Benefit Simplification Unit

Simplification
Guide to Best Practice

DWP Department for Work and Pensions

Foreword

The Department and its agencies are responsible for administering social security benefits to the value of around £110 billion a year. Over time the system has been designed to address a large range of needs and circumstances. Many of our customers are in receipt of more than one benefit and have contact with more than one of our businesses. As a result the benefits system has become increasingly harder for customers to understand and staff to operate.

We have started to address this problem by specifically designing new benefits to reduce complexity, systematically removing anomalies, simplifying processes such as the information we require customers to provide, and using technology to provide better services for our customers.

We need to go much further. Simplifying the system will have clear rewards for our customers and for us. There are also financial advantages to simplification in improved efficiency, reductions in customer and staff error, fewer complaints and fewer appeals. We must place simplification at the heart of all our policy and delivery considerations. We believe this is the key to tackling existing complexity within the benefits system and to ensuring that future benefit design does not contribute to it unnecessarily.

We are committed to demonstrating tangible progress on reducing complexity and look to you to help us achieve that aim. This guide is intended for anyone responsible for designing or implementing a change to the benefits system. It sets out the ways in which complexity can occur and provides advice on how to avoid them. We will expect you to refer to this guide as your first point of reference when considering any benefit changes and to confirm that its advice has been followed when submitting a recommendation for change to Ministers.

This guide is here to help and to be used. Please do so.

JAMES PLASKITT
Parliamentary Under Secretary of State

LEIGH LEWIS
Permanent Secretary

1. COMPLEXITY IN THE BENEFITS SYSTEM

Most of us would agree that the benefits system is complex. This has resulted from the wish to ensure fairness for our customers who live multi faceted lives, the desire to maximise the use of limited resources and the need to safeguard the system against fraud and abuse. We have tailored schemes for, among others, lone parents, pensioners, sick and disabled people, carers, bereaved people, new mothers and the unemployed, and have put arrangements in place to help people pay their rent and council tax.

In addition, over time a multitude of small and large scale changes have been introduced which have interacted and overlapped with existing provisions to cause further complexity which can be difficult for staff and customers alike to navigate their way around. Typically, each extra complication seems slight when viewed by itself and helps to meet a particular policy aim. It is the sheer number of these changes that makes the overall scheme so hard to understand and limits the effectiveness of our administrative systems to deliver our Department's aims and objectives.

The Department has started to address the problem and we have made a number of improvements in the way we develop and administer our benefits (e.g. rapid reclaim, shorter claim forms and new leaflets) to deliver the best possible outcome for customers. We are also targeting areas where simplification will have the most impact e.g. in reducing mistakes made by our officials and by customers.

We now need to do more when developing policy proposals and operational processes. In this guide we look at the features of complexity, the issues that cause it and provide a series of best practices that will promote simplification. Policy makers should follow them when considering policy and operational changes. We are also introducing new arrangements, set out in Chapter 5, to ensure that all proposals which go to Ministers have been considered from a benefit simplification perspective.

The next page provides you with a very short list of “do's” and “don'ts” that encapsulate the guide's main messages. You may find it helpful to print this off and use it as a desk aid to provide a constant reminder of our need to simplify.

DO'S AND DON'TS OF BENEFITS SIMPLIFICATION

When designing new policies and procedures:-

Do

- ❖ Increase consistency and coherence by standardising where possible.
- ❖ Keep to a minimum the number of administrative steps needed to operate a process.
- ❖ Consider how easy it will be to explain and justify a policy to
    - Ministers
    - Staff
    - Customers and their advocates.
- ❖ Ask customers and staff to behave in ways that make sense to them.
- ❖ Reduce information requirements and avoid asking for it more than once.

Don't

- ❖ Base new proposals upon complex links and interactions.
- ❖ Create special groups unnecessarily.
- ❖ Require staff to give non-routine explanations to customers.
- ❖ Develop processes that cannot be automated.
- ❖ Require staff to interpret rules using subjective judgments.

2. WHAT ARE THE MAIN TYPES OF COMPLEXITY?

The continuing increase in complexity has led the benefits system to develop a number of characteristics which have hampered its operation. These can be divided into three main types, each of which can be illustrated by examples of lower level complexities that are found in the benefits system.

1. The benefits system has too many detailed and varied rules

The attempt to tailor the benefits system to meet a wide range of needs and circumstances has resulted in a proliferation of special groups each with their own legislatively designed characteristics, sets of rules and individual lists of exemptions and exceptions. Many of these detailed and varied rules have come about through the desire to constrain costs and avoid reducing the levels of benefit already in payment to existing customers at the time a change is made. Nonetheless, the multitude of rules and processes needed to support this can discourage some customers from claiming what they are entitled to. Customers can have difficulty understanding what information they are required to report and predicting the outcomes of the choices they are asked to make. Staff are often wary of offering advice due to a lack of confidence in their own level of understanding and for fear of accusations of misdirection.

Too many "special" groups mean that people in similar situations are treated differently

- Taking into account one form of income while ignoring another of a similar kind.

- Granting preferential treatment to those perceived to be performing a public service.

Information cannot easily be explained to customers and staff are required to give non-routine explanations to customers

- The differing contribution conditions for the various contributory benefits.

- The different rules for part-time working in different benefits.

Customers and staff are expected to know things they do not know and can obtain only with difficulty

- Customers are expected to provide details of the financial circumstances of non-dependant relatives.

Customers are required to make difficult decisions which require expert advice to decide the best course of action

- Customers having to choose between two mutually exclusive benefits, each offering a different mix of advantage and disadvantage.

Staff are expected to interpret rules using subjective judgements rather than having to follow instructions

- Requiring staff to use their discretion thereby running the risk of different decisions for customers in similar circumstances.

The system is full of anomalies, out-of-date rules, and historical transitional provisions

- Groups entitled to or refused benefit based on circumstances they faced many years previously, but no longer obtaining.

- The need to make continued provision for benefits, or individual benefit rules, that were abolished years ago.

2. The benefits system has become administratively cumbersome

Complexity has placed a heavy burden on staff, customers and their advisers. Complicated claims procedures have developed with lengthy claim forms that can be difficult, and take time, for customers to complete and for staff to process. Decisions, once made, may be inconsistent and more prone to error and challenge. Independent IT systems have been unable to support the growth of interrelated and overlapping rules which has resulted in clerical interventions being required.

Duplicated or overlapping benefit provision gives rise to complex links and dependencies between the various benefits

- Making additional payments of one benefit dependent on receipt of a different benefit.

Information flows develop that are not fully automated and staff are forced to rely on clerical intervention

- Information being required by or from local authorities or other government departments when we do not have access to their information technology.

- New provision being introduced for a specific target group so small that changes to the existing IT system are not cost effective and these claims are therefore being processed off-line.

Co-operation is required from third parties which cannot be guaranteed

- Information being required from a previous employer on why a job has come to an end.
- Measures which depend on information from local authorities or medical practitioners.

3. The benefits system requires people to behave in a way that appears contrary to what common sense would suggest

In a number of areas the benefits system has developed rules that require people to make choices and act in a manner at odds with the way they would normally behave in their day to day lives.

Customers can be better off by claiming a benefit even though they will not be paid it

- Customers having to establish that they are entitled to Carers Allowance in order to receive a Carers Premium even though the overlapping benefit rules mean they will not get the Allowance.

Customers are expected to manage their financial affairs through unusual means

- Customers being required to set up trust funds to manage potentially small sums of money, e.g. those derived from personal injury compensation, just so that we can distinguish this money from other sums that may be received in the future.

Customers are required to act in a particular fashion or respond to requests for information without understanding why this is relevant

- Customers being required to register for a benefit solely to "start a clock ticking" to future entitlement when there is no immediate payment due.

3. PROMOTING SIMPLIFICATION

Making simplification an instinctive aim when we make policy is essential to the successful delivery of a simplified benefits system.

- When designing future policies we must ensure the options we develop always include practical responses to the challenges posed by the need for simplification.

- When implementing policies we need to make sure they are fully tested against adding unnecessary complexity.

- Whilst maintaining policy we must regularly check that existing rules and measures remain appropriate and relevant and that they continue to deliver the intended outcome in the simplest manner possible.

Promoting simplification requires us to introduce policies and procedures that whenever possible avoid the introduction of the lower level complexities set out in Section 2. The best practices set out below provide us with a series of "standards" we should seek to achieve and a number of pitfalls we should seek to avoid. There will be times when simplification may not be possible and when the simplest option can not be taken but the policy makers' use of the guide will allow them to demonstrate that they have given the issue full consideration.

Simplification - Best Practices

Whenever we introduce new options and solutions we should look, unless clearly inappropriate, to apply the following:

Look to *standardise* the way the benefits system treats similar situations

- Promote standard rules across common types of benefits (e.g. the date of claim, period of payment and the means test in income-related benefits).

- Ensure new policies are consistent, where practical, with existing operational practices and common standards.

- Look to utilise existing sources of information rather than create a need for new ones.

- If a new name is required for a product, service or supporting element, use the Department's published naming conventions.

- Transfer existing claimants across to new provisions as soon as possible. If it is decided that transitional protection is appropriate consider time limiting it.

- To help promote standardisation of decision making, avoid introducing rules that need to be interpreted rather than simply followed.

- Increase coherence, e.g. alignment of the treatment of charitable and voluntary income across benefits.

- Don't make a change to one benefit without considering the interface with other benefits; consider whether any differences in approach between benefits that the customer is likely to claim at the same time are justifiable.

- Even where it seems unavoidable to introduce some additional complexity to a policy area, analyse policy in related areas carefully to determine whether or not there may be compensating simplifications or rationalisations that can be introduced at the same time.

Look to *minimise* the number of special cases and the number of administrative steps and processes needed to operate the benefits system

- Establish consistency of treatment. There is no need to cater for every variation in circumstances if a broad brush approach will do.

- Balance the need for special treatment against the scale of the discrepancy in treatment, the size of the target group, the potential effect and the additional expense it would cost to administer.

- Ensure that operational procedures are kept as simple and straightforward as possible.

- Develop links that can be supported automatically and that do not require the clerical transfer of information.

- Introduce options that reduce the administrative steps required to make a decision.

- When amending an existing rule by an addition, exception or qualification, consider whether a restructuring or reformation of the rule is preferable which will be easier to understand and to communicate.

- If resources permit, hold regular "spring cleans". If particular policy rules or business processes no longer make sense, get rid of them.

Look to develop policies and procedures which require staff and customers to use their *common sense*

- Base new policies on how people act and organise their day to day affairs.

- Avoid ambiguities – and review and abolish existing ones where possible.

- Develop policies and procedures that can easily be explained in guidance and leaflets.

- Make the outcomes of the choices available to customers immediately obvious and do not expect them to obtain expert advice before they can make a decision.

- Consider the extent to which the proposed rule might encourage perverse behaviour, with customers engaging in artificial or unusual conduct in order to gain entitlement.

- Do not require customers to claim a benefit they know they will not receive.

- Do not require customers to register now merely in order to establish entitlement in the future.

4. THE WAY FORWARD

Simplification should not always be a sole justification for determining policy options. It cannot be seen in isolation from pursuing wider policy objectives and it is not desirable if it actually undermines Departmental aims. However, the consideration and, wherever possible, the application of these best practices will ensure that simplification becomes core to our maintenance of the benefits system and is placed at the heart of all our future policy considerations.

Simplification may not always appear to be the easiest option. It can require us to challenge existing custom and practice and will at times have risks attached (e.g. in terms of some individuals losing out).

However, it is important to be bold! If an existing policy or process appears unduly complex, be prepared to challenge it even if amendment or even removal would appear initially troublesome. If a particular policy or delivery option would result in reduced complexity, put this forward. Even though there may be risks attached it is for Ministers to decide whether to run them.

5. EMBEDDING BEST PRACTICE

To ensure that the best practices are being followed and that all proposals which go to Ministers have been considered from a benefit simplification perspective anyone considering a change to the benefits system must take action as follows:-

Talk to the Benefit Simplification Unit

All submissions that recommend policy or operational changes to benefits other than pensions, including scoping submissions, must be referred to the simplification unit for vetting **before** they are submitted to Ministers.

In future the authors of such submissions are required to:

- Refer to the Simplification: Guide to Best Practice when considering such changes.
- Discuss any proposals that might change the system with the Benefit Simplification Unit at an early stage of policy thinking.
- If the Unit believe the proposals would complicate the system unnecessarily, they will seek to persuade the author to reconsider.
- Even if the Unit accepts that an increase in complexity is justified, the submission must tell Ministers explicitly that an increase in complexity is being recommended.

Format for Ministerial submissions

All submissions to Ministers, including pension age submissions, setting out policy/operational options and recommendations for change, **must** contain one of the following:

- Where the submission is proposing a simplification or is at least not introducing additional complexity a short paragraph should be included at the end of the "Summary" box confirming that the advice in the simplification guide has been followed.
- Where the submission is recommending a proposal which will increase complexity but which the Benefit Simplification Unit has agreed is unavoidable, a paragraph should be included, set out in its own "Benefit Simplification" box immediately below the Summary box, explaining why this course of action is being proposed.

This paragraph should cover the following points:

- Whether and how the proposed measure will increase or decrease complexity in the system.
- Where it has not been possible to include any simplification measures, a reasoned explanation as to why not.
- Details of any alternative less complex proposals that were considered for achieving the objective, including an explanation for discarding them.
- A brief estimation of the costs and the benefits of the simplest option and the recommended option.

If there is disagreement between the Unit and the team proposing a benefit change, the final submission to Ministers will have to include a passage, written by the Unit, pointing out their alternative, less complicated, option. This should be followed by a paragraph, written by the submission's author, giving their explanation as to why they can not follow this option. Both of these should be included in a "Benefit Simplification" box, under the "Summary" box at the front of the submission. This will make clear those proposals which have not been agreed with the Unit.

These assessments will allow policy and delivery decisions to be open to scrutiny by colleagues and Ministers.

Memoranda to Social Security Advisory Committee

As well as Ministerial submissions, all memoranda and papers to the SSAC supporting new regulations or new processes must include a paragraph setting out the consequences of the proposal for simplification.

How to contact the Simplification Unit

You can contact the Unit by e-mail at simplification-unit@dwp.gsi.gov.uk, fax 020 7712 2458 or write to them at the Benefit Simplification Unit, 2nd Floor (SE), Adelphi, 1-11 John Adam Street, London WC2N 6HT.