rules and administration on claimants' work incentives. It is intended that the research can help identify future options for improvements in HB/CTB policy and administration, which will influence customers' decisions to enter work and strengthen incentives to work (within the HB/CTB scheme).

## Aims

The overarching aim of this research was to examine the impact of HB/CTB rules and administration on work incentives. The specific objectives were to:

- 1 examine customers' awareness and advisors' understanding of HB/CTB as in-work benefits, and understand how better off calculations are performed;
- 2 examine the actual rather than the theoretical impact of tapers on customers' decisions to move into work or increase earnings when in work;
- 3 identify any aspects of HB/CTB that act as a barrier to work;
- 4 advise on measures that could be taken to improve administration and reduce the barriers to customers moving into work; and
- 5 identify potential solutions to issues arising.

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<sup>1</sup> Ford, J., England, J. and Kempson, E (1995), *Into Work? The Impact of Housing Costs and the Benefits System on People's Decision to Work*, Joseph Rowntree Foundation, York.

## Methodology

Jobcentre Plus staff, local authority staff and customers all participated in the research, which was conducted in five case study areas across the United Kingdom. The five areas (a London borough; a South West district; a South West city; a small Northern district; and a Scottish local authority)<sup>2</sup> were chosen to reflect a range of Local Authority HB/CTB processing times for both new claims and changes in circumstances.

### Customers

Purposive sampling was used to structure a sample of respondents in terms of employment and claim status:

- in work and not claiming HB/CTB;
- in work and claiming HB/CTB; and
- not in work, claiming HB/CTB.

Additional recruitment criteria were used to ensure a diverse sample. These were age (under 25 and 25 and over) and claimant type (single; lone parent; couple with children; couple without children; Black and Minority Ethnic customers). Seventy-five in depth interviews were conducted with customers in total.

### Jobcentre Plus staff

The research with Jobcentre Plus staff was primarily designed to examine advisor understanding of HB/CTB and whether they felt HB/CTB acted as a work incentive. The intention was to conduct two group discussions in each of the five areas. However, due to staff availability, only one group discussion could be undertaken in the South West district and the small Northern district, with two discussions in each of the remaining areas. A total of eight group discussions were therefore conducted.

### Local authority staff

The focus of the research with local authority staff was primarily in relation to the delivery of HB/CTB. Two depth interviews were conducted with local authority staff in each of the five case study areas. It was intended that an HB/CTB manager and team leader in each of the five case study areas were interviewed, but this was not always possible due to local authority staff availability. Staff interviews were therefore carried out with advisors with varying levels of responsibility regarding HB/CTB.

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<sup>2</sup> Pseudonyms have been adopted for the case study areas to protect respondents' identity.

## Customer understanding of HB/CTB as an in-work benefit

Customers generally found it difficult to recall how they were made aware of HB/CTB. When they were able to remember, Jobcentre Plus had a tendency to feature most prominently in customer's recollections. Customers had also derived their knowledge from family and friends who had experience of the benefits system. Less prominent sources mentioned included the Citizen's Advice Bureaux (CABx), doctors and health visitors, tenant support officers, local authority staff and their own searches on the Internet (Section 2.1).

Despite considering themselves aware of HB/CTB, in reality customers had a limited understanding of HB/CTB per se, or as an in-work benefit. Of the different claimant groups, lone parents were the best informed regarding HB/CTB as an in-work benefit.

Customers **not in work** and **claiming HB/CTB** generally had little knowledge of being able to receive HB/CTB in work. Their understanding of it was essentially very limited. The extent of customers' knowledge tended to be that the amount of benefit they received would decrease as their earnings increased (Section 2.2.1).

Customers **in work** and **claiming** were clearly aware of HB/CTB as an in-work benefit, but there was some confusion as to how HB/CTB operated and they generally demonstrated limited understanding of the relationship between earnings and HB/CTB (Section 2.2.2).

Customers **in work** and eligible for HB/CTB but **not claiming** tended to be unaware that they could receive HB/CTB in work, although there were some exceptions. There were employed customers who were aware that HB/CTB could be received while in work, but assumed they earned too much to be eligible for it (Section 2.2.3).

## Impact of HB/CTB on customers' employment decisions

When making decisions regarding movement into work, customers generally took into account the financial aspects of working and balanced income with the expenditure of working. In attaining this balance, customers would work out how much better off they wanted to be in work. This varied considerably between customers (Section 3.1.1). While considering financial issues, it was unusual for customers to cite in-work HB/CTB as a factor in their employment decisions (Section 3.1).

There were also a range of non-financial factors that customers took into account when considering work. These included: the effect of working on future job opportunities, career development and self-esteem. Although there did not appear to be any association between these 'soft' factors and specific customer groups, it was clear that those people who were in work had considered these issues to be important when considering whether work was worthwhile (Section 3.1.2).

HB/CTB had little impact on customers' decisions to move into work, particularly after the above factors had been taken into consideration. This was primarily due to

a lack of awareness of being able to receive HB/CTB in work. Indeed, there were respondents who would have considered HB/CTB as a work incentive had they known about it and who might have made different decisions regarding jobs they had dismissed in the past (Section 3.2).

Similarly, awareness of extended payments was also very low, but in instances where customers were aware of extended payments they were also considered to be an incentive to move into work (Section 3.2).

Barriers to claiming in-work HB/CTB included reporting changes in circumstances, the perceived security of receiving benefits; the perceived inaccuracy of better off calculations and also administrative delays (Section 3.3).

### **Jobcentre Plus staff**

Jobcentre Plus staff generally described having little knowledge about HB/CTB. This included a lack of awareness regarding both the earnings disregard and the taper rate. However, Lone Parent Advisors generally felt particularly knowledgeable about the system (Section 4.1.1).

Customers were generally of the impression that Jobcentre Plus staff were not able to advise them regarding HB/CTB as they lacked sufficient understanding of the system (Section 4.4).

Staff felt that HB/CTB did not act as a work incentive as customers considered the HB/CTB application to be problematic, with processing delays being raised as a key issue. In this context, customers were afraid of losing the security of having their full rent and Council Tax paid, and staff therefore had experienced difficulties encouraging customers to move into work and claim in-work HB/CTB<sup>3</sup>. However, staff did consider extended payments to act as work incentives (Section 4.3).

Suggestions for improvements to the HB/CTB system largely centred on enhancing knowledge. It was widely felt that more publicity regarding HB/CTB as an in-work benefit would be beneficial as customer awareness was limited (Section 4.5).

### **Local authority staff**

All the local authority staff considered the HB/CTB system to be complicated, for both staff and customers. However, in spite of this staff generally felt confident in administering HB/CTB and dealing with HB/CTB issues (Section 5.1.1).

As with Jobcentre Plus staff, the local authority staff thought that extended payments could potentially act as a work incentive. Consequently, local authority management staff felt that the extended payments should be further extended so

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<sup>3</sup> A recent change in benefits rules means that movement into work is now treated as a change in circumstances, rather than requiring a new claim for in-work HB/CTB.

that customers had longer than the initial four-week period of receiving full HB/CTB (Section 5.3.1).

While it was generally recognised by local authority staff that HB/CTB could act as a work incentive, there were a number of reasons as to why this was not the case. They included: the lack of customer awareness about in-work HB/CTB; the impact of HB/CTB rules (notably the impact of the taper rate, which was felt to act as a disincentive to movement into work); processing delays; perceptions about whether it was worth moving into work; and the perceived security of benefits (Section 5.3.2).

Suggestions for improving the delivery of HB/CTB provided by local authority staff largely echoed those given by Jobcentre Plus staff; there was a similar emphasis on enhancing knowledge surrounding HB/CTB as an in-work benefit. Suggestions for improvements included the promotion of HB/CTB as an in-work benefit; enhancing understanding among staff; and changing the taper rate (Section 5.5).

## **Conclusion**

This research focuses on whether HB/CTB acts, or can act, as an incentive for people out of work and in receipt of benefits to look for and take up employment. From the perceptions of customers, both in work and workless, local authority staff and Jobcentre Plus advisors, the evidence for the incentivising effect of HB/CTB is extremely weak.

It is clear that while customers are aware of the existence of HB/CTB, their understanding of how the benefits system works and the fact that they are payable to people who are in work is limited. Even customers who are in work and receiving HB/CTB lack detailed understanding of how HB/CTB interacts with their income from employment (Section 6.1).

Customers vary considerably in the factors they consider when thinking about whether to move from benefits into employment. However, there was no evidence to suggest that the availability of HB/CTB while in work had played a part in customers' decisions to take a job. Customers felt that it might have acted as a work incentive had they been aware of it (Section 6.2).

In order for HB/CTB to act as an incentive to work it needs to be recognised by people who are seeking work that the benefit is both available and will make a significant contribution to their income. This does not happen in practice. The following would all assist with raising the profile of HB/CTB as an in-work benefit (Section 6.3):

- focused discussion with customers about the benefits available to them when in work;
- Jobcentre Plus staff to receive greater training to discuss HB/CTB as an in-work benefit;
- occasional 'benefit surgeries' located in Jobcentre Plus and local authority offices that specifically focus on in-work benefits;

- a guarantee to customers that in moving from benefits to work they would have immediate financial support by improving the mechanism of delivery so that there was a smooth transition from unemployment to being in work without any disruption in the payment of benefits.

# 1 Introduction

There is currently a low take-up<sup>4</sup> of Housing Benefit (HB) and Council Tax Benefit (CTB) among people in work who are not benefiting from the in-work support available. Equally, those who are receiving HB/CTB may be reluctant to move into work, either because they think they will be worse off financially, or because of perceived complications in claiming when their circumstances change.

The Department for Work and Pensions commissioned BMRB Social Research to carry out qualitative research in order to examine the impact of HB/CTB rules and administration on claimants' work incentives. It is intended that the research can help identify future options for improvements in HB/CTB policy and administration, which will influence customers' decisions to enter work and strengthen incentives to work (within the HB/CTB scheme).

## 1.1 Aims of the research

The overarching aim of this research was to examine the impact of HB/CTB rules and administration on work incentives. The specific objectives were to:

- examine customers' awareness and advisors' understanding of HB/CTB as in-work benefits, and understand how better off calculations are performed;
- examine the actual rather than the theoretical impact of tapers on customers' decisions to move into work, or increase earnings when in work;
- identify any aspect of HB/CTB that may act as a barrier to work;
- advise on measures that could be taken to improve the administration and reduce the barriers to customers moving into work; and
- identify potential solutions to issues arising.

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<sup>4</sup> Ford, J., England, J. and Kempson, E. (1995), *Into Work? The Impact of Housing Costs and the Benefits System on People's Decision to Work*, Joseph Rowntree Foundation, York.

The research involved local authority staff, Jobcentre Plus staff and customers. The first three objectives were addressed primarily by the research conducted with customers. The research with local authority staff and Jobcentre Plus staff fed into all of the objectives, but into objective four in particular. This substantive piece of research was preceded by a piece of contextual research with stakeholders, designed to consider the effectiveness of current HB/CTB policies and help shape the remainder of the research by identifying key areas for discussion (see Appendix C for an overview of the findings from the contextual research).

## 1.2 Research design

A qualitative approach was adopted to allow for individual experiences and views to be explored in detail. However, the purposive nature of the sample design means that the study cannot provide any statistical information relating to the prevalence of these views, experiences or reflections. Any attempt to provide numerical evidence of this kind would need to be statistically measured using quantitative research. The aim of qualitative methods is to define and describe the range of emergent issues rather than to measure their extent.

The contextual research consisted of interviews with three stakeholders: the National Housing Federation; the National Association of Citizens' Advice Bureaux; and a policy analyst from the University of York. This stage was undertaken early in the research so that the stakeholders could provide some of the context within which the substantive research would be carried out. Particular issues of interest were: how HB/CTB works as an in-work incentive in practice; how effectively it operates as an in-work incentive in its current form; and the manner in which it can interact with other benefits.

Jobcentre Plus staff, local authority staff and customers all participated in the substantive research, which was conducted in five case study areas across the United Kingdom. Conducting the research in five specific areas allowed any issues that arose on the part of the customers to be contextualised in terms of the local labour market as well as local Jobcentre and local authority practices. The five areas (a London borough; a South West district; a South West city; a small Northern district; and a Scottish local authority) were chosen to reflect a range of local authority HB/CTB processing times for both new claims and changes in circumstances.

### 1.2.1 Customers

The research with customers considered the process of being introduced to HB/CTB and the decision-making that customers use in deciding whether HB/CTB would make work viable. As is usual in qualitative research, the sample was designed to ensure coverage of the key sub-groups within the target population in order to identify and explain variations in the nature of experiences and views between them. Purposive sampling was used to structure a sample of respondents in terms of their employment and claim status:

- in work and not claiming HB/CTB;
- in work and claiming HB/CTB; and
- not in work, claiming HB/CTB.

Additional recruitment criteria were used to ensure a diverse sample. These were:

- **age:**
  - under 25; and
  - 25 and over;
- **claimant type:**
  - single;
  - lone parent;
  - couple with children;
  - couple without children; and
  - Black and Minority Ethnic (BME) customers.

The sample was constructed around employment and claim status, and age. The different claimant types were then distributed across these. Seventy-five customers were interviewed in total.

### **1.2.2 Jobcentre Plus staff**

The research with Jobcentre Plus staff was designed to examine advisor understanding of HB/CTB and whether they felt HB/CTB acted as a work incentive. While the original design included the conduct of two group discussions in each of the five areas, due to staff availability only one group discussion was conducted in the South West district and the small Northern district. Eight group discussions were therefore conducted in total.

A group discussion format was used because it would derive process-orientated information that would allow for further development of 'good practice' regarding HB/CTB. Jobcentre Plus staff are limited in the time they have available to them and consequently the discussions lasted for one hour and comprised no more than six advisors.

### **1.2.3 Local authority staff**

The research with local authority staff was focused on the delivery of HB/CTB. Two depth interviews were conducted with local authority staff in each of the five case study areas.

### **1.2.4 Sampling**

The sample of customers was drawn from a database supplied by DWP and consisted of customers who were not in work and claiming HB/CTB; those who were

employed and claiming HB/CTB; and customers that had stopped claiming HB/CTB and were now in work.

Customers were given the opportunity to 'opt-out' of the study. In order for the customers to give informed consent, a letter was sent to all individuals on each of the databases introducing and explaining the aims of the research. They were also informed of the £20 'thank you' they would receive for taking part in the study. If the customer decided they did not wish to participate in the research they could return a form included with the letter to a Freepost address or they could telephone or email a member of the research team, whose details were given in the letter.

A combination of telephone and door-step recruitment was used for this study. Irrespective of how they were recruited, customers were screened by recruiters for their eligibility to participate in the research. As there is no available database of customers who are in work and are eligible for HB/CTB but not claiming it, a shorthand method of identifying such individuals was required. The method used was to assess the income of customers during the screening process.

### 1.3 The interviews and group discussions

All the interviews were exploratory and interactive in form and were based on a topic guide (see Appendix B), which allows questioning that is responsive to the issues which arise in the course of the interview. Using depth interviews allowed for detailed exploration regarding the manner in which HB/CTB was introduced to customers, whether the information was understood, the impact of any better-off calculation that may have been undertaken and the discussion and decision-making that occurred in relation to work and HB/CTB.

The interviews and group discussions lasted approximately 60 minutes and were undertaken during July through to November 2005. The interviews with stakeholders and local authority staff, and group discussions with Jobcentre Plus staff were held at the individual's place of work. Customers were interviewed in their home, or wherever was most appropriate for them. All interviews were digitally recorded, with permission, and transcribed verbatim to allow detailed analysis.

### 1.4 Analysis and presentation of the findings

The transcribed interviews were subject to a rigorous content analysis, which involved systematically sifting, summarising and sorting the verbatim material according to key issues and themes, within a thematic framework. Further classificatory and interpretative analyses were then derived from the analytic charts and these formed the basis of the evidence reported in subsequent chapters.

Further details of the analytical process used may be found in Appendix A.

The findings have been illustrated and illuminated with the use of verbatim quotations and examples. The quotations have been edited for clarity but care has

been taken not to change the respondents' meaning in any way. Where necessary the details of the contributors have been amended to protect their anonymity.

## 1.5 Sample profile

### 1.5.1 Customers

A total of 75 customers took part in the research. The achieved sample is shown in Table 1.1:

**Table 1.1 Sample profile (1) – customer employment status and type of claim**

Employment/ claim status		Claimant type <sup>1</sup>		Area		Age	
In work, not claiming HB/CTB	18	Single	24	London borough	21	Under 25	13
In work, claiming HB/CTB	26	Lone parent	25	South West district	14	25 and over	62
Not in work, claiming HB/CTB	31	Couple with children	17	South West city	15		
		Couple without children	9	Small Northern district	14		
		BME customers	12	Scottish local authority	11		

<sup>1</sup> The 'claimant type' total exceeds 75 as the 'BME customers' quota was independent of the other claimant type quotas.

As discussed earlier, it was difficult to fill the under 25 year old quota, as the database used to derive the sample comprised only 13 per cent of under 25 year olds.

The breakdown of customers' employment/claim status and age is shown in Table 1.2.

**Table 1.2 Sample profile (2) – customer employment/claim status by age**

		Employment/claim status					
		In work, not claiming HB/CTB		In work, claiming HB/CTB		Not in work, claiming HB/CTB	
		18		26		31	
		Age					
		Under 25	Over 25	Under 25	Over 25	Under 25	25 and over
		2	16	3	23	8	23

The breakdown of employment/claim status by claimant type is shown in Table 1.3.

**Table 1.3 Sample profile (3) – customer employment/claim status by claimant type**

Claimant type	Employment/claim status		
	In work, not claiming HB/CTB	In work, claiming HB/CTB	Not in work, claiming HB/CTB
Single	6	7	11
Lone parent	3	12	10
Couple with children	6	3	8
Couple without children	3	4	2
Total	18	26	31

### 1.5.2 Jobcentre Plus staff

Eight group discussions were carried out with Jobcentre Plus staff. It was intended that six members of staff would participate in each of the discussions, but this was not always possible due to limitations on staff time; the smallest group discussion consisted of three members of staff. The group discussions comprised:

- Team Leaders.
- Personal Advisors.
- New Deal for Lone Parent Advisors.
- New Deal 18-24 Advisors.
- Financial Assessors.
- Incapacity Benefit Advisors.

In total, 37 Jobcentre Plus advisors participated in the group discussions.

### 1.5.3 Local authority staff

It was intended that an HB/CTB Manager and Team Leader in each of the five case study areas would be interviewed, but this was not always possible due to local authority staff availability. Staff interviews were therefore carried out with advisors with varying levels of responsibility regarding HB/CTB. The depth interviews comprised the following positions:

- Team Leader.
- Revenue and Benefits Manager.
- HB Officer.
- HB Manager.
- Accounts Processing Manager.

Depth interviews were carried out with ten local authority staff members in total.

## 1.6 Report outline

Following this overview of the objectives, design and conduct of the research, the following five chapters discuss in detail the research findings:

- **Chapter 2** describes customer awareness and understanding of HB/CTB.
- **Chapter 3** considers the impact of HB/CTB on customers' decisions to move into work, or increase their earnings when in work.
- **Chapter 4** examines the views of Jobcentre Plus staff regarding HB/CTB as an in-work benefit and customers' views and experiences of discussions with Jobcentre Plus staff.
- **Chapter 5** focuses on local authority views on HB/CTB as a work incentive and customers' views of contact with local authority staff.
- **Chapter 6** reflects upon the key messages raised throughout the report and draws some conclusions arising from the research.



## 2 Customer awareness and understanding of Housing Benefit/Council Tax Benefit

One of the aims of this research was to consider customer awareness and understanding of the role of Housing Benefit (HB)/Council Tax Benefit (CTB) as an in-work benefit. This chapter therefore examines how customers were made aware of HB/CTB and their understanding of the mechanics of the benefits, with a specific focus on customer understanding of the relationship between earnings and HB/CTB. This chapter provides a context for Chapter 3 'Impact of HB/CTB on customers' employment decisions'.

### 2.1 Customer awareness of Housing Benefit/Council Tax Benefit

Customers generally found it difficult to recall how they were specifically made aware of the existence of HB/CTB, feeling that they had '*always known*' about it. This was particularly so for customers who had had experience of the benefits system for a long period of time, which had hindered their recall. It was not uncommon for customers to be unable to remember how they were made aware of HB/CTB.

When they were able to remember how they first became aware of HB/CTB, customers mentioned a range of sources. Jobcentre Plus had a tendency to feature most prominently in customer's recollections; they had either been made aware by a Jobcentre Plus advisor in the course of a discussion or by leaflets and other literature they had obtained from the Jobcentre. Lone Parent Advisors were specifically mentioned. Customers had also derived their knowledge of HB/CTB from family and friends who had experience of the benefits system, either as a result of actively asking them for their advice, or being offered it. Similarly, there were customers who described being made aware of HB/CTB informally through word of mouth, although such recollections tended to be vague:

*'I suppose [I was made aware] talking to other people perhaps, and I think I knew a girl at the time who was on Housing Benefit and got her Council Tax paid.'*

(Interview 74: Female, White, lone parent, 25+, in work, claiming HB/CTB, small Northern district)

Less prominent sources mentioned by customers included the Citizen's Advice Bureaux (CABx), doctors and health visitors, tenant support officers, their own searches on the Internet and local authority staff:

*'Our rent was quite a lot at the time and [my partner] wasn't earning very much and we had always heard about Housing Benefit, that there was some help that you could get, so we just enquired at the Council to see if there was anything that they could do.'*

(Interview 24: Female, Bangladeshi, couple with children, 25+, in work, claiming HB/CTB, London borough)

Of all these sources, Jobcentre Plus and tenant support officers were those felt by customers to have a good knowledge of the HB/CTB system.

A change in the customer's circumstances, such as separation from a partner, having to find new accommodation or having a baby were also notable triggers to actively seeking advice regarding benefits. These events could also lead to people passively receiving advice or information about HB/CTB from related organisations.

## 2.2 Customer understanding of Housing Benefit/Council Tax Benefit as an in-work benefit

Despite considering themselves aware of HB/CTB, in reality customers had a limited understanding of HB/CTB per se, or as an in-work benefit. Customers from the London borough in particular seemed to lack detailed knowledge about HB/CTB as an in-work benefit and were confused regarding the relationship between earnings and HB/CTB. This corresponds with the views of Jobcentre Plus staff from the London borough, who felt they had little knowledge and understanding of HB/CTB as an in-work benefit themselves. By contrast, customers from the small Northern district tended to demonstrate a greater awareness and understanding of HB/CTB as an in-work benefit than customers from the other case study areas. Of the different claimant groups, lone parents were the best informed regarding HB/CTB as an in-work benefit, which perhaps is not surprising given the well known role of Jobcentre Plus Lone Parent Advisors in making customers aware of the benefits to which people are entitled.

Customer understanding of HB/CTB as an in-work benefit is examined in relation to the three employment and claim status groups (not in work and claiming HB/CTB; in work and claiming; and in work and not claiming) in the following sections.

### 2.2.1 Customer understanding – not in work and claiming HB/CTB group

Customers who were not in work and claiming HB/CTB generally had little understanding of being able to receive HB/CTB as an in-work benefit. Customers recalled being given basic information regarding HB/CTB by the sources listed in Section 2.1, particularly by Jobcentre Plus and family and friends, but their understanding of it was essentially limited and invariably confused. Due to this confusion and their perception of the complexity of HB/CTB, customers had little inclination to explore the options available to them regarding HB/CTB. It was not unusual for customers to obtain the knowledge that they could potentially receive HB/CTB while in work during the course of the research interview itself.

However, there were customers that had some awareness of HB/CTB as an in-work benefit. These customers tended to have been employed in the past and had a general understanding that the amount of benefit they received would decrease as their earnings increased, as one lone parent described:

*'If you get less than £56 a week then I don't think you pay [Council Tax] at all. If you get more than that then you do pay...I think you might pay a bit less [Council Tax] depending on how much you have coming in.'*

(Interview 21: Female, White, lone parent, 25+, not in work, claiming HB/CTB, South West city)

This level of understanding tended to be the extent of customers' knowledge; there was minimal awareness of the specific taper rate at which their benefits would be reduced. Customers also generally lacked knowledge about how much they could earn without losing their entitlement to HB/CTB, although there were customers who demonstrated some understanding of the link between earnings and level of benefit payable:

*'The idea that I got from Housing Benefit [is that] anything sort of over £18,000 I realise that you are going to get about £10 a month or absolutely nothing.'*

(Interview 24: Female, Bangladeshi, couple with children, 25+, not in work, claiming HB/CTB, London borough)

There were also instances where customers were of the opinion that they had been specifically told that they could not receive HB/CTB in work. For example, one customer described being told by staff at her local authority when she first claimed HB/CTB in 2000 that she was not able to receive HB in work and so had not enquired about it since:

*'When I first went on it [HB] I was told you can't claim it if you are working because you have to pay full rent. So that is what I have always thought.'*

(Interview 56: Female, White, lone parent, under 25, not in work, claiming HB/CTB, London borough)

### 2.2.2 Customer understanding – in work and claiming HB/CTB group

While customers who were in work and claiming were clearly aware of HB/CTB as an in-work benefit, they demonstrated only a basic understanding of the relationship between earnings and HB/CTB:

*'Obviously I was thinking the more work I do, the more pay that I get, I'm obviously going to get less and less [Housing Benefit].'*

(Interview 52: Male, White, single, 25+, in work, claiming HB/CTB, Scottish local authority)

There was also some confusion for these customers as to how HB/CTB operated. There were customers who thought that their local authority would contribute a percentage of their rent or Council Tax:

*'I felt that maybe they could reduce [rent and Council Tax] by some per cent, like they could pay 30 per cent. I know it won't be abolished completely, its not like you get exempted from it just because you're working on a low income.'*

(Interview 66: Female, Pakistani, lone parent, 25+, in work, claiming HB/CTB, London borough)

In terms of their understanding, customers generally recalled having been told by Jobcentre Plus advisors and local authority staff that the amount of benefit received would decrease as their earnings increased. However, customers lacked any further understanding of the relationship between earnings and HB/CTB. Indeed there were instances in which customers had been unaware that their level of benefit would be reduced on finding work.

Respondents also expressed uncertainty as to how their in-work HB/CTB was calculated; they were unsure whether the amount they received was based on the number of hours worked, whether their job was full or part time, or the income they received. They were also unsure as to whether any savings would affect the level of benefit received. Respondents were generally uncertain as to how they had derived these impressions, though there was evidence to suggest they had been obtained through word of mouth.

### 2.2.3 Customer understanding – in work and not claiming HB/CTB group

There is no available database of customers who are in work and are eligible for HB/CTB but not claiming it. As the calculations for assessing eligibility are very complex and time consuming, a shorthand method of identifying such individuals was required. The method used was to assess the income of customers during the screening process. Although this is not an exact method it is our view that, based on their responses during the interview, the resultant sample is most likely to comprise eligible people.

This group of people tended to be unaware that they could receive HB/CTB while working as they described having to pay 'full whack' for their rent and Council Tax on moving into work, although there were some exceptions.

There were employed customers who were aware that HB/CTB could be received while in work, but assumed they earned too much to be eligible for it. A significant amount of guesswork had been involved in the calculations customers had made regarding what they could earn before losing their entitlement to HB/CTB. For example, one respondent guessed that for an income of £10,000 or more, HB/CTB would no longer be payable. There were also customers who became aware of in-work HB/CTB during the course of the interview who similarly thought their earnings would render them ineligible for HB/CTB. Such thinking was based on little more than assumption.

Among this group confusion surrounding the HB/CTB system was commonplace:

*'I don't know what the benefit is, I don't know who gets it, who's entitled to it, why you get it, what the criteria is for getting it. I just don't know.'*

(Interview 38: Male, White, single, 25+, in work, not claiming HB/CTB, London borough)

However, there was a general understanding that the amount of HB/CTB they could receive, if they were eligible, would decrease as their earnings increased.

## 2.3 Chapter summary

This chapter has examined how customers were made aware of HB/CTB and their understanding of the mechanics of the benefit, with a specific focus on customer understanding of the relationship between earnings and HB/CTB.

Customers generally found it difficult to recall how they were made aware of the existence of HB/CTB. When they were able to remember, Jobcentre Plus had a tendency to feature most prominently in customers' recollections. Customers had also derived their knowledge from family and friends who had experience of the benefits system. Other sources mentioned included the CABx, doctors and health visitors, tenant support officers, local authority staff and their own searches on the Internet.

Despite considering themselves aware of HB/CTB, in reality customers had a limited understanding of HB/CTB per se, or as an in-work benefit:

- Customers **not in work** and **claiming HB/CTB** generally had little knowledge of being able to receive HB/CTB in work, although there was some recognition that the amount of benefit they received would decrease as their earnings increased. However, their understanding of HB/CTB was very limited and often confused and contradictory.

- Customers **in work** and **claiming** were clearly aware of HB/CTB as an in-work benefit, but there was some confusion as to how HB/CTB operated and they generally had an incomplete understanding of the relationship between earnings and HB/CTB.
- Customers **in work** and eligible for HB/CTB but **not claiming** it tended to be unaware that they could receive HB/CTB in work, although there were some exceptions. There were employed customers who were aware that HB/CTB could be received while in work, but assumed they earned too much to be eligible.

Of the different claimant groups, lone parents were the best informed regarding HB/CTB as an in-work benefit.

# 3 Impact of Housing Benefit/ Council Tax Benefit on customers' employment decisions

This chapter focuses on the factors that customers take into account when deciding whether or not to move into work and whether Housing Benefit (HB)/Council Tax Benefit (CTB) is taken into consideration and impacts on these decisions. Aspects of HB/CTB that act as a barrier to work are also examined.

## 3.1 Making decisions regarding movement into work

It was unusual for customers to cite in-work HB/CTB as a factor in their employment decisions. When making decisions regarding movement into work, customers generally took into account the financial aspects of working, balancing income from work with the expenditure of working. In attaining this balance, customers would work out how much better off they wanted to be in work. This varied considerably between customers. There were also a range of non-financial factors that customers took into account when considering work. These included the effect of working on future job opportunities, career development and self-esteem. The extent to which these were taken into account varied considerably across customers. Although there did not appear to be any clear association between these 'soft' factors and specific customer groups, it was clear that those people who were in work were those who had also considered these issues to be important when considering whether work was worthwhile.

Each of these financial and non-financial factors will be discussed in turn before examining whether HB/CTB impacted on customers' decisions regarding movement into work.

### 3.1.1 Financial factors

#### *Income*

Customers placed considerable emphasis on their earnings when deciding whether or not to move into work. However, despite the importance attached to earnings, it was unusual for customers to cite in-work HB/CTB as a factor in their employment decisions.

There were customers for whom income took precedence over all other factors and consequently they would not move into work unless they could be guaranteed that their overall income would be higher than when they were in receipt of benefits. This view appeared to be particularly true of those claimant groups who had children – lone parents and couples with children:

*'It always comes down to number one: money. It always comes down to that. If somebody tells you any different they're a liar...when you actually go out and look for a job, there are people out there that are paying you less than what the benefits are. So there's no...incentive to get them...out to work.'*

(Interview 46: Female, White, couple with children, 25+, in work, not claiming HB/CTB, London borough)

There were customers who were of the view that it was possible to be financially worse off in work than on benefits and considered there to be little incentive to move into work:

*'I didn't have much money to do my shopping...and getting the kids stuff. Because most of the money out of my money and tax credit...it all went on the bills, I didn't have no money left [when in work]. I was always struggling at that point, but I don't seem to struggle now [on benefits].'*

(Interview 45: Female, White, couple with children, under 25, not in work, claiming HB/CTB, London borough)

In this respect there were customers who had carried out their own calculations to assess how much they would need to earn in order to compensate for the benefits they thought they would lose by moving into work. Due to the lack of awareness regarding in-work HB/CTB, such calculations often involved taking into account the full cost of their rent and Council Tax, as well as medical expenses such as prescription charges and costs for visits to the dentists and opticians. One customer calculated that she would need to find a job that paid £14,000 a year in order to make up for lost benefits, which she felt would be very difficult to find given the nature of her work skills and experience.

Underlying people's concerns about moving from benefits to work was the feeling of 'safety in benefits'. They were concerned that they might be financially worse off if they entered work and worried that they would not be able to afford their rent, fall into arrears and potentially lose their home.

The difference in income between benefits and work could also be an important factor that was taken into account, with customers varying in their views about how much better off they wanted to be on moving into work. Some saw relatively small increases to their income as an incentive:

*'Even if you are £5 a week better off, that £5 is going to help isn't it?...Its like with children they want things...and [when] you can't give them what you want, cos you are not going to work...you feel bad, but if you are going to work...you could even save that £5 a week...and give them what they need...but if you haven't got that £5 you can't, can you?'*

(Interview 82: Female, White, lone parent, 25+, not in work, claiming HB/CTB, small Northern district)

However, a portion of the customer base expected a substantial increase in income if they were to move into full-time employment in order to make working 'worth it'. Such expectations did not appear to be related to a specific claimant group, but rather an individual's work ethic. The amount required to move into work varied, but it was generally felt that receiving an increased income of £10 a week would not make working worthwhile, but over £20 would be more of an incentive:

*'Lets be real, you're not going to go and work for ten or 20 pounds a week. Anything above that, yes, it has got to be a bonus and you're getting out of the house, you're back in the big wide world, most normal people would want to do that. You don't want to sit at home all...day.'*

(Interview 69: Female, White, lone parent, 25+, not in work, claiming HB/CTB, London borough)

### *Expenditure involved in working*

From the customer perspective, the expenditure involved in working included travel to and from work (both fuel and public transport fares), lunch costs, work clothing and childcare arrangements. For respondents who were not working, such expenses acted as a disincentive to move into work, irrespective of any knowledge they might have of being able to receive HB/CTB in work. Those who were aware of being able to receive HB/CTB in work felt that because in-work HB/CTB is based on their earnings, once they had paid for travel and other expenses associated with work they would be worse off financially if they took a job. This was a key factor that customers took into account when considering whether work was worthwhile. However, it should be noted that while customers had made a rough calculation of the expenses associated with work this was not undertaken in any consistent or systematic way and may have been an over- or under-estimate of the actual costs involved. Nevertheless, the potential expenditure associated with work could act as a disincentive to consider work as a viable option:

*'I was offered a job two weeks ago, it was £10 an hour for six hours a week...now you work it out...once we would inform the Benefits Agency that I was working...they might have asked us to pay rent or whatever, but once I've paid my travel fees that don't matter to them, they'll think "oh, she's getting 60 quid a week", you know,...the travel and all of that don't come into it for them.'*

(Interview 12: Female, White, couple with children, under 25, not in work, claiming HB/CTB, London borough)

Customers had also dismissed potential job opportunities on the grounds that the job was located too far away and that the cost incurred in travelling to work would be too great.

The cost of childcare was another important consideration; customers did not want to be working for 'a loss' after paying for childminders or nurseries to look after their children while they went to work. Customers were often aware of the general scale of charges for childcare and recognised that nurseries were usually much more expensive than childminders although actual costs were usually an estimate. Nevertheless, childcare charges were a major concern, particularly for lone parents. Customers who were concerned about the cost of childcare tended to make no mention of Child Tax Credits.

### **3.1.2 Non-financial factors**

The financial issues discussed above were the major determinants in whether customers would move from unemployment to work. However, there were other issues which were also considered important that could soften their overall views about how much better off in work they would need to be. These were:

#### *Impact on future job opportunities*

While being aware of the impact that working would have on their benefits entitlement and overall income, there were customers who considered it important to move into employment as it would impact on future work opportunities. These customers, who tended to be lone parents, saw moving into work as 'a step in the door'. This was generally seen as an added advantage to moving into work, second to an increased income:

*'Its not purely financial...My idea is that I will be able to work my way up, if I know that I'm getting a higher rate then its worth my while.'*

(Interview 06: Female, White, single, 25+, in work, claiming HB/CTB, South West city)

#### *Career development*

The importance of career development was also stressed. In some cases this was so important to customers that they would take a job without considering, or in spite of, the potential decrease in income, in order to 'get onto that ladder':

*'I would take the job and then I would apply [for in-work HB] and see what I could get and then just take it from there. I wouldn't find out first before I took the job. No, I don't live my life based around how much Housing Benefit I am getting.'*

(Interview 72: Female, Black, lone parent, under 25, in work, claiming HB/CTB, London borough)

Job satisfaction was also a consideration in deciding whether to move into work:

*'I suppose if it is a job that I really want to do then I would do it anyway, regardless of the money or what I was going to lose, if I enjoy doing it then I will do it.'*

(Interview 03: Female, White, couple with children, 25+, not in work, claiming HB/CTB, South West district)

### *Self esteem*

Work was generally seen as having a positive affect on customers' self-esteem, in terms of their happiness and confidence levels, as they no longer felt the shame attached to not working and were simultaneously enhancing their social skills:

*'I don't have to claim anymore...everything you earn is yours, you know you pay your rent, you pay your Council Tax, you pay your water, but anything left over after that is yours, and that's a hell of a nice feeling.'*

(Interview 54: Female, White, couple with children, 25+, in work, not claiming HB/CTB, South West district)

So significant could be the effect of self esteem that there were customers in the employed group who described how being financially better off came second to the benefit that working had had on their self-esteem, although it is difficult to say whether improvements to self-esteem would have always been rated so highly had the customers not been financially better off in work. By way of example, a customer who was in receipt of Incapacity Benefit described how there was no financial incentive for her to work as her income was the same irrespective of whether she worked a small number of permitted hours or not. She therefore always took into account the impact that working would have on her self-esteem when making the decision to take work.

### *The 'stigma' of benefits*

There were customers, particularly female lone parents, who felt there was a stigma attached to receiving benefits and noticed that this diminished when they entered work and ceased claiming HB/CTB. These customers were of the view that if they could manage financially without claiming benefits then they would do so.

Customers who were from the small Northern district were especially aware of the stigma attached to claiming benefits and felt that this may be due to the high level of employment there, which meant that being out of work was unusual and therefore subject to criticism:

*'I think that [the level of stigma] probably varies, depending on where you live. If you live in an area of high unemployment and there is that kind of culture ...and it is more like the norm, then I think it is different to being in a place ...which has pretty well full employment.'*

(Interview 73: Female, White, lone parent, 25+, in work, claiming HB/CTB, small Northern district)

### 3.2 Does Housing Benefit/Council Tax Benefit act as a work incentive?

HB/CTB had little impact on customers' decisions to move into work, particularly after the factors already discussed had been taken into consideration. This was primarily due to a lack of awareness of being able to receive HB/CTB in work. Indeed, there were respondents who would have considered HB/CTB as a work incentive had they known about it and who might have made different decisions regarding jobs they had dismissed in the past:

*'It would probably be a bit of an incentive actually, if I knew that part of my rent would be helped with. It would be a bit more of an incentive...if I went for a job and it was more low income, but I knew that Housing Benefit would maybe help top that up, then that would be okay, I would still go for it. But I thought that if you got a part-time job on a low income then that was that, you wouldn't get Housing Benefit, it would just stop.'*

(Interview 59: Female, White, couple with children, 25+, not in work, claiming HB/CTB, South West district)

In a similar manner, awareness of extended payments was also very low. However, in instances where customers were aware of extended payments (or had been made aware in the course of the interview), these were also considered to be a potential incentive to move into work:

*'I didn't know about [extended payments], that definitely would be a big help, yes.'*

(Interview 35: Female, White, lone parent, 25+, not working, claiming HB/CTB, South West district)

It was also evident that in-work HB/CTB was not considered to be a work incentive due to the potential for only a small increase in income as a result of claiming. A portion of the customer base expected a substantial increase in income if they were to move into employment in order to make working and 'messing about' claiming in-work HB/CTB worthwhile.

#### 3.2.1 How in-work HB/CTB compares to other benefits

When discussing in-work benefits with customers, they were more likely to spontaneously mention Working Tax Credit than HB/CTB as an in-work benefit. Customers tended to be more generally aware of Working Tax Credits as an in-work

benefit than HB/CTB and it was also considered to be a less complicated benefit to understand as well as being easier to claim:

*'I applied for [Child Tax Credit and Working Tax Credit] because I thought, well, rather than keep messing about with the Council [for HB] all the time, surely I'm better off...applying for the Child Tax Credit and the Working Tax Credit rather than [HB]. And then if I've got to pay full rent then at least the money there is already there, so we applied for them and we were awarded that.'*

(Interview 54, Female, White, couple with children, 25+, in work, not claiming HB/CTB, South West district)

### 3.3 Barriers to claiming in-work Housing Benefit/Council Tax Benefit

As has already been discussed, HB/CTB had little impact on customers' decisions to move into work. Barriers to claiming in-work HB/CTB included: reporting changes in circumstances; the perceived security of benefits; the perceived inaccuracy of Better Off Calculations (BOCs); and administrative delays. Each of these will be discussed in turn.

#### 3.3.1 Reporting changes in circumstances

This barrier was raised by customers who were already aware of in-work HB/CTB. Customers found the process of reporting all changes in circumstances when claiming in-work HB/CTB inconvenient and 'a hassle'. The processing delays for renewed claims were also a concern for customers, as it was felt that these delays might lead to the customer falling into rent arrears. These administrative problems associated with reporting changes in circumstances, whether experienced or perceived, led to customers being discouraged from claiming in-work HB/CTB.

#### 3.3.2 Perceived security of benefits

Customers feared losing the security of having full HB/CTB paid by moving into work. They felt they would have 'less worries' by remaining on benefit and knowing that their rent and Council Tax were being paid in full. They were concerned that they may be financially worse off if they entered work as they would not be able to compensate for the reduction in benefits. Ultimately, customers were concerned that they would not be able to afford their rent, fall into rent arrears and potentially lose their home.

#### 3.3.3 Perceived inaccuracy of BOCs

Customers tended to be sceptical of the outcome of BOCs as they had the reputation among customers of potentially being very inaccurate:

*'Estimates are supposed to be like, you know, quite near aren't they? Not, you know, there's a big drop from £117 to £67, I mean, if I said "you come and work for me for £10 an hour" and then when you got your wage...and I said "well, we are only estimating it", you'd be angry, wouldn't you? You know what I mean?'*

(Interview 82: Female, White, lone parent, 25+, not in work, claiming HB/CTB, small Northern district)

There was little recognition among customers that the accuracy of the BOC was dependent on the accuracy of the information that they could provide.

### **3.3.4 Perceived administrative delays**

There were customers who were reluctant to claim in-work HB/CTB due to the administrative delays they had experienced at their local authority when making their initial claim. Delays had been felt to occur due to three reasons. Firstly, the Verification Framework was deemed a long and complicated process and one which had led to delays in receiving HB/CTB. Secondly, the HB/CTB claim form was considered complicated, repetitive and time consuming to complete and as such discouraged customers from making any change in their circumstances that meant that they would be required to fill in another form:

*'Well, I'm totally confused about Housing Benefit. That's one which I don't understand whatsoever and that one I haven't even filled the form out for because again I can't work out whether...[its] worthwhile doing, worth the headache of spending six weeks sending the form off backwards and forwards.'*

(Interview 38: Male, White, single, 25+, in work, not claiming HB/CTB, London borough)

Lastly, there were customers who felt that the time lag between receiving extended payments and having their in-work HB/CTB claim processed could lead them to fall into rent arrears and consequently dissuaded them from claiming in-work HB/CTB.

Customers who were already aware of in-work HB/CTB and also those who had been made aware in the course of the interview considered administrative delays to be a major barrier to claiming in-work HB/CTB.

## **3.4 Chapter summary**

This chapter focused on the factors that customers take into account when deciding whether or not to move into work and whether HB/CTB is taken into consideration and impacts on these decisions.

It was unusual for customers to cite in-work HB/CTB as a factor in their employment decisions. When making decisions regarding movement into work, customers generally took into account the financial aspects of working and balanced earnings with the expenditure of working. In attaining this balance, customers would work

out how much better off they wanted to be in work, which varied considerably between customers.

There were also a range of non-financial factors that customers took into account when considering work. These included: the effect of working on future job opportunities; career development; and self-esteem. Although there did not appear to be any association between these 'soft' factors and specific customer groups, it was clear that those people who were in work had considered these issues to be as important when considering whether work was worthwhile.

HB/CTB had no impact on customers' decisions to move into work. This was primarily due to a lack of awareness of being able to receive HB/CTB in work. Indeed, there were respondents who would have considered HB/CTB as a work incentive had they known about it and who might have made different decisions regarding jobs they had dismissed in the past.

Similarly, awareness of extended payments was also very low, but in instances where customers were aware of extended payments they were also considered to be an incentive to move into work.

Barriers to claiming in-work HB/CTB included: the potential for the interruption of benefits when reporting changes in circumstances; the perceived security of receiving benefits; and the perceived inaccuracy of BOCs.



## 4 Jobcentre Plus staff

The aims of the research conducted with Jobcentre Plus staff were to: examine advisors' understanding and knowledge of Housing Benefit (HB)/Council Tax Benefit (CTB) as in-work benefits; identify any aspects of HB/CTB that act as a barrier to work; and advise on measures that could be taken to improve administration and reduce the barriers to customers moving into work that HB/CTB might create. The focus of this chapter is therefore to examine the level of understanding of HB/CTB among Jobcentre Plus staff and whether and how they present HB/CTB as an in-work benefit to customers. Customers' views and experiences of discussions with Jobcentre Plus staff will also be explored, as will suggestions for improvements to the HB/CTB system.

### 4.1 Advisor understanding of Housing Benefit /Council Tax Benefit

#### 4.1.1 Knowledge about HB/CTB

Jobcentre Plus staff generally described having little knowledge about HB/CTB, particularly Team Leaders and Personal Advisors. This included a lack of awareness regarding the detail of both the earnings disregard and the taper rate:

*'I know very little about it at all. I know very little about the actual procedure, I know they can get Housing Benefit Run-On, but things like that [earnings disregard, taper rate] are all a mystery to me. I believe [customers] can work, and...they can get some benefit, but I've no idea what. I actually tell them to go down to the Council Offices and tell them to have a word with somebody down there.'*

(Jobcentre Plus front line staff, South West city)

However, there were Jobcentre Plus staff who felt knowledgeable about the system regarding how customers should make a claim and their eligibility for HB/CTB. This was particularly the case for staff in the Scottish local authority and also for Lone Parent Advisors in all five case study areas. Lone Parent Advisors also appeared to have the greatest level of responsibility regarding advising on HB/CTB. Financial Assessors appeared to have a significant level of responsibility too, as they were

expected to advise on HB/CTB when assessing customers' claims, although they did not feel particularly knowledgeable about the specific aspects of HB/CTB.

### *Supplementing advisor knowledge*

A significant problem for Jobcentre Plus staff surrounded customers requiring advice regarding HB/CTB that the staff did not have the necessary knowledge to be able to impart, particularly regarding detailed guidance on eligibility. This was also the case for carrying out Better-Off Calculations (BOCs) where staff lacked confidence in doing this. Staff frequently utilised a variety of other sources to supplement their knowledge if they were not able to advise a customer, such as Intranet sites, guidebooks, customer leaflets and local authority staff when available. However, advisors found local authority staff difficult to access by telephone.

Another source used was other Jobcentre Plus staff members' knowledge and experience. Learning from other members of staff tended to be advisors' favoured method of enhancing their understanding of HB/CTB as it was readily available and easy to access.

Sources that were time-consuming to use were of little benefit to staff, who needed to be able to respond quickly to customers' requests for information. Staff complained that it was difficult to locate the information they needed via the Intranet sites they had access to, which would at times deter them from using this particular source:

*'If there's a shortfall in your knowledge... your Line Managers upward will say, 'right, its on the intralink, go and find it', but not particularly realising that you are going to need a good couple of hours to find it, because there are thousands and thousands of web pages of info you are trying to filter through, and you can never find the... thing you are looking for.'*

(Jobcentre Plus front line staff, South West city)

There were members of staff who conceded that they lacked understanding of HB/CTB, but felt that ultimately they did not require any more knowledge, as the demands already placed on Jobcentre Plus staff time discouraged them from wanting greater involvement in HB/CTB. Staff also did not consider HB/CTB to be their responsibility; rather it was widely felt that the responsibility for it should lie with the local authority:

*'It's not our benefit, and therefore we cannot be a specialist or an expert, and I don't think we should take responsibility for that either, because I don't want misdirection claims against my staff, that's for sure.'*

(Jobcentre Plus management staff, South West district)

## **4.1.2 Confidence in dealing with HB/CTB issues**

As a result of this general dearth of knowledge, staff tended to have limited confidence in dealing with HB/CTB issues. HB/CTB were considered by Jobcentre

Plus staff to be very complex. They welcomed the idea of formal training, particularly regarding how to advise on levels of HB/CTB for the different areas covered by their office, the effect of different sizes of accommodation and the number of dependants living with a claimant on the amount of HB/CTB that would be payable. Where training in HB/CTB had been received it was for the collection of information to be used for the BOCs and this did not aid their understanding of HB/CTB.

#### 4.1.3 BOCs

Jobcentre Plus staff varied in their confidence to perform BOCs in general. Lone Parent Advisors in particular considered BOCs to be part of the '*normal advisory process*' and deemed it sufficiently accurate '*give or take a few pounds*'<sup>5</sup>. However, there were advisors that were not confident in using BOCs and therefore tended to avoid using them.

Jobcentre Plus staff had some doubts as to the accuracy of calculations, especially as they were dependent on the accuracy of information given by the customer. Staff were also concerned that they did not have the relevant training to carry out BOCs when the computerised system in use failed.

## 4.2 How advisors present Housing Benefit/Council Tax Benefit as an in-work benefit

Jobcentre Plus staff described how HB/CTB tended to be presented to customers as part of the BOC performed by the advisor. They generally described telling customers '*the basics*' regarding HB/CTB, primarily that they might be eligible for in-work HB/CTB if they received a low income. The lack of detail given to customers might be attributable to the limited understanding the Jobcentre Plus advisors had of HB/CTB.

Although staff might mention the availability of HB/CTB as a work incentive, they did not promote it. Rather, they would describe Working Tax Credits in this way when advising customers. However, staff were more likely to promote HB/CTB as a work incentive if the claimant was single and under the age of 25, as they would not be eligible for Working Tax Credit. Piecing the interviews together, therefore, it was apparent that the promotion of HB/CTB as an in-work benefit was very variable and if promoted it tended to be to specific claimant groups that would not be eligible for other benefits. Consequently, where HB/CTB was discussed by an advisor it was seen more as an out-of-work benefit rather than an in-work incentive.

While unusual, it is worth noting that there were staff who had told customers that their HB/CTB entitlement would cease on entering employment, in order to avoid having to explain how their benefit would be reduced at the taper rate, as this was

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<sup>5</sup> BOCs were presented to customers with a disclaimer that the calculation is an estimate, as advisors had experienced problems with customers assuming the BOC to be correct to the '*last penny*'.

deemed complicated, both for the customers to understand and for the advisor to explain.

### 4.3 Does Housing Benefit/Council Tax Benefit act as a work incentive?

Staff felt that generally, HB/CTB did not act as a work incentive, although there were some exceptions. The ways in which HB/CTB act as a work incentive will be considered first, followed by the barriers to claiming in-work HB/CTB.

#### 4.3.1 HB/CTB as a work incentive

Overall, when considering the issue of HB/CTB as an in-work incentive, staff did consider extended payments to act in this way for customers – for those customers that were aware of them – as they offered some financial assistance during the initial four week period where the customer has started work but not yet been paid. Extended payments were seen to *'set peoples' minds at rest'* during this period of transition. This was the context in which advisors tended to discuss HB/CTB:

*'When you're talking about going into work you're talking about your Working Tax Credit, your Child Tax Credit, your job grant and then you talk about your Housing Benefit and your Council Tax run-on which you get the four weeks after work...so that's usually when its discussed.'*

(Jobcentre Plus front line staff, Scottish local authority)

Overall, staff did not consider HB/CTB to be an incentive to work, although they did describe circumstances where in-work HB/CTB had acted as a work incentive, but these were generally infrequent. This had tended to be where a BOC had been carried out and shown the customer that they would be financially better off in work; in part due to the contribution of in-work HB/CTB.

Lone Parent Advisers felt they were better able to *'sell'* in-work HB/CTB to lone parents and other customers that they categorised as *'disadvantaged'* because they had been trained to promote movement into work to these customers in particular and as a general rule would also have a BOC carried out. In the context of the discussion about HB/CTB, BOCs were widely considered a *'useful tool'* in encouraging lone parents back to work:

*'The better-off calculation is so important really for the lone parents. We say to them "if you took this job...the job is so much, and look how much better off you would be".'*

(Jobcentre Plus front line staff, small Northern district)

It was also thought that HB/CTB could act as a work incentive when presented as part of a *'bigger package'*, in co-ordination with the other benefits that also acted as work incentives.

However, it was felt that the benefits system more generally provided less of an incentive to move into work for 18 to 24-year-olds than other claimant groups. Staff,

generally, highlighted that single people under the age of 25 are entitled to benefits at a lower rate and are also not entitled to Working Tax Credit, unless they are lone parents or have a disability. Although the lower benefit entitlement may mitigate some of the effect of non-eligibility for Tax Credits, they may nevertheless feel less motivated to move into work. Staff made no mention of the mandatory New Deal for the under 25 year olds who do not fit this criteria, which acts as a non-financial incentive.

### 4.3.2 Barriers to claiming in-work HB/CTB

#### *Administrative barriers*

Overall, staff felt that HB/CTB was limited in its role as a work incentive. A strongly held view across the sample was that applications for HB/CTB can be problematic, with processing delays being raised as a key issue. In this context, customers were afraid of losing the 'safety net' of having their full rent and Council Tax paid and consequently, staff had experienced difficulties encouraging customers to move into work and claim in-work HB/CTB.

Customers were also reluctant to take on temporary work for fear of disrupting their claim for the same reason:

*'If people claim Housing Benefit initially, that can take weeks, sometimes months, to get sorted out. So that doesn't give them any confidence whatsoever to take a job knowing what happened in the beginning with their claim to Housing Benefit while they were unemployed. And that is a real big put off for people. And if people have had the experience...[and] have gone into work and had struggled to get their Housing Benefit...they won't do it again.'*

(Jobcentre Plus front line staff, London borough)

Customers were concerned that ultimately they would fall into rent arrears and potentially risk losing their accommodation if they took on temporary work as they considered that local authorities were inefficient in dealing with new HB/CTB claims.

#### *Lack of customer awareness of HB/CTB rules*

There were advisors in the study who considered HB/CTB to be a 'stumbling block' when encouraging customers to move into work, as they had dealt with customers who expected to receive full HB/CTB in addition to their weekly wages if they were to move into work:

*'They perceive they are entitled to Housing Benefit, and any job they do, they should still have the additional money as well as their Housing Benefit. And its very hard getting them to understand that what they are earning will cover the Housing Benefit and they will still have more money...that's just a client perception that's not going to change.'*

(Jobcentre Plus front line staff, South West city)

### *Perceived lack of financial security*

A further problem with using HB/CTB as a work incentive is that there is a portion of the customer base that expect a substantial increase in income when moving into full-time employment. Receiving HB/CTB at a reduced rate would therefore act as a disincentive to work as, in having their HB/CTB reduced, customers assumed (or had it confirmed by a BOC) that they would be what they perceived as only marginally better off financially by entering work. By way of example, an advisor described a customer who was not in work and claiming HB/CTB who had a BOC carried out at the Jobcentre Plus in reference to a potential job where the customer would be working 30 hours a week. The outcome of the BOC indicated that the customer would be £30 a week better off in work than remaining on benefit. The customer considered this to equate to doing 30 hours work for a pound an hour, and so consequently did not apply for the job. Such a scenario was by no means uncommon:

*'They mostly know...that they are going to have to start paying rent when they go back to work, they are going to lose their Housing Benefit, lose the Council Tax Benefit, or a good proportion of it at least, so its putting them off... They think "...I've got my Housing Benefit paid, I've got my Council Tax Benefit paid, I've got my Income Support... If I go out to work, I'm going to be £3 better off, what use is that to me? It's going to cost me more than that on the bus".'*

(Jobcentre Plus front line staff, South West city)

There was no indication given by advisors as to whether some groups of claimants wanted substantial increases in income more than others.

## 4.4 Customer experience of advisors' delivery of HB/CTB information

Customers were generally of the impression that Jobcentre Plus staff were not able to fully advise them regarding HB/CTB as they lacked sufficient understanding of the system. This view was compounded by receiving what they saw as inaccurate BOCs. Contrary to the views of advisors, there were customers who felt that they were not told at any point that the BOCs produced by Jobcentre Plus staff were only estimates and the actual benefit payable may be different, though there were also customers who did recall being told this.

In addition, customers felt that they did not have the opportunity to discuss HB/CTB in sufficient detail with Jobcentre Plus staff. Written information, in the form of leaflets, tended to be given to customers but they would have preferred to have this written information supplemented with verbal explanations. Customers in the study were genuinely interested in receiving information regarding HB/CTB as an in-work benefit, and whether or not they would be eligible to receive it.

## 4.5 Suggestions for improvements to the Housing Benefit/ Council Tax Benefit system

Suggestions for improvements to the HB/CTB system all centred on enhancing knowledge. It was widely considered that more publicity regarding HB/CTB as an in-work benefit would be beneficial as customer awareness was very limited. Staff suggested promotion of HB/CTB through a range of sources: national and local media; mail-outs; and also at local hospitals, doctors' surgeries and post offices. It was not specified whether a specific claimant group should be targeted.

It was also suggested that housing officers from local authorities could visit local libraries to be on hand to offer advice to customers. Similarly, advisors proposed that local authority staff should be stationed at Jobcentres in order to enhance both advisor and customer understanding of HB/CTB as an in-work benefit and particularly to assist with benefit application forms.

However, while a greater dissemination of information was felt to be vital, it was seen as imperative that the right amount of information was given and at an appropriate level of detail. Too much detailed information could be complicated for customers to absorb and might not have any effect in encouraging them to move into work or increase their earnings when in work.

## 4.6 Chapter summary

The focus of this chapter is to examine the level of understanding of HB/CTB among Jobcentre Plus staff and whether and how they present HB/CTB as an in-work benefit to customers. Jobcentre Plus staff generally described having little detailed knowledge about HB/CTB. This included a lack of awareness regarding both the earnings disregard and the taper rate. Correspondingly, customers were generally of the impression that Jobcentre Plus staff were not able to advise them regarding HB/CTB as they lacked sufficient understanding of the system. Lone Parent Advisors however, generally felt particularly knowledgeable about the system and this was confirmed by customers.

Staff considered that HB/CTB did not act as a work incentive. This was partly because of a lack of awareness and partly because customers considered the HB/CTB application to be problematic, with processing delays being raised as a key issue. In this context, customers were afraid of losing the security of having their full rent and Council Tax paid and staff therefore had experienced difficulties encouraging customers to move into work and claim in-work HB/CTB. However, staff did consider extended payments to act as work incentives.

Suggestions for improving the HB/CTB system largely centred on enhancing knowledge. It was widely felt that more publicity regarding HB/CTB as an in-work benefit would be beneficial as customer awareness was very limited.



## 5 Local authority staff

This chapter considers local authority views on Housing Benefit (HB)/Council Tax Benefit (CTB) as a work incentive. The focus of this chapter is therefore to examine: staff views on administering HB/CTB; their use of Better Off-Calculations (BOCs); whether they consider HB/CTB to act as a work incentive; and any aspects of HB/CTB they feel act as a barrier to work. Customers' views and experiences of discussions with local authority staff will also be explored, as will suggestions for improvements to the HB/CTB system.

### 5.1 Views on administering Housing Benefit/Council Tax Benefit

#### 5.1.1 Staff confidence in administering HB/CTB

All the local authority staff taking part in the research considered that the HB/CTB system was complicated, in part due to the constant changes in regulations. HB/CTB was generally considered to be a *'nightmare'* to administer. However, in spite of this, staff generally felt confident in administering HB/CTB and dealing with HB/CTB issues. Team Leaders and Housing Benefit Managers in particular generally felt knowledgeable and confident in their role.

However, as the HB/CTB system has increased in its complexity, managerial staff felt that it has become more common for mistakes to be made by staff when administering the benefit, especially as the turnover of processing staff has increased, with a consequent loss of experience:

*'Somebody could come in and have no intention of defrauding the system, but we will make a mistake, and because it's so complicated... those mistakes are very easy to slip through. And okay, we'll eventually put it right... but it causes problems for customers because what we should be doing is paying them their benefit on time, paying it accurately, and to the right person.'*

(Local authority management staff, London borough)

### 5.1.2 Supplementing staff knowledge

Whereas Jobcentre Plus staff did not feel they had the necessary knowledge to be able to advise customers about HB/CTB and sought information from elsewhere, local authority staff generally felt able to administer HB/CTB without assistance. However, if they needed additional advice they tended to approach other members of local authority staff first; there were staff who felt confident in their role as long as there was another member of staff present who could assist them if they encountered any problems.

Other sources utilised by local authority staff included: an HB/CTB manual provided by DWP; a monthly magazine from DWP called '*HB Direct*' and also the Institute of Revenues, Returns and Valuation website. The latter was seen as a particularly useful source as it allowed staff to obtain advice from local authority staff from all over the United Kingdom by logging a query on the website's message board.

### 5.1.3 The Verification Framework

The Verification Framework was considered by local authority staff to be a valuable concept, but in practice it was felt to prolong and complicate the HB/CTB claiming process for the customer. This was mainly because customers had a tendency to fail to provide the necessary documents and information when required:

*'From a customers' point of view [the Verification Framework is] just complicated, very red tape, and they're being pushed around from pillar to post.'*

(Local authority management staff, London borough)

The effect of this was to delay the processing of the HB/CTB claim. Inevitably, customers would blame the local authority for the delays in processing their benefit although some of the delay was of their own making. The impact of this, however, was that HB/CTB was seen as a benefit that took a long time to be processed, the knock-on effect being that customers were nervous about making any changes to their circumstances in case they were without benefit and could not pay their rent.

### 5.1.4 BOCs

*When and how staff use BOCs*

BOCs have less of a role for local authority staff compared with Jobcentre Plus staff. Local Authority staff did not generally carry out BOCs for customers unless specifically requested by the customer. One member of staff estimated that only six BOCs had been carried out in her office over the last year. Local authority management staff concurred with the view that BOCs were not particularly part of their remit:

*'We are providing a benefits administration service, not necessarily a service that gives advice about this, that and the other.'*

(Local authority management staff, South West city)

If customers did request a BOC, local authority staff largely produced a *'dummy calculation'*. This was seemingly an informal, manual calculation taking solely earned income into account as opposed to including, for example, the effect of any Tax Credits or any expenses incurred by the customer in going to work.

Although there were local authority staff who felt relatively confident in carrying out basic BOCs, if requested to do so, they were less confident in undertaking a full BOC as it would require knowing details such as: the customers' capital; the number of dependants living with the customer; the age of any dependants; and other benefits the customer receives or could be eligible to receive:

*'Its an extremely complex calculation. To sit in front of somebody and try and work out their benefit, its a really, really difficult thing to do. Its very, very complex. There are premiums that are added in for certain circumstances to do with age, disability etc. Its a very, very, very complex system.'*

(Local authority management staff, South West city)

### *Perceived accuracy of BOCs*

Mirroring the views of Jobcentre Plus staff, local authority staff expressed doubts as to the accuracy of calculations carried out by both local authorities and Jobcentre Plus offices, especially as they were dependent on the accuracy of the information provided by the customer. One of the main areas of inaccuracy was thought to be due to customers not being aware of their eligible rent and giving a different figure to staff when their rent was requested:

*'The customer could say to them, "oh, my rent is £800 a month", but we're actually assessing benefit on £750, so if Jobcentre use the 800, their calculations are going to be widely out...but that's down to the tenants giving them the correct information.'*

(Local authority management staff, London borough)

## 5.2 Customer understanding of Housing Benefit/Council Tax Benefit

Local authority staff considered there to be a considerable lack of understanding of HB/CTB as an in-work benefit among customers. This was due to the complex nature of the HB/CTB system, particularly features such as the earnings disregard and the taper rate, a view supported by the interviews with customers:

*'We certainly show them in decision notices but I really don't think customers will be aware of [taper rates]. It is very complicated and our staff alone have a hard time getting to grips with benefits and how they work and so no, I don't think the customers will be that aware of it.'*

(Local authority management staff, Scottish local authority)

Customer illiteracy further inhibited understanding of the HB/CTB system, a view that was strongly held by staff in the local authority and Jobcentre Plus offices in the London borough.

### 5.3 Does Housing Benefit/Council Tax Benefit acts as a work incentive?

#### 5.3.1 HB/CTB as a work incentive

Local authority staff described circumstances where a BOC had been carried out and shown the customer that they would be financially better off in work. Therefore there were circumstances where a BOC had led to customers moving into work, in part due to the contribution of in-work HB/CTB. However, partly because BOCs were so infrequently carried out, the potential for HB/CTB to be seen as a work incentive was rare.

By contrast, as with Jobcentre Plus staff, the local authority staff thought that the extended payments paid to customers as part of in-work HB/CTB were more likely to be seen as a work incentive:

*'The only thing that has been introduced that is an incentive, to make things easier, is this four week payment extension period...It gives them protection for a month and they know their council and housing tax rebate is going to continue at the same level until they get their first pay packet. And then obviously there would be a recalculation and they should at least have some salary. So that has helped, but whether [four weeks] is long enough...'*

(Local authority management staff, Scottish local authority)

*'I think its a fall back position for people who think "well, I can do that job [and] I might get some help with my rent", but I don't think its an incentive for them to go back to work. I think the incentives for people going back to work are Working Tax Credit and Child Tax Credits.'*

(Local authority management staff, London borough)

Given the incentive effect of the extended payment scheme, local authority management staff felt that the extended payments should be further extended, so that customers had longer than the initial four-week period receiving full HB/CTB. Four weeks was considered to be not *'enough of a cushion'* to maintain people's income stream during this period of transition. Greater publicity of extended payments was considered essential if they were to be fully successful as a work incentive.

#### 5.3.2 Barriers to claiming in-work HB/CTB

Although it was generally recognised that HB/CTB could act as a work incentive, there were a number of reasons as to why this was not the case. These were:

### *Lack of customer awareness about in-work HB/CTB*

If there was greater awareness of and more understanding about being able to receive HB/CTB in work, local authority staff felt that HB/CTB could act as a work incentive:

*'I think that Housing Benefit is something that has just existed for many, many years and has run alongside, and been very much linked to your Income Support and your Pension Credit. It may not be seen as a benefit that stands on its own, and that can be claimed by a wider range of people.'*

(Local authority management staff, South West city)

### *Impact of HB/CTB rules*

Managerial staff in the local authorities suggested that a more generous taper rate should be implemented to encourage customers to move into work or increase their hours in work, as the current rate of 65 per cent was deemed too high and to be 'no incentive for somebody to go back to work'.

### *Processing delays*

HB/CTB has become synonymous with processing delays. Customers are reluctant to leave the safety of benefits and move into work with the 'promise' of in-work HB/CTB to support them. Previous experience and 'hearsay' have contributed to the general impression that the benefit system is likely to let people down at the transition from unemployment to work. With concerns about being able to pay their rent and find sufficient money to live, customers are reluctant to make this transition.

### *Administrative issues*

The local authority staff described how customers found the process of having to report all changes in circumstance 'a hassle' when claiming in-work HB/CTB. Staff had experienced customers forgetting to update their in-work claim. Processing delays for renewed claims were a key concern for customers, as such delays might, in some circumstances, result in the customer receiving more HB/CTB than they ought to, which they would then have to pay back. This in turn could lead to the customer experiencing rent arrears. Such administrative problems had led to customers being discouraged from claiming in-work HB/CTB again:

*'I think some people find [in work-HB/CTB] more hassle...I think its more hassle having to keep updating us with information and any changes, and us getting it assessed on time, and customers find they get more agro, things go wrong a bit more, so some customers might not find it as an incentive.'*

(Local authority front line staff, London borough)

### *Perceptions about whether it is worth going to work*

According to local authority staff, the 'hassle' of applying for in-work HB/CTB could be further compounded by the thought of being only marginally better off

financially by moving into work. Local authority staff felt that claimants look for quite substantial increases in income in order for them to be able to afford the additional expenditure involved in working and to justify the 'effort' involved in going to work. They might therefore be discouraged from moving into work if they feel they will not receive such increases:

*'Now to go from getting, you know, £60 a week in benefit to getting £150 – something like that – a week in earnings, but then...you have to pick up your full rent, your full Council Tax, your support charges. They may only be marginally better off and for them, to either work and start paying all that to be just that marginally better off, a lot of them think twice.'*

(Local authority management staff, Scottish local authority)

#### *The perceived security of benefits*

As identified by Jobcentre Plus staff, local authority staff described how customers were afraid of losing the security of having their full rent and Council Tax paid, despite potentially being able to receive Tax Credits which would compensate for the reduction in, or loss of, HB/CTB. In this respect, staff had experienced difficulties with encouraging customers to move into work and claim in-work HB/CTB. One member of staff described how customers had misled local authority staff in order to continue qualifying for full HB/CTB:

*'Its quite funny sometimes, you will get people who do not like losing their Housing Benefit even though they may be paid Working Tax Credit – so they're getting money to pay the rent...I've even come across people who have lied to Tax Credits to stop the claim for Tax Credits just so that they'll get the Housing Benefit back, because they were more comfortable having the rent paid than being given the money by Working Tax Credit to pay the rent themselves...Its almost like, not nannying but...its like security...Its taken care of.'*

(Local authority front line staff, small Northern district)

This highlights the issue that there are customers that prefer Housing Benefit to be paid direct to their landlord as opposed to having the responsibility of paying the rent themselves.

## 5.4 Customer experiences of staff delivery of Housing Benefit/Council Tax Benefit information

Generally, customers felt that they did not discuss HB/CTB in great detail with local authority staff. Customers only come into contact with staff when submitting their HB/CTB claim form and there was little other discussion taking place. In this respect, customers did not see such discussion to be part of the role of local authority staff.

Experiences of dealing with local authority staff were mixed:

- Positive experiences with local authority staff came about when they assisted the customer with completing their HB/CTB application form and explained what benefits were available to them.
- Complaints about dealing with the local authority were relatively common and centred around: delays – either in queues or on the telephone; the attitude of staff that customers had found to be rude and obstructive on occasions; and problems with supplying documents for the Verification Framework which had led to delays in customers' HB/CTB claims.

Despite customers having relatively little prolonged contact with local authority staff, negative experiences with their local authority may dissuade customers from seeking assistance from them in future, which may be problematic if local authorities are encouraged to publicise in-work HB/CTB.

## 5.5 Local authority suggestions for improvements to the Housing Benefit/Council Tax Benefit system

Suggestions for improving the delivery of HB/CTB provided by local authority staff largely echoed those given by Jobcentre Plus staff; there was a similar emphasis on enhancing knowledge surrounding HB/CTB as an in-work benefit, particularly among customers but also among both Jobcentre Plus and local authority staff. Local Authority staff also thought that the current taper rate was a potential barrier to the take-up of HB/CTB as an in-work benefit. The suggestions made by local authority staff were:

### 5.5.1 Promotion of HB/CTB as an in-work benefit

Staff described how leaflets publicising in-work HB/CTB were sent out annually with Council Tax bills and such leaflets were continually available at local authority contact centres, the Citizen's Advice Bureaux (CABx) and housing associations. Local authority websites were also said to contain a wealth of information on in-work benefits and how customers should go about claiming them. The HB/CTB application form also contained information about extended payments, and when customers ceased to claim Income Support or Jobseeker's Allowance they were sent a letter explaining they might be eligible for extended payments.

It was suggested that information should be included with customers' pay slips to target customers who are in work and may be eligible for HB/CTB but not claiming it.

Local authority staff also suggested that discussing HB/CTB as an in-work benefit face-to-face with customers might have more of an effect in raising customer awareness and increasing their understanding. To this end, staff suggested holding surgeries at local authority offices with Jobcentre Plus staff, who could be on hand to

answer any queries and assist customers with their application forms. It was noted though, that smaller local authorities, such as the small Northern district, would not have the resources available to do this.

### 5.5.2 Enhancing understanding among staff

It was also considered necessary to enhance understanding of HB/CTB among local authority and Jobcentre Plus staff. Sharing of knowledge was also favoured. To this end it was suggested that a 'job swap' with Jobcentre Plus staff would be useful in order to gain a better understanding of the work that each do.

### 5.5.3 Changes to the taper rate

While the taper rate was seen as necessary, local authority managerial staff suggested that a more generous taper rate should be implemented to encourage customers to move into work or increase their hours in work:

*'If they want to look at how Housing Benefit and Council Tax Benefit could encourage people back to work, its to bring the tapers in at a slower rate.'*

(Local authority management staff, London borough)

## 5.6 Chapter summary

This chapter considered local authority views on HB/CTB as a work incentive, and examined staff views on: administering HB/CTB; whether they consider HB/CTB to act as a work incentive; and any aspects of HB/CTB they feel act as a barrier to work.

All the local authority staff considered the HB/CTB system to be complicated, for both staff and customers. However, in spite of this staff generally felt confident in administering HB/CTB and dealing with HB/CTB issues.

As with Jobcentre Plus staff, the local authority staff thought that extended payments could potentially act as a work incentive and consequently felt that the extended payments should be enhanced so that customers had longer than the initial four-week period receiving full HB/CTB.

While it was generally recognised that HB/CTB could act as a work incentive, there were a number of reasons as to why this was not the case. They included: lack of customer awareness about in-work HB/CTB; the impact of HB/CTB rules; processing delays; perceptions about whether it was worth going into work; and the perceived security of benefits.

Suggestions for improving the delivery of HB/CTB provided by local authority staff largely echoed those given by Jobcentre Plus staff; there was a similar emphasis on enhancing knowledge surrounding HB/CTB as an in-work benefit. Suggestions for improvements included: the promotion of HB/CTB as an in-work benefit; enhancing understanding among staff; and changing the taper rate.

## 6 Conclusion

The central question asked by this research is whether Housing Benefit (HB)/Council Tax Benefit (CTB) acts, or can act, as an incentive for people out of work and in receipt of benefits to look for and take up employment. From the perceptions of customers (both in work and workless), local authority staff and Jobcentre Plus advisors, the evidence for the incentive effect of HB/CTB is extremely weak.

In order for HB/CTB to act as an incentive to work it needs to be recognised by people who are seeking work that the benefit is both available and will make a significant contribution to their income. For a variety of reasons, this does not happen in practice. The reasons for this are discussed in the following sections.

### 6.1 Housing Benefit/Council Tax Benefit as an in-work benefit – are the customers aware?

It is clear that while customers are aware of the existence of HB/CTB, their understanding of how the benefits work and the fact that they are payable to people who are in work is almost non-existent. Even customers who are in work and receiving HB/CTB demonstrate scant knowledge of how HB/CTB interacts with their income from employment. The reasons for this are threefold:

- First, it is clear that customers rarely read much of the documentation that they are given, usually from the Jobcentre Plus or local authority. Partly, this is a lack of interest and partly a view that it simply repeats what has already been discussed with an advisor. For some, their lack of literacy and numeracy skills pose a barrier.
- Second, although the primary sources of information about benefits are the Jobcentre Plus advisors, HB/CTB is one of the benefits about which they are far less confident in discussing. Although Lone Parent Advisors were generally the exception, HB/CTB tended to be covered in only a cursory way, when discussing the financial support that was available for people in work.
- Third, while local authority staff have considerable expertise in processing HB/CTB, they neither consider it to be their role, nor generally have the opportunity, to discuss benefits with customers.

Consequently, customers generally remain in ignorance about the facility to receive HB/CTB while in work. Where they are aware, they rarely understand how it interacts with their income from employment.

## 6.2 Does Housing Benefit/Council Tax Benefit play a part in employment decisions?

Customers vary considerably in the factors they consider when thinking about whether to move from benefits into employment. However, there was no evidence to suggest that the availability of HB/CTB while in work had played a part in customers' decisions to take a job.

With few exceptions, the key determinant as to whether to take a job is based on a comparison between the income they receive from benefit compared to the earnings they believe they will receive from employment. However, the comparison that customers make is rarely undertaken in a consistent and systematic manner. This is for three reasons:

- First, customers may inaccurately estimate their current income. This is particularly so for customers who have their rent paid direct to their landlord (local authority<sup>6</sup> or private) as they may not always recall what the level of their rent is.
- Second, customers do take into account the additional expenses in being at work, such as travel, food, childcare, etc. However, these may not necessarily be very accurate estimates, with some evidence to suggest that the costs of going to work may be over-estimated. Equally, they do not take into account the reduced costs of taking work in terms of the reduction in use of heating and lighting in the house during the day. There was also the assumption that while out of work one would eat at home at lunch time but when in work one would need extra money to buy food at work, although this need not necessarily be the case.
- Third, customers generally do not take into account any income they could receive from in-work benefits such as HB/CTB, due to a lack of knowledge and/or understanding of HB/CTB as an in-work benefit.

The role of Better-Off Calculations (BOCs) in deciding whether to take work was mixed. It was clear that BOCs were undertaken on an infrequent basis, with some of the customers in the study saying that they had never had a BOC carried out for them. Others were sceptical of the outcome of the BOC, partly through past experience and partly through hearsay, as BOCs have the reputation among customers of being potentially very inaccurate.

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<sup>6</sup> Customers living in local authority housing automatically have their rent paid direct; customers living in private sector housing may choose whether to have their rent paid direct or not.

Customers also vary considerably in the amount by which they want to be better off in work compared to remaining on benefit. While some are willing to work and not be any better off financially, others have definite ideas about how much better off they want to be. This can range from anything from £10 a week better off to £50 or more.

Underpinning these financial calculations are customer views about the additional benefits of working. These include: career development; job satisfaction; increasing their job prospects and self esteem, together with, for some, the stigma of being on benefits. The extent to which these 'softer' aspects of working interact with the decisions they make about the financial aspects of work varies considerably. Although there was no clear pattern in terms of claimant group, it was clearly those who were more motivated to work whose decision-making was not wholly financial.

Nevertheless, customers did not want to be worse off in work when compared to being in receipt of benefits. In this respect there is evidence to indicate that had some customers known that HB/CTB could be paid to people in work, this might have changed their view about whether to take a job or not. HB/CTB can therefore act as an incentive to work, but only if it is clearly factored into customers' decision-making process.

### 6.3 What would enable customers to take account Housing Benefit/Council Tax Benefit in their decision- making about work?

As discussed above, the critical factor is that customers are either not aware of, or do not understand, how HB/CTB might play a part in their being able to work. The following would all assist with raising the profile of HB/CTB as an in-work benefit:

- a focused discussion with customers about the benefits available to them when in work. This would require:
  - Jobcentre Plus staff being more familiar with HB/CTB as an in-work benefit;
  - Jobcentre Plus staff having more programmed opportunities to discuss the issue of in-work benefits with customers;
  - Jobcentre Plus staff having more programmed opportunities to conduct BOCs with customers;
  - greater emphasis for customers that a BOC is only as accurate as the information that they provide;
  - local authority staff having greater opportunities to discuss HB/CTB as an in-work benefit with customers;
  - local authority staff having greater opportunities to signpost customers to a source of information about in-work benefits;

- Jobcentre Plus staff to receive greater training to discuss HB/CTB as an in-work benefit;
- occasional 'benefit surgeries' located in Jobcentre Plus and local authority offices that specifically focus on in-work benefits; and
- a guarantee to customers that in moving from benefits to work they would have immediate financial support by improving the mechanism of delivery so that there was a smooth transition from unemployment to being in work without any disruption in the payment of benefits.

# Appendix A

## Technical appendix

A brief outline of the research design and conduct is given in Chapter 1 of this report. This appendix provides further details of the research methods used in this study. A copy of the topic guides used can be found in Appendix B.

### Research design

The research was qualitative in design, employing the use of face-to-face, in-depth interviews to consult people. Adopting a qualitative approach enabled respondents to raise issues of salience in their own words and terms, in the context of their own circumstances and, with probing by the interviewer, ensured issues were explored and examined thoroughly. It also enabled researchers to be sensitive to the needs and circumstances of the people they interviewed, by adapting their approach during the interviews.

### Sample design and selection

As is usual in qualitative research, the customer sample was designed to ensure full coverage of the key sub-groups within the target population, in order to identify and explain variations in their views and experiences. As noted in the introduction, purposive sampling was used to structure a sample of respondents of different employment and claim status:

- in work and not claiming Housing Benefit (HB)/Council Tax Benefit (CTB);
- in work and claiming HB/CTB; and
- not in work, claiming HB/CTB.

Additional recruitment criteria were used to ensure a diverse sample. These were:

- **age:**
  - under 25; and
  - 25 and over;
- **claimant type:**
  - single;
  - lone parent;
  - couple with children;
  - couple without children; and
  - Black and Minority Ethnic (BME) customers.

The sample was essentially constructed around employment and claim status and age. The different claimant types were then distributed across these. Seventy-five customers were interviewed in total across the five case study areas; a London borough; a South West district; a South West city; a small Northern district and a Scottish local authority. The customer interviews were undertaken during September through to November 2005. The profile of the sample is included in Section 1.5.

Sample was drawn from a database supplied by Department for Work and Pensions (DWP). The sample consisted of customers who were not in work and claiming HB/CTB, those who were employed and claiming HB/CTB, and customers that had stopped claiming HB/CTB.

Difficulties were initially encountered at the outset of recruitment due to the databases provided not containing telephone numbers. This proved problematic as telephone recruitment is a simple, efficient and effective method of recruiting respondents. Three different strategies were adopted in order to overcome this problem. Firstly, a telephone number search agency was used. This supplied a relatively low number of telephone numbers. A letter was then sent to customers requesting their telephone number; and lastly, recruiters 'door-knocked' at customers' addresses in order to make initial contact with potential respondents.

The recruitment was managed by our internal field team who used their network of recruiters to select the sample. The field managers were fully briefed on the project and were provided with detailed recruitment instructions and a screening questionnaire in order for recruiters to screen for respondents' eligibility to participate in the research. Respondents were recruited using a combination of telephone and door-step recruitment. All recruiters are members of the Interviewers Quality Control Scheme.

## Conduct of the interviews

Interviews were carried out by experienced qualitative researchers who have extensive experience of conducting in-depth interviews and group discussions, and have been trained in the techniques of non-directive interviewing.

Each interview was exploratory and interactive in form so that questioning could be responsive to the experiences and circumstances of the individual involved. They were based on topic guides (see Appendix B), which listed the key themes and sub topics to be addressed and the specific issues for coverage within each. Although topic guides help to ensure systematic coverage of key points across interviews, they are used flexibly to allow issues of relevance for individual respondents to be covered through detailed follow-up questioning.

The wording of the questions and the conduct of interviews was designed to be appropriate to the needs and circumstances of people being interviewed. All members of the research team took part in a briefing to ensure the interviewing approach was consistent across interviews.

The research team carried out the customer interviews in the respondent's home. It is customary practice to use respondent payments when carrying out most qualitative general population research and as such the respondents were given £20 as a 'thank you' for taking part. The interviews with stakeholders and local authority staff, and group discussions with Jobcentre Plus staff, were held at the individual's place of work. These respondents were not given payment.

## Analysis

A full set of verbatim transcriptions was produced from the digital recordings of the customer interviews. The analysis of the interviews was undertaken using '*Matrix Mapping*', a qualitative content analytic method used in all our studies. Our method involves a systematic and comprehensive process of sifting, summarising and sorting the material according to key issues and themes.

The first stage of '*Matrix Mapping*' involves familiarisation with the data (in the form of verbatim transcripts) and identification of emerging issues. Based on this preliminary review of the data as well as the coverage of the topic guide and the researchers' experience of conducting the fieldwork, a thematic framework is constructed.

The subject headings included in the matrix used on this project were as follows:

- 1 Respondent background details.
- 2 Customer awareness and understanding of HB/CTB.
- 3 Process of claiming HB/CTB.
- 4 Experience of Jobcentre Plus staff.

- 5 Experience of local authority staff.
- 6 Improvements to Jobcentre Plus staff contact.
- 7 Improvements to local authority staff contact.

The analysis then proceeds by summarising and synthesising the data according to this thematic framework which comprised a series of subject charts displayed in an analytic software programme called '*Xsight*'<sup>7</sup>.

Data from each interview transcript was summarised and transposed under the appropriate subject heading of the thematic matrix. The context of the information was retained and the page of the transcript from which it came was noted, so that it was possible to return to a transcript to explore a point in more detail or to extract a quotation. Once the data had been sifted a map was produced which identified the range and nature of views and experiences, sought associations and patterns within them and provided explanations and underpinning factors.

Piecing together the overall picture is not simply aggregating patterns, but weighing up the salience and dynamics of issues, and searching for structures within the data that have exploratory power, rather than simply seeking a multiplicity of evidence.

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<sup>7</sup> Further details may be found at: <http://www.qsrinternational.com/>

# Appendix B

## Topic guides

Awareness and attitudes towards Housing Benefit and Council Tax Benefit as an in-work benefit

### Topic guide – Stage 2: Customer Interviews

**Research aims:**

- To examine awareness and understanding of HB/CTB as an in-work benefit, amongst customers and advisors.
- To examine the actual impact of tapers on customer's decisions to move into work or increase earning when in work.
- To identify aspects of HB/CTB that act as a barrier to work.
- To advise on measures that could improve administration and reduce barriers to customers moving into work.

**Introduction**

- About BMRB
- About the research
- Commissioned by Department for Work and Pensions
- BMRB are an independent research agency working on behalf of DWP
- Length of interview – one hour
- Confidentiality and anonymity
- Recording – recordings are confidential and available only to the research team

## Background

- Basic information – age of respondent, number of children, age(s) – if applicable
- Status – whether they are disabled/one parent/older worker/adult carer etc
- Employment status
  - How long they have worked
    - what do they do
    - part time/full time, self employed
    - how many hours a week do they work
  - **If unemployed**; how long have they been unemployed
  - any specific circumstances leading to unemployment
  - whether they are actively seeking employment
- Employment history
  - Stability of employment (i.e. whether they are in and out of work a lot) – describe

*(note to researcher: approach tactfully)*
- Are they currently in receipt of Housing Benefit (HB)/Council Tax Benefit (CTB)
- How long have they been claiming HB/CTB
  - For this claim period
  - In total
  - **If not claiming** when was the last time
- Are they currently in receipt of any other benefits
- How long have they been claiming these
- For this claim period
- In total
- **If not claiming** when was the last time

## Awareness and understanding of HB/CTB as an in-work benefit

- How were they first made aware of HB/CTB (Jobcentre Plus/Inland Revenue/TV adverts/internet or other sources)
  - How was HB/CTB described
- Are they aware that they can potentially receive HB/CTB while in work
  - **If aware** what do they understand that to mean
  - how and when were they made aware of this

- What do they know about how earnings and HB/CTB effect each other
  - Do they know whether earnings effect HB/CTB
    - Amount they can earn before losing benefit (earnings disregards)
    - Effect of earnings on level of HB/CTB (tapers)
    - What do they know about the effect of HB/CTB tapers on income
    - How do they know this; where do their information come from
- What effect do earnings disregards/tapers have on their views about working
  - Reasons for this

*For those not working and claiming HB/CTB*

- Discuss any reasons for current unemployment
- Are they financially better off not working and claiming HB/CTB compared to if they were working and claiming

**PROBE** effect of tapers, effect of extended payments

- How do they know this
- To what extent are they better/worse off; financially, confidence levels, in terms of reduction in stigma
- Was a 'better off in work calculation' carried out (*either formal calculations by Jobcentre Plus or more informal 'calculations'/considerations by claimant, etc*)
  - How was it carried out
  - What was the impact of this

*For those working and claiming HB/CTB*

- How did they know that they could receive HB/CTB whilst working
  - When did they find this out (before/after started work)
  - Where did they find this out
- Had HB/CTB influenced their decision to return to work
- In what way
- Other influences

**PROBE** change in circumstance, responsible for a child, etc

- Are they financially better off working and claiming HB/CTB compared to when they were not working and claiming

**PROBE** effect of tapers, effect of extended payments

- To what extent are they better/worse off; financially, confidence levels, in terms of reduction in stigma

- Was a 'better off in work calculation' carried out (*either formal calculations by Jobcentre Plus or more informal 'calculations'/considerations by claimant, etc*)
  - How was it carried out
  - What was the impact of this

#### *For those working & not claiming HB/CTB*

- Why are they not claiming HB/CTB
- Was a 'better off in work calculation' carried out (*either formal calculations by Jobcentre Plus or more informal 'calculations'/considerations by claimant*)
- To what extent are they better/worse off; financially, confidence levels, in terms of reduction in stigma
- How was it carried out
- What was the impact of this

#### *Work versus HB/CTB*

- How do they decide whether it is worth taking a job or remaining in receipt of benefit (JSA)
  - What do they take into account (non-financial factors)
  - What financial factors do they take into account (earnings relative to benefit income; rent/mortgage; child care costs; other costs – what?)
  - How detailed an analysis of potential job income versus benefits do they make
- Thinking about when they have been offered work but not taken it, if they had known about in-work HB/CTB would this have made a difference
  - **PROBE** what difference it would have made

#### **The process of claiming HB/CTB**

- How do/did they go about claiming HB/CTB
- Have they experienced any difficulties in claiming HB/CTB
  - PROBE** reporting change of circumstances, the Verification Framework, extended payments etc.
- Have they experienced any delays in HB/CTB payments
  - Extent of delay
  - What they think was the cause of the delay
  - How they think delay could be avoided
- What do they think of the way in which HB/CTB is paid to them
- Any improvements they think can be made to the process

*For those working & claiming HB/CTB*

- What was their experience of moving from out-of-work HB to in-work HB
  - Describe how the process worked in practice
  - What worked well
  - What was problematic (providing evidence of earnings, extended payments)
  - Any gaps in receipt of benefit?

**Experience of Jobcentre Plus and local authority**

- Have they ever spoken to a Jobcentre Plus adviser about HB/CTB
- What prompted:
  - Visiting the Jobcentre
  - any discussion with advisor about HB/CTB
- What kind of adviser did they talk to (Specialist Personal Adviser/Disability Employment Adviser/Restart Adviser)
- What was discussed with advisor
  - How was HB/CTB described to them
  - Was a 'better off in work calculation' carried out
  - How was the calculation carried out
  - What was discussed afterwards
  - What was the impact of having a BOC carried out (*if not already discussed*)

**PROBE** was decision made to take up/not take up work

- Did they have to fill in forms in order to receive HB/CTB
- What help were they given from advisors when completing the forms
- How helpful did they find the advisor in explaining HB/CTB and answering any queries they had
  - Was the information they received
    - easy to understand
    - helpful
    - accurate
    - in what way
- How trustworthy was the advice given from the Jobcentre Plus advisor
- Have they ever spoken to Local Authority advisor about HB/CTB
  - What was discussed

- How was HB/CTB described to them
- What was the impact of discussing HB/CTB with LA advisor

**PROBE** was decision made to take up/not take up work

- How helpful did they find the advisor in explaining HB/CTB and answering any queries they had
  - Was the information they received
    - easy to understand
    - helpful
    - accurate
    - in what way
- How trustworthy was the advice/information given from the LA advisor
- *(if respondent has had discussions with JCP and LA)* to what extent was the advice given the same/different

### **Improvements to Jobcentre Plus and Local Authority contact**

(note for researcher: ask for both JCP and LA advisors if applicable)

- Can they think of any improvements which could be made to the way in which the adviser informed them about HB/CTB
  - How well was HB/CTB communicated
- Would they have liked more help with filling in the forms
- Was the time spent with the advisor long enough
- Was anything not covered that they would have liked
- What were the most/least helpful aspects
- Did the answer(s) they got help to clarify anything
- Did they have any language/comprehension issues
  - What were they
  - How were they handled
- If the contact with the advisor was to be repeated what would they want to happen differently

### **Thank participant and close the discussion**

## Awareness and attitudes towards Housing Benefit (HB) and Council Tax Benefit (CTB) as an in-work benefit

### Topic Guide – Jobcentre Plus Advisors (Stage 2)

#### Research aims:

- To examine awareness and understanding of HB/CTB as an in-work benefit, amongst customers and advisors
- To examine the actual impact of tapers on customer's decisions to move into work or increase earning when in work
- To identify aspects of HB/CTB that act as a barrier to work
- To advise on measures that could improve administration and reduce barriers to customers moving into work

#### Introduction

- About BMRB
- About the research – exploring advisor's understanding of HB/CTB as IWB, the impact of tapers on customers' decisions to move into work; measures to improve administration and reduce barriers to customers moving into work
- Commissioned by Department for Work and Pensions
- BMRB are an independent research agency working on behalf of DWP
- Length of interview – 1 hour
- Confidentiality and anonymity
- Recording – recordings are confidential and available only to the research team

#### Background/role of respondents

- Job title
- Description of staff role and responsibilities
  - Length of service – in role and at Jobcentre Plus
  - Background experience
- Awareness/understanding of HB/CTB
- Responsibilities regarding HB/CTB
  - Current level of involvement with customers
- Responsibility for advising on elements of HB/CTB
  - What elements they advise on

**Communication of HB/CTB to customers**

- How knowledgeable do they feel they are about HB/CTB
  - How confident do they feel they are in dealing with HB/CTB issues
  - Where are the gaps in their knowledge
- What information have they received re HB/CTB and from whom
  - PROBE:** Training days, guidance handbook
- How useful do they feel the information was they received
- Do they use the information to help inform customers, how
- Were they provided with training in order to be able to advise on HB/CTB
  - What did the training consist of
  - What was the quality of the training like
  - Level of information
  - Do they feel there should have been more/less training
  - Any need for further training
  - What improvements could be made
- Do they have sufficient resources to cope with the customers who are eligible for HB/CTB
- Are there any improvements which could be made

**Experiences of advising on HB/CTB**

- How do they present HB/CTB to customers
- What have their experiences of advising on HB/CTB been
  - PROBE:** straightforward enquiries for HB, issuing and completing claim forms, completion of forms for interim payments
- How does the process work in practice
- Any problems experienced
  - Any ongoing problems
  - Any problems with the administration of HB/CTB
- How are problems resolved
- What could be done to enhance delivery/understanding

- What are their views about encouraging people who are receiving HB/CTB to consider work
  - Do they see any 'conceptual' problems with this
  - Are there any practical problems with this (e.g. arrangement times, gaps in payment, etc.)

#### *Work versus HB/CTB*

- How do people decide whether it is worth taking a job or remaining in receipt of benefit (JSA)
  - What do they take into account (non-financial factors)
  - What financial factors do they take into account (earnings relative to benefit income; rent/mortgage; child care costs; other costs – what?)
  - How detailed an analysis of potential job income versus benefits do they make
- Thinking about when they have offered work to customers but they have not taken it, if they had known about in-work HB/CTB would this have made a difference
  - PROBE what difference it would have made

#### **Customer awareness and understanding of HB/CTB as an in-work benefit**

- Do customers understand how HB/CTB works
  - Reasons why/why not
  - What their understanding is of HB/CTB
  - Do they recognise HB/CTB as an in-work benefit
  - Reasons why/why not
  - What could be done to enable better understanding
- How effective is HB/CTB in terms of acting as a work incentive to customers
- How do they present the work incentive concept to the customer
  - How effective is this
- Do they think HB/CTB has encouraged customers to take up work, in what way
- What do they think are the particular features of HB/CTB which help advisors persuade customers into work
- What do they think are the particular features of HB/CTB which act as a barrier in persuading customers into work
- (*If tapers/earnings disregards not already mentioned*) what do they think is/are the effect(s) of the tapers/ED on customers' take up of work

- How do people who are in work and receiving HB/CTB find out about their entitlement
  - Do they think that HB/CTB acts an incentive to take work/remain in work in these instances
- Why do people who are in work and eligible for HB/CTB NOT CLAIM their entitlement
  - What could be done about this

### **Better Off in Work Calculations (BOC)**

- Have they carried out 'better off in work calculations' (BOC) for customers
  - How recently was this set up
  - How do they carry out BOC, what system do they use (IBIS/Ferret)
  - How easy is the system to use
  - How confident do they feel making these calculations
  - Has confidence changed over time
  - Have they encountered any difficulties when providing these calculations
  - What improvements do they think can be made to make BOC easier to calculate and deal with
- What impact has carrying out BOC had on the customer's decision to enter work
  - In relation to HB
  - In comparison to other benefits
- Likely impact of the introduction of the Local Housing Allowance (LHA) on the BOCs
  - Easier? More precise?
  - Likely impact on people's financial judgements about work / benefit

### **Overall view of HB/CTB**

- What do they think of the HB/CTB
- Strengths and weaknesses
  - Policy
  - Implementation
- Perceived advantages and disadvantages

- Is it helping customers into work
  - Identify how it is helping
  - Identify how it is not helping
  - What else could be done
- Examples of good practice

**Thank participant and close the discussion**

## Awareness and attitudes towards Housing Benefit (HB) and Council Tax Benefit (CTB) as an in-work benefit

### Topic Guide – Local Authority Staff (Stage 2)

#### Research aims:

- To examine awareness and understanding of HB/CTB as an in-work benefit, amongst customers and advisors
- To examine the actual impact of tapers on customer's decisions to move into work or increase earning when in work
- To identify aspects of HB/CTB that act as a barrier to work
- To advise on measures that could improve administration and reduce barriers to customers moving into work

#### Introduction

- About BMRB
- About the research – exploring advisor's understanding of HB/CTB as IWB, the impact of tapers on customers' decisions to move into work; measures to improve administration and reduce barriers to customers moving into work
- Commissioned by Department for Work and Pensions
- BMRB are an independent research agency working on behalf of DWP
- Length of interview – one hour
- Confidentiality and anonymity
- Recording – recordings are confidential and available only to the research team

#### Background/role of respondents

- Job title
- Description of staff role and responsibilities
  - Length of service – in role and at Local Authority
  - Background experience
- Awareness/understanding of HB/CTB
- Responsibilities regarding HB/CTB
  - Current level of involvement with customers
- Responsibility for administering elements of HB/ CTB
  - What elements

### **Administering HB/CTB**

- How knowledgeable do they feel they are about HB/CTB
  - How confident do they feel they are in dealing with HB/CTB issues
  - Where are the gaps in their knowledge
- What information have they received regarding HB/CTB and from whom
  - PROBE:** Training days, guidance handbook
- How useful do they feel the information was they received
- Do they use the information to help inform customers, how
- Were they provided with training in order to be able to administer HB/CTB
  - What did the training consist of
  - What was the quality of the training like
  - Level of information
  - Do they feel there should have been more/less training
  - Any need for further training
  - What improvements could be made
- (*if customer facing*) How do they present HB/CBT to customers
- What have their experiences of administering HB/CTB been
- How does the process work in practice
  - PROBE verification framework, change of circumstances, extended payments
- Any problems experienced
  - Any ongoing problems
- How are problems resolved
- What could be done to enhance the delivery of HB/CTB
- What are their views about encouraging people who are receiving HB/CTB to consider work
  - Do they see any 'conceptual' problems with this
  - Are there any practical problems with this (e.g. arrangement times, gaps in payment, etc.)

### **Customer awareness and understanding of HB/CTB as an in-work benefit**

- Do customers understand how HB/CTB works
  - Reasons why/why not
  - What their understanding is of HB/CTB

- Do they recognise HB/CTB as an in-work benefit
- Reasons why/why not
- What could be done to enable better understanding
- How effective is HB/CTB in terms of acting as a work incentive to customers
- How is the work incentive concept presented to the customer
  - Who by
  - How effective is this
- Do they think HB/CTB has encouraged customers to take up work, in what way
- What do they think are the particular features of HB/CTB which help encourage customers to take up work
- What do they think are the particular features of HB/CTB which act as a barrier in encouraging customers to take up work

#### **PROBE** administrative aspects

- (*If tapers/earnings disregards not already mentioned*) what do they think is/are the effect(s) of the tapers/ED on customers' take up of work
- How do people who are in work and receiving HB/CTB find out about their entitlement
- Do they think that HB/CTB acts an incentive to take work/remain in work in these instances
- Why do people who are in work and eligible for HB/CTB NOT CLAIM their entitlement
  - What could be done about this

#### **Better Off in work Calculations (BOC)**

- Have they carried out 'better off in work calculations' (BOC) for customers (*Note for researcher: LAs need not carry these out for customers*)
  - How recently was this set up
  - How do they carry out BOC, what system do they use (IBIS/Ferret)
  - How easy is the system to use
  - How confident do they feel making these calculations
  - Has confidence changed over time
  - Have they encountered any difficulties when providing these calculations
  - What improvements do they think can be made to make BOC easier to calculate and deal with
- What impact has carrying out BOC had on the customer's decision to enter work

- What do they think of the BOCs carried out by Jobcentre Plus
- What is this opinion based on
  - What impact do the BOCs carried out by Jobcentre Plus have on the customer's decision to enter work
- Likely impact of the introduction of the Local Housing Allowance (LHA) on the BOCs
  - Easier? More precise?
  - Likely impact on people's financial judgements about work/benefit

### **Links with Jobcentre plus**

- Do they have any links with Jobcentre Plus
  - What; how do these work in practice
- Is there any liaison between the LA and Jobcentre Plus regarding customer cases, advice, etc.
  - When would this occur
  - How does it work in practice

### **Overall view of HB/CTB**

- What do they think of the current HB/CTB scheme
- Strengths and weaknesses
  - Policy
  - Implementation
- Perceived advantages and disadvantages
- Is it helping customers into work
  - Identify how it is helping
  - Identify how it is not helping
  - What else could be done
- Examples of good practice

### **Thank participant and close the discussion**



# Appendix C

## The contextual research

### Aims of the contextual research

The contextual research was carried out with three stakeholders: the National Housing Federation; the National Association of Citizens' Advice Bureaux; and a Policy Analyst from the University of York. The aims of the contextual research were as follows:

- to provide understanding as to how Housing Benefit (HB)/Council Tax Benefit (CTB) works in practice;
- to consider whether HB/CTB operates (or could operate) as an in-work incentive; and
- to help shape the substantive research by identifying key issues for discussion.

Due to the small number of stakeholders participating in this phase of the research, quotations have not been attributed in order to protect anonymity.

### Key findings

#### **Main barriers to work**

Housing Benefit:

- Limited earnings disregard and high taper rate meant that customers are little better off financially by moving into work:
  - They therefore remain claiming benefits, even if getting a job would be beneficial in the long term;
  - Customers also saw that taking up work could lead to additional costs, such as purchasing clothing for work, and travel costs.

- Reporting changes of circumstances in order to receive in-work HB/CTB was a huge burden for customers, and as such they might choose to remain on benefits

Social disadvantage:

- Lack of skills.
- Lack of motivation.
- Lack of confidence to take up poorly paid work in the short term in order for it to lead to better paid work in the long term.

### **Delivery and administration of HB/CTB**

- It was felt that a prompt and responsive service was not being delivered with regards to HB/CTB.
- However, it was acknowledged that there were local authorities that were delivering excellent services, in that they were:
  - responsive; and
  - customer focused.
- The current HB/CTB system was deemed too complex and therefore caused confusion and uncertainty among customers:

*'The rules are too complex. You know, [the customers] might have a basic grasp of the basic structure of the scheme, but there are so many...caveats. You only need to look at the length of the guidebooks on Housing Benefit...to know that if its that...complex, and the rules are that detailed, what chance is there of anyone understanding that? You have to be a welfare rights expert to understand it.'*

- The Verification Framework was felt to cause 'nightmares' for customers:
  - It was considered an administrative burden.
  - But deemed successful in combating fraud.
- Reporting changes of circumstances was also seen as burdensome for customers:
  - Customers were not necessarily clear on what changes they were meant to report:

*'There are, and I may get this wrong, but there are things – like for example having a new baby or moving onto Pension Credit, becoming 60, 65...that you don't need to report, but its not always clear to people which those are and which those aren't, so they tend to use a common sense approach to them which may not necessarily be right. So that certainly doesn't work well.'*

### **Customers' understanding of HB/CTB**

- Lack of awareness regarding HB/CTB meant that it was not widely recognised as an in-work benefit:

*'No, I don't think a lot of people recognise it as an in-work benefit...because they often will be surprised when they are told by the advisors that they will go on getting Housing Benefit, but I think also because it makes such little difference to their income if they are on the taper.'*

- Understanding was also felt to be lacking as the rules of the scheme were too complicated.
- Extended payments were generally not well understood by customers.
- It was felt that local authorities need to encourage customers who are eligible for HB/CTB to claim:
  - Greater promotion is therefore needed, for example in tenants' newsletters and libraries. It was also suggested that local authorities could work in collaboration with Citizen's Advice Bureaux (CABx) in order to promote HB/CTB as an in-work benefit.

### **How Jobcentre Plus advisors/local authority advisors communicate HB/CTB to customers**

- Advisors were felt to be able to offer greater clarity as to how much HB/CTB customers can expect to receive when in work:
  - But there was little evidence that this greater clarity leads to the customer making the decision to move into work.
  - The high staff turnover of Benefits Assessors in some areas was felt to be problematic, as:
    - staff resources become stretched; and
    - this impacts on the time spent with customers.

