A large graphic on the left side of the page composed of overlapping triangles in various colors: yellow, purple, grey, and orange. The triangles are arranged in a way that they form a larger, irregular shape that tapers towards the top.

Responsive welfare

local
digital and
intelligent

Citizens Advice futures series
Rachael Badger and **Steven Law**
January 2015

Acknowledgements

Thank you to the many bureau staff and volunteers across the service who have helped us to develop and shape the ideas in this report. These include colleagues in Sheffield, Gateshead, York, Stoke, Hull and East Riding, Birmingham, Wiltshire, Wolverhampton and Blackpool.

Introduction

There are many debates and many opinions about the right approach to welfare reform. But at Citizens Advice we see more of the successes, failures and human impacts of the welfare system than any other organisation in any sector. In this report we reflect on what we've learned and on the lessons this holds for how support should be delivered in the future.

Our advisers have seen numerous policy designs, claims processes and aspects of customer service refined and improved over the years. But they also see too many people sent from pillar to post, struggling to navigate their way through remote bureaucracies; struggling to make sense of the system and the decisions it generates; and struggling to move themselves forward to live independently as a result.

// Welfare has become a political football because the system isn't working"

What we see tells us that the welfare system isn't always working as well as it should, at huge cost to the public finances, public support and to the fabric of society. Many public servants working in it are frustrated, parts of the press and broadcast media routinely showcase its injustices and anomalies, and political parties appear to be intent on freezing and cutting entitlements faster and deeper. Financial support is costly, but it is essential, like health or social care; it is far too important to both our economy and our society to continue to be kicked around and derided as an outdated and broken machine.

One school of thought is that unfair media representation is at the root of declining public support for the welfare system. Our view, conversely, is that welfare is less popular than in the past because the system isn't working.

We therefore set out to determine what changes are needed, and this report proposes avenues to consider which are rooted in our experience as a service as well as our assessment of wider trends in society and the economy.

We hope that our ideas will chime with civil service and local leaders looking to rebuild trust in government through greater transparency, devolving power to the lowest practical level, improving service design and harnessing the power of new technology. We hope that they will chime with politicians looking for practical ideas on localism and for transformative ways to improve social outcomes. And we hope that they will chime with the public, who want to see integrated public services based on local understanding and expertise.

Gillian Guy

Chief Executive, Citizens Advice

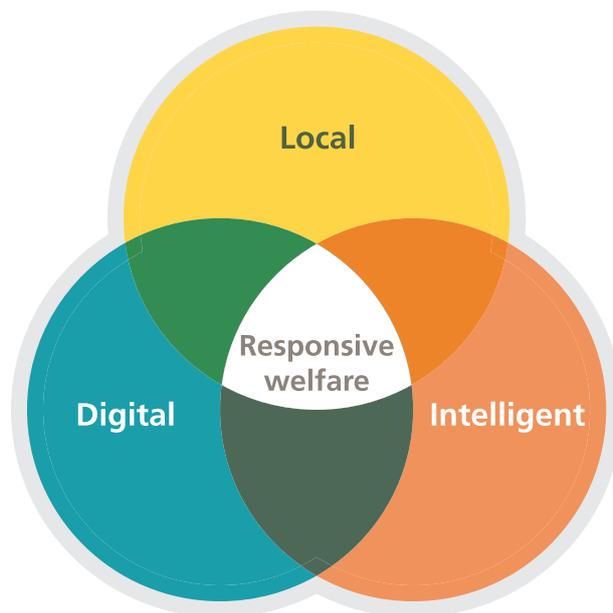
January 2015

Executive summary

Recent work on changing public attitudes to welfare is misconceived. People are too focussed on shoring up support for a system that isn't working. This distracts from reforming the system so that it works for today's society.

Thinking about the welfare system has not kept pace with changes in our economy and society. In addition to the established concerns¹, the welfare system does not yet make good enough use of digital and collaborative technologies; does not respond effectively enough to widening regional economic differences; and is too rigidly rules-based. It is a lack of response to these changes that has set the working age benefit system on an acutely vulnerable course and has caused a decline in popular support.

Fig 1: The three shifts needed to restore support for the welfare system



Our experience suggests that the system needs to change in three ways: it needs more local differentiation; an intelligent front line; and it needs bringing into the digital age. In combination, getting those three things right will fix the system and help to garner popular support once more for the safety net.

To build a modern, responsive welfare system, we need progress on all three fronts. Modern digital service design will enable cost effective transactions for the majority of users, which will then free up resource for staff at the front line to provide flexible, intelligent support, within parameters set by local leaders who know what works for the communities who elected them.

¹> These are that the welfare system does not prove its value for money; that it is being squeezed by demographic pressures, and that it is suffering from a general decline of trust in institutions.

We propose that:

Policy-makers should think about welfare in terms of the social and economic development of places, so that local leaders can fix the problems that matter. This could include varying some benefit rates around the country and merging budgets for other benefits with local public services spend.

Policy-makers should restore an intelligent front line, especially for those who deal with complex cases. This could include developing an employment support career path based on the social work or nursing model.

Policy-makers should build open, responsive digital services which transform lives because they are rooted in how people really think, and which fit around their lives. This could include a series of cross platform tools which match local skills with local employers or help self-employed people to avoid debt.



The welfare system has lost public support not because people don't understand it, but because it is not responsive enough to citizens' needs

1. The decline in popular support for the welfare system has exercised people across the political spectrum for some time, and the tempo has increased over the current parliament.
2. Welfare reporting in print and broadcast media has been negatively skewed for at least two decades. Reporting has not become more negative over time but the primary focus has changed from fraud to unfairness and the lack of reciprocity. Even though fraud is not reported as much as it used to be, the proportion of people who think that 'most on the dole are fiddling' has remained fairly constant over the last twenty years,² suggesting a 'scarring' effect.
3. Falling support for spending more on welfare benefits continues, and the reasons differ across generations. Those born in the eighties and nineties feel that the welfare system rewarded the right behaviours for their parents but was not doing so for their own generation. For older people who had experienced the welfare system, their criticisms were that it was ineffective and unhelpful.³
4. Although there has been a sharp decline in support for some parts of the benefit system, there are still high levels of support for the concept of the welfare state⁴ Around half of us agree that its creation is one of Britain's proudest achievements. Almost three in four would like to see more government spending on care for those who are sick and disabled; 60 per cent would like to see more spending on people who work on low incomes; and 54 per cent would like to see more spending on disabled people who cannot work.⁵
5. So the original blueprint does still resonate, and work on changing public attitudes to welfare has developed in recent years. Some organisations argue that the heart of the problem is misunderstanding about welfare benefits and who gets them, and that a 'myth-busting' approach is needed. National benefit levels are frequently overestimated by the public and opinion is more sympathetic when actual benefit levels are set out.⁶

2> Public Attitudes to Poverty and Welfare 1983–2011, NatCen, April 2013

3> Generation Strains: an Ipsos MORI and Demos report on changing attitudes to welfare, 2013

4> Generation Strains, as above

5> 31st British Social Attitudes report, Natcen, 2014

6> 31st British Social attitudes report, as above

6. This approach does not go far enough. George Lakoff has argued persuasively that myth-busting is counterproductive because it means repeating negative words that the public associate with welfare.⁷ People are wrongly focused on shoring up support for a system that isn't working. We have seen major changes in our economy and society over the last twenty years to which the welfare system has failed to respond. It is by responding to these changes that we can get the welfare system back on a sustainable footing and rebuild popular support.
7. There is a convincing argument that structures and entitlements have drifted away from the fundamental principles of social insurance and support which Beveridge developed, and that a renewed emphasis on getting out what you pay in is needed. A new contributory system has been discussed across the political spectrum⁸. It is true that the system no longer insures adequately against the risks that really exercise citizens on middle incomes (such as falling ill or losing a job) and that new models of insurance should be explored. Shelter's recent work on winning support for the housing safety net by engaging substantively with public concerns offers a thoughtful analysis of the problem and a framework for policy development.⁹
8. Our view is that the problems with the welfare system are not only, or even primarily, about attitudes or about structures and entitlements. The real problem is that the delivery of welfare benefits is not sufficiently responsive to citizens' needs, and the design and the delivery of services has not kept pace with changes in our society and economy.

“// the problems with the welfare system are not only, or even primarily, about attitudes or about structures and entitlements”

7> George Lakoff, Don't think of an elephant, 2004

8> For example, the IPPR has argued for a higher rate of Jobseeker's Allowance for those who have paid more national insurance (IPPR, Condition of Britain, June 2014), while Policy Exchange has similarly argued for strengthening links between National Insurance contributions and benefit levels, including stronger conditionality for those without a contribution record and higher benefit levels for those who have contributed (Policy Exchange, Making Contributions Count, October 2014)

9> Shelter, Winning Support for the Safety Net, June 2014

Thinking about the welfare system has not kept pace with changes in our economy and society

9. First, digital and collaborative **technologies** have created a more connected world and made many more things possible in the delivery of public services. But our welfare system is still based around transactions run through thirty-year old mainframe computers.
10. Second, **expectations** have changed. Citizens now expect the same consumer offer from public services as they do in the marketplace. But too often, our welfare system tends to put process before people.
11. Third, **attitudes** have changed. We are surfacing from recession with a more cautious attitude towards the public finances, a lower appetite for debt and a lower tolerance for wasting public money. The welfare system needs to actively demonstrate that it provides value for money.
12. Fourth, the **labour market** is becoming more diverse and is changing in different ways around the country, with growth in self-employment and unstable work. But our benefit system is still based on a rigid model of full employment in which spells of unemployment are frictional and short-lived.
13. Fifth, **demographic** change is exerting acute and growing pressure on pensions and social care spending. Pensions spending is rising by £2 billion in real terms each year.¹⁰
14. Finally, **trust** in institutions generally, and central government in particular, is falling. Thirty years ago, 38 per cent of people said they trusted governments to put the needs of the public before their party; this figure is now just 18 per cent.¹¹ Confidence in local leaders and decision-makers is higher; in 2013, 79 per of people trusted local councils to make local decisions, whereas just one in ten thought central government was best placed to do this. Most people think decisions about public services are better if they are made locally.¹² This is bad news for a highly centralist welfare system, in which policy is made and delivery processes designed by ministers and civil servants in Whitehall.

10> DWP benefit expenditure and caseload tables 2014

11> NatCen, 30th British Social Attitudes Report, 2013

12> Ipsos Mori ,Local Government 2013

How to fix the welfare system

15. New thinking is needed to respond to these changes and to build a well-functioning, just system that promotes social and economic development and that meets citizens' needs.
16. We can do this through practical changes to who is accountable for services and how they are delivered, and without increasing costs. We need to replace a Treasury-run benefit system with a set of locally-tailored support systems which reposition financial support alongside social and practical support for households, and which are centered around how families actually make choices and solve problems. This strategy would make the welfare system something that citizens will vote to protect and develop, not vote to dismantle.



Fig 2: Not keeping pace

i) Increasing scope for local differentiation

17. The problems that people bring to Citizens Advice differ significantly around the country. People have experienced the coalition’s welfare reforms very differently in ex-industrial Lancashire and in commuter-belt Kent.¹³ Yet despite recent progress the United Kingdom remains one of the most centralised developed countries in the world, as shown below.

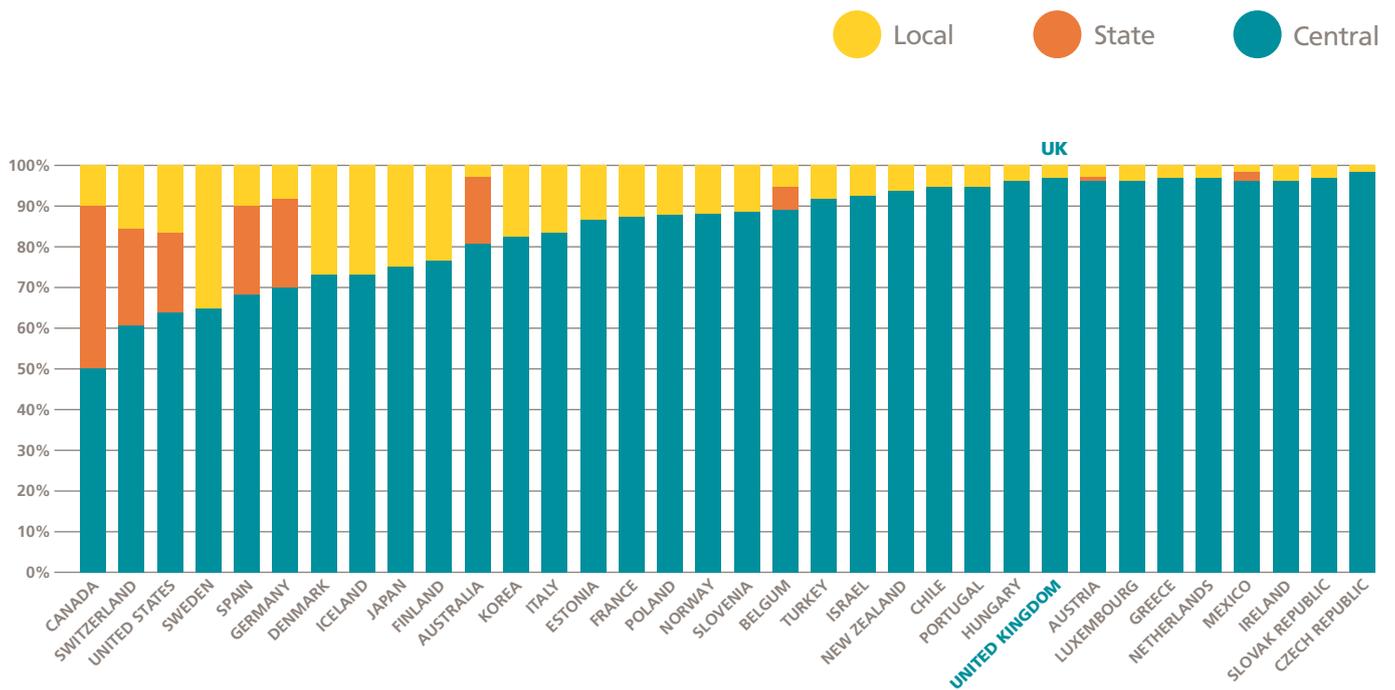


Fig 3: Tax revenue by tier as a percentage of total tax revenue in OECD countries

Source: Independent Commission on Local Government Finance– Public money, local choice (2014)

13> Inclusion, 'The local impacts of welfare reform: An assessment of cumulative impacts and mitigations', 2013

18. City Deals have increased local stakes in and profits from economic growth and have increased autonomy over public spending – for example, the North East Local Enterprise Partnership has taken on skills funding and adopted a demand-led model, driven by the need to increase the employment rate in the North East.



Fig 4: Employment rate for quarter 3 (2013)
Source: ONS– Regional labour market statistics (Mar 2014)

19. This is welcome progress, but our experience suggests that the welfare system too needs to respond to local variance in the cost of living and to local labour markets. **Policy-makers haven't thought about the welfare system in terms of the social and economic development of places, and our view is that this is a huge mistake.**

Local leaders will find the best solutions for their communities in the future

20. Local government is growing rapidly in its strength and its ambition to tackle big social and economic problems¹⁴, and to find better solutions than Whitehall.¹⁵ This is a journey which will take time, but in the long term local leaders will consistently develop a depth of understanding of those challenges which cannot be achieved from Westminster. Empowered local government has the potential to attract the brightest graduates and the most dynamic and capable senior leaders.
21. There are good reasons why 79 per cent of people trust local leaders to make the right decisions at a local level.¹⁶ Greater local control enables more innovation, an increased sense of ownership, and better management. As Katz and Bradley have written, 'metropolitan leaders own challenges in ways that representatives of the higher levels of Government do not. Leaders live daily with the consequences of their decisions. Metropolitan success is tangible and almost tactile; it can be touched and felt in ways that abstract national action cannot.'¹⁷
22. Local leaders are also best placed to unlock the energy and capability in local communities to solve problems and empower citizens to solve their own problems. Matthew Taylor has argued that three distinct sources of social power must be deployed together to tackle entrenched social problems like youth unemployment or welfare dependency; hierarchical leadership (such as from Government); individualistic leaders (such as from markets and individual enterprises) and solidaristic (such as from trades unions and the voluntary sector)¹⁸. Joining up these forces is much easier in communities than at an abstract national level.

14> Local Government Association, 'Rewiring Public Services', 2013

15> Local Government Association, 'Investing in Our Nation's Future: The first 100 days of the next Government', 2014

16> Ipsos Mori, Local Government, 2013

17> Bruce Katz and Jennifer Bradley, 'The Metropolitan Revolution' 2013

18> RSA annual lecture 2012

23. So from the centre, there is much to be gained from increasing local control of public spending with greater confidence and conviction. But as we have seen with council tax support, localising aspects of welfare expenditure without real accountability for managing that spend responsibly is not empowering. It is essential to move towards real devolution of tax and spending decisions in the round to build local autonomy and control. Piecemeal devolution risks achieving little more than a confused accountability.
24. Instead, local leaders must choose between higher or lower tax and spend models and answer to the electorate for their choices; they must have skin in the game. The OECD has shown the importance of coherent tax and spend 'systems', be they regional or national, so that there is a clear feedback loop between the success of social and economic policies and the tax burden on voters through the electoral cycle¹⁹.

Successful welfare decentralisation in the Netherlands and in Germany

In the **Netherlands**, there are high levels of decentralised welfare assistance. Ten years ago, full financial responsibility for activating and reintegrating 340,000 social assistance clients was taken up by localities, on a fixed budget. This model creates incentives to reduce the number of benefit recipients so that the money can be spent on other services. Municipalities cannot change actual benefit levels, but they can develop their own local or regional policies around unemployment and reintegration. As a result of decentralising welfare assistance, economic efficiency improved.²⁰

In 2005, 69 districts in **Germany** were able to opt out of federal guidelines for benefits administration, as part of a policy experiment which was designed to measure the potential success of local welfare. The study concluded that centralised standards work well for those who don't have additional barriers to employment, but once additional issues such as a lack of childcare become a factor, standardised placement loses its effectiveness. In particular, tailor-made solutions to individual needs often require the cooperation of local actors.²¹

25. In this context, we have developed two routes for policy-makers to consider in future thinking on the decentralisation of welfare benefits in England:

19> Blöchliger, H., "Decentralisation and Economic Growth – Part 1: How Fiscal Federalism Affects Long-Term Development", OECD Working Papers on Fiscal Federalism, 2013

20> Broersma, Edzes and van Dijk. 'Did Decentralization Stimulate Dutch Municipalities to Become More Efficient in Managing the Costs of Social Assistance, 2012

21> Broersma, Edzes and van Dijk. 'Did Decentralization Stimulate Dutch Municipalities to Become More Efficient in Managing the Costs of Social Assistance, 2012

i) Rates for means-tested income replacement benefits could respond better to regional variance in the cost of living and to regional labour markets

- 26.** First, the means test is an assessment of a household's need for financial support to facilitate a basic standard of living. Because the reality of that need differs around the country, it is illogical that benefit rates do not. A weekly Jobseeker's Allowance payment of £72.40 goes substantially further in Blackburn than it does in Islington. There is also variance across the UK on housing, wages, childcare, petrol, public transport, gas and electricity costs. Petrol prices are usually higher in rural areas where there is less competition and fewer customers. Gas and electricity prices vary partly because regional networks charge the suppliers different amounts and partly because of pricing decisions. And in the case of energy, it's not necessarily those in London and the South East who pay more. In 2012, energy was more expensive in the North West, which, at the time, contained five out of the ten most deprived electoral wards in England.²²
- 27.** Second, the gains from going into work differ. Workers in Reading earn an average of £200 more per week than those in Hastings. The chances of being paid at the minimum wage are highest in the North East, where 7.5 per cent of jobs are paid at the national minimum. National out-of-work benefit rates just cannot respond adequately to regional variances in wages and in the cost of living. National retailers expend significant resource on researching local areas before making commercial decisions to invest- because local variance matters.
- 28.** This argument has previously been adopted to suggest that benefit rates should be maintained in London and reduced elsewhere. We do not agree with that approach; our experience is that people are struggling to make ends meet all over the country and that it is the triangulation between benefit rates, the cost of living and entry wages that is the problem. We suggest that as the economy recovers, the scope for strengthening incentives to work in all parts of the country is closely examined.

“// Jobseekers are really struggling to get to the Jobcentre in Trowbridge – it can be a twenty mile round trip for some people costing £10 on the bus.” Volunteer, Wiltshire CAB

22> Energy helpline, Quarterly Price Survey.

ii) Public services and cash transfer budgets could be combined to support the social and economic development of places

- 29.** In the real world, financial support is neither funded, nor delivered, nor consumed in isolation. It is part of a wider system of support provided by the state, much of it by local authorities, to enable families to gain independence and live comfortably:
- ▼ Help with the costs of bringing up children, for example, is part of a broader policy aim to ensure that children have a good start in life.
 - ▼ The youth rate of Jobseeker's Allowance and the National Minimum Wage are part of a broader policy aim to ensure that young people have incentives to gain qualifications and then get a good foothold in the labour market.
 - ▼ Help with the additional costs of disability is part of a broader policy aim to ensure that disabled people lead independent and dignified lives.
 - ▼ And help with paying rent is part of a broader policy aim to ensure that people are housed safely in good quality accommodation.
- 30.** Our experience is that success against these broader policy aims is at risk because responsibilities are divided between central and local government. Housing support, for example, is delivered through seventeen separate funding streams,²³ which we find tends to undermine coherent policy responses. We have also seen this recently with crisis support after the localisation of parts of the Social Fund. Instead, they should be addressed at one tier or the other. Localism should never be shorthand for funding cuts but regional leadership is the right approach for three reasons.
- 31.** First, local leaders have the detailed bottom-up knowledge of their communities that is needed to get to grips with socio-economic conditions. In Knowsley, for example, the council releases a quarterly bulletin which contains analysis of local social and economic conditions. It contains data on economic growth, employment, Jobseekers Allowance trends, and views from residents. This puts local leaders in a strong position to respond to socio-economic conditions and, with greater local control, implement locally relevant policies. They know how best to support people in their area to live comfortable, independent lives. The right approach to increasing the employment rate depends on how the local economy has developed and how well the skills local people can offer match the skills local employers need.

23> Centre for Cities, 'Ways and Means: money management and power in local government', 2013

Inventive labour market approaches to address local challenges

Swindon and Wiltshire contains a high population of armed forces personnel, many of whom are undergoing transition and resettlement in the area. Service leavers offer a highly desirable labour pool, but often need to retrain. Swindon and Wiltshire have developed a City Deal which focuses on a higher level skills gap initiative- to try and improve skills and fill local vacancies in digital technologies, life sciences, advanced engineering and finance and professional services.

Blackpool has high levels of unemployment and a seasonal economy which is underrepresented in professions. In partnership between the Local Authority, Jobcentre Plus, the School of Construction at Blackpool and the Flyde College, "Blackpool Build up" is employer led to meet the needs of local contractors and designed around the benefits system to allow students to receive support whilst undertaking training. Unemployed people who enrol are offered jobs working in local construction- meaning they physically redevelop Blackpool to take advantage of its visitor economy.

32. Second, the relative importance of these broader policy aims varies around the country. In Hull, for example, youth unemployment is high, but there is no housing shortage; investment in skills is more important than in building new homes.
33. Third, significantly higher regionally controlled budgets to address these challenges will increase the importance of local Government and the engagement of the electorate. We therefore suggest that fixed budgets for benefits which interact with public service spend could be devolved to local authorities without ringfencing.

How would this actually work?

For example, of the £81.4 billion budgeted by the Treasury to be spent in 2015/16 on working age benefits and tax credits closely linked to public services, £3.25bn (or four per cent, in line with their national share of the working age population, adjusted for deprivation) is allocated to Greater Manchester. Greater Manchester would have a simple statutory responsibility for using this funding to promote core social objectives.

Within a fixed budget they could use the framework of existing benefits, or they could adjust the design of those benefits. They could reduce unemployment benefits for young people, for example, in order to strengthen incentives to work or stay in education, as part of a wider skills and labour market strategy. They could tailor support for housing costs to trends in local housing markets and to housebuilding and infrastructure plans. In the longer term, they could even move away from them altogether, linking up the delivery of financial support with the delivery of other council services (such as housing, transport and social care). Over time, this approach could work to reduce local welfare expenditure by improving outcomes in Manchester.

“// Child poverty is exceptionally high here. Unless this is addressed, long term skills gaps would continue to prevent local people working in the engineering roles that were common in Wolverhampton- roles which are currently occupied by people who travel into the city to work” Wolverhampton CAB

Conclusion

- 34.** There is a delicate balance to be struck on the regionalisation of the welfare system. There are substantial risks to devolving benefit spend in its entirety; the costs of higher unemployment in a period of economic difficulty should not be borne locally, and the costs of funding rising unemployment should not be divorced from the policy control of active labour market programmes which is a crucial lever to mitigate that risk. And economies of scale in the processing of payments should not be lost.
- 35.** But sub-national Government is best placed to use an understanding of their communities and a range of interventions to help those with multiple barriers to get back to work, as we have explained above. Local leaders must have the flexibility to implement the best delivery services for their communities. A more sophisticated risk-sharing approach, such as that developed between DCLG and councils for business rates, should therefore be considered.
- 36.** Movement in the direction outlined in this chapter would help to restore public confidence in the benefit system in two ways. Different places will move at different paces, and the Treasury might consider an earned autonomy model to be appropriate. But the potential gains are clear: first, local ownership of social challenges can create a more detailed, nuanced understanding of the problems facing a community and their causes than is possible from Whitehall. And second, our experience suggests that solutions that are developed locally, with a coherent view across public services and the private and voluntary sectors, are more likely to succeed.

Proposal: Policy-makers should think about welfare in terms of the social and economic development of places, so that local leaders can fix the problems that matter. This could include varying some benefit rates around the country and merging budgets for other benefits with local public services spend.

ii) An intelligent front line

37. The second step needed to rebuild our system of financial support is to reintroduce an intelligent front line in the welfare system with real discretion for staff. Many of the individuals who seek face-to-face help from Citizens Advice are grappling with a combination of serious income, debt, family and housing problems; yet there is no arm of the state which is capable of looking at their circumstances in the round and working out how to get them back onto their feet. Policy-making is strictly rules-based and there is little or no room for staff to apply their experience of working with people or to use their judgment and discretion.

The problems of a rules-dominated model

- 38.** Whitehall has become too dominant in the design of welfare policy. The culture is skewed towards the calculation of legal entitlement to financial support, rather than towards developing and refining a coherent set of practices to achieve wider policy aims such as getting jobseekers back to work.
- 39.** Every day, our advisers report seeing clients who have tried to do the right thing, but lose out because they have failed to follow the rules to the letter. The senseless decision to sanction the award of a claimant who failed to sign on because she was at a job interview was picked up by national print media last summer.²⁴ But our bureaux see thousands of citizens every week trying haplessly to make the chaotic, visceral reality of life fit the pages of DWP's decision-makers' guide.

²⁴> Daily Mail, 'Unemployed graduate has benefits stopped after missing a jobcentre appointment because she was at an interview' 24th June 2013

Examples of the problems created by a rules-dominated model

Karen, 34 visited Bolton CAB because she wanted to challenge a decision made about her employment and support allowance award. She was not entitled to ESA while DWP reconsidered their decision, but was unable to claim JSA in the meantime because she was unable to meet the needs of the claimant commitment due to poor health. This left her without access to either benefit and she needed to borrow money from family to get by.

Colin, 58 visited Derbyshire CAB because his Jobseekers Allowance was sanctioned. He doesn't own a computer and was carrying out his work search each day in his local library. On one of the days, he forgot to check the 'active history' box and as a result, he received a four week sanction. Colin was doing his best to comply, but poor digital literacy skills resulted in a mistake which meant losing his benefit payment for a month.

40. Jobcentre Plus advisers themselves have reported feeling restricted in their effectiveness in helping people with multiple barriers to work.²⁵ Government research found that advisers felt that time-limiting of interviews and rigid conditionality prevented them from giving the best possible challenge and support, and they also expressed concerns about falling numbers of specialist advisers.

The intelligent front line approach

41. Staff working with people in operational roles every day get an unfiltered view of how citizens interact with services, and develop unusual levels of insight into how citizens really think, prioritise and make decisions in that context. In fields such as nursing and social work, this discretion is brought to bear to help achieve policy outcomes.
42. Despite the challenges currently facing the profession, social work practitioners have a degree of freedom in their decisions about how they practice and what they do. Social services departments set requirements and standards and try to co-ordinate how people work together. The work is governed by a public service ethic and an emphasis on consistency, but the governance arrangement also allows for substantial professional choice and freedom in determining which families get what sort of support.

25> DWP, Working Age Claimants with Complex Needs: Qualitative Study, 2012

43. Significantly, social work is also graduate career with a requirement for a degree approved by the Health and Care Professions Council. Social workers have a strong professional identity as 'skilled helpers' and recruitment campaigns focus on the benefits of a meaningful career built on helping families in difficult circumstances to get their lives back on track. The core of the practitioner ethos of social work, the application of values and ethics in dealing with vulnerable people and the need to empathise with people to help them to take control of their lives are all just as relevant whether we are talking about social or financial support. To undertake a career in social work, candidates must have an undergraduate or postgraduate degree and must have completed a six month work placement. This contrasts sharply with the five GCSEs needed to be a work coach or personal adviser in Jobcentre Plus.

What an intelligent front line in the welfare system could deliver

44. Our view is that greater operational discretion of this sort could also work in parts of the welfare system; it could help more people to live independently, or could help people to move off benefits and back to work. It could also make front line jobs more fulfilling and rewarding.

45. We have recently seen trials of more discretionary approaches in Jobcentre Plus, for example with advisers shaping the nature of jobsearch requirements through the claimant commitment and greater flexibility around conditionality through the 'Jobcentre Plus Offer'²⁶. We welcome these steps, but our view is that more pace and ambition is needed, especially for those facing complex and demanding situations.

46. At Citizens Advice we see two million people each year, and on average they present with three separate issues each. Debt problems, mental health problems and housing problems very commonly cluster together. We adopt an intelligent approach to understand our clients' problems and to help them get back on their feet, because it is the only viable way to do so. A father cannot really focus on finding work if he has been evicted from his home because of rent arrears, or if he is fighting for custody of his daughter; problems must be broken down and fixed in order.

“It's really unusual to have a client with one issue. They ask for help about the issue that's most pressing at the time, but when we scratch the surface, we almost always find more problems” Adviser, Gateshead CAB

26> This 2011 programme reduced the emphasis on fortnightly signing meetings and gave a wider menu of flexibilities around work experience, volunteering and training.

How this approach helps Citizens Advice clients

Eighteen year old Harvey who lives in Gateshead came into a Citizens Advice Bureau and said that he had no job and nowhere to stay – and that his head was ‘all over the place’.

His adviser asked Harvey questions to uncover a history of abuse, depression and substance misuse. Harvey wants to get a house and a job to support his girlfriend who is pregnant, but he is not well placed to do this without support.

The adviser was able to unpick these problems and give Harvey step by step advice which included registering with a GP, registering for JSA, going to the Salvation Army for a food parcel, and making an appointment at the council housing office to talk about accommodation options.

- 47.** Research shows that the keys to effective relationships in public service delivery are understanding, collaboration, commitment and communication, and this is crucial for supporting those who have complex or multiple barriers to work.²⁷ The key competences for welfare staff working at an intelligent front line would be emotional intelligence, a rounded view of human nature and reserves of patience and empathy. It is right that basic entitlements to financial support are determined under the law and not by the judgment of individuals. But expert staff need greater latitude to deal with complex cases based on personal judgment informed and guided by regulations, rather than unhelpfully constrained by them, in areas such as conditionality, job coaching and crisis support.

²⁷> This 2011 programme reduced the emphasis on fortnightly signing meetings and gave a wider menu of flexibilities around work experience, volunteering and training.

Three examples of the intelligent front line model in action

In **Australia** the employability profession is already widely recognized. There is an emphasis on supporting the hardest to help through joining up services: "If you are homeless, a person with disability, an at-risk young person, or experience mental health issues, your provider will help you to get the support and assistance suited to your circumstances. This could include mental health support services, counselling, rehabilitation services, financial counselling and anger management."²⁸ (Employment Services of Australia)

Closer to home, in **Greater Manchester** the key worker model 'Working Well' is being tested in relation to helping long-term unemployed ESA recipients back into work. This service is jointly funded by the DWP and the ten Greater Manchester local authorities to test whether they can better integrate support for people with multiple barriers to work. The integration with health services is a key part of the delivery model. Between March and July 2014, 128 ESA claimants exited the Work Programme, of whom 124 entered Working Well. Of the 124 referrals, 96 clients have received a full assessment and an action plan tailored to their specific needs and support, intended to move clients closer to the labour market.

The **Supplementary Benefit** system also exemplified the intelligent front line in relation to crisis support up to the end of the 1970s. Front line staff made their own assessments, for example, of whether benefit could be paid early in exceptional circumstances.

48. Our view is that in the long run, an intelligent front line would improve policy outcomes without increasing costs. Upfront investment in staff training and development would be offset by longer-term savings from shorter and less frequent spells on financial support.
49. But in order to achieve this it would be crucial to ensure that staff must have incentives to use their judgment, rather than to be excessively tough or lenient on their clients. One way to achieve this might be to develop a 360 degree feedback system which brings in the views of clients as well as managers. Clients could grade the support received in terms of relevance and effectiveness and share their experience with prospective users.

28> Australian Government Department of Employment– How Job Services Australia can help job seekers

Conclusion

- 50.** Reducing the dominance of rules and increasing the discretion of front line staff is an essential plank of building a responsive, modern welfare system, and should be given more attention by policy-makers.
- 51.** Our advisers repeatedly bear witness to the failure of the current system to respond effectively to messy real-world problems and to put steps in place to get people on the right track. An empowered, intelligent front line could transform the welfare system from a place where citizens get stuck, to a springboard that gets them back on their feet.

Proposal: Policy-makers should restore an intelligent front line, especially for those who deal with complex cases. This could include developing an employment support career path based on the social work or nursing model.

iii) A welfare system for the digital age

52. Third, the welfare system needs to look and feel like a modern, user-centred public service if the public is to regain confidence in it and if it is to move people forward into work or enable them to live independently.
53. Current delivery systems fail to do this; too often we see people sent from pillar to post trying to resolve their problems. Welfare is notoriously associated with IT projects which fail slowly and expensively.
54. We warmly welcome DWP's efforts to move towards modernised ways of claiming benefits online which are driven by an understanding of what people need from Government, and which save money. The Universal Credit Digital Project passing its alpha review assessment is particularly welcome.²⁹ But fixing these transactional services is only the first step; we must build new services which transform lives because they are rooted in how people really think when they need help with money or help finding and progressing in work. And we should depoliticise the process by building them in the open, transparent way that is demonstrated by the Government Digital Service.

Problems caused by outdated models of service design

55. For new ministers taking up post in DWP or the Treasury, delivery has been a perennial headache. Many payments of benefits are made through mainframe computers, some dating from the 1970s when clerical business processes were first digitized. This means that they were not designed with digital services in mind, that they are unstable and expensive to maintain, and that they do not communicate with each other. In turn, this mitigates against changing benefits, services or even letters and leaflets quickly in response to changes in the economy and in society.
56. And even where more modern technology has been adopted, the approach to service design and service delivery has been driven from an IT perspective and outsourced to a small number of major suppliers. As a result there has been too little scope for iteration and improvement of service design, and too little feedback from claimants and front line staff. And poor service design has generated a great deal of additional work; applications and evidence gets lost; messages are mis-transcribed or misunderstood; entitlements are mis-calculated. HMRC has estimated that around 35 per cent of calls to its contact centres in 2010 could have been avoided with better business processes; and changes made since then to processes, letter and forms have reduced the total number of calls substantially.³⁰

29> Government Digital Services– Data at GDS, 2014

30> National Audit Office– HM Revenues and Customs: Handling Telephone enquiries, 2010

57. At Citizens Advice, we see the human impact of this “failure demand” problem thousands of times every day. People come to us with carrier bags full of paper and diaries of phone calls to different DWP and HMRC numbers, at their wits’ end after trying to access the financial support to which they know they are entitled.

Examples of the human impact of failure demand from Citizens Advice

Florence visited Esher CAB because she was in poor health, caring for her husband who suffered from dementia, and had been trying to claim Attendance Allowance for almost six months but had not received a decision.

Our adviser called the Attendance Allowance processing unit and was advised to call the Pension Service to see if the client was entitled to a Severe Disability Premium. The entitlement was eventually established and the Pension Service sent out a claim form, but they also said that the client should contact the Carer’s Allowance Unit and claim an underlying entitlement to Carer’s Allowance. Our adviser then called the Carer’s Allowance Unit who said they would send the application forms to the bureau. Eventually the Attendance Allowance award was put into payment, but Florence said “I felt so upset by the whole process that I will never fill in another form”.

Samir is a 50 year old father who visited Bury CAB because his claim for Child Tax Credit had been delayed for two months and he was getting into debt.

HMRC explained to our adviser that they couldn’t make payments because they couldn’t identify Samir’s partner on their database and they couldn’t tell her how long it would take to sort this out. After a further two months, HMRC made a payment of £900 to Samir to make up for four months of missed payments.

58. Even getting through to speak to someone can be a problem. In 2013, more than a third of people waited longer than 10 minutes to speak to an adviser at HMRC, and the Government acknowledged that the number of people having to make multiple calls because of official errors was unacceptable.³¹



Fig 5: Belinda's experience of struggling to get through

59. These types of problems mean that working age clients are beginning to anticipate these problems and can even be deterred from taking a new job or additional hours by a lack of faith in the system. Many low income parents moving into work need support for childcare costs in order to avoid being worse off; without confidence that their claim for Working Tax Credit will be processed quickly, they may even be deterred from taking on a job.

Better online services are being developed, but a user-centred approach is needed

- 60.** Since Martha Lane Fox reviewed Directgov in 2010 and recommended the creation of a new Government Digital Service,³² the government has begun to develop transactional front-end services which focus on what users actually need. The State Pension, Jobseeker's Allowance and Carer's Allowance can already be claimed online, and Personal Independence Payments and Universal Credit will follow soon. DWP's Digital Strategy³³ sets out ambitions that these services will work on different types of device, and will keep personal data secure. The Government estimates that annual savings of £330m could accrue from moving benefit claims online, even taking into account the essential costs of security design.
- 61.** However, fixing broken processes for claiming benefits is just a hygiene factor. Broken processes are building antipathy for the welfare system, but mending them will not generate empathy. Creating user-centred services and tools to solve wider policy challenges, such as supporting people to find work, to live independently or to maximise their retirement income, is the real prize. If Ministers are able to deliver user-centred services then some of the bonds between governments and citizens may begin to strengthen.
- 62.** This process starts from how people conceptualise their own aims and how they really think and make decisions when they need help with money or help looking for work. At Citizens Advice we know how people think about their lives and the obstacles that they face. An older person rarely starts by saying they need to apply for a named benefit, such as Attendance Allowance – they might start, for example, with a need for a bit of extra help and support around the house because they're 'getting on a bit'. And lower income parents talk about struggling to manage work and family life, not about the childcare element of the Working Tax Credit.
- 63.** Policy-makers have a range of qualitative research techniques which help us to understand attitudes and mental processes, and now we can add the field of web analytics to this toolbox. We can track search terms and histories and use cookies to understand how people look for information and interact with digital services, and we can use that anonymous information to design policy solutions which will really work.

32> Martha Lane Fox– Revolution not Evolution 2010

33> Department for Work and Pensions– Digital Strategy 2010

Digital work needs to be done in the open

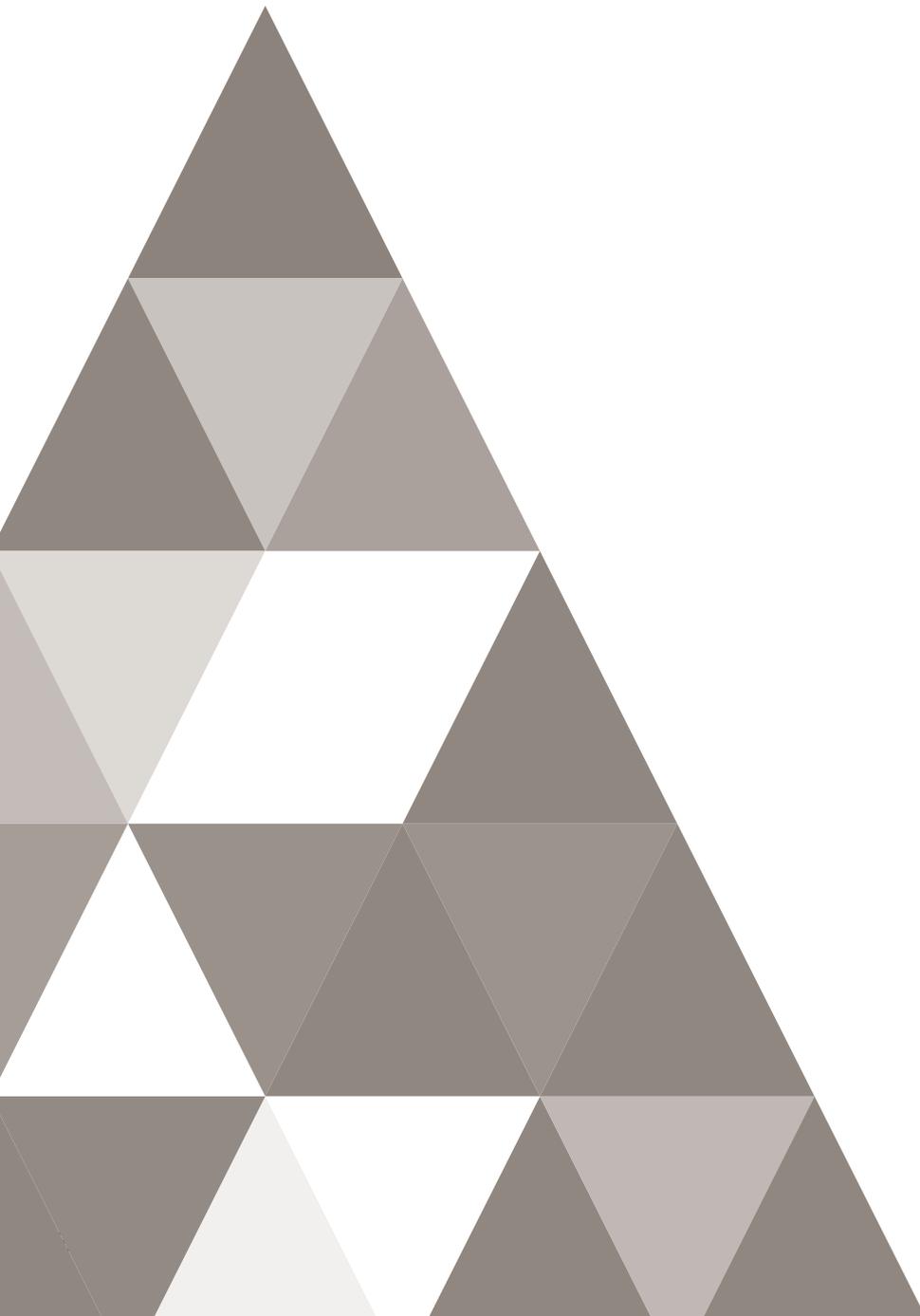
- 64.** One of the successes of the Government Digital Service has been to open up digital development to public scrutiny, allowing people to understand the thinking, research and design as it progresses. While it is important that some aspects of DWP's digital work, particularly around data and payment security, remains private, far more of its work could and should be done in the open.
- 65.** This would allow people to suggest further improvements, understand how policy is developing, and take an important step to depoliticise IT development: by being transparent and up front about early thinking and the results of testing at every stage, improvement of services becomes a journey that is shared.

Better digital services from Citizens Advice

- 66.** At Citizens Advice, we're changing our digital offer so that our clients are at the heart of the way we develop content. We are taking an iterative approach, and user research is enabling the design of content that our clients will understand and are likely to use. Crucially, we aren't just trying to speed up or simplify individual processes; we are trying to identify related issues so that we can understand how our clients really think about and communicate their problems. For example, we know from user research that when asked, most clients say they have just one problem and after probing further, we discover an average of three. As a result, we have developed a responsive webpage called 'problem solver' which allows people to choose from a range of issues which are affecting them. Not having to articulate or describe a problem and instead selecting it from a menu is a better way for us to get the right information from the client, and helps us develop digital advice services which understand and help clients more quickly and effectively. An important part of this approach is to share what we're doing as we do it, asking for suggestions from across and beyond the service as we go. (You can follow this work here: www.alphablog.citizensadvice.org.uk)

Imagining new Government services and digital tools

- 67.** These approaches are already being successfully deployed to help people get discounts on spinning classes and to check the value of their neighbours' houses. But their full potential has not yet been realised in the public sector. User-led service design has untapped potential to address some of our most complex and important social and economic policy objectives; to make things easier, for example, for those who are looking for a job, for affordable childcare or for a flat to rent.
- 68.** These services should also be supported by tools which are quick and inexpensive to develop and which harness the power of digital and collaborative technology for those who can use it.



Examples of user needs not met, and ideas worth testing

NOT MET #1

Debt is our second largest advice issue, making up for 29% of total problems in Quarter 1 of 2014/15. There is an increasing problem with it for those who are self-employed and under Universal Credit; self-employed people will be required to report both monthly and annually.

IDEA WORTH TESTING #1

'Smart-self' A Self-Employment Budgeting tool which, after entering predicted annual income, allows the user to input monthly incomings and outgoings. This will then calculate how much the user needs to report for monthly income for UC, and how much he/she needs to set aside for tax and NI at the end of the year.

NOT MET #2

The world of work has changed meaning that parents are often working atypical hours with little security. With only a quarter of providers offering evening and weekend care, 3 in 5 needing a month or more notice to change arrangements and 1 in 3 imposing fines for late pick up or payment, finding childcare that fits with can be a difficult task.

IDEA WORTH TESTING #2

'Jigsaw' tool which allows users to cross match job adverts with public transport timetables and the opening hours of local childcare providers, and calculates financial costs and benefits.

NOT MET #3

In June 2014, 13,409 JSA claimants were sanctioned for failure to attend or participate in an Adviser interview.

IDEA WORTH TESTING #3

'Keeping track' tool which syncs appointments and interviews with electronic calendars and notifies the user when these events are coming up.

This saves rather than costs money

69. Old-fashioned IT-led services are expensive for four reasons; because they inhibit good service design and iteration with users; because Government gets locked into long contracts with one of a small number of big providers with whom they have limited negotiating power; because the systems are dated and skills to maintain and develop them are in short supply; and because these contracts are too often run on a time and materials basis rather than an outcomes basis.
70. Modern, agile approaches to service design and development reduce set-up and maintenance costs. Continuous delivery and small incremental releases increase the chances of identifying failure early and rectifying problems. Lengthy documentation is avoided in favour of simple content which can be built upon when necessary. These types of services will dramatically reduce failure waste and reduce the costs of processing the majority of benefit applications. And collaborative technologies will enable people inside and outside of Government to design and improve solutions.

Conclusion

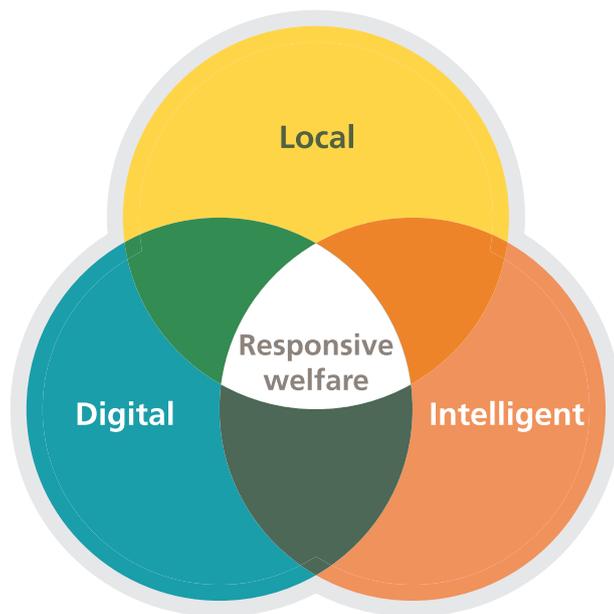
71. Our experience suggests that politicians should commit to building new open digital services which transform lives because they are rooted in how people really think when they need help with money or help finding and progressing in work. Where benefit spend is brought under local control, some of the existing back-end systems can be decommissioned. Others must be replaced with modern, transparent architecture which is controlled by Ministers, not suppliers. This is a long term project with significant upfront costs, but it is essential to restoring confidence in the welfare system. As Goldsmith and Crawford have written, modern digital technology will facilitate nimbler, responsive government which will drive up public satisfaction, confidence and trust.³⁴ In the welfare arena, modern digital systems would undermine a corrosive sense of failure, waste and incompetence, and would replace it with confidence in state provision which uses taxpayers' money efficiently to address problems that people really recognise and identify with.

Proposal: Policy-makers should build open, responsive digital services which transform lives because they are rooted in how people really think, and which fit around their lives. This could include a series of cross platform tools which match local skills with local employers or help self-employed people to avoid debt.

34> Stephen Goldsmith and Susan Crawford, 'The Responsive City: Engaging Communities through Data Smart Governance', 2014

Conclusion

Our welfare system has become unpopular because it isn't working. With a modernised system of financial support, run by an intelligent front line with users' needs front and centre, we can reduce waste and restore public confidence in the welfare system. Local ownership of social challenges will increase the confidence of the electorate in decision-making; an intelligent front line will render support decisions less vulnerable to perceptions of unfairness; and modern service design will increase taxpayers' confidence in state provision.



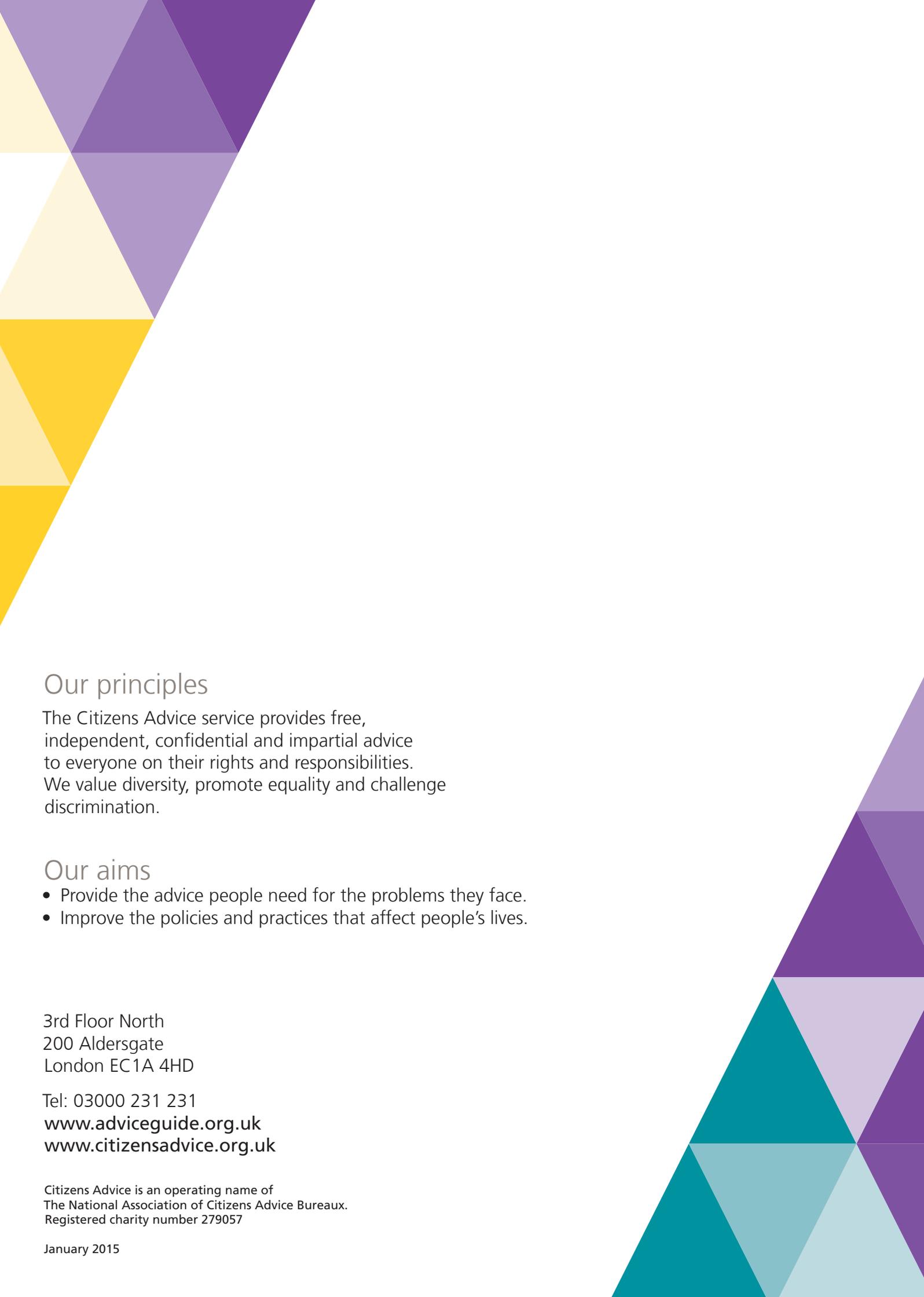
This programme makes sense for claimants, for taxpayers, for public service professionals, and for politicians. Together, these three shifts would transform the locus of welfare in the public debate without adverse impact on the public purse. They would rebuild the legitimacy of the system, which means that people would come to see it once again as a well-functioning, just system that promotes social and economic development, and that is meeting relevant user needs. That means reclaiming financial support from its current status as a political football and restoring it back to the fabric of society – so that it is something that citizens vote to protect and develop, not vote to dismantle. Recent governments have taken steps in the right direction, but they do not go nearly far enough.

Central government would manage online claims and payments for insurance-based pensions and benefits, and for cyclical working age benefits, with increased front-line discretion in decision-making. Cities and regions would take on local, high street functions – especially around job coaching and conditionality – and for those with more complex needs, skilled key workers would determine eligibility for additional financial and practical support.

In this way, we can really understand the support needs of those on lower incomes more fully and respond to them more competently and credibly. This is a vital first step. And looking even further ahead, it is a solid foundation for a financial support system which does not separate out those on lower incomes from others. By 2050, our welfare state should respond again to the needs of society as a whole and insure properly against the risks which everyone faces – such as the changing labour market, changing health patterns and changing housing pressures.

Citizens Advice is proud to be Britain's first port of call for advice, but a huge number of the six million problems that we see every year are preventable. Specifically, many could be prevented by a modernised welfare system organised around citizens' needs, in which common sense judgments at the front line take priority over reams of technical regulations, and vital connections with local public services are rebuilt. This is the welfare system that we want to see in the future, and we are ready to lend our experience and expertise to help build it.





Our principles

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We value diversity, promote equality and challenge discrimination.

Our aims

- Provide the advice people need for the problems they face.
- Improve the policies and practices that affect people's lives.

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