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Dear Sir/ Madam

**IRRV Response to Consultation: 21<sup>st</sup> Century Welfare**

The Institute of Revenues, Rating and Valuation (IRRV) is pleased to provide this response to the above consultation paper.

The IRRV is the professional body concerned with all aspects of local taxation in the United Kingdom. Its members are engaged in local tax administration, local authority benefits administration, the valuation of property for taxation, the appeals process and financial management in local government.

**1. What steps should the Government consider to reduce the cost of the welfare system and reduce welfare dependency and poverty?**

General Issues

Defining what constitutes poverty would be helpful to this process because it seems that there is a mismatch between what is regarded as poverty by some sections of the public who are not on benefit, and what welfare rights practitioners and statisticians regard as poverty. This mismatch can tend to stigmatise benefit claimants, erode confidence in the system and bring it into disrepute.

As a society we need make clear decisions about where our priorities lie in terms of assisting the vulnerable; in that way people can make choices about their lifestyle knowing the financial consequences.

We also need to resolve the conflicts between simplicity, fairness and cost. Benefit customers want a simple system, the tax payer who funds the welfare state wants a fair system and Government by and large wants an inexpensive system. The problem is that there is a trade-off to be made between these elements.

Much of the content of 21st Century Welfare comes from the earlier paper by the Centre for Social Justice, *Dynamic Benefits*. There are two features that distinguish that paper from this consultation exercise. *Dynamic Benefits* was published in the spring of 2008 and developed during the months prior to this; effectively before the current recession. *Dynamic*

*Benefits* made it clear that a sufficient financial investment was required to underpin its strategy. 21st Century Benefits by contrast follows a cost cutting agenda.

There is a need to educate young people about the realities of relying on welfare benefits so that they don't see it as a soft option; and about the wider financial realities of independent living and budgeting.

Greater use could be made of the tax system to lift low income families out of poverty, rather than shackling them to the welfare system, e.g. by paying them tax credit.

There is a sense of déjà vu in this consultation and think we should stop and it is appropriate reflect on why Housing Benefit (HB) was transferred to Local Government to administer in the first place. The reason was to allow for more connection between housing policies and housing benefit in order to combat the housing and homelessness problems in an LA's area. It is important that home security and stability is maintained under any new system as it is a foundation to moving into and maintaining employment. Housing benefit currently plays a vital part in supporting people into work.

Any commitment to radical change in welfare must go hand in hand with a commitment to provide realistic opportunities for employment throughout the UK. Without job creation unemployment levels will continue to rise and the welfare bill will be more difficult to rein in. Regional variations in job availability also need to be addressed; otherwise there will be areas in the UK that will suffer more than others, as they are unable to attract private investment that will create jobs.

#### Administration issues

Whilst the consultation paper looks to future structural change in the system, it is worth identifying ways in which costs could be saved and welfare dependency could be reduced within the present benefits system.

- The HB run-on period could be extended, perhaps on a sliding scale, which will give some stability in managing finances. This would give people confidence that their rent would be paid or at least some of it for a period of time, allowing them to adjust gradually and not have a resultant cliff edge where the customer finds all support withdrawn immediately. The rules should not be tied up solely with getting the long term unemployed into work; there should be measures put in place to help the short term unemployed, where a shorter run-on period would be suitable.
- Fixed period awards would allow people to move into work as people would give some certainty to working families about the rate of benefit they would receive for a fixed period. Claims from customers in work are amended several times a year due to increases in basic wages, tax credits and the many other changes that are common among customers of working age such as children leaving school etc.
- HB costs have risen significantly since the introduction of the Local Housing Allowance. Streamlining this even further would make savings. For example if a person was entitled to claim an allowance for a five bedroom property but in lived a three bedroom property then benefit could be restricted to the three bedroom amount.
- Although LAs operate a national scheme on behalf of the DWP, each authority spends time developing its own applications forms and leaflets in addition to those produced by the DWP.
- Reducing fraud and error by streamlining the process and continuing to emphasis the need to sanction those who claim what they are not entitled to.
- Some form of means test associated with Child Benefit in exchange for an increase in the value of Child Tax Credit which provides a vital bridge to customers whether in or out of work.

With regard to the cost of direct payments, it would be interesting to note the overall impact on cost if fixed term awards were introduced. This would assist customers with budgeting

and potentially the decision to initially enter work, obviously also bearing in mind the cautions previously raised regarding fixed term awards for everyone.

LHA direct payments have helped with regard to welfare dependency but conditionality will inevitably also help here.

**2. Which aspects of the current benefits and Tax Credits system in particular lead to the widely held view that work does not pay for benefit recipients?**

The perception, although real, is exaggerated both by the media and those on benefit who have become dependant on welfare.

The biggest overall problem is the complexity of the current system; the lack of uniformity of rules and the high levels of cut off caused by tapers. Although no one as such is better off on benefit than in work, the question moves on to the motivation to work for amounts that often equate to less than £1 per hour. In addition to this, no consideration is given to the costs of attending work in terms of travel. This issue will become greater if areas of work opportunity contract in some areas. Moving or indeed, the ability to move closer to work raises problems in terms of costs and opportunity.

The question of opportunity also affects the types of job that are available. Perceived dead-end or unstable jobs are less likely to engender a move from benefits than jobs that offer stability or career prospects.

Most of all there needs to be realisation that the unemployed are not a single entity. There are many who have been workless for a lengthy period of time; whereas some after long periods of employment and tax-paying have become unemployed. The latter require work opportunities and often little else, the former will possibly need to be re-trained and supported into work. The situation is exacerbated when considering short term jobs. The blunt tool of benefit withdrawal does not help either group. The proposed time limit of 12 months on JSA before withdrawal of HB needs to be considered in the context of the economic circumstances that have led to increased unemployment – which have already exceed 12 months in duration.

There would appear to be some anecdotal support to the view that it is not worth working a certain number of hours or level of income as then the repayment system of student loans for example is triggered. A number of ex students prefer to work part time so as not to reach the trigger zone. This type of choice concerning repayment of public funds and income choice as benefits supplement to the same standard of living (or greater if the loan repayment was implemented) is a result of the culture that welfare is not simply a safety net but a real choice and standard of living therefore disincentivising the move to full time employment and self-help away from reliance on the public purse.

The media highlighting of the more sensational cases may give the impression that the welfare system is a 'soft touch'. This may in turn foster a belief that the system is more generous than it actually is, so giving the impression to young people with low aspirations that a life on benefit is a viable financial alternative to work.

The Local Housing Allowance allows people to be entitled to claim benefit for more expensive accommodation, which people in work either may not be able to afford or may not choose to take in preference to less expensive accommodation, in order to secure more disposable income.

Customers are confused regarding which changes need to be reported e.g. with the in-year disregard of increased income which applies to Tax Credits but not HB/CTB. While the in-and-out of work process has helped streamline matters it is not working effectively in some areas and does not go far enough, with some evidence still needing to be supplied directly to other agencies. Undoubtedly, when customers actually receive their final sum they are also disappointed due to the high tapers.

**3. To what extent is the complexity of the system deterring some people from moving into work?**

It is clear that there are complex aspects of the benefits system which act as a deterrent for people moving into work. However, it has been seen that with support from trained staff, often in local government, many of the issues can be overcome or explained. The issue for the future is however, that with cut backs in public sector funding, this type of support will diminish. The hope that the voluntary sector can pick up on this may not come to fruition. The ability of the voluntary sector to do this will vary from area to area. There is also the fact that the voluntary sector itself relies on public funding for many of its operations including training.

Delays in processing claims, whether via DWP Jobcentre Plus or LA's, coupled with the need to complete further application forms (albeit streamlined in some instances) can impede a smooth transition into work. The fact that delays occur can lead to overpayments, which can be frustrating at a time of a significant change in income from benefits to work. There is a degree of uncertainty attached to the calculation and, particularly with regard to Tax Credits, a belief that further adjustments may occur.

A tell us once approach is gradually being introduced that will allow all agencies to be notified of a change and the appropriate benefits updated / amended. So far though this approach has only been from the DWP outwards – LAs have not been allowed to take the details of these changes and pass them on. This can lead to confusion, purely because of the half-hearted approach to partnership working that LAs are dealing with.

A system where customers simply call one number to deal with their claims for benefits would be preferable. With technological enhancements it would be possible to route the call from this number to the appropriate department in the DWP, or Local Authority. Through enhanced electronic communications LAs would be able to instantly update claims for all benefits and deliver a leaner solution to benefits administration.

**4. To what extent is structural reform needed to deliver customer service improvements, drive down administration costs and cut the levels of error, overpayments and fraud?**

For many years now the prime purpose of benefit administration has swung between the twin aims of making benefit easier to claim and administer on the one hand and the reduction of fraud and error on the other hand. This has caused ongoing tensions in administration that are not easily reconcilable.

The DWP's own figures however show that globally overpayments have decreased from 2.2% to 2.1% of benefit expenditure. With regard to housing benefit fraud and error for the period October 2008 to September 2009 it was at its lowest ever level. It is now 4.4% of expenditure (£820m), down from 4.9% (£840m) in 2008/09. This during a period when housing benefit expenditure has increased from £17.1bn to £19.9bn.

The move towards more risk based verification and reviews helps the speed of processing without resulting in an increase in the incidence of fraud. There are a number of tools available that address the issue of protecting the "gateway" into benefits. These include voice recognition and real time verification; both have their costs. However, any risk based approach requires the majority of claims to be made honestly and accurately.

It could be argued that the greatest incidence of overpayments arise for working age claimants from in-claim changes to income or households. The most common themes in terms of breaches of the gateway are failure to declare capital or occupational pensions. Much of those are uncovered via data matching exercises such as HBMS or NFI. The only tool that possibly could detect these issues is real time verification. We have concerns over the current simplification of the verification gateway at Jobcentre Plus. The assumption that customers will fully declare the correct number of stocks and shares for example can be shown to be largely incorrect.

In terms of the steps required to facilitate structural reform these need to be both practical and achievable as well as being more radical than previous reforms. Perhaps a three stage programme is necessary as a minimum starting point:

- Stage 1 - As a minimum Housing Benefit needs to be rationalised and consolidated as a matter of urgency, to bring to an end the current system whereby we operate, according to some highly placed IRRV professionals, between 4 and 6 HB "schemes". The complexity and built in administrative burdens which this causes is no longer supportable. If the most recent reform, LHA, provides an accessible and affordable route to Housing then, after a brief transition period, this should become the Housing Benefit Scheme. If it is considered not fit for purpose, then an alternative scheme must be put in place. This must be done across the board otherwise, as was the case with LHA, rather than being a simplification of HB it was simply another variation. Consolidation and simplification of the 1000 page Housing Benefit Regulations and the four guidance manuals is a must.
- Stage 2 - Having consolidated and radically simplified Housing Benefit, a move towards real collaboration, tightening the linked interaction between the various agencies is necessary. Frank Field once commented that given the complexity of benefits and the needs of individual client groups that "you can have simplicity or you can have fairness. You cannot have both". However, we need to begin to try to square this circle. One of the issues is the woeful and outdated use of IT systems across benefits. In order to facilitate real collaborative customer information and assessment systems, we need to consider moving towards a single assessment of at least those national, common requirements (income, household, liability, etc). The assessment of a single, portable, applicable amount tied to the individual customer via the NINO (which could be stable for a certain period as in Tax Credits) would mean that the customer would indeed only have to tell us once. This applicable amount could then be accessed by HMRC, the Pension Service, HB Assessors, etc. A similar decision on the assessed income figure could also be made once. Again, this could be stable for a period, or subject to change of circumstances within certain reasonable parameters. The more local variables such as fluctuating rent levels, employment opportunities, or links to local notified vacancies (which will be relevant when deciding to apply the new 10% penalties for long term unemployed) in the job market could be addressed locally or regionally by those with the local expertise e.g. local authorities. We would then have a single national assessment for those areas where fairness requires it (e.g. applicable amounts) and regional variations where that is required (e.g. local rent levels). As mentioned elsewhere the pockets of special requirements (hostels, supporting needs, etc) should be dealt with outwith this scheme e.g. by Social Work rather than Housing.
- Stage 3 - Real integration between systems and real joint case management of the customer and their needs. As a minimum of course, perhaps to be dealt with at stage 1 or 2, there should be a level playing field and joint start dates or effective dates for changes between all benefits and credits ending the current ridiculous situation where the Pension Service Regulations allow Guaranteed Credit to commence one week, but then forces Housing Benefit to commence the following week. More than that, the portable applicable amount could be accessed by the Pension Service, by Housing Benefit, by HMRC to assess the award of their benefits / credits. The problem of the different tapers and of the punitive marginal rates of withdrawal could also be consolidated and perhaps linked to the national minimum wage. For example, if the national minimum wage is £5.93, and the claimant moves into part time work of 10 hours per week, then perhaps their portable applicable amount could be increased by £59.30 for a period or some proportion of £59.30 for the foreseeable future, thus incentivising the move to work and simplifying the subsequent calculations of the different benefits.

The above comments are not meant to be definitive and indeed are not even the Institute's own fully fledged conclusion, rather these brief suggestions are meant as a contribution to the debate that needs to take place. The Institute is certain that such a debate has to be open to the ideas and longstanding experience of benefit professionals both from Central and from Local Government.

The consultation provides an opportunity to provide a welfare system that delivers welfare holistically; to ensure complete care of the individual through access points placed firmly at the point of need. We would contend that delivery through Jobcentre Plus, HMRC or other centralised agencies would offer too narrow a service to address customer needs innovatively. Experience suggests that there is little cross over between these agencies and knowledge for correct signposting is scarce. The staff training results in too narrow vision and an inability to offer a holistic approach which would improve the customer experience, reduce duplication and inefficiency speeding up the ability to deal with the customer's full situation in one touch. Local Authorities have very considerable expertise in providing good quality and accessible services to their local communities. They are well placed to provide innovative solutions in the way services are offered and demonstrate higher levels of performance; in comparison for example to Jobcentre Plus, HMRC, the Child Support Agency or the implementation of Tax Credits in recent years. LAs offer a wide range of linked services, be it from services to children or for the elderly. They already deliver complicated welfare delivery and are responsible for billing and collection of significant levels of revenue. One can look to the likes of East Riding of Yorkshire Council, Coventry City Council and North Warwickshire Council for good examples of social inclusion work and cross- boundary working. We would argue that structural reform is required to allow this approach to be used over a wider range of benefits. We recognise that further work would be needed to identify the optimum delivery model/s in respect of two-tier and unitary authorities.

Improved information flows are required to deliver better customer service and drive down the cost of administration. Currently information flows from the DWP to local authorities, but there are no provisions for this to go the other way.

Through more efficient linkages (or a single processing point) levels of error, overpayments and fraud can be reduced. Whilst administrative delay / official error do cost the tax payer, most of these overpayments are recoverable. By far the biggest reason for overpayments and errors is through customer failings. This is partly due to a complicated system, but also due to customers simply not following the often simple processes that have been laid out for them. A local approach can help to solve this problem as experts work in our communities every day and help customers to follow the rules and get the help to which they are entitled. In relation to accuracy LA's have the lowest levels of official error overpayments, the lowest level of fraud and the highest levels of overpayment recovery. Also they carry out more intervention work and secure more sanctions

##### **5. Has the Government identified the right set of principles to use to guide reform?**

In order for the proposed welfare to work packages to succeed there has to be work available in the first instance. Secondly there has to be an investment in training / supporting the long term unemployed into work. Without these features no welfare to work package can become successful.

The *21st Century Welfare* consultation cannot be viewed in isolation to the wider public comments of the Secretary of State together with the planned moves of back-to-work programmes away from local control (as was proposed by the previous Government) to central control.

Broadly speaking the principles set out are fair but the difficulty is that every solution is predicated on people making a claim for something that they will get paid in addition to their earnings, using yet another set of complex rules and regulations.

It is also important to ensure that the Benefit system is budgeted within the affordability envelope for the economy based on population analysis in the short and long term.

##### **6. Would an approach along the lines of the models set out in chapter 3 improve work incentives and hence help the Government to reduce costs and tackle welfare dependency and poverty? Which elements would be most successful? What other approaches should the Government consider?**

Given that there has been much focus in the media on a Universal Credits system (UC) it is appropriate to comment directly on this.

It is our understanding that the DWP are looking for UC to be accessed via an online or telephony channels to deal with claims. However, it is accepted that not all customers will be comfortable with this approach and so a local face-to-face option will also have to be available. The Pension Service state that many customers are now happy to deal with telephone claiming, yet still exercises identifying a large number of the "hard to reach groups" has resulted in pilot scheme where customers will be paid based on estimates and then followed up to encourage the to pay. It is important that we establish why these people were not claiming in the first place. If it is an issue of accessibility then we must not marginalise perhaps the most vulnerable who do not wish to/ have the confidence to apply via online and telephone methods. The current approach of Jobcentre Plus is also expensively flawed, including on line / telephone and face-to-face stages for all online applications. This is a role, which local authorities could fulfil. This brings us to a question; is that role one of information gathering that will lead to a decision making process at a local level, or is it merely a data collection exercise?

It does appear that the DWP recognise that there are significant local differences throughout the country with regard to rent and council tax levels. How can this be addressed if not at a local level?

There are questions as to who will control UC. It makes sense that there is one system operating nationally which allows users throughout the country access. We flag concerns with regard to local discretions in terms of deviation from the national scheme, not because we believe that such discretion is wrong, but much more that it will not be funded adequately.

At the heart of UC there is a lack of detail when it comes to addressing local elements such as rent and council tax liabilities. There is also no detail with regard to non-dependants. Perhaps the biggest question to consider is whether UC is to apply to everyone, or is it restricted in terms of those that have a legal liability for rent or council tax? If it is the latter, then the issue of non-dependants comes into play. UC is also being suggested only for the working age customers (encompassing IS/HB/JCP/ESA) how will housing costs for the elderly be addressed, will housing benefit be absorbed in to pension credit or will it be a stand alone system? If so who would operate this. It would be helpful if a decision as to whether or not housing costs are taken into account in UC is made sooner rather than later.

It is clear that UC has an aim to bring together out-of-work and in-work benefits. These will be means tested and have common tapers. UC is designed for working age claimants, but seemingly will not include non-means tested benefits such as child benefit. It appears to be a safety net for those on the lowest income, but also acts as an incentive to work. Whilst it is easy to see, that assuming an equitable recognition of poverty, that the former can be achieved, it is less clear in the current climate that sufficient funding will be available to incentivise the latter. Funding is needed to facilitate the removal or reduction of high marginal deduction rates. Without this happening, the incentive to work will not occur.

Turning back to the issue of housing, from the paper put forward it is not clear whether the Government believes that housing is solely a market function or that it believes that the state has obligations with regard to housing?

With regard to any housing component included in UC, it appears inconceivable that a standard amount, even with regional variations, could be a component of UC. If this were the case, then the amount applied for living in a bed sit would be the same as for someone living in a one or two bedroom self contained unit. In fact if there were no differentiation the housing component would either be unaffordable to the public purse or unfair to customers. It can be seen that the pursuit of simplicity with regard to housing costs does not sit easily with achieving fairness to those needing help.

Turning to the administration of UC, it is clear that the development of one software system held centrally has the potential for real savings. If councils were also then to have access to

this system and data was shared, this would have positive effects in terms of systems such as the administration of free school meals, etc.

A single centralised system could also open up opportunities for the reform of PAYE and wider data sharing by HMRC. This would ease the problems that a UC that included housing costs would cause in terms of rent and local tax collection.

Lessons must however be learned from where we are now with a highly complex and cumbersome benefit system. Many of its problems stem from the desire to design for exceptions rather than deal with the majority of cases within a core system, with the exceptions being addressed outwith this. In a practical sense in terms of housing costs, we should recognise that hostels, supported accommodation and homeless issues may be best dealt with separately. A further problem with a 'super system' is that through lack of competition it can be difficult to ensure software company co operation on time scales for enhancements etc. This is demonstrated with the problems/ issues currently experienced within the department.

If housing benefit and council tax benefit as they currently stand are removed, and incorporated in a UC it is likely that local authorities will have existing contracts with software suppliers and other that will need to be terminated. There will be costs which it is fair to expect that the Government should assist with, as failure to do so will mean that they impact directly on local taxpayers. These costs are unlikely to be uniform and will vary according to individual contracts.

#### Other points on models

- The Single Unified Taper approach appears favourable as it retains much of the existing system which many people are familiar with and understand. However, it simplifies the interplay between each of the benefits and makes the outcome of any change much easier to model or predict. Elements of this approach could be taken with other approaches listed to find a middle ground where certain benefits are retained and others combined.
- A suggested approach could be to have a single benefit for "income" and another benefit for "expenditure". So for example, if you have children, are out of work and disabled, you would get a set amount from the "income" benefit, and if you paid rent, a mortgage or Council Tax, you would get a set amount from the "expenditure" benefit. This could reduce the number of departments involved in the administration of benefits to two – HMRC for the income element, and Local Authorities for the expenditure element.
- There is a distinct difference between the role that HB/CTB plays in the welfare system and the roles of other benefits. They are targeted at completely different aspects of life. This approach would recognise this difference, but still simplify the system and significantly reduce administration costs. The single taper would join the withdrawal rates of the two together. Enhanced communication / auto processing etc would ensure a speedy resolution of any change and remove many of the disincentives listed throughout the paper.
- Greater transparency and simplicity would be achieved if those that are of working age were supported through the personal allowances in the tax system not outside it.
- For those of pension age or unable to work there should be one universal benefit absorbing all other state benefits with a contributory element that is linked to the financial contribution which these individuals have made to society in the past through NI/Tax contributions or alternatively the number of years in work and a non contributory element based on their needs via disability premiums/allowances.
- The exception to this should be HB and CTB as these benefits are conditioned by liability for a charge. Using the tax system would make them easier to calculate.

**7. Do you think we should increase the obligations on benefit claimants who can work to take the steps necessary to seek and enter work?**

There is no single answer for this. It is clear that in areas where work is available benefit claimants should be encouraged to take this work if they are able to. However, any attempt to generally penalise claimants for being unemployed would be unjust. Some areas quite simply will not have work opportunities. Consideration needs to be given to issues in rural areas where public transport is not as available as in cities. If work, real work, is offered then the refusal to take it should be taken into account when considering punitive measures. It is better to support people back into work than punish them for not being employed.

The support mechanism behind helping jobseekers back into work needs to be holistic and this can be delivered at a local or regional level.

A support mechanism that also assisted with housing provision, especially where the jobseeker was seeking work outside of their local area would encourage more jobseekers to widen their search area and increase mobility amongst jobseekers.

That aside, assistance schemes in the USA place the obligation on a recipient to undertake community work whilst receiving support. Such an obligation if well directed, for example in assisting the voluntary sector, enables the jobseeker to retain or add to the skills they have. Such a consideration is even more important in a time when there is perceived to be fewer jobs available and addresses the issue of how to expect jobseekers to look for work that is not available.

**8. Do you think that we should have a system of conditionality which aims to maximise the amount of work a person does, consistent with their personal circumstances?**

It would be an ideal to have some kind of minimum standard of living allowance that impacts on a unified tax and benefit system, but it is not affordable. It is inevitable that conditionality comes into play in terms of determining and calculating benefit entitlement. It does not fit so readily into the area the question suggests. Local and personal issues with transport, childcare, personal health, self improvement, age, etc are very hard to apply fairly to individual circumstances. Having stated that, in a general sense any benefit system that rewards reduction in hours has to be carefully considered unless its aim is to increase the numbers of people working albeit for less hours.

Although conditionality in some respects is to be supported with the aim that individuals can work for a reduced number of hours as their circumstances permit, due to caring responsibilities for example it needs to be remembered that the ultimate goal will be that individuals can see that "work pays".

The current benefit scheme that is in operation means that where a person is in receipt of Income Support then working for, say, 10 hours per week only means that their Income Support is reduced by the income that they earn. There is little encouragement to expect individuals to do such work when travel costs and other work-related expenses are taken into consideration.

It may be financially unsustainable but to encourage individuals to maximise the work that they do they will need to see such work making a real difference to them financially and an approach whereby the taper is not so severe should be considered.

This will result in a major culture change and will not be achieved overnight. Interaction with other social policy needs to be explored to ensure that a counter culture or increased crime or unrest does not grow as a direct result as a "backlash" to the withdrawal of the generous option to remain on welfare as a lifestyle choice.

**9. If you agree that there should be greater localism what local flexibility would be required to deliver this?**

Much of the appeal of localism lies in its capacity to help deliver the sensitive and interactive system that is required by today's society. However, it is vital to understand its implications for the well established principles that underpin the system. The centralised structure we have inherited protects the principles that benefits should be provided according to standards which are acceptable nationally, and that across the county citizens should have access to a common welfare deal. Localism should not be pursued in a form which jeopardises these principles.

The IRRV believe that a partial localism of social security is essential to the development of a more effective, efficient and active welfare system. By partial localism the IRRV means a service in which:

- Customer service and access to the main means-tested benefits is integrated through the creation of 'single gateways' at local level.
- The processing of the main means-tested benefits (under the current system) is integrated at local level.
- The delivery of benefits is co-ordinated with other local action on social exclusion.
- The inclusion of local rent levels influencing the housing credit element of a universal benefit

Localism could go further than this; to encompass the setting of criteria for eligibility and entitlement, the setting of benefit levels, and the funding of social security expenditure. The IRRV believes however that variation of the *standard* benefits regime would be dangerous ground for the welfare state. It would undermine the guarantee that benefits are provided according to standards which are nationally acceptable, that across the country citizens should have access to a fair deal in social security, and that resources are made available to make this possible. Only central government can provide such a guarantee, and any form of localisation which dissipates this responsibility would cause grave concern.

The IRRV would oppose the setting of local limits on benefit expenditure. Within the context of a properly funded benefit regime, we believe that advantage should be taken of the scope for local responses based on local knowledge of particular local needs. As well as delivering the standard benefits regime, we would like to see local providers deploying tightly focused benefit packages to target problems which are particularly acute locally.

Additional amounts of funding should be available for local discretionary awards based on national guidance (an extension of the current Discretionary Housing Payments system, the Advisor Discretionary Fund and local modified schemes such as full disregard by local authorities).

Any system that incorporates greater localism must be timely and responsive to people's needs. On-line services must also work together with a pragmatic approach of support for individuals. This has to happen locally – rules between central and local administration must be clear.

The delivery of benefits is also key. There should be key service delivery points available locally to the community. This will also support the Coalition Government's stated move to greater localism.

The consultation could consider more local delivery of national benefits, possibly through one service point dealing with all benefits, both local and national. The decision around delivery could be a local one, made by all stakeholders and financially robust.

Localism is important in providing additional support to those most in need. Local councils are best placed to identify deprivation in their areas. Some have invested in cross cutting technology, for example, customer profiling software to support their work.

Local flexibility relates to local need and outcomes of initiatives. Councils could demonstrate need for funding from central pots through value for money assessments and/or a robust business case.

**10. The Government is committed to delivering more affordable homes. How could reform best be implemented to ensure providers can continue to deliver the new homes we need and maintain the existing affordable homes?**

Allow councils to build more new homes. Link the rent setting to recouping the capital costs over a 60 year period.

Encourage further partnership working with Registered Social Landlords and Private builders to achieve the same. At the same time encourage the use of local labour to improve job situation in the area and increase civic pride.

To do this reduce capital spend arrangements for councils and target homes of workers on low incomes.

The link between private rent and housing benefit has effectively been broken with the introduction of the Local Housing Allowance. The LHA is a credit according to housing needs, rather than related to the actual rent paid. Housing need should therefore drive what size of homes are built or otherwise provided, for example, through regeneration projects.

Extending the principles of LHA into the private sector should ensure the right properties are available in the market. However, anecdotal evidence has shown that this has not worked well for either the landlord or tenant, largely because payment is made direct to tenants. The consultation should consider ways of supporting the landlord's responsibility for collecting the rent from tenants, rather than receiving bulk payment from councils. This may include, for example, floating support for tenants, rent guarantee/deposit schemes, assistance from and interaction with credit unions for payment and security loans.

**11. What would be the best way to organise delivery of a reformed system to achieve improvements in outcomes, customer service and efficiency?**

We urge the Government to listen to those who are administering the system. Allow more localisation and less centralisation. Take a realistic risk based outlook towards benefits audit / inspection. Aim to provide for the majority of cases and allow discretion for the remainder.

The IRRV has long argued that Local Authorities have a track record of efficient and effective service delivery and that Benefit Practitioners have the skills, expertise and to be able to meet the challenge of delivering a reformed system. Local authorities are the key players in providing the local gateway to benefits.

Over the past 25 years, local government benefit practitioners have shown that they can meet the challenges posed by central government and have worked constructively with partners in the Department of Work & Pensions to ensure that the focus of their work is to assist people with their housing costs. They have continually increased performance with speed and accuracy and they have the lowest levels of official error overpayments, the lowest level of fraud and the highest levels of overpayment recovery. Also they carry out more intervention work ensuring that the right benefit is continuously being paid; and also secure more sanctions.

For many local authorities, Housing Benefit and Council Tax Benefit are key service areas and play a big part in a local authority's corporate plan.

Because of this prominent focus, the delivery of a reformed system would, if provided by a local authority, have a keen local interest as well as a national interest and the integrity of the system would be enhanced rather than compromised.

Local authorities have also shown that they are willing to examine alternative methods of service delivery to reduce costs and improve customer service and delivery, for example a shared service model is being delivered in several areas. Elsewhere, a number of authorities have embraced "lean" methodologies and other methods of business process improvements to meet the efficiency challenge and maintain high levels of service.

Development of IT systems is critical and it should be noted that LA systems are proven and currently administer extensive claims and transactions very efficiently. Local authorities are supported in their benefits administration by robust yet flexible software systems from companies such as Capita, CivicalBS and Northgate to name a few. Each system has been designed to meet the rigorous demands of both the DWP and the Audit Commission as well as the demands of the users themselves. Authorities are also forward thinking with their approach to using technology to attain and retain information with the majority using document management systems, work flow's, mobile working, electronic claims forms etc.

With such strong and robust support, Local Authorities are ideally placed to continue to deliver high quality, efficient and customer focussed services that can embrace a reformed welfare system.

Finally, one should not forget the role that the IRRV plays in ensuring that the benefit practitioners are suitably qualified to deliver an effective benefit service. Qualifications ranging from the level 3 certificate, achievable via examination or via NVQ to the Honours qualification (equivalent to level 5) together with a range of support networks in the form of local associations, a benefits advisory service and a series of local for a ensure that professionals once qualified remain at a high level of expertise and knowledge.

In terms of payment it would be more efficient if payment came direct from the DWP so that there was no need for complex subsidy arrangements - which are regarded by many practitioners as designed to penalise the very authorities who are performing at a level far above that performed by central government departments.

**12. Is there anything else you would like to tell us about the proposals in this document?**

It would be probably be helpful to explore the welfare frameworks and elements of other countries' welfare models, such as those in Scandinavia, Netherlands, Germany, the United States and New Zealand. The Institute would be pleased to offer more material in respect of these or other systems.

Yours truly,



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