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Department
for Work &
Pensions

Housing Benefit resilience: Guidance for local authorities

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Introduction

1. Local authorities (LAs) retain the responsibility to deliver Housing Benefit (HB) on behalf of the Department for Work and Pensions (DWP) until the full rollout of Universal Credit is completed. The requirements to deliver more effectively and efficiently has stimulated LAs to seek alternative means to ensure the service they provide is both high in quality and delivered within acceptable time frames.
2. A number of LAs have implemented alternative ways of delivering their services to the required standards established by DWP:
 - negotiated contracts and arrangements with other LAs to create shared services
 - outsourced their service outright to private companies
 - created business ventures
 - contracted with agency staff and set up call-off contracts.
3. LAs mainly took these decisions to ensure their services were sustainable, effective and, in some cases, generated savings.
4. This guidance has been developed during 2018, following a consultation/direct engagement with LAs in England, Scotland and Wales and analysis of information gathered by the Performance Development Team (PDT).

Purpose

5. The purpose of this guidance is to share the experience of LAs that have chosen alternative delivery models. This should support any LA who is considering embarking on an alternative option to deliver its HB and wider services and wishes to learn about the various approaches being applied elsewhere.
6. The options stated are not an exhaustive list but rather an illustration of what some LAs have implemented to build HB resilience.

Disclaimer

7. This guidance is not intended to form an endorsement to any particular arrangement.

What is HB resilience?

8. HB resilience refers to measures LAs have put in place to mitigate challenges that may impact negatively and/or interrupt altogether the delivery of the HB service to citizens.

Legal grounds

9. LAs have always had the legal power to make use of different forms of service delivery. Following the introduction of the compulsory competitive tendering in the

Local Government Act 1988, LAs were legally required to open many of their services to competitive tender. This requirement was then replaced by the 'Best Value' regime under the Local Government Act 1999. (Source: [Parliament website: report on alternative models of service delivery for local government](#))

10. The 2011 White Paper *Open Public Services* together with reductions to LA funding promoted greater action to seek alternative approaches to deliver services more effectively and efficiently.

Options applied to generate HB resilience

Shared services

11. The term 'shared services' refers to two or more LAs providing the HB service to citizens on a joined up basis. Shared services may be provided by in-house arrangements or by outsourcing certain elements of the work. The consideration behind this approach is often a financial one but it can include an intention to generate efficiencies, improve service effectiveness and lead to the acquisition of greater expertise. A report produced in 2012 by the Local Government Association (LGA) suggested initial reductions in staffing through sharing of services deliver quick savings but further savings result from improved business practices.
12. Examples of shared services between two LAs:
- Basildon Borough Council and Brentwood Borough Council
 - Monmouthshire County Council and Torfaen County Borough Council
 - Preston City Council and Lancaster City Council.
13. Example of shared services between more than two LAs:
- Anglia Revenues Partnership - Forest Heath District Council, East Cambridgeshire District Council, Fenland District Council, Breckland Council, St. Edmundsbury Borough Council, Suffolk Coastal District Council and Waveney District Council.
 - Stour Valley & Poole Partnership – Christchurch Borough Council, East Dorset District Council, North Dorset District Council and Poole Borough Council.
14. The LGA published the national shared services [interactive map](#) (in England) for 2018, which shows how shared services have contributed to taxpayers saving more than £971 million. The information does not cover the quality of service delivered. The map and data refers to 33 categories of shared services ranging from Revenues and Benefits to public health.
15. Please see **Annex A - Shared services good practice**.

Outsourcing

16. The term 'outsourcing' refers to the provision of service via a private or third sector organisation. This provision can be applied by a single LA or a group of LAs. The service (back office) is delivered, in whole or part, by the outsource company, usually remotely.

17. Examples of single outsourced LAs:

- The London Borough of Hounslow
- Solihull Metropolitan Borough Council.

18. Example of joint outsourcing with another LA:

- Broxbourne Borough Council and Welwyn Hatfield Borough Council.

Other partnerships

19. Some LAs have formed partnerships with other LAs and/or private organisations to form business ventures to deliver their services. For example:

- Northampton Borough Council, Milton Keynes Council and Horsham District Council
- The London Borough of Barking and Dagenham
- The London Borough of Bexley, London Borough of Havering and London Borough of Newham.

Agency staff, call-off contracts

20. As a means to respond to fluctuating demands of work, some LAs opt for using agency staff or flexible call-off contracts.

21. Examples of LAs using this approach are:

- Luton Borough Council
- Woking Borough Council.

Points to consider

22. The consideration to embark on a shared services or any other approach should be carefully assessed and evaluated. The following points should be considered (Source: [Shared services and management, a guide for councils report by LGA](#)):

- needs and wants of local communities for services now and in the foreseeable future
- scale of financial challenge facing the council in short, medium and long term
- current range of services provided to meet local needs, their cost and effectiveness

- opportunities to significantly transform the way that public, private, not-for-profit and voluntary sector service providers work, singly or collectively, to address local needs
- what are you trying to achieve – for example, improved cost-effectiveness, changes in quality or quantity of services provided, enhanced resilience, greater personalisation of services
- which functions or services you are reviewing – whether they are, for example, statutory, discretionary, public-facing, back office or transitional services
- political priorities – the importance of, for example, maintaining services for particular groups of users or ensuring services (and jobs delivering them) are provided locally rather than remotely.

23. Further information to prepare for a strategic approach can be found at <http://webarchive.nationalarchives.gov.uk/20120919182530/http://www.communities.gov.uk/publications/localgovernment/puttingfrontlinefirst>

24. It is highly recommended that LAs wishing to explore the potential of starting a shared service with other LAs or outsourcing the services to a private company or third sector provider, directly contact other LAs already in similar arrangements to better inform their decision. It is good practice to acquire first-hand lessons learned from those who have already gone through the process.

Testimonials

25. The benefits obtained by having a HB resilience arrangements in place, whether it is shared services, outsourced or call-off contracts, are varied. Some testimonials highlighted by LAs are:

Shared services

- “High levels of performance are achieved, as well as savings to both partner LAs. Resilience is in place through being in a shared service for Revenues and Benefits, with resources being re-allocated accordingly as required between Lincoln and North Kesteven work, based on demands at any one time. Agency staff are recruited through our ‘brokerage’ provider on an ad hoc basis – however, this is only normally to solve a short term issue, with our aim to be to employ staff through LA contracts wherever possible” – Lincoln and North Kesteven.

“In addition to our collaboration agreement between the Partnership LAs, which has enabled the LAs to save in excess of £1m in service delivery costs as well as retain and attract experienced staff, we use a partner that delivers offsite processing via a flexible call off contract to provide us with resilience with processing of change events. We previously employed temporary Agency assessors as we could not secure trained assessment staff. However, with ongoing reductions in funding we were unable to secure replacement staff as

the Agency rates rose when vacancies occurred.” – Stour Valley & Poole Partnership, Christchurch Borough Council, East Dorset District Council, North Dorset District Council and Poole Borough Council.

Outsourced to private company

- “Reduced operating costs. Resilience including our partner resource facility to support/reduce any backlogs, sector expertise, 3rd party debt collection/enforcement/insolvency expertise and technology investments.” – Malvern Hills, Worcester City Council and Wychavon District Council.

Other partnerships

- “The partnership of Northampton and Milton Keynes is delivered through a centralised management and service assurance function, which has offered immediate resilience to partners during peak periods, has increased expertise, service development as well as ongoing efficiencies through only doing things once. The standardisation of management, processes, service improvement and technology has delivered improved performance, resilience and a readiness for future welfare reforms across our operations/ partners.” – Northampton Borough and Milton Keynes Council.

Agency staff, call-off contracts

- “Our partner is reliable, customer focused and provides good quality staff who have experience of various systems, and is able to adapt to local policy and guidelines. They have been fundamental in providing resources to our own internal team.” – Luton Borough Council.

“Ability to increase and reduce resources with very little notice and this has been done quickly and efficiently which is of particular assistance when considering our on-going budget constraints.” – Gosport Borough Council.

“To assist us if we have some kind of disaster/problem which will or has led to a backlog of work.” – Telford and Wrekin Council.

“Covers staff shortages in knowledge gaps, keeps us up to date during summer holiday and Christmas periods as well.” – Woking Borough Council.

“To provide resilience for our HB service during periods where we have experienced resourcing issues and during the uncertain build up to Universal Credit. We do not have to recruit permanent or temporary staff, we do not have to manage their staff and we can increase or decrease the resources on our contract around work volumes with minimum notice” – Solihull Metropolitan Borough Council.

“Since the welfare reforms commenced, Scottish Borders Council has had an increase in staff turnover. This has led to longer periods with vacant posts and a higher proportion of inexperienced staff, so the resource provided by our partner has been invaluable.” – Scottish Borders Council.

PDT approach and support

26. PDT provides support to LAs in improving their processes and services. Their consultants are skilled in supporting LAs to identify efficiencies in processes and procedures.

27. Some of the areas PDT consultants can support LAs in finding efficiencies are:

- speed of processing
- debt management and debt recovery
- fraud referrals
- subsidy
- Caseload Management Information
- Verify Earnings and Pensions service.

28. To find out more about possible PDT support
hdd.pdtconsultants@dwp.gsi.gov.uk

Sources and references

29. The information used to produce this guide was collated via:

- PDT consultation
- intelligence already held by DWPs' Housing Delivery Division
- published reports and guidance.

LGA Shared Services and management: a guide for councils:

<https://www.local.gov.uk/sites/default/files/documents/shared-services-and-manag-b7d.pdf>

LGA website – shared services map:

<https://www.local.gov.uk/our-support/efficiency-and-income-generation/shared-services/shared-services-map>

National archive website – report on making councils more efficient, published by Communities and Local Government:

<http://webarchive.nationalarchives.gov.uk/20120919233041/http://www.communities.gov.uk/documents/localgovernment/pdf/1487350.pdf>

Parliament website – alternative models of service delivery for local government report:

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05950#fullreport>

Shared services good practice

Getting started

- considering sharing your service with a neighbouring authority, even if you have little or no history of working together
- undertaking a feasibility study once your potential partner/s has agreed to the idea in principle.

Key stakeholders

- knowing the needs of all key stakeholders
- understanding the personalities and power dynamics
- recognising that the change will affect the various stakeholders differently
- recognising the stakeholders' positions may differ within and across the affected organisation.

Strategic fit

- ensuring there are strategic:
 - mission statements (statements of intent)
 - policies
 - aims and objectives
 - priorities and performance targets
- identifying the business drivers:
 - economy
 - efficiency
 - effectiveness
 - customer experience
 - political
- establishing the scope, extent and type of partnership:
 - how many LAs or other bodies are included?
 - how many services are included?
 - which part of each affected service is included?
 - joint working, merger or take-over?
- assessing (critically) the scheme's feasibility
- technological fit:
 - telephony
 - benefit IT systems and all interfaces
 - data imaging systems
- human resource (HR) fit (pay and conditions):
 - recruitment, induction and training
 - pay, grading and pensions scheme
 - hours of attendance and flexible working, homeworking
 - performance appraisal and personal development schemes
 - absence management
 - capability procedures

- understanding partnership performance:
 - current performance levels
 - performance management reporting arrangements
 - partners' (existing and future) capacity
- ensuring all partners are aware of responsibilities:
 - assurance
 - compliance
 - performance
 - accuracy
 - security
- considering any potential industrial relations issue, and involving trade unions in the project.

The business case

- identifying and factoring in:
 - project planning and management costs
 - implementation costs
 - succession planning costs, in terms of:
 - staff relocation
 - staff redeployment
 - cost of terminating existing supplier contracts or estate leases
 - priorities and performance targets
 - post partnership live-running costs
- deciding who will provide authorisation to spend
- deciding who will make decision on the required return on investment
- deciding who will make the decision on the timeframe for realisation of any efficiencies.

Planning and implementing

- appointing a Project Steering Group or Management Board, with representation from senior managers of all partners to ensure that the appropriate drive and focus is maintained throughout the life of the project
- appointing a project manager
- identifying success criteria
- identifying and developing evaluation against the criteria
- consider the need for specialist support for:
 - business case and financial reporting
 - technology
 - estate adaptation or rationalisation
 - HR and cultural change
 - business process and procedures design and development
 - communications:
 - external - marketing and branding
 - internal - newsletters, staff and Member education and awareness workshops
 - with staff - continually keeping informed all staff involved even if there is nothing to tell, particularly where there is more than one LA involved.

A suggested framework



Transitional management

- appointing a new service manager
- appointing a new management team
- outlining any interim operation management arrangements, teams and team leaders
- promoting the new operation management arrangements, including team and team leaders
- highlighting any interim and final support arrangements for:
 - policy officer(s)
 - training officer(s)
 - IT support officer(s)
- arranging regular site visits throughout the process.

Closure

- ensuring that the project is complete by confirming what has been delivered meets the original specification and business case
- ensuring the Business Manager is content with any variances or exceptions
- considering the need for closure/lessons learnt report.

Temporary support

Good practice includes using a remote link to offer temporary support to neighbouring LAs during periods of staff shortages and/or abnormally high peaks of workload. The benefits include:

- offering mutual support in both directions when required
- helping to build flexibility into existing service arrangements

- recharging only actual costs to the benefiting LA
- helping to minimise risks within business continuity planning
- limiting the need to use temporary agency worker.

Benefits of partnership working in Shared Services

- cost savings
- larger teams can provide a more resilient service and are less prone to fluctuations in processing times
- increased capacity can allow better service enhancements
- improved purchasing power
- enhanced ability to capitalise on an increased skills base
- capacity to maximise the effective use of IT
- reduction in the duplication of effort
- established dedicated business development roles
- explicit service level expectations
- improved career and development structure
- employee retention
- the expansion and introduction of new services to the customer
- standardisation of procedures.