

INSIGHT ARTICLE

The performance of the HB and CTB administration system in England 1993 - 2011.

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“There has not been a proper examination of issues relating to performance management, inspection and how to drive improvement in local government. A rigorous, dispassionate review of public sector performance management regimes, including targets, indicators, inspection methods and their alternatives, is long overdue.” (House of Commons DCLG Select Committee 4th Report July 2011).

This was one of the more surprising conclusions of the recent Select Committee that looked at the government’s proposals for the future of Audit and Inspection and the abolition of the Audit Commission.

It has become increasingly popular for academics and politicians to question whether Comprehensive Performance Assessments, and similar performance management regimes had the impacts the Audit Commission and the previous government claimed for them. Yet for many officers and managers who experienced these regimes (and who attend our courses and seminars) it had seemed quite different.

Since 1993, the performance of the service has been influenced by four performance management regimes; Compulsory Competitive Tendering (CCT); Best Value (BV); Comprehensive Performance Assessments (CPA) and Comprehensive Area Assessments (CAA).

In a recent research project we have tried to establish what the reality was for the Benefits service in local authorities. Did the service really improve significantly, and how important was the performance management regime in driving this improvement?

Some Methodological and Data considerations

To make our assessments we have used data collected for the former Key Performance Indicator PM1 i.e. the “time taken to register new claims for benefits”, as this has generally been regarded by central government, practitioners and external regulators as a reasonably “proxy” for the overall performance of the service.

The raw data for these indicators existed, and has been collected nationally, since October 1999 and the data still forms part of the current Right Time Indicator published on the DWP website. Although the definition has changed and the raw data has, at times, been combined with other performance information, it is possible to disaggregate and recalibrate the information and therefore to compare performance between October 1999 and March 2011¹. Prior to 1999 the key performance indicator for the system was the former “percentage of new claims processed within 14 days of receipt”.

The statistics drawn for the two data sets are not therefore directly comparable and data for the 6 months between the two systems from April 1999 to September 1999 is not available. However, we do believe the historical evidence is sufficiently strong for us to make long-term, high-level comparisons and draw some general conclusions relating the performance of the system nationally.

¹ The DWP website refers to changes to definitions and the collection regime making comparisons of results incomparable but accepts that the figure are suitable for investigating long term high level trends which is the objective of this paper.

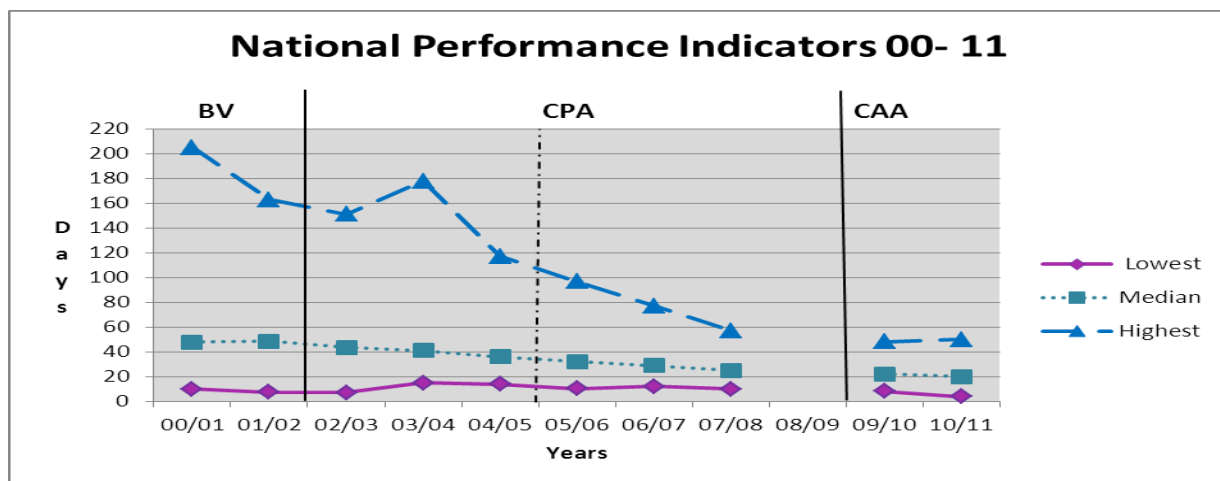
The system produces only “ordinal” data, so “medians” have had to be used to demonstrate long term trends rather than mean averages as the latter are impossible to calculate. The variability within the data sets has been demonstrated using the maximum and minimum values rather than standard deviations.

The Compulsory Competitive Tendering Regime

The CCT regime was replaced in April 2000, and in October the IRRV Benefits Committee of Inquiry started work to established “the current situation with regard to all aspects of housing benefit and council tax benefit administration, finance and structure”. This and other research commissioned by the (then) Department of Social Security effectively established that under CCT the performance of the system was poor, there were wide variations in individual local authority’s performance, with many acknowledged inadequacies in the system and unacceptably high levels of fraud. They also highlighted the wide variation in local authorities’ performance in administering the benefit and drew attention to other issues and concerns relating to the issuing of forms, use of computers, verification procedures and costs. More pertinently, for our study, there were major criticisms concerning the time some local authorities took to process benefit claims and the reliability of the data collected. Amongst other things they were concerned about the reliability of cost data, the staffing figures, the 14 day determination and payment targets, the accuracy checks and overpayment figures and the data on Reviews. In summary the data was completely unreliable but the performance of the system was clearly inadequate; and needed radical overhaul. The IRRV and the Social Security Select Committee, called for a new “robust performance management system”.

Best Value, Comprehensive Performance Assessment and Comprehensive Area Assessment

The Best Value Act was passed in 1999, with commencement date of 1st April 2000. As part of this new regime a new set of national performance indicators was introduced which, amongst other things, was used to assess the performance of the HB and CTB delivery system. The key indicator that emerged for the service from this data set was PM1, the average number of days to process new claims. From this date, the data for the two benefits were amalgamated and only one data set is depicted below. The graph shows the performance of all English local authorities administering the system from 2000/01 through, BV, CPA and CAA using the median authorities and the best and worst authority’s performance.



The level of performance of the system was poor in 2000/01 and showed no significant improvement by the end of the BV period in 2001/02. The median value was 48 days at the beginning of the BV period and remained at 48 days at the end of the BV period. Service quality continued to vary with “both

processing times and administrative expenditure per claim... varying significantly between authorities. Although some can process new claims in as little as 20 days, clearly those taking 100 days or more *on average* are open to challenge ..and ..questions must be raised where some authorities' costs are over four times the average of others" and there is an "almost ten-fold range" in administrative performance" (Audit Commission, 2001, p.7).

It is impossible to extrapolate whether the new BV regime would have delivered the improvements that characterised the service under the CPA but BV was not delivering the step change in continuous improvement that the Government had envisaged and the government's response was to introduce CPA.

CPA was introduced in 2002 and there were two distinct phases, one covering the period from April 2002 to March 2005 with the second reporting performance up to March 2009. The overall CPA methodology changed significantly with the introduction of a new methodological framework in 2005, known as 'The Harder Test'. However although some of the nomenclature changed, benefits administration was essentially still assessed in a similar way under the new methodology and the results of the benefits assessments were still given the same weighting in the overall CPA reporting framework.

Prior to 2006 an authority's performance was classified, into one of four quartiles which produced a "relative" measure of performance between authorities. In 2006 the quartiles for each of the performance measures were superseded by grade ranges assessed against "absolute" benchmarks and these determined the standard of performance in each of the indicators with a score of 1 to 4 with 4 being an excellent service.

The time taken to register new claims was effectively reported as a relational indicator prior to 2006 but was subsequently assessed against the Housing Benefits-Council Tax Performance Standards which translated it into an absolute and standards based indicator. The raw data for the earlier period is available on the DWP website and it is possible to retrospectively re-calibrate and compare the performance of authorities between 2002 and 2006 with performance after 2006.

This shows that there were significant and sustained improvements in benefits administration nationally within England throughout the period of CPA. Our research also found there were no significant variations in the performance of larger or smaller authorities, or between rural and urban authorities or between authorities with different party political control. CPA itself appeared to have a catalytic effect upon the performance. The median time taken to process new claims fell from 48 days to 25 days while the range in performance, nationally reduced from 195 days to 47 days and we found this pattern reflected across all English regions.

CAA was implemented from April 2009 and was intended to provide an integrated assessment of the performance of locally delivered public services, with a focus on the impact or outcomes achieved. Benefits administration, however, remained a service that was better measured by output indicators rather than outcome indicators since there is relatively little discretion in the level and eligibility of the benefits at the local level. Whilst the "outcomes" of its distribution are very important, both to the recipients and to wider poverty and income distribution within local communities, they do not significantly reflect the performance of the distributing authority. For this reason, under CAA, the delivery of HB and CT benefits were still assessed in a way similar to their assessment under CPA although the reporting arrangements were again changed. The raw data now forms part of the "Right Time Indicator" which combines the average processing time for new claims with administration of changes of circumstances. Unfortunately the data for the period April 2008 to March 2009 has not been published and the data available for the CAA period only covers seven quarters of data. However the level of performance that

CAA inherited was relatively good, and the processing times have continued to improve with median processing times reducing from 22 days to 20² although the variability, has increased a little from 40 to 46 days.

Conclusions

Under CCT the data was unreliable, the performance of the service was poor and there were high levels of inadequacies in the system. The 14 day performance measure (which was the predecessor of PM1) could not be used as an accurate assessment of the performance of individual authorities or the performance of the system as a whole. It provided no encouragement to achieve quicker processing times and in some cases could act as a perverse incentive. It did not, for example, provide details of how long it took to process those claims which were not completed within the 14 day target.

The PM1 indicator, with its ability to determine maximum, minimum and median values, resolved these issues and allowed us to compare performance over the three successive periods of BV, CPA and CAA. National reporting was established under CCT and it was during the CCT and BV periods that nearly all of the tools, techniques, mechanisms and interventions that were designed to promote or facilitate improvement, and were later deployed under the CPA regime, were developed.

However, our research shows that systematic improvement was neither consistent nor sustained until these were all brought together, refined and applied as part of the CPA process. In our view it was a bit like baking a cake; the cook needs to have the right ingredients, in the right amounts, applied at the right time, in the right order and baked at the right temperature for the right length of time!

During CPA there were significant and sustained improvements in benefits administration and little variation in the performance of larger or smaller authorities, rural or urban authorities or between authorities with different party political control. CPA itself appeared to have a catalytic effect. The performance of the system improved dramatically throughout the CPA period reflected in the median time taken to process new claims falling from 48 days to 25 days while the range in performance reduced from 195 days to 47 days.

This general improvement appears to have been sustained under CAA although the previous trend towards less varied performance may have reversed. (Unfortunately there is as yet, too little time series data to establish whether this is a new trend or a “blip”). Nevertheless there remains a significant gap between the performance of the best and the performance of the worst authorities indicating that there is still potential within the system for further improvements.

Finally, despite the governments general preference and promotion of “outcome” based performance indicators, our research suggests that benefits administration remains a service where output measures still have an important role. Whilst the “outcomes” of CTB and HB distribution are clearly vitally important to income distribution, they do not reflect the performance of the distributing authorities or the system as a whole in delivering HB and CT benefits.

Reference

Audit Commission (2001), *Learning from inspection: Housing Benefit Administration*. London: Audit Commission.

² The data available on the DWP website only covers three of the four quarters for 2010/2011. There is, therefore, no ‘final’ median value for 2010/11. The authors have used the median of the three median values available for 2010/2011 as a proxy for the ‘final’ measure.

Possible illustrative quotes

“A rigorous, dispassionate review of public sector performance management regimes, ... is long overdue”.
(DCLG Select Committee 2011)

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“..it was a bit like baking a cake; the cook needs to have the right ingredients, in the right amounts, applied at the right time, in the right order and baked at the right temperature for the right length of time!”

Note on the Authors

Kirsten Greenhalgh and Martin Jones are both former financial managers who had extensive experience in local authorities prior to joining the Business School. Pete Murphy has been a Senior Civil Servant and Chief Executive of a local authority.

Illustrations

I have attached a couple of images which might be used for illustrating the article – one of the Newton Building where the Nottingham Business School is based and the other of our Goldsmith Street entrance with Nottingham Trent University

I note that you often illustrate articles with photos of the authors – usually as “headshots” – we can provide these if needed