

# Housing Benefit and Council Tax Benefit Circular

Department for Work and Pensions

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## HB/CTB A4/2008

### ADJUDICATION AND OPERATIONS CIRCULAR

<b>WHO SHOULD READ</b>	All Housing Benefit (HB) and Council Tax Benefit (CTB) staff
<b>ACTION</b>	For information
<b>SUBJECT</b>	HB/CTB Right Benefit Performance Indicator from April 2008

### Guidance Manual

The information in this circular does not affect the content of the HB/CTB Guidance Manual.

### Queries

If you

- want **extra copies of this circular/copies of previous circulars**, they can be found on the website at [www.dwp.gov.uk/hbctb](http://www.dwp.gov.uk/hbctb)
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## HB/CTB Right Benefit Performance Indicator from April 2008

### Introduction

- 1 This circular should be read in conjunction with *HB/CTB Circular A2/2008* and contains the further guidance referred to in paragraph 15 of that circular.
- 2 It describes the right benefit indicator which will be applied to Housing Benefit (HB) and Council Tax Benefit (CTB) administration from April 2008 across England, Scotland and Wales. The right benefit indicator and the right time indicator described in *HB/CTB Circular A2/2008* are the two indicators by which DWP will monitor HB/CTB performance.
- 3 For English authorities only, the right benefit indicator is included in the national indicator set for the new Performance Framework which will be introduced by Communities and Local Government (CLG) from April 2008. This means that a local target for the right benefit indicator may be set, where appropriate, as part of a Local Area Agreement.
- 4 In *HB/CTB Circular A9/2007* we consulted on our intention to use the right benefit indicator (based on the current PM10). Following that consultation, and the recent consultation carried out by CLG, the format of the indicator has now been amended to take account of concerns raised by the Local Authority (LA) community. In addition to providing a technical description of the right benefit indicator, this circular addresses a number of issues raised during both consultation exercises.
- 5 It remains the case that the Local Authority Associations (LAAs) are opposed to the right benefit indicator in its current form.

### The right benefit indicator

#### Purpose and definition

- 6 The ideal right benefit indicator would be an outcome-based measure of the amount of incorrectness present in each LA's caseload. We have given the LAAs an undertaking that we will work with them to develop such an indicator for inclusion in the national performance indicator set from 2011.
- 7 In the meantime, the right benefit indicator provides an indication of LA performance around the area that contributes most towards the overall amount of incorrectness in HB/CTB. Statistics show that over 70% of the HB/CTB that is incorrectly paid results from changes in customers' circumstances that occur after the start of the claim and are not reported to, or identified by, LAs.

- 8 It follows that the most effective way of reducing the amount of incorrectness in HB/CTB is to ensure that LAs establish customers' changes in circumstances, primarily by encouraging customers to self-report. An LA that effectively establishes and actions most of the changes of circumstances that occur will be successful at keeping incorrectness to a minimum.
- 9 The right benefit indicator will measure the number of changes in customers' circumstances which affect their HB/CTB entitlement that each LA establishes through any means. The indicator will include increases in entitlement and decreases in entitlement. The more changes in circumstances that an LA is able to establish and process, the better its performance will be under the indicator.
- 10 The number of changes in circumstances that occur within each LA's caseload will depend on the size of the caseload. To allow comparison across LAs, the indicator will be expressed as the number of changes per thousand caseload.
- 11 The number of changes per thousand caseload is likely to be sensitive to the make-up of each LA's caseload. For example, a caseload with a high proportion of pensioner customers is expected to have fewer changes in circumstances than a caseload with a high proportion of standard working age customers. To help each LA benchmark itself against other LAs, we will place the LAs into groups. The caseloads of all the LAs within each group are expected to generate a similar number of changes per thousand caseload.

### **Data source**

- 12 We are not asking LAs to collect any additional data to enable us to monitor the right benefit indicator. Instead we will make use of the data scan extracts that we receive from LAs each month. Performance data for the right benefit indicator will be published on HoBOD and updated regularly.
- 13 The Single Housing Benefit Extract asks LAs to provide information on the changes of circumstances that they process for the right time indicator and we eventually intend to use that as the source of data for the right benefit indicator as well. However, the data provided on the Single HB Extract is not yet of sufficient quality and so, in the meantime, the Housing Benefit Matching Service (HBMS) scan extracts will be used instead. The HBMS scan does not collect information specifically about changes in circumstances and so, for 2008/9, the right benefit indicator will be measured by counting up any changes to the amount of benefit entitlement that each customer is recorded as receiving.
- 14 The HBMS scan will be incorporated into the Single HB Extract some time in 2008/9. To maintain consistency, until the end of 2008/9 we will continue to measure the right benefit indicator by counting up changes to the amount of entitlement. From April 2009, we expect to switch to measuring the indicator using the changes in circumstances information that is collected on the Single HB Extract.

- 15 The suspension of case-level data movement between LAs and DWP means that neither the Single HB Extract nor the HBMS extracts are currently being collected from LAs. Leigh Lewis, Permanent Secretary for DWP, has recently written to Chief Executives to announce our plans to restore the service. This will be staggered according to each LA's place on the four weekly HBMS schedule. The right benefit indicator will come into effect from when we receive your first extract after April 2008, and the date on which the indicator begins will be taken into account when considering each LA's performance.

### **Measurement**

- 16 For 2008/9, any case which shows a change in the amount of weekly HB/CTB entitlement from one month's extract to the next will be counted as one change in circumstance for the purpose of the indicator. This includes cases which disappear off the extracts altogether. However, if they then reappear on the next extract with the same claim start date, it is assumed that the case was merely suspended rather than terminated and will not be counted towards the indicator.
- 17 It occasionally happens that an extract shows an unexpectedly high number of changes in entitlement, often as a result of changes to IT, bulk changes to rent, bulk uprating and mass corrections to uprating. Where that occurs, we will calculate an estimate of the number of changes that we would have expected to observe on the extract, based on previous performance. However, the actual number of changes to entitlement observed on the extract will also be calculated and both figures will be shown on HoBOD.
- 18 From April 2009, we intend to use the data collected on the Single HB Extract to extend the indicator to include all the changes in circumstances which affect entitlement that are processed between any two extracts. This will also include any changes identified which affect only past entitlement but which leave the customer's current entitlement unchanged.

### **Good practice guidance**

- 19 The right benefit indicator, as with PM10 for 2007/8, gives LAs the freedom to decide how best to maintain their caseloads and does not prescribe any specific activities that must be undertaken.
- 20 However, social research carried out in 2007/8 indicates that the best way for LAs to perform consistently well under the new indicator is to ensure that customers are educated about the need to report changes of circumstance in a timely manner. The full report on this research can be found on the DWP website at <http://www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep457.pdf>.

- 21 From April 2008 we will be replacing the Performance Standards Guide with a new Performance and Good Practice Guide. Although this will provide information about the new performance framework and contain guidance on the two new indicators, the main focus of the guide will be on good practice. The guide will be web-based and updated regularly. It will be available on the DWP Resource Centre website by 1 April 2008. We particularly welcome contributions from LAs who have identified good practice and want to share it more widely. Please send these to [performance-framework@dwp.gsi.gov.uk](mailto:performance-framework@dwp.gsi.gov.uk).
- 22 *Appendix A* contains the answers to some frequently asked questions about the right benefit indicator.

### **Local target setting**

- 23 Although DWP is not setting national targets for the new indicators, some benefit managers have indicated that guidance on local target-setting against the new indicators would be helpful. We have included in *Appendix B* some information to help you set targets to improve performance against the right benefit indicator.
- 24 As with PM10 for 2007/8, the number of increases and decreases in entitlement that each LA can expect to establish is related to the number of customers the LA has within each risk group. *Appendix B* gives recent performance data for the number of changes in entitlement that have been identified during the year per number of live claims within each of the six risk groups, based on a year's worth of HBMS extracts.

### **Performance data**

- 25 Performance data for the right benefit indicator will be published on HoBOD. This will include
- the overall number of changes in entitlement processed by each LA in total and per thousand caseload
  - the total number of those changes which increased entitlement
  - the total number of those changes which decreased entitlement (including terminations)
  - the number of changes, increases and decreases by risk group
  - the group to which each LA belongs, for benchmarking purposes
  - both the original data submitted by each LA and any DWP estimate (as explained in paragraph 17 above)

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## The HB/CTB right benefit indicator – Questions and Answers

**Q1 Why is this called a right benefit indicator if it does not measure accuracy?**

**A1** We are not yet in a position to develop an indicator for LAs which measures all aspects of incorrectness and so we are concentrating on the area which contributes by far the most to the amount of incorrectness in HB/CTB. LAs have very high levels of accuracy and the amount of LA official error nationally is at a respectable level. The right benefit indicator is therefore tailored to help combat the main cause of incorrectness, which is the result of unreported changes to customers' circumstances that occur after their claim has begun.

**Q2 Without targets, how will LA performance be judged?**

**A2** This indicator is intended to highlight and enable the monitoring of a key area of performance on HB/CTB administration and as such, no individual LA targets will be set, except in the context of a Local Area Agreement.

The number of changes in circumstances reported to, or identified by, an LA is related to the number of changes that occur in its caseload, which is a consequence of the characteristics of the customers present in the caseload. This means that establishing a low number of changes may be considered poor performance for one LA but relatively good performance for another LA, even if their caseloads are of a similar size.

So, to allow LAs to compare their own performance with other LAs, the LAs will be apportioned into groups. The caseloads of all LAs within a single group are expected to establish similar volumes of changes of circumstance per thousand caseload. The LA groupings are based on the proportion of customers from each risk group that are present in the LAs' caseloads. An LA will be able to benchmark itself against the other LAs in its group to identify whether or not it is performing well.

**Q3 How are the LA groupings derived?**

**A3** Our analysis shows that, on average, the number of changes in circumstances that a customer undergoes in a year is related to which risk group the customer falls into. The number of changes in circumstances that each LA is expected to generate per thousand caseload is therefore related to the proportion of customers that they have within each risk group. The LA groups are derived by estimating the number of changes in circumstances that each LA's caseload would be expected to generate per thousand caseload and grouping together LAs with similar expected numbers of changes.

**Q4 What place is there for investigation teams under the right benefit indicator?**

**A4** Investigation teams are critical to the maintenance of an LA's caseload. By investigating potentially fraudulent claims, they help ensure that the amount of benefit that customers receive is in line with their entitlement. A case which has its current entitlement corrected as a result of an investigation will contribute towards the number of changes measured by the right benefit indicator.

More importantly, successful investigations act as a deterrent to customers, and encourage them to report all their changes in a timely manner. In recognition of this, from April 2009, we intend to also include changes in past levels of entitlement even if the current level of entitlement remains unchanged.

**Q5 Will LAs be able to measure their own performance?**

**A5** Yes. We will provide software companies with the specification that we use to measure the right benefit indicator.

However, we will be publishing regular updates on HoBOD and so such software might be considered unnecessary. This is particularly true during 2008/9, while we monitor performance based on changes to entitlement observed on the monthly extracts, since the software will only be able to report on performance after the monthly extract has been run. Once we start using the information on changes in circumstances collected on the Single HB Extract as the data source, changes of circumstances which are processed between scans will also be counted towards the indicator and then software can be used to give regular updates on performance even mid-month.

**Q6 If a customer reports several changes of circumstance in a single notification, doesn't the indicator encourage the LA to process them all separately on its computer system?**

**A6** No. While we monitor performance based on changes to entitlement observed on the monthly extracts, only the overall net change to each customer's entitlement from one month's extract to the next will be identifiable. There would be no advantage in recording multiple changes individually.

The Single HB Extract captures information about all the changes of circumstance that an LA has processed since the previous extract. However, the Single HB Extract is designed so that where an LA is notified on the same date of multiple changes to a customer's circumstances, only the net change in entitlement is recorded. So even when we start using the information on changes in circumstances collected on the Single HB Extract as the data source, if an LA is informed of multiple changes in a single notification they will only be counted once.

LAs are encouraged to educate their customers to report all changes as and when they happen, rather than store them up and report them altogether in a single notification.

**Q7** **Doesn't the indicator encourage LAs to get the benefit wrong first time and correct it later?**

**A7** No. The Single HB Extract collects the effective date of any change to a customer's details. This allows us to identify whether the new details represent a change in the customer's circumstances, or are the correction of details recorded at the start of the claim. If there are a large number of cases where LA official error resulted in the wrong details being recorded at the start of the claim, we may investigate further.

**Q8** **The indicator measures changes in entitlement per thousand caseload. Where will the caseload figures be derived from?**

**A8** The caseload figures will be derived from the same extracts that are used to measure the number of changes in entitlement that have been actioned. The caseload will be taken as the total number of live claims that appear on each extract, averaged across all the extracts that have been provided for the year to date. This means that the caseload figures that are used will change slightly each month, as an accurate reflection of fluctuations in the number of live claims in an LA at any given time.

## The right benefit indicator: Data to support local target setting

To assist you with local target setting we have provided below the range of performance that was observed across the 12 months from October 2006 to September 2007 based on the HBMS extracts.

The figures show the ranges of the number of changes that were processed per customer in the caseload, for each of the six risk groups.

An LA can estimate the total number of changes that they could expect from their caseload by multiplying the numbers below by the average number of customers that they have at any one time in each of the risk groups (see **Note** below).

Risk Group	Statistic	No. of Changes to Entitlement per Customer in Caseload	No. of Decreases to Entitlement per Customer in Caseload	No. of Increases to Entitlement per Customer in Caseload
All	Minimum	0.64	0.40	0.17
	Average (mean)	0.95	0.59	0.36
	Maximum	1.47	0.97	0.70
1	Minimum	1.22	0.72	0.49
	Average (mean)	3.02	1.93	1.09
	Maximum	4.87	2.89	2.07
2	Minimum	1.57	1.00	0.49
	Average (mean)	2.72	1.89	0.84
	Maximum	4.44	3.36	1.56
3	Minimum	0.93	0.66	0.27
	Average (mean)	1.55	1.04	0.51
	Maximum	2.51	1.80	0.78
4	Minimum	0.57	0.34	0.22
	Average (mean)	1.14	0.66	0.48
	Maximum	1.90	1.21	0.83
5	Minimum	0.46	0.23	0.15
	Average (mean)	0.88	0.41	0.47
	Maximum	1.70	0.83	0.92
6	Minimum	0.30	0.20	0.06
	Average (mean)	0.44	0.28	0.17
	Maximum	0.78	0.50	0.43

**Note:** The number of decreases and the number of increases refer to individual LAs, so the figures will not necessarily add up.