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Changing Lives and the Role of Income Support

A study carried out on behalf of the Department of Social Security
by the Social Policy Research Unit

Roy Sainsbury
Sandra Hutton
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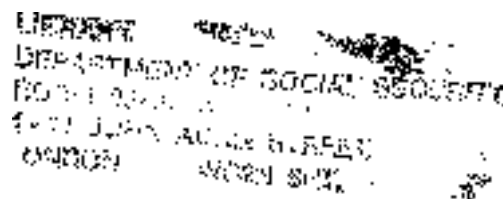
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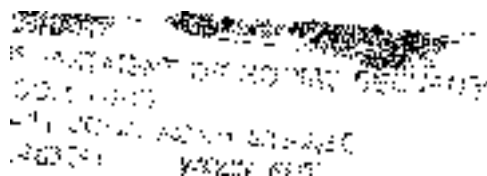
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Executive Summary

Introduction

The Social Policy Research Unit was commissioned in 1992 by the Department of Social Security to conduct research into the nature and effects of changes in circumstances for Income Support claimants. Income Support is a social assistance, safety-net benefit which seeks to meet the immediate needs of eligible claimants and their dependants. As the circumstances of the claimant, or his/her dependants change, so there is a requirement that all material factors which affect entitlement to benefit are reported to the Benefits Agency. For the claimant, the outcome of the reporting requirement may be positive, negative or neutral. In some cases the level of benefit paid will increase, in others it will fall or cease altogether, and in some cases there will be no effect whatsoever.

There is a general requirement that recipients of Income Support should report any change in circumstances which he or she might reasonably be expected to know could affect entitlement to, or level of, benefit. Information about the duty to report is set out in payment order books, notification letters and other general benefits information. A specific information leaflet (*INF 4: 'Changes you must tell us about'*) provides more detailed advice and guidance. There is also a change of circumstances reporting form (*B460*, revised May 1993) which provides information.

Income Support is based on a range of broad criteria which determine eligibility to its two main components: personal allowances paid according to age and family status, and premiums for special groups such as families and pensioners. The level of benefit can be adjusted to take account of changes in circumstances. However, conditions of eligibility and rules of adjudication are complex, and it is widely believed that there are costs to both the Income Support recipient and the Benefits Agency in having a complex and comprehensive requirement to report changes. If there are barriers or disincentives to report changes in circumstances they may contribute to under-payment, over-payment or fraudulent receipt of benefit.

The establishment of the Benefits Agency encouraged a greater interest in identifying both the administrative costs and implications of processing large numbers of changes in circumstances while at the same time seeking ways to simplify the operations of the Income Support scheme in the interests of claimants and staff.

Objectives

The following objectives were agreed for the research:

- to explore the consequences and impacts of changes in circumstances for individual benefit recipients and their dependants
- to investigate whether the current arrangements for responding to changes in circumstances are appropriate to people's needs
- to assess administrative demands generated by processing changes in circumstances
- to set out some policy options for change if these are found to be necessary.

It was agreed with DSS and Benefits Agency policy makers that, in order to pursue these objectives fully, the meaning of 'changes in circumstances' should not be limited

by legislative or administrative definitions. We therefore included changes which were of no direct relevance for the assessment of Income Support, but were of importance to the people themselves, such as incurring large expenditures, and changes in the health of household members.

Research methods

People lead lives which are constantly changing; families and households grow and contract; full-time employment can give way to part-time employment or redundancy; births, marriages, separations, divorces and death are endemic; people get ill, go into hospital or prison, develop a disability or move house. The variety of changes which occur, their diverse causes, their inter-relationship and above all their significance for individuals and their families required a number of complementary research methods.

- Administrative data on the Income Support population, and held in the Annual Statistical Enquiry (ASE), were interrogated to explore the range and incidence of changes *actually reported* to the DSS and their effect on the level of Income Support awards.
- A large, nationally representative survey of Income Support recipients was conducted during 1993 to gather data on all aspects of change in their lives for the six-month period August 1992 to January 1993 irrespective of whether the changes were required to be notified to the DSS. Respondents were asked to identify changes in their household composition, housing, health, income, employment and expenditure and to assess the impact of these changes on their lives. Information was also collected on the reporting behaviour of claimants.
- In-depth interviews were conducted with 27 Income Support recipients, most of whom had reported a change in circumstances to the DSS but including some who had not reported a change. The aim here was to explore the experience of change in people's lives, their relationships with the benefits system, and attitudes to reporting changes. The fieldwork was conducted in three locations: one covering an inner city area, one serving a widespread urban and rural population and the third located in a large industrial town.
- At the same locations as for the claimants, in-depth interviews and group discussions were conducted with Benefits Agency District Office staff, including senior and middle managers, Income Support managers and supervisors, and staff at L01 and L02 level involved in different ways in the administration of Income Support cases.

Key Findings

1. The circumstances of Income Support recipients

Income Support recipients are a diverse group with some characteristics different from the general population. Data from both the ASE and our own survey indicate that Income Support recipients are generally renting their homes, usually from the local authority (43 per cent). Only 24 per cent were owner-occupiers compared with 67 per cent in the general population. Other claimants were housing association or private tenants (nine per cent and eight per cent respectively), or lived in hostels or residential accommodation.

Claimants were more likely to be living on their own in single-person households or to be living with one other person. Only 22 per cent were married, or living as married, compared with 64 per cent in the general population.

They were more likely to suffer from long-term illness, disability or infirmity between the ages of 45 and 74 years than the general population, although outside this age range the proportions were similar. The most likely explanation for this is that many

of those stopping work in older age groups do so on health grounds and Income Support is the main out-of-work benefit.

All respondents were in receipt of Income Support at the time of the interview. Disregarding Housing Benefit (which for most people is in the form of a rebate rather than a cash payment), almost a quarter had no other source of income, while 46 per cent had one other type of benefit. Some received payments for rent or board or had income from savings or investments. A small proportion had an occupational pension or received money from outside the household.

The sources of income varied according to the type of claimant. For instance, lone parents would receive Child Benefit and pensioners a Retirement Pension. Unemployed claimants were most likely to be reliant on Income Support alone.

The type of claimant also affected the type and likelihood of changes in circumstances. Lone parents were most likely to have an above average number of changes because they lived in larger households, were likely to work, required large purchases and had a number of sources of income. At the opposite end of the spectrum, pensioners and single unemployed claimants experienced fewer changes and were most likely to have stable lives.

2. The range of changes experienced

Income Support is designed to respond to changes in circumstances, but its effectiveness as a safety-net will depend partly on the type and frequency of the changes experienced. Some changes will result in a change in the levels of Income Support but this will not be an appropriate response to all reported changes.

In our survey we collected data on all changes in people's circumstances rather than only those relevant for the assessment of Income Support. A distinction can therefore be made between those changes which must be reported to DSS ('reportable' changes) and those which need not be ('non-reportable' changes). In our analysis, any change not mentioned in the leaflet *INF 4* is treated as non-reportable and any change included in it is reportable where it affects the claimant or a dependant (see further, Chapter One). The most common changes experienced by respondents in our survey were:

- large expenditures (16 per cent of all changes)
- gradual change in health (nine per cent)
- change in Income Support (eight per cent)
- admission to, or discharge from, hospital (six per cent each).

Again, some changes were more common for some categories of claimant than for others. Pensioners and lone parents were more likely to experience a change in marital status. Most of the births and school starts were recorded by lone parents. Pensioners in the sample did not record any one-off jobs, changes in earnings or changes in maintenance payments.

Large expenditures (defined as such by the survey respondents) varied from under £50 (around 20 per cent reported in the survey) to over £1,000 (three per cent). The majority were under £200 and included such items as furniture, clothing and repairs.

Some changes in circumstance are linked. A relationship breakdown may lead to a change in address, temporary absences as children spend time with the absent parent and changes in income or maintenance payments. Lone parents reported a greater number of changes than other claimant groups; 92 per cent of them reported four or more changes and 61 per cent six or more.

The number of changes experienced did not seem to differ for people from ethnic minorities (80 people in our sample) compared to others in the general population.

Those people living in a rural environment did experience less change than those in an urban or mixed environment. Those who reported a long-term illness or disability also experienced a greater number of changes.

When the number of changes were compared with the length of time on benefit it was found that, in general, recipients' circumstances settled down after the first year, partly because those on benefit for an extended period, such as pensioners, tended to have more stable lives. A steady 32 per cent still experienced one or two changes after four years on benefit.

It has already been seen that lone parents experienced a greater number of changes than other groups. They were also more likely to experience certain types of change, such as changes in marital status, births, and children starting or leaving school. Pensioners were more likely to report changes in health and in-patient stays in hospital.

In the literature on living on a low income there are two contrasting pictures of the quality of people's daily lives. In the first, people on Income Support are so constrained by lack of income that their lives have little variety and are very dull. In the second, people are presented as leading complex lives, managing their lack of resources in a variety of ways. The evidence from the survey was that (a) over two-thirds of changes were considered by the claimant to be important, (b) half were thought to be positive and (c) claimants had some choice or control over the change in nearly a third of cases. These findings do not lend support to the portrayal of claimants suffering impotently under a barrage of external forces. The picture is more diverse and complex than that.

3. The impact of change

Most changes were regarded as important by respondents, with changes in health standing out as very important for 83 per cent. Changes were seen as important irrespective of whether there was any direct impact on the level of Income Support.

Typically, the following changes were regarded as 'good':

- a change of address (81 per cent)
- a spell of paid work (84 per cent)
- a spell of unpaid work (71 per cent)
- a child starting school (69 per cent).

With the exception of a child starting school, these are changes over which respondents generally felt they had some control.

The changes most likely to be considered 'bad' were those over which people felt they had no control, such as gradual changes in health or an increase in expenditure.

Some changes could be either good or bad: going into hospital could be good after a long wait for treatment or bad following a worrying diagnosis.

From the ASE it was found that in 65 per cent of cases the amount of benefit received was unchanged in the six-month period between May and November 1991. For those whose benefit changed, the majority experienced an increase with only seven per cent experiencing a decrease; the change was generally under £10 per week.

Different types of change have a different impact on Income Support levels. Changes in the number of children or other dependants would usually lead to a change in Income Support as would a change in status from single to married (or living as married) or vice versa. This would usually be a gain or loss for the Income Support recipient of less than £10 per week.

Changes in the claimant's employment and earnings tend to lead to small variations in benefit levels (usually less than £10 per week). Conversely, a change in partner's earnings and Invalidity Benefit entitlements tends to be associated with a large increase in benefit (more than £30 per week).

In half the cases where benefit did change, the respondents had expected the benefit level to increase or decrease by the amount it did. Where benefit had increased, around half felt better off and a third felt things were about the same. Some changes in Income Support were balanced by changes in other sources of income.

The impact of reporting on claimants' behaviour also depended on the type of change. Reporting changes in earnings was regarded as an inconvenience and a source of uncertainty but this did not dissuade people from working. What was more important was the way in which part-time earnings were treated; in several cases there was a disincentive to report.

Evidence from our in-depth interviews with claimants suggests that Income Support levels are not a significant factor in relationship breakdowns or in decisions to move home, although in some cases it is the total benefit package which is important rather than the change to Income Support in isolation. For example, where other benefits remain stable or increase, the effect of a decrease in Income Support is softened.

4. Reporting changes

Recipients of Income Support are required to report any change in circumstances which they might reasonably expect could affect entitlement to, or level of, benefit. The information given to claimants tends to encourage the reporting of changes even if it is unnecessary, rather than risk re-assessment later and the possible hardship that might result from repaying overpayments of benefit.

Based on our distinction between those changes which must be reported to DSS ('reportable' changes) and those which need not be ('non-reportable' changes), we found that:

The 'reportable' changes that were actually reported most often were:

- house moves (95 per cent reported)
- person leaving home permanently (89 per cent)
- births (80 per cent)
- changes in earnings (76 per cent).

In contrast the following changes were generally not reported, though they should have been:

- temporary absences from home (19 per cent)
- child leaving full-time education (11 per cent)
- hospital admissions (nine per cent) and discharges (seven per cent).

Fewer than half (43 per cent) of spells of employment were reported to the Benefits Agency. Lone parents were much more likely to report such a change than unemployed claimants.

Those changes which were most likely to have an impact on the level of benefit were the most frequently reported. In contrast changes which may affect the benefit (but rarely do) were reported less often. There appeared to be a large minority of persistent non-reporters (39 per cent). There were claimants with three or more reportable changes who failed to report any of them. Across all types of change, pensioners were the least reliable reporters (67 per cent were consistent non-reporters).

Most people reported a change because they thought they were 'doing the right thing'; 27 per cent got their information from an official source and a further 18 per cent knew to report from previous experience. One-third of these 'knowledgeable' claimants had unnecessarily reported changes indicating that the general duty to report is not clearly understood.

Where changes were not reported, 75 per cent of claimants either *knew* or *thought* it was not necessary to do so, although of these changes 68 per cent were actually reportable. This indicates a problem with understanding when to report even among claimants who might consider themselves knowledgeable. A small number, three per cent, withheld information because they feared a reduction in benefit.

Writing was the most frequent method of reporting, followed by reporting in person, telephoning, and getting someone else to report the change. However the normal method of contacting the Benefits Agency was by telephone (39 per cent) or in person (36 per cent) with only ten per cent doing so in writing.

Most people (65 per cent) had no problems when reporting changes in circumstances. For those who did have difficulties, the main causes were delays in dealing with the change, and with the attitude or perceived competence of staff. Overall, 82 per cent were satisfied with the service which suggests that having a problem does not necessarily equate with dissatisfaction.

5. Administration of changes

While the majority of changes can be actioned by Agency staff on the initial information supplied by the claimants, a frequent cause of additional work was incomplete reporting by claimants. A common omission was the precise date at which the change took place. Collecting further information was not necessarily difficult but often led to a case taking longer to process.

Late reporting was also a cause of additional work, as claims being reassessed weeks or months after the change had taken place would often mean an under- or over-payment which must then be rectified.

In addition to problems caused by claimants' behaviour, were problems caused by the operation of the Income Support rules themselves. For instance, some staff commented that a disproportionate amount of work was generated by the need to report changes in part-time earnings and the rule which terminates an award where a claimant works 16 hours or more in any one week. Similarly, the rules regarding hospital stays vary across different benefits and this creates a series of problems.

Staff at all levels cited shortage of staff as a recurrent problem. In dealing with claims, staff also reported a tension between the twin demands of speed and accuracy. This is particularly acute when there are staff shortages. Responses to this dilemma were varied but there was a widespread admission that the pressure of work obliged them to cut corners. For example, evidence may be accepted verbally from a claimant without any written verification.

Performance indicators and targets have been adopted by the Benefits Agency in pursuit of the efficient and effective delivery of benefits. It is clear that generally these are taken seriously by District Office management and benefit staff. In their first year of operation, the two most significant targets were the clearing of 65 per cent of cases in two days and 95 per cent in five days. While the first target was met by all three offices, the second caused problems where staff needed to collect additional information. Failing to meet that target may be the result of waiting for others to respond to letters.

There are several lessons which may be learned:

the targets need to be set at realistic levels

- staff need to be convinced that the review targets are sensible and worthwhile
- the five day target is inappropriate when dealing with some changes in circumstances (such as those which require the collection or verification of evidence). (N.B. The current targets, in 1995, are 65 per cent of cases cleared in two days, and 95 per cent in *six* days.)

New technology has made the processing of changes in circumstances easier and quicker but problems do remain. First, because the computer had rendered the paper casefile obsolete, there was no easy way in which staff could gain an easy understanding of the history of a claim. Once a change has been implemented there is no record of the previous position. Also, responding to enquiries about customised computer-generated letters was made more difficult because staff had not actually seen them. Secondly, there was a feeling amongst experienced staff that they were being de-skilled and that newer staff lacked basic knowledge about Income Support rules. At the same time, the demands and expectations of claimants were reported to be increasing.

The Benefits Agency is currently developing a means of dealing with changes in circumstances by telephone. By taking the operator through a series of screens the system could ensure that all necessary questions were asked. This should reduce processing times and could handle the problem of verification by producing a letter for the claimant detailing the change notified and asking them to reply only if the information was incorrect. Where people are reluctant to use the telephone they could be encouraged to report in person or use a standardised change form.

6. Policy options

Income Support is a safety-net benefit. It is intended to be responsive to changing resources and needs, which is why changes in circumstances should be reported as they happen. This should ensure that public funds are strictly targeted to those in need. The research has shown that there are a number of features of the current system which might be seen as problems for which there are a range of possible policy responses. In addition, there are a number of policy options which can be seen as opportunities, either to improve the efficiency and effectiveness of Income Support, or to promote the wider strategic aims for social security set out in the DSS's Annual Reports. These policy options are presented as a series of ideas which might be considered in the future development of Income Support. They are all intended to be beneficial, directly or indirectly, for the majority of claimants, although some could create 'winners' and 'losers'. It was outside our remit to analyse fully the costs of the ideas presented. Some are likely to have large resource implications. In taking these ideas forward, therefore, there is a need to evaluate their cost implications, for both the social security benefit and administration budgets.

In the chapter on policy options, we discuss first a number of *administrative* changes which would be possible within the current structure of Income Support, and secondly, changes concerning the *structure* of the benefit and the rules about reporting changes.

Possible administrative changes fall into two categories:

- a) changes to improve the efficiency of reporting, including
 - redesign of information leaflets to make the duty to report clearer
 - further developments in telephone reporting
 - the use of forms for reporting the most common changes.

measures which could be taken by the Benefits Agency to make reporting easier and to become more proactive in collecting information, such as:

- increasing the frequency of routine reviews
- undertaking a full review each time a change is reported

introduction of telephone reviews

- amendments to verification rules to reduce delays.

We considered the following structural changes to the Income Support scheme which could make the benefit more responsive to changes in people's lives and make their dealings with the Benefits Agency easier.

- 1) amending reporting requirements for some or all types of change, such as removing the requirement to report any of the following:

- part-time earnings
- people leaving and joining the household
- income from other benefits
- mortgage payments.

- 2) amending reporting requirements for some claimant groups only.

Our research has found that pensioners have the fewest changes in their lives and very few of those changes impact on their Income Support level. Furthermore, they are the least efficient group at reporting changes so there may be a case for imposing a less stringent regime on them. The intention here would not be effectively to reward *non-compliance* with the current reporting rules (as we show in Chapter Five we found very little evidence of deliberate non-compliance) but to make the benefit more relevant to the lives of older people.

Conversely, lone parents have highly changeable lives and reducing the reporting requirements for them would reduce one source of potential disruption in their lives.

- 3) amending the substantive content of specific Income Support regulations or introducing new regulations, in particular in relation to:

- hospital stays (including removing this requirement altogether)
- earnings from employment (increasing the disregard by £5 per week would significantly reduce the need for reporting)
- changes in expenditure, such as large purchases.

- 4) amending some Income Support regulations for specific claimant groups only.

This would make Income Support more finely tuned to the distinctive circumstances of particular claimant groups and recognise that some changes predominantly affect one group more than others.

- remove the duty to report hospital stays for pensioners only
- raise the thresholds for savings and capital for pensioners only
- raise the disregard for lone parents, unemployed and disabled only.

More radical options

The range of policy options considered so far have been incremental changes to the existing Income Support scheme. However, our empirical findings also point to three more radical options which might address some of the problems and dysfunctions of the current arrangements.

- 1) the introduction of *voluntary reporting* so that changes between review dates need not be reported. This would alleviate the problem of winners and losers if Income Support were awarded for fixed periods along the lines of Family Credit;
- 2) the introduction of *separate provisions for pensioners within Income Support*, or a *new social assistance benefit for pensioners*, taking them out of Income Support altogether and establishing a new benefit targeted to their particular needs and resources;

- 3) the introduction of a new *in-work benefit for single people and childless couples* along the lines of Family Credit to encourage claimants to find remunerative work.¹

Conclusion

A shared aim of successive reforms to social assistance benefits over the last 30 years has been simplification. However, to search for a simple benefit which aims to reflect, however approximately, the range of circumstances of groups of people as diverse as unemployed school leavers, lone parents, people with severe disabilities, refugees, or centenarians is a near hopeless task. While some of the ideas that we have put forward in this research are attempts at simplification, others are more concerned with making Income Support more responsive to the complexity in people's lives.

In this report we have attempted to convey this complexity and claimants' capacity to respond to the demands upon them under the constraints imposed by a low income. In doing so we have identified a number of problems and dysfunctions caused by the Income Support scheme itself and by the reporting requirements placed on claimants. We have also identified where there are opportunities to further the aims of Income Support and social security policy more generally. We have therefore set out a range of policy options from the seemingly mundane, though still important, suggestions for better forms and leaflets, to the radical ideas of new provisions for pensioners and working claimants (notwithstanding the introduction of Jobseeker's Allowance in 1996), and a voluntary system of reporting changes. Each option will have associated costs and savings, sometimes potentially large, for the social security budget, including administrative costs and the costs of Income Support itself. In setting out various policy options we have not attempted to analyse fully such costs and savings, but where we have had access to appropriate data we have offered some indication of the scale of the possible financial effects.

In some of the policy options we have been encouraged by the idea that Income Support need not be the stigmatising, restrictive benefit that it is often perceived to be and undoubtedly has been for some claimants. An Income Support scheme which increases incentives, security and individual choice, and at the same time reduces anxiety would be no more simple than previous manifestations of social assistance but it would provide a service more suited to the changing needs of its claimants.

Since this research report was first drafted the DSS has published its plan to pilot an in-work benefit for single people and couples without dependent children in *'Piloting Change in Social Security. Helping people into work'* (DSS, 1995).

Chapter 1 Introduction

In 1992 the Department of Social Security (DSS) commissioned the Social Policy Research Unit (SPRU) to carry out research to assess the consequences of changes in claimants' circumstances for both claimants and the Benefits Agency.

Income Support is the safety-net of the social security system designed for those people with no other means of ensuring adequate support for themselves and their dependants. In principle, the benefit is intended to meet the shortfall between a person's resources and their (and their family's) needs. The benefit is also meant to be responsive to changes in people's circumstances, thus ensuring, first, that they do not suffer hardship and secondly, that public money is only dispensed according to current social security policy and legislation, that is, there is no 'waste'.

In practice, once an award for Income Support is in payment, the recipient has a duty under the Social Security (Claims and Payments) Regulations 1987, to report any change in circumstances that he or she might reasonably be expected to know could affect the right to benefit.

The relationships between the complexities of claimants' lives, and the complexities of the assessment and reporting requirements of some social security benefits, have been noted in a number of research studies (McLaughlin, Millar and Cooke, 1989; Corden and Craig, 1991; Sainsbury and Eardley, 1991; Huby and Dix, 1992; Jordan, James, Kay, and Redley, 1992). The capacity of individual benefits to respond to changes in claimants' circumstances has been found to be a source both of confusion for claimants and of frustration for those administering the benefits. Responding to the changing circumstances of claimants was found to have considerable administrative costs. Further, it complicated the change for recipients by adding the responsibility to report the change to the DSS. The appropriateness and utility of these reporting arrangements are therefore at the heart of this study.

The objectives of the research were as follows:

- to explore the consequences and impact of changes in circumstances for individual benefit recipients and their dependants
- to investigate whether the current arrangements for responding to changes in circumstances are appropriate to people's needs
- to assess administrative demands generated by processing changes in circumstances
- to set out policy options for change if these are found to be necessary.

1.1 Background to the research

The background to the project, its origins and the early discussions with officials of DSS policy and research branches and officials of the newly-formed Benefits Agency, have a particular relevance for the way in which the research was designed and for the structure and content of this report. In a study of the Housing Benefit appeal system carried out by SPRU between 1988 and 1990 (Sainsbury and Eardley, 1991), it became apparent in the course of fieldwork in six local authorities that Housing Benefit staff were spending as much, if not more, time dealing with people's changes in circumstances as in processing new claims. The amount of work needed and the fact that often the amount by which an award of benefit changed was small, or

sometimes nothing at all, was a cause of comment and sometimes frustration among Housing Benefit staff. Also, and importantly, the failure to report changes often led to overpayments which required recovery action and occasionally investigations into possible fraud. Less frequently, the effect of not reporting was, in effect, an underpayment of benefit, thereby leaving the claimant with less than a full entitlement. These observations and comments raised the question of whether the current requirements for claimants to report changes in circumstances were serving the purposes intended for them, or whether they were the source of unnecessary work (and therefore expense) for claimants and officials alike. At the time it was not possible to pursue this question further under the terms of reference of the Housing Benefit appeals research.

The issue of the efficiency and effectiveness of dealing with changes in circumstances clearly had a relevance beyond Housing Benefit. It was therefore suggested to the DSS that a research project exploring the administration of changes and their impact on people's lives might generate insights and information which would stimulate and help thinking about future policy. The belief that this was an important issue in its own right, and that it might also lead in other fruitful directions, was shared by the DSS and Benefits Agency in subsequent discussions.

The encouraging and positive spirit of the discussions has been manifested in a number of ways. First, the terms of reference agreed for the project (set out above) are probably less precise than usual. This was deliberate. The terms were intended to encourage *exploration* and recognised that restricting the nature, scope and directions of our investigations would be inappropriate. Indeed, Chapter Seven of this report shows the extent to which our data on changes in circumstances have led in interesting and challenging directions. Secondly, there was agreement that a definition of the term 'changes in circumstances' should not be limited by the requirements of social security legislation at the time. In order to explore the relationship between social security and people's lives fully, a broader conceptualisation was considered appropriate (how we approached this is described later in this chapter). The third effect of the exploratory nature of the research has been that in generating policy ideas we have not attempted a full analysis of their resource implications. Where we have had access to suitable data we have tried to estimate the impact of some of the possible changes that we identify but it was not within our remit or resources to go further. We are aware that some ideas might have large or unknown implications for the social security budget. Nevertheless, we have taken the view that, as a means of stimulating thinking about benefits, it is, on balance, better to generate ideas that can be costed by others better equipped to do so than not to suggest them in the first place.

L2 Methods

The methods adopted for this study reflect the complex nature of the subject. Because of the diverse range of Income Support recipients and the huge variety in the circumstances of people's lives we needed to collect data from a large sample. In addition, we wanted to collect detailed information on how changes in people's lives affected them and the part played by Income Support in responding to those changes. In choosing appropriate methods we were also aware that setting out policy options would be more useful if we could simulate some of their possible effects.

The research design for the project therefore comprised the following elements.

1. *Literature review.* The purpose of the literature review was to collate the available evidence and information on the relationship between changes in claimant circumstances and receipt of benefit, with the aim of identifying relevant issues which could be explored empirically in the rest of the project (Sainsbury, Ditch and Hutton, forthcoming).
2. *Secondary analysis of data from the Quarterly Statistical Enquiry (QSE) and Annual Statistical Enquiry (ASE).* These data were drawn from a statistically representative sample of administrative records of those in receipt of Income Support at particular dates. Using a unique identifier for individual claimants it

was possible to trace reported changes in circumstances over time, and therefore to determine which groups of claimants were most likely to report what particular changes. A detailed account of this analysis is provided in a separate report (Hutton, 1993).

3. *Large survey of Income Support recipients.* Face-to-face interviews with 1,137 Income Support recipients were carried out in the spring of 1993. The sample was drawn from a representative sample of 30 Benefits Agency district offices and weighted to under-represent pensioners (because they experience fewer changes in circumstances than other claimant groups).

The main objectives of the survey were to obtain data on the type and number of changes in circumstances experienced by respondents and their households in the six-month period August 1992 to January 1993, and on their reporting behaviour when a change in circumstances occurred, including their experiences of dealing with the Benefits Agency. Finally, the survey gathered data on the financial impact of changes in circumstances, in particular on the amount of benefit received.

Fieldwork was conducted by Research Services Ltd using CAPI (computer assisted personal interviewing) survey techniques (Sainsbury, Ditch and Hutton, 1993).²

4. *In-depth interviews with a small sample of claimants.* In-depth, qualitative interviews were carried out with 27 Income Support recipients in three locations: a metropolitan city, an urban industrial town and a medium-sized town with a developed service sector. The aim was to explore the experience of change in people's lives, their relationships with the benefits system, and attitudes to reporting changes. Each interview was tape-recorded and transcribed for analysis.
5. *Case studies in three district offices.* Observations, face-to-face interviews and group discussions were conducted with staff of all grades in the same three district offices from which the qualitative sample was drawn. The objectives were to understand the way in which changes in circumstances were administered, to seek insight into the attitudes and experiences of staff when processing changes, and to assess the implications of new technology and the development of performance indicators for day-to-day work practices.
6. *Simulation of policy options.* The final component of the research design was a simulation exercise to model some of the principal effects of adjusting reporting regimes. The research found numerous examples of non-reporting, inappropriate reporting, late reporting and inaccurate reporting. Some of the consequent dysfunctions for claimants and staff could, arguably, be addressed by changes to the formal reporting requirements. The effects of these adjustments were simulated, where possible, using the Institute for Fiscal Studies tax-benefit model and the Manchester City Council Benefits Calculator software package.

1.3 A note on the problems in measuring changes in circumstances

The difficulties in defining exactly what people's circumstances are and what constitutes changes to them are explored fully in the literature review (Sainsbury, Ditch and Hutton, forthcoming).

In *operational* terms there is little difficulty. The Department of Social Security defines circumstances in relation to all those material factors which affect entitlement to Income Support. However, these do not cover the whole of a person's circumstances; for example, heating or laundry needs are not relevant for the assessment of benefit, although they were, prior to the 1986 Social Security Act.

As mentioned earlier, it was decided to adopt a wider definition of 'changes in circumstances' than current legislative and administrative definitions. To be able to

² The questionnaire used in the survey is available on request from the Social Policy Research Unit, University of York.

arrive at a sensible and useable definition, and to assist us in the design of the survey questionnaire, we carried out in-depth interviews with a small number of Income Support recipients in the York area. Our intention was to capture the types of circumstances that were of relevance to them in their lives and in their dealings with the DSS and Benefits Agency. The result of this exercise was to identify a number of changes in circumstances which, at the time, would have been of no direct relevance for the assessment of Income Support, but were of importance to the people themselves. Collecting data on irrelevant changes also allows us to investigate the phenomenon of *unnecessary reporting* which can be a source of confusion for claimants and of needless administrative cost for the Benefits Agency.

We included in our definition of 'changes in circumstances', therefore, children starting school, changes in rent, and large expenditures (on household items and fuel and other bills). Large expenditures can be viewed as changes in circumstances because they either deplete a person's savings, or more frequently, require some form of credit arrangement, both of which are changes in financial circumstances. Some people perceived changes in their Income Support payments as important changes to their financial circumstances which might have possibly large knock-on effects. Losing a child-related addition might lead to decisions about resuming work, for example. Our definition of changes in circumstances was therefore extended to include changes to Income Support itself.

In our analysis of the data and in our presentation of the results in this report we have tried to reflect some of the qualitative differences between types of change. In particular, we have been aware that change does not only occur as a discrete, or 'one-off' event (as in the birth of a child or moving house), but also as a series of recurrent events (for example, frequent fluctuations in casual earnings), and as a gradual *process* (such as a deterioration or improvement in one's health). Also, in assessing the impact of change we have tried to distinguish between changes experienced by claimants as important and those of a relatively minor or insignificant nature.

In addition, it is important to distinguish between changes which happen to people and to which they must respond and adjust, and changes which they cause to happen themselves. Changing circumstances are not only things that happen to people, they can be conscious or negotiated choices over which an individual has some degree of control. For example, being sacked from a job, or deserted by a partner, or becoming ill, or more mundanely, being faced with the breakdown of a cooker or washing machine, require a person to respond to and cope with a new, possibly unexpected, set of circumstances. In contrast, buying a house or taking a job are more likely to be positive choices of an individual.

Distinguishing the *agent* of change is important because it reveals how social security can act in two different ways in relation to changes in circumstances. First, it can be *enabling*, that is allow claimants consciously to change their circumstances (such as moving accommodation); secondly, and conversely, it may have a *responsive* function to help claimants adjust to new circumstances.

Measuring, or even describing, the impact of changes is also problematic. Some changes can result in specific and measurable consequences while others may be more diffuse. The same events, such as the birth of a child, may have different consequences depending upon context. For example, the impact of the birth of a child on immediate and longer-term financial needs can be predicted, but the impact on housing requirements will vary from family to family, and the possible implications for relationships between parents are impossible to foretell.

In addition, the relationship between two or more events may or may not be causal. A change in circumstances will have various consequences but it may not be possible to establish clear links between them. Whatever problems there are in charting the impacts of discrete events, these are made more difficult for recurrent or gradual changes.

1.4 Structure of the report

Although individual chapters will necessarily draw on different types of data, we have attempted in the remainder of the report to integrate the research findings in a way which illuminates the experience and process of reporting changes to the Benefits Agency.

Chapter Two describes the key characteristics of the survey data and presents an analysis of the sample's circumstances at the time of the fieldwork. The latter will be the benchmark against which the changes described later in the report are to be assessed. Chapter Three concentrates on an analysis of the types of changes experienced by different types of claimant, primarily using data from both the ASE and our own survey. Of particular interest is the discussion of the differences between those who had experienced changes in their lives between August 1992 and January 1993, and those who had not. The frequency of changes, their causes and distribution across claimant categories will also be examined.

Chapter Four looks at the impact of changes, beginning with a review of claimant perceptions which draws on both quantitative and qualitative data to determine whether changes are thought to be positive or negative experiences. The chapter goes on to analyze the relationship between reported changes in circumstances and the resulting benefit level. The opportunity is taken to compare results from the survey with results from the analysis of the ASE. The extent to which Income Support helps or hinders people respond to or plan for change is addressed and the chapter concludes by identifying those changes which cause the greatest problems and those which have the greatest impact.

Chapter Five is concerned with the relationship between the claimant and the Benefits Agency. Preferred methods of reporting changes to the Agency are described, as are routine and sometimes exceptional encounters between staff and claimants. A distinction is drawn between experienced and inexperienced claimants and the propensity to report matters to the Agency. From the perspective of staff, and using interview and group discussion data, the chapter explores staff attitudes to different claimant groups, the requirements to report and the problems they can generate for the administration of Income Support.

The priority given to changes of circumstances within district offices, the imperatives of performance indicators and the opportunities for innovation presented by initiatives such as the 'One Stop' service are examined in Chapter Six. Chapter Seven sets out a range of possible policy options which might be used to address some of the problems identified in earlier chapters. Where possible we have simulated the effects of some options. Chapter Eight presents the conclusions of the study.

1.5 Presentation of tables

In most tables, percentages have all been rounded to the nearest whole number. As a result they do not always sum to 100 per cent.

Chapter 2 The Circumstances of Income Support Recipients

This chapter aims to provide a benchmark description of the circumstances of the Income Support recipients in our survey at the time of their interviews in February and March 1993. Where appropriate we compare the survey data with the DSS Annual or Quarterly Statistical Enquiry which is based on a one-per-cent sample of all Income Support recipients, or with the 1991 Family Expenditure Survey or General Household Survey. We describe the main characteristics of those included in the interview sample in terms of their housing, family and marital status, household composition, ethnic group and health. Their financial circumstances are also described using information on their length of time on benefit, employment status, and levels and sources of income. Changes in circumstances are also investigated under these headings. The final part of this chapter identifies the circumstances of claimants which are most likely to change.

2.1 Claimant types

In this section we compare the distribution of claimant types in the interview survey with the national data on Income Support recipients. As mentioned above, the survey took place in the early months of 1993, while the information from the Income Support Quarterly Statistical Enquiry is from November 1992. In selecting people for interview, the aim was to draw a sample which reflected not only the liveload of claimants but also the fact that changes in circumstances were not distributed evenly between claimant groups. Hence we under-sampled pensioners because our analysis of administrative data for May 1991 showed that pensioners were less likely to have recorded changes in circumstances than other types of claimant. However, in the interval between deciding the appropriate proportions for the sample and drawing the sample, the proportion of pensioners in the total population of claimants had fallen, mainly due to the rise in the numbers of unemployed claimants. As a result the final sample of those interviewed, as seen in Table 2.1, reflected closely the liveload of different types of claimant. Hence, it has not been necessary to weight the responses to obtain population estimates. The only group which could be said to be under-represented in the analysis is the 'other' group which consisted of people not in any of the named categories and those on training schemes. Many in this group are likely to have changed their category between the time of the selection of the sample and the final interview. Since it is a small category it should not bias the results.

2.2 Housing

Table 2.2 below contrasts the housing tenures of our interview sample with the picture for the general population drawn from the 1991 Family Expenditure Survey.

The respondents in our survey were most likely to rent their accommodation from local authorities (43 per cent) although nine per cent were housing association tenants and eight per cent rented privately. In comparison, 22 per cent of the general population lived in local authority rented accommodation.³ Compared with 67 per cent of the general population, 24 per cent of respondents owned their own homes either with a mortgage (15 per cent), or outright (eight per cent), or through shared ownership (one per cent).

Family Expenditure Survey 1991, Table 2.

Table 2.1: Comparison of achieved interviews with distribution of claimant types in November 1992

Type of recipient	Achieved interviews		November 1992
	N	%	QSE %
Pensioners	338	30	31
Disabled	130	11	9
Lone parents	216	19	18
Unemployed	403	35	35
Other	50	4	8
Total	1,137		

Table 2.2: Tenure of Income Support recipients, and general population

	Sample	UK general population ¹
	%	(households) %
Owner-occupiers	25	67
Local authority rented	43	22
Housing Association rented	8	3
Private rented	9	9
Living in someone else's home	12	-
Other ²	4	

¹ Source: Family Expenditure Survey, 1991

² Includes hostels, bed and breakfast, residential and nursing homes, and caravans and mobile homes

Of the remaining respondents, a substantial number (12 per cent of all respondents) were living in someone else's home. A few were in residential or nursing homes (two per cent), or hostel or bed and breakfast accommodation (one per cent). A similar proportion of the general population (approximately 12 per cent of benefit units⁴) were non-households and living in someone else's house (including individuals, or lone parents with children, who had returned to the family home). Interestingly, 65 per cent of the survey respondents who were living in someone else's home were in the unemployed category compared with 35 per cent of the whole sample. Potentially these people have a high likelihood of moving in order to find work.

As well as looking for work, other factors also influence the likelihood of moving. It is more difficult and expensive for home-owners to move house than for renters. People on Income Support are more likely to be tenants so it may be easier for them to move than the general population. Among home-owners, those who have paid off their mortgage and own their homes outright are likely to be elderly and have a relatively stable lifestyle. Some elderly people, however, will move from their own home into residential or nursing care or to be near family. The households least likely to move are probably those with children in secondary school, for whom changing schools could mean a considerable disruption to their education.

Rents and mortgage interest payments may also change. Owner-occupiers buying with a mortgage are affected by changes in mortgage interest rates, which can happen relatively frequently. Fifteen per cent of our sample (171 cases) were buying their homes with a mortgage and so would be susceptible to changes in mortgage interest payments.

Among those who were renting, the majority lived in local authority or housing association accommodation, both of which have relatively stable rental regimes. Thirty-three per cent of unemployed recipients, however, lived in council rented property (compared with around half of all other types of claimant) and eight per cent lived in the private sector, the part of the housing market with the most mobile population and where rents are most likely to change. Unemployed recipients and lone parents were most likely to be in private rented accommodation.

This figure has been calculated from the 1991 General Household Survey (Table 2.26).

2.3 Family and marital status and household composition

Table 2.3 uses data from our survey and from DSS administrative statistics to compare the personal characteristics of Income Support recipients, and, to present the picture for the general population, data from the 1991 General Household Survey.

The proportions of men and women in our survey (57 and 43 per cent respectively) correspond closely to the May 1991 Annual Statistical Enquiry (56 and 44 per cent). Only 22 per cent of survey respondents were married (the same as in the ASE for May 1991), and if those *living as married* are included the proportion rises to 25 per cent. Thus the majority of respondents were not living with a partner: 31 per cent were single, 20 per cent widowed, 17 per cent divorced, and seven per cent separated. Recipients of Income Support were very different from the general population in this respect. Generally, 65 per cent of individuals aged over 16 were married or living as married, and only 15 per cent were widowed, divorced or single (as seen in Table 2.3).

The age distribution of those on Income Support also differed from that of the general population in that there was a higher proportion of younger people under 25 among those on Income Support than in the general population⁵. Unemployment levels were also high for this age group.

Table 2.3: Personal characteristics of Income Support recipients, and general population

	Sample %	All Income Support recipients %	GB General population ¹ %
<i>Sex</i>			
Female	57	56 ²	52
Male	43	44 ²	48
<i>Marital status</i>			
Living with partner	25	17 ²	64
Single	32	18 ³	21
Widowed, divorced or separated	44		15
<i>Age</i>			
16-24	16	20 ³	5
25-59	50	50 ³	60
60 and over	33	30 ³	35

¹ General Household Survey 1991: individuals aged 16 or over

² Income Support Statistics Annual Enquiry May 1991

³ Income Support Statistics Quarterly Enquiry November 1992

Not surprisingly, given the low proportions who were married or living as married, our sample of Income Support recipients was more likely to live on their own in single-person households (32 per cent) than in any other size of household. Apart from this, they were next most likely to live with one other person (23 per cent). Seventeen per cent lived in three-person households, and 27 per cent in households of four or more. In the general population only 11 per cent of people lived in single-person households, although the proportions living in two- and three-person households were similar (27 and 20 per cent respectively). More households in the population consisted of four or more people (41 per cent) than among those on Income Support (GHS, 1991). Thus people on Income Support were more likely to live in smaller households than the general population.

People in the sample were more likely to have one or more dependent children (see Table 2.4), and also more likely to have more than four children, than Income Support recipients in the Quarterly Statistical Enquiry. Hence our sample will be slightly less likely to be affected by changes occurring in the lives of other members of the

⁵ Information was available from the November 1992 Income Support Quarterly Statistical Enquiry for this comparison.

household. Examples of such changes are leaving or returning home, going into hospital, and changes associated with paid employment.

Table 2.4: Proportions of claimants with dependent children

Number of children	Sample	All Income Support recipients ¹	Households in GB population
	%	%	%
0	64	72	69
1	15	13	13
2	12	9	13
3	6	4	5
4 or more	4	2	1

¹ Income Support Statistics Quarterly Enquiry November 1992

² General Household Survey, 1991

A total of seven per cent of our survey respondents were from ethnic minorities; four per cent described themselves as black, and three per cent either Indian, Pakistani, or Bangladeshi. The ethnic distribution of our sample was very similar to that of the general population, as Table 2.5 shows.

Table 2.5: Proportions from different ethnic backgrounds

	Sample (%)	GB ¹ (%)
White	93	94
Black: African, Caribbean or other	4	3
Indian, Pakistani or Bangladeshi	3	3

General Household Survey, 1991

2.4 Health characteristics

In the 1991 General Household Survey 31 per cent of the general population said they were suffering from a long-standing illness or disability compared with 42 per cent in our survey (Table 2.6 below). This difference is mainly due to the higher proportions of those aged 45 to 64 and 65 to 74 in the survey sample compared with the general population. That these age groups have relatively high proportions of people with long-term illnesses is not surprising, given that Income Support is an out-of-work benefit and one of the main reasons for leaving work in older age groups is poor health. Indeed, chronic ill-health can be seen as a significant characteristic of the population of Income Support recipients.

Table 2.6: Proportions suffering from long-term illness, disability or infirmity at different ages

Age	Sample (N=1,137) %	GB General population %
16 to 44	24	23
45 to 64	58	41
65 to 74	64	55
75 and over	65	65
All	42	31

General Household Survey, 1991

When thinking about people on Income Support and the impact of change in their lives, it is important to be aware that those experiencing and coping with change are often not in good health. Interestingly, there are few differences in health between those on Income Support and the general population for those aged 16 to 44 and those over 75. In the sample, smaller proportions of people in the household other than the respondent also suffered long-term illness. The most likely sources of health problems or disabilities for respondents were arthritis and rheumatism in arms and legs, mentioned by 30 per cent of respondents reporting health problems. This kind of problem may be closely related to inability to continue in the labour market. Other

common problems were chest complaints (17 per cent) and heart disease (13 per cent). When asked about their health over the past six months, 45 per cent of respondents said they had generally good health and a further 23 per cent said it was fairly good. Of the remaining 32 per cent, nine per cent said it was not good, ten per cent said their health had deteriorated, and a further 13 per cent said it had been 'up and down'. In contrast, fewer than one per cent of respondents said their health had improved.

2.5 Employment status

One of the main concerns mentioned in our interviews with staff in Benefits Agency offices was the amount of time involved in processing changes in part-time employment (see further, Chapter Six). From our survey, however, relatively small proportions said they were in paid work at the time of the interview. For example, 45 respondents (four per cent) were in paid work. The majority (38) were working part-time, four were working over 16 hours per week, and three were sick. Fourteen were on a Government training scheme, some of whom would have received the training allowance of £10 per week in addition to benefit.

In January 1993, 47 respondents in the survey had income from earnings. Of the 41 who gave details of their earnings each week, nine earned less than £15 per week, and 11 earned £15 per week, the maximum earnings disregard allowed. Certain categories of people in receipt of Income Support are allowed to earn up to £15 without having any money deducted from their Income Support payment. Such people include, for example, those receiving a lone parent or disability premium or a couple aged under 60 who have been on Income Support for more than two years. All except one of those earning £15 per week were lone parents. All people on Income Support are allowed to earn up to £5 per week without it affecting their award, but only a few (three cases) were taking full advantage of this rule.

Around half of those who gave information on their earnings (21 respondents) said they were earning more than £15 and, if they were reporting their earnings to the Benefits Agency, would have their Income Support reduced pound for pound for any amount earned over the relevant disregard. Of the 31 people earning regular amounts each week in January 1993, two unemployed claimants earned £5 or under, 15 people earned between £5 and £15. Twelve of these 15 were lone parents earning amounts within the disregard. A further 14 earned more than £15 per week, nine of whom were lone parents. Overall, therefore, 17 out of 31 people earned more than the amount of the relevant earnings disregard.

The majority of those who provided information about the level of earnings were lone parents (24 out of 41) followed by unemployed claimants (ten), six in the 'other' category, and one disabled claimant. Among those reporting amounts of earnings for the month of January, nine out of the 41 had variable earnings and 32 recorded the same amount each week. Although numbers are small, there seemed to be some indication that earnings were less likely to be changeable for lone parents than respondents in the unemployed or in the 'other' category.

2.6 Expenditure and credit

Respondents were asked whether they had made any large expenditures in the six-month survey period, such as paying for household items, furniture, clothing, for repairs, or for anything else. 'Large expenditure' was deliberately not defined in the questionnaire. People's perceptions of what constitutes 'large' will depend on a number of factors, such as their previous patterns of income and expenditure, and their prevailing level of resources. Hence, respondents were allowed to decide for themselves whether an item of expenditure was large. Thirty-three per cent of our sample said that they had had a large expenditure in the survey period. Of these, 59 per cent had only made one such expenditure, 26 per cent had made two, and 16 per cent had made three or more. As explained in Chapter One, each expense or purchase can be thought of as a change in circumstances, but the overall frequency can also be

regarded as a pattern of expenditure and an indicator of the lives lived by people on Income Support.

Thirty-two per cent of the 927 respondents who were responsible for paying electricity bills used electricity for heating their homes. The most common method of payment for those who were responsible for paying an electricity bill was by quarterly account by cash or cheque (44 per cent), followed by 30 per cent paying by slotmeter and 20 per cent by direct deduction from a bank or building society account or through a budget scheme. Thirteen people paid with a deduction from Income Support. Of those paying by slotmeter, 23 per cent were paying for arrears. Among all respondents paying for electricity, 23 per cent said that in January 1993 they had at some time wanted to use the electricity but could not afford to do so.

Sixty-two per cent of all respondents were responsible for paying a gas bill and almost all used gas for heating. The majority paid by quarterly account, nine per cent by slotmeter, and nine per cent by direct debit from a bank or building society. Twenty-one per cent of gas users said that they had at some time wanted to use their supply in January 1993 but could not afford to do so.

The 210 respondents who did not have responsibility for paying for electricity, either because they were living in another person's house or because someone else in the household paid the bills, would not face directly the possibility of an unexpectedly large bill, the prospect of debt or disconnection. However, they would share the consequences if household bills were not paid. The responsibilities of managing and budgeting were not theirs, however.

The survey provided some information about how respondents managed their money. For example, although 49 per cent had a bank or building society account, over half our sample did not have access to banking services such as paying bills, credit cards or loans. Given the lack of access to banks and building societies, it is not surprising that 31 per cent of the sample used no form of credit arrangements. Catalogue shopping was used by 22 per cent of the sample, three per cent used hire purchase, three per cent used a credit card, two per cent had a bank or building society loan, three per cent used a finance company loan, and two per cent a shop account. Few respondents used a credit union, a pawnbroker, a provident loan or borrowed from friends or relatives.

Most people in our survey planned their household finances on a weekly basis (59 per cent), followed by similar proportions managing on a daily or on a fortnightly basis (16 per cent). A further three per cent said they did not plan but managed as best as they could. Whether managing on a daily basis can be counted as planning is questionable, so the total proportion who did not plan could be as high as 19 per cent.

2.7 Financial circumstances

2.7.1 Sources of income

All respondents were in receipt of Income Support at the time of the interview, but many had other sources of income. The most common other sources of income were other types of benefit including Child Benefit (28 per cent); Retirement Pension (26 per cent); Invalidity Benefit, Attendance Allowance (six per cent each); and Unemployment Benefit, Severe Disablement Benefit, Mobility Allowance, Disability Living Allowance (three per cent each). The other main sources of income included income for rent or for board (seven per cent); and income from savings or investments (six per cent). Small proportions also had pensions from former employers or received money from outside the household (three per cent). Fifty-four per cent were in receipt of Housing Benefit which, for council house tenants, is in the form of a rebate rather than disposable income.

For almost a quarter of those interviewed, Income Support (plus Housing Benefit where appropriate) was their only source of income. However, 46 per cent had one

other source of income, 23 per cent had two other sources, and seven per cent had three or more sources. The sources of income varied between claimant types. For example, disregarding the payment of housing costs through Housing Benefit, 54 per cent of unemployed claimants had no other source of income apart from Income Support. This compares with only two per cent of lone parents, and seven per cent of pensioners. In contrast, 56 and 57 per cent of lone parents and pensioners respectively had one additional source, Child Benefit in the case of lone parents and state pension in the case of retired claimants. Disabled claimants were more likely to have three or more sources of income than other categories of claimant, 22 per cent compared with seven per cent of pensioners and lone parents respectively, and two per cent of unemployed or other claimants.

2.7.2 Living standards

Living standards may depend on people's circumstances before they start to claim Income Support. Information on previous living standards was not gathered in the survey but the type of tenure people held can be used as one indirect indicator. As mentioned earlier, 24 per cent of the sample were owner-occupiers, a third of whom had completed the purchase of their home. Associated with owner-occupation are other indicators of standards of living, such as the ownership of consumer durables, access to which may help people respond to changes in their lives. For example, already owning a washing machine is a practical help after the birth of a baby. Household equipment can also be regarded as a source of capital since it can be sold or pawned.

A further indicator of standards of living is access to services. Only 69 per cent had a telephone compared with 88 per cent of households in the 1991 Family Expenditure Survey. Over 70 per cent of respondents living in rural or urbanrural areas had a telephone, ten per cent more than those living in urban areas.

2.7.3 Length of time on benefit

The length of time people have been on benefit is also likely to have an effect on financial circumstances. Overall, 15 per cent of the sample had been on Income Support for less than one year, and 45 per cent for over three years (although not necessarily all in one spell). Twenty-one per cent had been in receipt for a single spell of over three years. According to DSS statistics, only 21 per cent had been on benefit for less than six months, but 43 per cent had been on benefit continuously for three years or more. Pensioners and lone parents were most likely to have been on benefit for a long single spell.

2.8 Likelihood of change

Describing a claimant as a pensioner, lone parent, a disabled or unemployed person can be thought of as a shorthand description of a combination of various characteristics. For example, pensioners are most likely to live in one- or two-person households, with no children in the household, are less likely to have income from employment, and are more likely to have health problems than some other households. Lone parents by definition have children, are young to middle-aged, may work, and may have income from maintenance. Unemployed claimants span families with children to young, single, unemployed school leavers who have not yet left the parental home. It is only the factor of claiming Income Support which brings together in one study these diverse groups of people with such very different sets of circumstances. Also particular types of change are likely to apply to particular groups of claimants. Single young unemployed people may be quite mobile in terms of being away from home and changing address, but this is less likely for pensioners and families with children. People with young families may experience changes in the size of the family, in children's health, or when a child starts school. Families with older children experience children leaving school, or leaving home. People in pre-retirement households may be more likely to be disabled or sick and experience changing health status; they may receive income from a variety of sources such as an occupational pension and savings. Their children may still not be completely independent but may

periodically leave and return to the family home. Pensioners are likely to be settled in their address unless they need to move to be near families or into residential care, and although they are unlikely to have income from employment, they may have some from pensions and savings. Health changes are common among pensioners and the likelihood of change increases as they get older.

Table 2.7 shows the proportions of survey respondents who had experienced the most common types of change. Unemployed families, younger disabled people and lone parents with no young children were more likely than others to experience changes in their mortgage interest payments. Pensioners were the least likely. Changes associated with numbers of people in the household were most likely to be experienced by unemployed claimants with families, partly because their households were relatively large, just over four people on average. Changes associated with health such as visits to hospital were most likely for those with a long-standing illness, disability or infirmity. Not surprisingly, higher proportions of disabled people and pensioners had long-term illnesses. Lone parents with older children were the group most likely to have worked at some time in the six-month survey period and to have experienced the changes associated with paid employment, such as starting or leaving work, changes in earnings and so on. They and lone parents with younger children had different spending patterns from the other groups and were most likely to have made a large purchase in the survey period. The more sources of income a recipient had, the more opportunity for a change in income. Younger disabled people were more likely than other claimants to have three or more sources of income (including Income Support).

Table 2.7: Proportions of survey respondents who had experienced the most common types of changes in circumstances

	Type of changes						N
	With mortgage	Mean number in household	With long-term illness	Worked in past 6 months	Made large purchase in past 6 months	With 3 or more sources of income	
			%	%	%	%	
Single unemployed	11	2.86	15	14	26	3	176
Lone parent with child under 5	10	3.50	20	13	47	34	113
Other lone parents	21	3.50	23	21	48	41	140
Unemployed family	31	4.07	22	10	34	22	166
Disabled under 45	27	3.09	95	0	27	56	55
Disabled 45 and over	8	2.37	99	1 case	25	44	75
Single pensioner under 75	*9	1	58	1 case	30	36	91
Single pensioner 75 and over	*4	1	64	0	28	35	142
Married pensioners	*10	2	64	0	41	49	61
All	15	2.65	42	8	33	30	1,137

* = Percentage based on fewer than ten cases

Source: Survey

Since different claimant groups tend to be associated with common characteristics, they tend also to experience similar 'packages' of changes. For example, in the survey, single unemployed people on Income Support had few sources of income, only one person in the household, and a low likelihood of health changes or of making large purchases. They were more likely than average to have been employed but overall their circumstances were least likely to change. Lone parents lived in larger households, were likely to work, to require large purchases and to have a number of sources of income. Older lone parents were also more likely to be buying their home with a mortgage. Thus for almost all circumstances which indicate a probability of change, lone parents scored above average. Unemployed people with a family were more likely than others to have larger households, and be buying with a mortgage, so it is to be expected that changes in their circumstances will reflect this. Older disabled people and pensioners were similar in that they were more likely than others to have experienced changes to health and income. Younger disabled people may also be affected by mortgage changes.

2.9 Discussion

In this chapter we have described the circumstances of our sample of people on Income Support interviewed in early 1993. The proportions of different types of claimant reflected those in the population of Income Support recipients. But in thinking about how change is likely to affect them, it is important to bear in mind how their basic circumstances differ from those of the general population. We have shown that they are more likely to rent their accommodation and less likely to be paying a mortgage than the general population. They are more likely than the general population to live on their own or suffer a long-term illness. Lone parents, whose circumstances are often very distinct from other types of Income Support recipient, also seem more likely to experience changes in their circumstances. In contrast, single unemployed people seem likely to have the most stable lives (in the short run). Subsequent chapters will show how change was experienced by our sample of Income Support recipients.

Chapter 3 Exploring the Range of Changes in Circumstances

This chapter analyses the type and frequency of changes experienced by people on Income Support, drawing on information from the Annual Statistical Enquiry (ASE) and from our survey. The main question it addresses is whether people on Income Support have stable or changeable lives. In presenting our findings we have differentiated, where the data are adequate, between the main claimant groups, to explore whether they have distinctive experiences of changes in their lives while on Income Support.

The chapter will first describe the information that is available on changes in people's circumstances, from administrative data and from our survey of Income Support recipients. Changes will then be considered under the following headings: housing, household composition, health, employment, expenditure and income. It is important when reading this chapter, particularly where we are concerned with counting the number of changes, to be aware that one change may not have the same meaning or weight as another. Further, the description of a single change such as 'someone leaving the household' may include such diverse events as someone going on holiday or a death.

Information on the frequency of changes, whether from the administrative statistics or from the survey, is presented for each type of change. The following section describes the frequency of change in the lives of people on Income Support: whether it varies with claimant group, who has a high frequency of changes and whether the frequency varies with length of time on benefit. We will explore whether recipients' lives become more stable and less varied as time on benefit increases, and whether low incomes constrain lifestyles. Later in the chapter we investigate the variations in the experience of change between different types of recipient. Some possible implications for policy are outlined in the last section.

3.1 The information on change

In this section we describe the use of the ASE to count the number of changes occurring in the six months between May and November 1991, and explain how information on change was gathered in our survey of Income Support recipients.

3.1.1 Use of the ASE to describe changes in circumstances

In the ASE, and on the Income Support computer system, information is available on a one-per-cent sample of claimants receiving Income Support each quarter. Cases can be linked from quarter to quarter by their national insurance number. Circumstances at a given quarter can be compared with those in previous quarters and any changes occurring in the interval become apparent. Thus changes from quarter to quarter can be analysed, although it is not possible to say precisely when a change happened.

A data set was created which matched claimants in the May 1991 ASE with those in the November 1991 Quarterly Statistical Enquiry (QSE). The circumstances of claimants who were on Income Support in both May and November could thus be compared at the beginning and end of this six-month period. Changes which had occurred in the interval could not be monitored, however. In May 1991, 80 per cent of local offices contributed computerised information to the ASE and QSE. However, the extent of computerisation varied between regions, such that the set under-represents

Wales and London and over-represents Scotland. The main categories of claimants - pensioners, unemployed people, lone parents and disabled people - are proportionally represented, but the miscellaneous or 'other' category is over-represented.

3.1.2 *Information on types and frequency of change from the survey*

The ASE only provides information on changes which are reported to the Benefits Agency. In our survey, the aim was to find out as much as possible about changes in the lives of people on Income Support. Changes occur not only to the recipient of Income Support but also to other members of the claiming unit and to other members of the household. Hence, we sought information on *some* changes about everyone in the household. For example, we asked questions about changes in marital status, and absences from the home about everyone in the household, the aim being to get a complete picture of changes to the family composition. Similarly, we gathered information on health changes and hospital stays for everyone in the household.

Some changes affect the household as a unit rather than people individually; for example, moving address, fluctuations in rent or mortgage levels, large expenditures, or changes in regular expenses like electricity, gas, water and the community charge. Hence, it was only necessary to ask the survey respondent about these. Only the respondent was asked about changes in employment. For each spell of employment (up to a maximum of five), we asked about variations in take-home pay, hourly rates and tips. Respondents were also asked separately about payment from one-off jobs and about unpaid work. Changes in income were only gathered for the respondent: in the pilot for the survey, gathering information on the income of other members of the household was found to be particularly difficult if the respondent was not the main source of income in the household. However, information was obtained on the *sources* of income for all members of the household. We gathered information on savings for the respondent and partner (if there was one) and, separately, about any savings held by children. Information on starting or finishing school was sought for all children in the household.

In the survey, information on changes in circumstances was gathered in two ways.

Respondents were asked about their current housing tenure, family circumstances, health, employment, regular expenditures, income, and use of direct deductions from benefit. For each of these they were asked to identify any changes which had occurred in the six months after 1 August 1992 or, if they started to receive Income Support after that date, since they had come onto Income Support. They were also asked the date of any change, who had been informed and whether Income Support had changed as a result.

Thus there are two time periods for which we collected information about changes in circumstances: six months for those on Income Support for the whole of the survey period, and the time in receipt of Income Support for those who came on to Income Support after 1 August. The number of respondents who had been on Income Support for less than the whole six months was 148; 32 had been on it for five months, 35 for four months, 34 for three months, and 47 for two months or under. Hence, when comparisons are made of the numbers of changes for different types of claimants they are weighted according to the length of time respondents had been on Income Support. (According to the ASE, unemployed people are less likely to have been on benefit for six months than pensioners, disabled people and lone parents.)

- (ii) For the change in circumstances nearest to 1 November 1992 (the mid-point of the six-month period covered by the survey), respondents were asked more detailed questions about the reasons for the change and its impact. Their responses provide us with information on an approximate cross-section of changes.

3.2 Types of change

Information about each type of change is given in this section. It will present the likelihood of a particular change occurring within the time period, using data from administrative statistics and the survey, as available.

3.2.1 Housing

From the survey, a total of 61 respondents had moved home at least once, of whom five had moved twice. Thus, five per cent of respondents had changed their address in the survey period compared with nine per cent in the ASE who had recorded a change in postcode in the six-month period. Of the 677 respondents who were tenants, the rent had changed at least once for 19 per cent of respondents. The majority of these had only one change in rent.

Fewer people on Income Support owned their homes with a mortgage (171) than rented their homes, but of these, 49 per cent had experienced a change in their mortgage payments. Over two-thirds of owner-occupiers had more than one change in their mortgage payments. Although fewer people in our sample than in the ASE had mortgages, they experienced more changes in their housing costs than tenants. Coincidentally, therefore, the total number of changes for mortgage and rent were similar, 176 and 173 respectively.

Table 3.1 shows the number of changes in mortgage interest status between May and November 1991 from the ASE. In calculating the applicable amount for Income Support, half of the mortgage interest payments are taken into account for the first 16 weeks, and, after that, the full amount of the eligible payments. In May 1991, nine per cent of all claimants were receiving Income Support in respect of mortgage interest payments. Most of these (83 per cent) were having their interest payments met in full. Not surprisingly, those with half payments were most likely to have a change in their mortgage payment. Three per cent of those receiving half payments were doing so in both May and November, for which the most likely explanation is that they had come off *and* returned to Income Support between May and November 1991. Hence they were experiencing two different spells of 16 weeks on half payments. As a group those on half payments were twice as likely to have come off benefit within the six-month period than those with full or no mortgage interest payments. Of those with full mortgage payments in May, 76 per cent were still receiving full payments six months later. As expected, the most common change in mortgage interest payments was from half to full payments, although there were some moves from no mortgage interest payment to full payment and the reverse.

Table 3.1: Changes in mortgage interest status between May and November 1991

	Number in May	Income Support ended before November %	In same group in May and November %	Moved to other group %
No mortgage interest	33,137	19	81	<<1
With half mortgage interest	544	40	3	57
With full mortgage interest	2,620	19	76	4

Source: ASE

A very few households had housing costs other than those normally included in the housing requirement met by the Income Support system. However, most of them had moved out of this position by the end of six months.

3.2.2 Household composition

From the survey, 65 respondents (six per cent), and 19 other people in the household, had changed their marital status in the survey period. Thirty respondents (three per cent) reported a birth in the household, of which 15 were recorded within the benefit unit. In the ASE only one per cent of recipients of Income Support had changed their

marital status and four per cent reported a change in the number of children and number of other dependants. Births are not recorded separately in the ASE. Hence a change in the number of children will include older children leaving or returning home.

Analysis of the ASE showed that two per cent of claimants had changed their family status (described as a couple or single, with or without children) between May and November 1991. Couples (with or without children) experienced the most changes, usually becoming single claimants without children. The survey does not give information on the nature of the change in marital status, but as we see below, pensioners and lone parents were the groups most likely to have experienced changes, mostly relationship breakdown in the case of lone parents, and widowhood in the case of pensioners.

Overall, 120 people (11 per cent) reported that someone in the household had been away from home in the six-month survey period. In 84 of these instances the respondent himself or herself had been away. Generally people had been away just once, but a few had been away more than four times. The most common reasons for being away from home were visiting other family members, going abroad and holidays.

Fifty-one respondents said that someone had left the household for good, the most common reason (in a quarter of cases) being to set up their own home. Other reasons mentioned, applicable to around ten per cent of those leaving, were to take up a job somewhere else, to return to their own home, and relationship breakdown. Four people had left to go to college, and four into local authority care. Three had died. This list of reasons clearly illustrates that although the change is described as 'someone leaving the household' this covers a wide range of processes. In fewer cases (16), someone had joined the household.

In the survey sample, 447 households had a child of school age. In a quarter of households a child had started a new school, but only eight respondents reported a child leaving school for good. Although this seems an incongruous result, it may be explained by the fact that children change schools (and therefore start a new school) at least twice in a normal school career but they leave school *finally* only once.

3.2.3 Health

Overnight stays in hospital by members of the household were one of the most common changes reported in the survey; 238 such stays were reported, affecting 166 households and 144 benefit units. Around ten per cent of respondents themselves had at least one overnight stay in hospital, and a similar proportion reported other members of the household having been in hospital at least once. Twenty-eight people were reported to have had two or more stays in hospital.

People were asked two questions about their health in the survey: first, whether, since August 1992, their health had been generally good, fairly good, or not good; and secondly whether it had changed, either consistently for the better or worse or had fluctuated. Changes in health were experienced by 268 respondents (24 per cent) and by 152 other household members. A gradual change in health was thus one of the changes most commonly recorded by respondents to the survey.

3.2.4 Employment

Around ten per cent (96) of respondents had at least one job in the six-month survey period, of whom around a quarter (21 people) had more than one job. Of the 21 who had changed their job, more than half had just two jobs but four had as many as five. Take-home pay had varied for 23 people in the most recent job and for two people in earlier employment. Six people received tips in the most recent job and one person received tips in each of four other jobs. Because tips are treated as income for

assessing Income Support, these fluctuations in earnings should be reported to the Benefits Agency.

3.2.5 Expenditure

A third of respondents (374) reported having made at least one 'large expenditure' in the six months covered by the survey. Most (230 people) had made only one large expenditure, and 95 had made two. The expenditure was usually for the purchase of, or for repairs to, clothing, household furniture and equipment. The most common items identified as large expenditures were: buying clothes, mentioned by 60 respondents; beds or mattresses by 51; three-piece suites by 45; carpets and carpet repairs by 39; and buying washing machines, cookers, or paying for appliance repairs, each mentioned by around 20 people. Around ten respondents each reported expenditure on shoes, televisions, bedding, Christmas presents, vacuum cleaners, fridges/freezers, wallpaper and paint, and other repairs (such as to the structure of a house). Approximately equal numbers of expenditures (around 20 per cent) were (a) under £50, (b) under £100, and (c) from £100 to £200. Payments of £1,000 or more represented only three per cent of large expenditures and were mainly for carpets, three-piece suites, and structural repairs. It is clear, therefore, that the identification of something as a large expenditure does not necessarily depend on the amount spent.

Of the 927 respondents who paid all or part of their electricity costs, 13 per cent (121) had at least one large change. Few people reported more than one change. The reason for the first change was an unexpectedly large bill in 69 cases, and changed methods of payment in a further 29. Seven people had been disconnected, five went into arrears, and one each had started or stopped making direct payments from their benefit. Ten per cent of the 710 respondents who paid for gas had one or more large change. As with electricity, the first change was most likely to be an unexpectedly large bill (in 33 cases) followed by an altered method of payment (in 18 cases). Three people had their gas disconnected, five went into arrears, and one started direct payments for gas. Fifty of the 732 who paid all or part of their water bill reported a large change. Twelve out of the 50 said they had an unexpectedly large bill, ten had changed their method of payment, and nine had gone into arrears. None had been disconnected but three had started direct payments for water.

The most common reason for a change relating to people's community charge payments was that they had fallen into arrears. A similar proportion (ten per cent) of respondents reported a large change in their charge of whom almost half said this was the result of arrears. Nineteen people had received an unexpectedly large bill, 14 had had their bill reduced to account for a rebate, and three had stopped direct payments. A relatively high number (16) had started direct payments.

3.2.6 Income

Among the most frequent changes to income reported in the survey were changes to Income Support itself. In the survey, 193 people (17 per cent) recorded at least one change in Income Support, and 42 reported more than one change. It is not clear from the survey data why people report changes in Income Support to the Benefits Agency. Perhaps some recipients, not sure why their benefit had changed (for example, when a child crosses one of the age thresholds) may have felt under a duty to report what for them was a change in their financial circumstances. None of the people in the qualitative sample said they reported such a change.

From the ASE it is not possible to say how many times Income Support changed, but the proportion whose benefit changed between May and November 1991 was over twice as high (35 per cent) as that recorded in the survey. Overall 16 per cent had a change in benefit of £10 or less. This may in part account for the discrepancy between the two proportions. Using the ASE, any change in level, however small, is counted, whereas a respondent is unlikely to report very small changes in Income Support. From the ASE only 20 per cent had changes of £10 or more, most of which were increases. About a quarter had changes amounting to less than ten per cent of their

benefit level, but 12 per cent had an increase of 30 per cent or more and one per cent had a decrease of this amount. Most of those who experienced a decrease in benefit of over 30 per cent had relatively large initial amounts of benefit, over £70.

According to the ASE, only small proportions of claimants had changes in income from other sources: two per cent had a change in their own earnings and one per cent in partners' earnings. Larger proportions had changes to Sickness Benefit and Invalidity Benefit (three per cent each). The survey showed that of the 299 respondents with income from other sources, 54 (18 per cent) had experienced a change, but the most common change was to another benefit. Of the 773 respondents in receipt of a benefit other than Income Support, 86 (11 per cent) had experienced a change in the amount of the award. Interestingly, of the 40 respondents who received maintenance payments, only four had a change in the amount paid and only one of the 30 people with an occupational pension reported a change in payment.

The survey data showed that, apart from changes to regular sources of income, 27 respondents had a one-off sum of money and one person received sums of money on six separate occasions. A similar number (24) had a change in their savings over the survey period out of the total of 298 respondents who reported having savings. Seventy-six children were reported as having savings. The savings of seven of these had gone above or below £3,000.

In the ASE, most claimants (85 per cent) had no capital in May 1991. Capital refers to any money in bank accounts, savings, investments, life assurances and so on, and includes the value of property not occupied by the claimant. Some who started with capital in May 1991 had none by the following November. Overall, one per cent gained capital and an equal percentage lost it. The most striking result from this investigation is the proportion of those with capital over £5,000 who had come off benefit (38 per cent) and the relatively high proportions of those with capital of over £3,000 whose capital had decreased (14 and 15 per cent). The capital rules in Income Support are that a person with capital over £8,000 cannot receive benefit, and those with capital between £3,000 and £8,000 have their benefit reduced according to a 'tariff income'. Thus there is an incentive to reduce capital to below the £3,000 threshold. Table 3.2 shows that 22 per cent of those with capital of more than £3,000 had experienced a change in the level of their capital between May and November 1991. The most common change, experienced by over a third, was a reduction of capital to between £2,000 and £3,000. In contrast, one per cent of those with capital of £2,000 to £3,000 had increased their capital to over £3,000.

Table 3.2: Changes in capital between May and November 1991

Capital (if	Number in May		Income Support ended before November	No change	Decrease	Increase
	N	%				
Nil	30,694	85	19	80	0	1
500 and under	1,234	3	18	79	2	1
501-1000	1,105	3	18	78	2	2
1001-1500	768	2	15	81	2	2
1501-2000	677	2	17	79	2	1
2001-2500	648	2	16	81	2	
2501-3000	504	1	15	78	2	2
3001-5000	461	1	21	62	14	2
Over 5000	188	1	34	48	15	3
Total	36,279	100	19	80		1

Source: ASE

Table 3.3: Changes in amounts of capital for those on Income Support both in May and November 1991

	Capital in May (£)				
	None	1-1000	1001-2000	2001-3000	Over 3000
Number	24,741	1,923	1,215	972	487
Change per cent	1	4	4	5	22
Most common change	increase to £1-1,000	decrease to 0	decrease to £1-1,000	increase to over £3,000	decrease to £2,000-3,000
Per cent with this change	<1	4	1	1	8

Source: ASE

Table 3.4: Types of change: numbers and proportions

Type of change	All changes		Changes within the benefit unit	
	Number	%	Number	%
<i>Housing</i>				
Move	61	2	61	2
Rent	173	4	173	5
Mortgage	176	4	176	5
<i>Family change</i>				
Marital status ³	85	2	66	2
Births	30	1	15	<1
Away from home ³	201	5	149	4
Return ³	198	5	146	4
Anyone else left and not returned	63	2	9	<1
Anyone else joined household ³	28	1	2	<1
Starting school ⁴	117	3	117	3
Leaving school ⁴	9	<1	9	<1
<i>Health</i>				
Into hospital	238	6	197	5
Out of hospital ³	234	6	193	5
Gradual change	420	9	355	10
<i>Employment</i>				
Spells of employment ²	128	3	128	4
One-off job ²	34	1	34	1
Change in earnings	21	1	21	1
Unpaid work	133	3	133	4
<i>Expenditure</i>				
Large purchases ²	634	16	634	17
Electricity	127	3	127	4
Gas	76	2	76	2
Water	56	1	56	2
Community charge	135	3	135	4
<i>Income</i>				
Income Support ²	314	8	314	9
Other benefits ²	89	2	89	2
Private pensions	0	0	0	0
Maintenance	2	<1	2	<1
Other income ²	55	1	55	2
Lump sums received ²	35	1	35	1
Savings	121	3	121	3
Total	3,988		3,628	

Asked of respondent but applies to household

² Asked of respondent only

³ Asked of everyone in the household

⁴ Asked of household but not possible to identify benefit unit

Source: Survey

So far we have considered each type of change separately and have gained an impression of how many people are affected. We have also noted that what we have described as one type of change (such as leaving the household) includes a wide range of changes. The next section addresses more directly the question of which changes are the most common.

3.3 The most common changes

Table 3.4 lists all the changes asked about in the survey. As mentioned earlier, for some changes we asked about all people living as part of the respondent's household. However, not all of these people were included in the respondent's claim for Income Support, that is, they were not part of the benefit unit. Table 3.4 therefore distinguishes between all changes to the respondent's household and those relevant to the benefit unit only. In considering changes within the benefit unit, the table shows that large expenditures, gradual health changes and changes to Income Support stand out as by far the most common changes: sixteen, nine and eight per cent of all changes respectively. Occurring half as frequently were changes to rent, to mortgage payments, and going into and returning from hospital. Going away from home, returning, spells of employment and unpaid work, and changes to electricity and community charge payments all occurred with a similar frequency of four per cent.

3.4 Frequency of change

This section draws on the survey and the ASE to explore how many changes people on Income Support experienced in separate six-month intervals. The survey, as explained in Chapter One, attempted to capture as many as possible of the changes that could happen to the recipient and the household in the six months following 1 August 1992. Because some of these changes do not need to be reported to the Benefits Agency and have no effect on a person's Income Support, they will be different from the changes recorded in the ASE, which refer entirely to changes which have been recorded by the Benefits Agency. In order to investigate the potential usefulness of the ASE for analysing changes in circumstances in the future, we compared the results from the ASE with the survey. With the ASE there is always a possibility that the number of changes has been boosted by administrative changes which, although they can be important, may not be what people understand when they are asked about changes in their circumstances.

For people with many changes, we also investigated if there are combinations of changes which occur together. For example, a relationship breakdown means that the numbers in the benefit unit will change; it may mean a change of address; the number of absences from the household may increase as children go to stay with the partner who has left; the sources of income will change; maintenance may be paid and so on.

3.4.1 Numbers of changes experienced

In analysing the ASE for the number of changes a claimant had experienced in the six-month period, it was necessary to decide what changes should be counted. It is possible to construct a very large number of changes from the data set, but for ease of computation and presentation, 47 of the most obvious and frequent changes were selected. Those included are set out in Table 3.5 below.

Table 3.5: Changes counted in analysis of ASE

		Deductions for:	Premix
1. Postcode	13. Retirement pension	25. Voluntary unemployment	37. Higher pensioner
2. Region	14. Partner's retirement pension	26. Electricity	38. Pensioner
3. Housing Benefit status	15. Earnings	27. Gas	39. Enhanced pensioner
4. Housing requirement status	16. Partner's earnings	28. Rent	40. Severe disability Higher
5. Mortgage interest entitlement	17. Self-employed earnings	29. Water	41. Severe disability Lower
6. Mortgage interest payment	18. Partner's self-employed earnings	30. Community charge	42. Disabled
7. Marital status	19. Sickness benefit entitlement	31. Mortgage interest	43. Lone parent
8. No. of children	20. Partner's sickness benefit entitlement	32. Other housing costs	44. Disabled child
9. No. of dependants	21. Industrial injuries disablement benefit	33. Nightshelter/hostel charges	45. Family
10. Claimant group	22. Partner's industrial injuries disablement benefit	34. Residential/nursing home charges	46. Carer
11. Liability of relative	23. Invalidity benefit	35. Overpayment	47. Non-premium based cases
12. Claimant liable relative status	24. Partner's invalidity benefit	36. Social fund	

Table 3.6 shows the overall likelihood of people experiencing relatively large numbers of changes-of having a 'changeable life'. Most people had experienced three or more changes in the six months between May and November 1991, but 41 per cent of those on benefit in both May and November experienced a larger than average number of changes (that is, four or more). Only three per cent of claimants had no recorded changes in circumstances. By comparing claimant groups, we see that 23 per cent of those over 60 had four or more changes compared with 92 per cent of lone parents, 63 per cent of those in the 'other' category, 40 per cent of disabled claimants, and 28 per cent of unemployed claimants. The changeability of the lives of lone parents is revealed even more strikingly by the much higher proportion (57 per cent) who are recorded as having six or more changes. Lone parents are 14 times more likely to have six or more changes than pensioners, five times more than unemployed claimants, and four times more than disabled claimants.

Table 3.6: Number of changes recorded in ASE between May and November 1991, by claimant group

Number of changes	All cases		Claimant group in May 1991				
	%	N	Over 60 %	Disabled %	Lone parent %	Unemployed %	Other %
0	3	822	<1	<<1	0	8	5
1	13	3,827	9	5	<<1	27	21
2	17	5,128	18	29	1	22	22
3	26	7,590	48	25	7	15	15
4	13	3,851	14	15	14	10	13
5	10	2,803	5	11	21	7	9
6	7	1,950	2	6	19	4	6
7	5	1,324	1	4	13	3	4
8	3	875	<1	2	10	2	2
9	2	534	<<1	1	7	1	2
10 +	2	656	<<1	1	8	1	1
N		29,360	10,325	2,581	5,698	8,300	2,456
With 6+	18		4	14	57	11	16

Source: ASE

While the survey attempted to capture all changes affecting Income Support recipients, we can distinguish those which are *reportable*, that is, those which the DSS tell people

they should report, from other changes which are not relevant for benefit assessment and can therefore be defined as *non-reportable*. Table 3.7, using data from the survey, shows that 14 per cent of respondents said they had no changes at all in their lives in the six months covered by the questionnaire. This figure rises to 35 per cent when only reportable changes are considered. In contrast, only three per cent of the claimants included in the ASE had no change. Although the ASE analysis and the survey cover six-month periods over a year apart, this disparity is still puzzling. The difference could suggest that many of the changes recorded in the ASE are administrative changes, such as a child moving into an older age group and qualifying for a higher level of benefit. These changes may not be appreciated as such by many Income Support recipients. Alternatively there may be a question of recall. In the survey people were asked about the changes they remembered in their everyday lives, including changes in income, but they were not asked to recall every communication they had with the Benefits Agency in the interval and what changes resulted.

Overall, the survey data show that 60 per cent of respondents recorded three or fewer changes, while 40 per cent recorded four or more changes. However, only 21 per cent recorded four or more *reportable* changes.

Table 3.7: Number of changes experienced by survey respondents, August 1992-January 1993 (*all* changes compared with *reportable* changes)

Number of changes	Percentage of respondents with any changes	Percentage of respondents with reportable changes
0	14	35
1	18	21
2	15	16
3	13	8
4	10	7
5	7	4
6	6	4
7	4	1
8 or more	13	5
N*	1,090	1,090

* Excludes 47 cases for whom the start date for the receipt of Income Support was not given
Source: Survey

The survey also showed that lone parents had more changeable lives than pensioners, unemployed or disabled recipients, as seen in Table 3.8. Six per cent of lone-parent households had no changes in the survey period, compared with 14 per cent of disabled claimants, 16 per cent of unemployed claimants and 19 per cent of pensioners. The results from the survey agreed with the ASE in finding that pensioners were the group with the least changeable lives, only 14 per cent had more than six changes compared with over a third of lone parents.

These patterns are repeated when we analyse only *reportable* changes. Pensioners are least likely and lone parents most likely to have many reportable changes. Thus contacts with the Benefits Agency should be more frequent for lone parents compared with pensioners, unemployed people, disabled people, and other claimants.

Table 3.9 investigates whether people from ethnic minorities, people with a long-term illness or disability, or those living in rural areas, experience different numbers of changes compared with the general population of Income Support recipients.

As the table shows, 74 respondents in the survey identified themselves as having an ethnic minority background. The distribution in the numbers of changes experienced by them was similar to that for the whole sample. We have no evidence therefore to suggest that people from ethnic minorities are more or less likely than the general population of Income Support recipients to experience changeable lives.

Table 3.8: Number of changes experienced by survey respondents, August 1992-January 1993, for different claimant groups (all changes compared with reportable changes)

Number of changes	Unemployed		Lone parent		Pensioner		Disabled	
	All	Reportable	All	Reportable	All	Reportable	All	Reportable
0	16	35	6	21	19	43	14	43
1	16	21	13	24	23	19	16	21
2	15	15	13	13	15	17	18	17
3	12	8	11	10	14	7	16	5
4	9	7	16	10	6	5	10	7
5	7	3	8	6	7	4	6	2
6	6	4	6	6	6	3	6	2
7	6	1	6	3	1	1	3	0
8 or more	14	5	22	8	7	3	12	5
N	386		210		323		126	

Source: Survey

Table 3.9: Number of changes experienced by survey respondents, August 1992-January 1993, for claimants (a) from ethnic minorities, (b) with and without a long-term illness or disability, and (c) from rural and urban locations

Number of changes	All	Ethnic minority	With long-term illness/disability	No long-term illness/disability	Urban	Rural	Urban/Rural
0	14	14	12	18	13	17	13
1 or 2	33	37	33	33	38	28	32
3 or 4	23	21	23	23	22	24	23
5 or 6	13	11	13	12	11	15	13
7 or more	17	19	19	15	16	17	19
N	1,137	74	634	456	342	399	349

Source: Survey

The people who said in the survey that they had a long-term illness or disability would not necessarily have been classified by the Benefits Agency as 'disabled'. Not all people suffering from an illness or some degree of disability will be in receipt of a benefit or premium associated with sickness or disability. Hence, while there were 130 claimants in our sample who were officially classified as disabled (see Table 2.1), 634 people in the survey said they had a long-term illness or disability. If we compare these 634 with those with no illness or disability, we see from Table 3.9 that they were less likely to experience *no* change, and more likely to experience *frequent* changes (that is, seven or more) during the survey period.

The idea that life in the country is less changeable than urban living is not borne out by the comparison between people living in a rural area and those living in an urban or mixed urban/rural environment (Table 3.9). Although more rural claimants said that they had no changes at all in the survey period, a slightly higher percentage said they had in excess of seven changes.

One might speculate that as the length of time on benefit increases, people's lives become more stable and more constrained. Table 3.10 compares the numbers of changes experienced by people on benefit for different periods.

As the table shows, the proportion of claimants with no changes falls from 17 per cent for those on benefit for one year or less to 11 per cent for those on benefit for four years or more. This seems to suggest that as time on benefit increases, the likelihood of experiencing change increases, rather than life becoming more stable. However, some slight evidence of reduction in changeability as time on benefit increases comes from considering the proportions with large numbers of changes. The proportion of respondents with seven or more changes falls slightly from 22 per cent for those on benefit for one year or less, to 17 per cent for those on benefit for two years. After this the proportion fluctuates around this lower level.

Table 3.10: Number of changes experienced by survey respondents between August 1992 and January 1993, by the length of time on benefit

Number of changes	One year and under	2 years	3 years	4 years and over
0	17	16	15	11
1 or 2	32	31	32	32
3 or 4	19	27	17	25
5 or 6	11	10	18	14
7 or more	22	17	19	18
N*	136	168	136	508

* 142 cases did not know how long they had been on Income Support
Source: Survey

3.5 Changes in circumstances for different types of people

As we suggested in Chapter Two, some types of people are more likely to experience certain changes than others. This section provides information from the survey and the ASE on the types of change experienced by different types of people. It compares the likelihood of experiencing a variety of changes for pensioners, lone parents, unemployed and disabled claimants.

Table 3.11, based on analysis of the ASE, compares the likelihood of different groups changing their address and housing circumstances.

Table 3.11: Changes in address and housing circumstances, by claimant group

Type of change	Over 60	Disabled	Lone parent	Unemployed	Other	All
	%	%	%	%	%	%
Postcode	4	7	11	15	12	9
Region	<1	1	1	2	1	<1
Housing requirement entitlement	3	1	1	1	1	2
Housing requirement payment	2	4	5	5	4	4
Mortgage interest entitlement	<1	1	2	4	2	2
Mortgage interest payment	2	5	5	6	4	4
Number	10,325	2,581	5,698	8,300	2,456	29,360

Source: ASE

Changes in postcode can be used as a proxy for changing address. Overall, nine per cent changed their postcode between May and November 1991, though unemployed recipients (15 per cent), 'other' claimants (12 per cent) and lone parents (11 per cent) were more likely to have moved than pensioners (four per cent) and disabled people (seven per cent).

Housing costs met by Income Support include mortgage interest payments, interest on loans for repairs or improvements, payments associated with co-ownership schemes, and service charges. Only small percentages of recipients (two to four per cent) had changes in their entitlement to housing costs or mortgage interest payments, or to the amounts paid.

Table 3.12, based on the ASE, shows that lone parents were most likely to have experienced changes in the numbers of children or other dependants in their household. A relatively high proportion (22 per cent) of 'other' cases changed their claimant group between May and November 1991. This is perhaps not surprising because many in this group were on training courses which would have been completed during the six months in question, and, if still on benefit, would have been reclassified as 'unemployed'.

Table 3.12: Changes in age and family circumstances, by claimant group

Type of change	Disabled %	Lone parent %	Unemployed %	Other %	All %
Marital status	1	<1	3	2	1
Number of children	2	8	5	6	4
Number of dependants	2	7	5	6	4
Client group entitlement	4	2	16	22	9
Retirement Pension (RP) entitlement	0	3 cases	0	4 cases	4
Partner's RP entitlement	1	1 case	1	1	3
Number	2,581	5,698	8,300	2,456	29,360

Source: ASE

Table 3.13: Number of changes experienced by survey respondents, August 1992-January 1993. survey data for different claimant groups

Type of change	All %	Unemployed %	Lone parents %	Pensioners %	Disabled %
<i>Housing</i>					
Move	5	7	6	3	3
Rent	15	16	23	12	16
Mortgage	15	21	15	8	19
<i>Family change</i>					
Marital status	7	5	8	6	7
Births	2	1	8	0	0
Away from home	18	7	28	14	15
Return	17	7	28	14	15
Anyone else left and not returned	6	7	6	1	12
Anyone else joined household	2	2	3	0	8
Starting school	10	10	25	0	8
Leaving school	1	0	1	0	2
<i>Health</i>					
Into hospital	21	9	32	22	14
Out of hospital	21	9	32	22	14
Gradual change	37	19	27	41	65
<i>Employment</i>					
Spells of work	11	15	22	-	-
One-off job	3	7	1	0	0
Change in earnings	2	2	4	0	-
Unpaid work	12	14	8	7	22
<i>Expenditure</i>					
Large purchases	56	55	83	45	43
Electricity	12	13	14	6	12
Gas	7	6	11	5	5
Water	5	6	6	3	3
Community charge	12	16	19	5	13
<i>Income</i>					
Income Support	28	32	38	21	9
Other benefits	8	5	10	11	6
Private pensions	0	0	0	-	0
Maintenance	-	0	1	0	-
Other income	5	5	6	3	5
Lump sums received	3	4	4	1	9
Savings	11	9	7	14	12
Total	1,137	403	216	338	130

Source: Survey

Table 3.13 above presents information from the survey of Income Support recipients and confirms the picture emerging from the analysis of the ASE that lone parents generally have more changeable lives than other types of Income Support recipients. It is not surprising therefore that, when we look separately at each type of circumstances, lone parents were also more likely to have experienced changes. As Table 3.13 shows, they were most likely to have experienced changes in family circumstances such as changes in marital status, births, people leaving or returning to the household, and children starting school. Although they were less likely than pensioners to report a gradual change in health, they were more likely to have had overnight stays in hospital. Changes in expenditure, whether for large purchases, utilities or the community charge, were more likely to be recorded by lone parents than others. They, rather than unemployed recipients, were more likely to have spells of paid employment and changes in earnings. Perhaps as a result of all these changes, they most often recorded a change in Income Support and a change in other income. Conversely, their housing circumstances seemed more stable than for others. Unemployed recipients were most likely to have moved or to have had a change in their mortgage payments. The changes most likely to affect pensioners were a gradual change in health and in other benefits or savings. Disabled claimants were more likely than others to have experienced someone leaving their household for good, to have had spells of unpaid work and to have received lump-sum payments of money.

In Table 3.13 we have considered each change separately, although we have seen that some changes are associated with certain types of claimant. There may also be groups of changes which are likely to occur together. To make the analysis simpler, we have constructed two broader groups of changes as follows: *expenditure*, including any large purchase or a change to a utility or community charge payment; and a *health change* which included any stay in hospital or a gradual change in health. Even using these broader groupings we found that the percentages with any given combination soon became small, hence Table 3.14 presents only the most common combinations. Overall, respondents were most likely to have had a single change either in health (eight per cent), in expenditure (six per cent), or in income (five per cent). The most common combinations of two changes were in health and expenditure (five per cent), and in income and expenditure (four per cent). The most likely combination of three changes was in income, health and expenditure (three per cent). Changes which occurred for fewer than three per cent of the sample are not presented.

Table 3.14 below shows the importance of health changes to pensioner and disabled recipients. In a relatively high proportion of cases this was the only change experienced, and for disabled recipients the common combinations of changes included health as one element. For pensioners, changes to income were also a feature both alone and in combination with other changes. The pattern of changes for lone parents includes a large number of combinations of changes but small percentages experiencing any given combination. However, a child starting school was particularly common in the lone parent group, both on its own and in combination with a change in expenditure.

How these combinations of changes interact and their overall effects on claimants' lives are considered in the next chapter.

3.6 Discussion and policy implications

In this chapter information from DSS administrative statistics and the national survey of Income Support recipients has been drawn together to investigate the numbers, and combinations, of changes in the lives of people on Income Support. As mentioned earlier, the ASE data can be used to analyse relevant changes in circumstances which have been reported to the Benefits Agency. The survey collected more comprehensive information on changes in people's lives, regardless of whether claimants had any obligation to report them or whether they actually did so. Our analysis of both data sets has shown that lone parents experienced the most changes, while pensioners were least likely to have had any change. Overall the most common changes were gradual changes to health, large expenditures, and changes to Income Support. Other changes

Table 3.14: Common combinations of changes, by claimant group

Combination of changes	All %	Unemployed %	Lone parent %	Pensioner %	Disabled %
<i>Combinations of 4 changes</i>					
Housing, income, health and expenditure					3
<i>Combinations of 3 changes</i>					
Income, health and expenditure	3	-	-	7	-
Housing, health and expenditure		-			3
Housing, income and expenditure		3		3	
<i>Combinations of 2 changes</i>					
Health and expenditure	5	3	4	7	12
Income and expenditure	4	4	4	6	3
Income and health			-	-	5
Health and housing		-		-	5
Work and expenditure			3		
Starting school and expenditure			5		
Starting school and income					3
<i>Single changes</i>					
Health	8	6	4	12	16
Expenditure	6	6	7	7	
Income	5	5		9	
Housing	3	5			
Starting school			3		
Absence from household					

- = Less than three per cent

Source: Survey

were more common for some groups than others. For example, unemployed people were more likely to have employment and housing changes. Gradual changes to health were particularly mentioned by disabled respondents, as were changes to income. Lone parents were more likely to mention changes connected with household composition such as marital status, births, and absences from the household.

Analysis of combinations of changes highlighted the importance of health changes for pensioners and disabled people on Income Support. It showed how housing changes interacted with changes to income and expenditure for unemployed people. Lone parents experienced many combinations of changes but the analysis did show that a relatively frequent combination was of a child starting school and a large expenditure.

In later chapters we will discuss possible policy options emerging from our analyses of the *impact* of changes on people's lives and of people's reporting behaviour. However, there are also some options which are prompted simply by the number of changes experienced by people. For example, because pensioners seem to experience relatively few changes it might be appropriate for them to report changes less frequently than at present, such as every six months. Conversely, as lone parents have so many changes, the duty to report to the Benefits Agency could make the system oppressive and intrusive and add to any difficulties they might have in managing the changes in their lives. For entirely the opposite reason to that for pensioners, a more flexible reporting regime may help lone parents also.

A child starting school is a relatively frequent change for lone parents but is not regarded as a change in circumstances by the Benefits Agency since it has no bearing on the assessment of Income Support. However, because it is a frequent change there may be a case for reconsidering whether Income Support *ought* to include help for costs associated with children starting school (two examples from the depth interviews being new uniforms and sports equipment). Two other frequently mentioned changes, in large expenditures and gradual changes in health, are also not part of the system for

dealing with changes in circumstances within the Income Support scheme.⁶ Perhaps further thought might be given to whether Income Support could be extended to help people cope with these changes. Having to report an overnight stay in hospital by anyone in the benefit unit may add to a possibly stressful event. Since hospital stays are a frequent occurrence, there may be a case for considering the costs and benefits of the Income Support rules concerning them.

In order to explore further the merits of these policy options, Chapter Four looks at the *impact* of changes in circumstances on the lives of Income Support recipients.

⁶ Grants for large expenditure could be claimed under the single payments regulations of the old Supplementary Benefit scheme. These were replaced in 1988 by loans from the Social Fund.

Chapter 4 Exploring the Impact of Changes in Circumstances

In this chapter we explore more fully the impact of changes in circumstances for people on Income Support. Information on the impact of changes in circumstances on people's lives was gathered in the survey and in the in-depth interviews with Income Support recipients. In the survey, for each change in their circumstances, respondents were asked if their Income Support had altered. For the change nearest to 1 November 1992 more detailed questions were asked about how much their Income Support had changed, whether they had expected it to change, and whether they generally felt better or worse off as a result of the change. Analysis of the ASE data from May and November 1991 also provided information on the overall change in Income Support as a result of the changes occurring in that six-month interval.

We consider first people's perceptions of change. Drawing on survey and interview data we present their subjective views of whether specific changes were important, whether they were for better or worse, and whether respondents felt they had any choice or control over the changes which occurred. We then examine whether the change in circumstances had an effect on the level of benefit. Next we draw on survey and interview data to address the question of whether Income Support helps people adjust to changes in their lives or generates more problems. Some possible policy options are outlined in the final section.

4.1 Claimants' perceptions of changes

Drawing on our analysis of changes in circumstances nearest to 1 November 1992, Table 4.1 shows which changes respondents regarded as important. A gradual change in health was regarded as very important by a high proportion of respondents (83 per cent). Other changes regarded by more than two-thirds of respondents as very important were moving to another address, a child starting school, going into hospital and a spell of paid work. Interestingly, only the last of these usually has a direct impact on the level of Income Support (although moving house could have implications for a claimant's mortgage interest payments). Paid work can have varying financial effects, from increasing income (up to the level of the appropriate disregard) to removing people from Income Support completely.

All of the other changes listed in Table 4.1 (with the exception of rent increases) were generally regarded as important by the respondents though to a lesser extent than those mentioned above. Rent increases are probably considered less important because in most cases the increase would be met by Housing Benefit with no net effect on the finances of the respondent.

How people view change and its relationship to Income Support may also depend on whether they think it is for the better or not. Table 4.2 shows that, overall, 49 per cent of respondents described the change recorded nearest to 1 November as good, 23 per cent as bad, and equal proportions (13 per cent) described the change as a bit of both or neither good nor bad. The range of responses is not surprising given that most changes can have both positive and negative aspects. Going into hospital might be described as good after a long wait for treatment or bad if it was the result of a worrying diagnosis. Likewise, coming out of hospital could be part of the process of recovery or pose a problem of long-term care. Income changes could either be

Table 4.1: Importance of the change nearest to 1 November 1992 for Income Support recipients

Type of change	Respondents' views of importance					
	No. of changes	Very impt.	Quite impt.	Not very impt.	Not at all impt.	Don't know
		%	%		%	%s
<i>Housing</i>						
Move	31	68	23	7	3	0
Rent increase	43	23	21	30	23	2
Mortgage decrease	65	36	36	0	9	18
<i>Family change</i>						
Away from home	94	38	16	26	16	4
Starting school	52	67	14	12	6	2
<i>Health</i>						
Into hospital	50	64	10	12	8	6
Out of hospital	27	48	26	11	11	4
Gradual change	24	83	17	0	0	0
<i>Employment</i>						
Spell of employment	44	64	21	11	5	
Unpaid work	17	29	41	24	6	
<i>Expenditure</i>						
Large purchases	54	48	32	7	2	11
Community charge increase	25	33	50	13	4	0
<i>Income</i>						
Income Support	100	41	25	24	6	3
Other benefits	51	57	24	10	10	0
Other income	13	54	23	23	0	0
All changes	723 ¹	47	22	17	10	4

¹ The total number of changes recorded as near to November 1 includes 36 other changes some of which were mentioned by only a few respondents

Source: Survey

Table 4.2: Respondents' views about whether change nearest to 1 November 1992 was good or bad

Type of change	Respondents' views of change					
	No. of changes	Good	Bad	Bit of both	Neither	Don't know
			%	%	%	
<i>Housing</i>						
Move	31	81	3	13	3	0
Rent increase	43	9	37	16	35	2
Mortgage decrease	65	57	9	6	26	2
<i>Family change</i>						
Away from home	94	55	10	15	16	4
Starting school	52	69	2	14	15	0
<i>Health</i>						
Into hospital	50	42	34	14	8	2
Out of hospital	27	56	22	4	19	0
Gradual change	24	21	58	21	0	0
<i>Employment</i>						
Spell of employment	44	84	9	2	2	2
Unpaid work	17	71	0	18	12	0
<i>Expenditure</i>						
Large purchases	54	24	39	19	9	9
Community charge increase	25	4	67	21	8	0
<i>Income</i>						
Income Support	100	53	27	10	9	1
Other benefits	51	53	24	14	8	2
Other income	13	46	31	8	15	0
All changes	723 ¹	49	23	13	13	

¹ The total number of changes recorded as near to 1 November includes 36 other changes

Source: Survey

increases or decreases, and large purchases could be an unavoidable expense or a longed-for item bought after a period of saving.

Although changes will not invariably be for better or worse, those which were most likely to be described as good were: a change of address (81 per cent), a spell of paid work (84 per cent), a spell of unpaid work (71 per cent), and a child starting school (69 per cent). Changes most likely to be described as bad were: an increase in the community charge payable (mentioned by 67 per cent of respondents with this change), a gradual change in health (58 per cent), a large purchase (39 per cent), a rent increase (37 per cent), going into hospital (34 per cent), and a change to other income (31 per cent).

In the detailed investigation of the change nearest to 1 November 1992, respondents were asked if the change was something they chose to do, or had some control over, or a change they had no control over. Their answers offer an interesting insight into whether the lives of people on Income Support can be characterised as a series of responses to the external and arbitrary forces of society, or whether people have more choice and control over their lives than is sometimes supposed. Overall, we collected detailed data on 723 changes.⁷ As Table 4.3 shows, two-thirds of respondents felt they had no control over the changes they had experienced and 31 per cent felt they had some choice.

Table 4.3: Respondents' views of the amount of choice or control they had over changes in circumstances, for different types of change

Type of change	No. of changes	Amount of choice		
		Some choice/ control %	No control %	Don't know/ refused %
<i>Housing</i>				
Move	31	81	16	3
Rent increase	43	9	88	2
Mortgage decrease	65	12	85	3
<i>Family change</i>				
Away from home	94	58	37	5
Starting school	52	29	69	2
<i>Health</i>				
Into hospital	50	30	66	4
Out of hospital	27	19	78	4
Gradual change	24	38	63	0
<i>Employment</i>				
Spell of employment	44	73	27	0
Unpaid work	17	94	6	0
<i>Expenditure</i>				
Large purchases	54	19	67	15
Community charge increase	25	13	83	4
<i>Income</i>				
Income Support	100	14	82	4
Other benefits	51	10	88	2
Other income	13	23	77	0
All changes	723 ¹	31	64	5

¹ The total number of changes recorded as near to 1 November 1992 includes 36 other changes
Source: Survey

This number is slightly lower than it should be: large changes in expenditure, one-off jobs or changes to electricity bills were not included because of an error in the routing within the CAPI version of the questionnaire. Excluding large expenditures from this analysis is likely to lower the proportion who feel they have control over the change. Large expenditures, however, are not considered in the assessment for Income Support.

Whether people felt they had any choice depended to a large extent on the type of change experienced, but the list of changes over which people felt they had no control was longer than the list of changes which were from choice. For example, around 80 per cent of respondents said they had no control over changes in Income Support or other benefits, coming out of hospital, rent increases, community charge increases, mortgage decreases, and maintenance payments (included in 'other income' in the table). Similarly, over 60 per cent said they had no control over changes in health, going into hospital, a child starting school, or expenditure on large purchases. Conversely, people were more likely than not to feel they had choice over starting paid and unpaid work, moving house, or leaving and returning home.

It is interesting that two-thirds of the respondents who had made large purchases regarded these as being outside their control. However, a large purchase may be for a 'necessity' such as a bed or bedding, or repair of electrical equipment, and the reason for that need is beyond the control of the respondent—the item has worn out, or needs to be repaired. To go without the item was not regarded as a choice.

4.2 Effect of changes on Income Support and income

In this section we first of all consider the information in the ASE that links together changes in circumstances recorded in the six-month interval from May to November 1991. Then follow the results from the survey on the impact of changes in circumstances on receipt of Income Support. In the survey we asked respondents if the change nearest to 1 November 1992 had led to an increase or decrease in Income Support and, if so, by how much.

4.2.1 Association between type of change and change in level of benefit from the ASE

(a) *Changes in level of benefit by client type:* Table 4.4 shows the change in the amount of Income Support over the six-month interval between May and November 1991. For the majority (65 per cent), the amount of benefit had not changed. Where changes did occur, however, they were more likely to be increases than decreases (29 per cent compared with seven per cent). The level of benefit was least likely to change for claimants aged over 60. Disabled claimants experienced the most, and the biggest, changes. Compared with the average of 65 per cent for the whole sample, 34 per cent of this group experienced no change, while for 53 per cent their benefit increased by over £30.

Table 4.4: Increases and decreases in level of benefit between May and November 1991, by claimant group

Change in benefit (£)	Over 60 %	Disabled %	Lone parent %	Unemployed %	Other %	All %	N
No change	84	34	69	53	42	65	18,974
<i>Increase</i>							
Under 10	5	5	11	27	12	13	3,781
10 to 30	1	3	5	5	12	4	1,144
30 to 50	2	32	1	5	16	7	1,934
50 and over	3	21	1	4	10	5	1,468
<i>Decrease</i>							
Under 10	3	2	6	2	3	3	973
10 to 30	1	2	5	2	3	2	667
30 to 50	<1	1	1	1	1	1	258
50 and over	<1	<1	1	1	1	1	161
N	10,325	2,581	5,698	8,300	2,456	29,360	

Source: ASE

Table 4.5 uses the same data as Table 4.4 but in such a way as to show how changes in levels of benefit are distributed between different claimant groups. Several interesting points emerge from the table. For example, unemployed claimants are disproportionately represented among those with small changes to their benefits and with large decreases (though not large increases). Larger increases were most

associated with disabled claimants and least with lone parents. The ASE does not enable us to explore the reasons for these results but it is likely that the structure of Income Support provides at least part of the explanation. For example, if a disabled claimant becomes entitled to one of the severe disability premiums while on benefit, his or her award will rise by over £30 in one go. In contrast, the changes likely to occur in the lives of lone parents (such as a child crossing one of the age thresholds, or the birth of an additional child) do not generate comparable large increases in benefit.

Table 4.5: How selected changes in benefit between May and November 1991 are distributed between claimant groups

	Change in level of Income Support				
	No change	Increase or decrease of under £10	Decrease of £30 or more	Increase of £30 or more	All changes
	%	%	%	%	%
Over 60	46	18	19	15	35
Disabled	5	4	5	40	9
Lone parents	21	21	20	3	19
Unemployed	23	50	42	24	28
Other	5	8	13	18	8
N	18,974	4,754	419	3,402	29,360

Source: ASE

(b) *Effects of different types of change on levels of benefit:* The next five tables are concerned with the effect of different types of changes on levels of benefit. Do some changes result in large changes in benefit and others not? Are some changes frequent but do not make much difference to benefit? The data from the ASE is not ideal for investigating these issues. Almost all claimants experienced more than one change in circumstances over the six-month period, so it is not known whether a change in the level of benefit between May and November is a result of one change rather than another.

In Table 4.6 we look at changes in circumstances associated with people's housing. The figures are row percentages. For example, the table shows that 46 per cent of the 2,735 people with a change of postcode (i.e. a change of address) had no change in their Income Support in the six months between May and November 1991. For comparison, the top row of the table shows the picture for the whole sample of whom 65 per cent had no change in benefit in the six-month period.

Table 4.6: Benefit changes associated with housing changes, May to November 1991 (row percentages)

Type of change	No change	Increase (£ per week)				Decrease (£ per week)				N
		<10	10 to 30	30 to 50	50 +	<10	10 to 30	30 to 50	50 +	
All	65	13	4	7	5	3	2	1	1	29,360
Postcode	46	21	7	7	8	3	3	3	2	2,735
Region	53	23	5	5	5	1	3	1	3	227
Housing requirement	53	10	7	4	7	6	4	3	6	537
Housing payment	2	10	13	9	21	25	10	4	4	1,134
Mortgage interest entitlement	6	7	19	13	33	5	6	4	7	505
Mortgage interest payment	12	5	11	10	20	23	9	4	4	1,229

Source: ASE

Changes which reflect a change of address, such as postcode and region changes, are mostly associated with no change to Income Support. In contrast, changes to mortgage interest entitlement and payments, and to housing payments, are almost always

associated with a change in Income Support. These changes in circumstances are also most associated with large increases in the *amount* of Income Support awarded. Though benefit changes are more likely to be increases than decreases, the largest decreases were associated with mortgage interest changes. Seven per cent of changes to mortgage interest entitlement were associated with decreases in benefit of £50 and over, compared with one per cent of all changes (see Table 4.4).

Table 4.7 shows benefit changes associated with changes in people's family circumstances and their benefit status.

Table 4.7: Benefit changes associated with changes in family circumstances and benefit status, May to November 1991 (row percentages)

Type of change	No change	increase (f per week)				Decrease (f per week)				N
		<10	10 to 30	30 to 50	50 +	<10	10 to 30	30 to 50	50 +	
All	65	13	4	7	5	3	2	1	1	29,360
Marital status	1	5	14	18	16	3	14	14	18	369
No. of children	<1	33	25	8	11	4	9	6	3	1,095
No. of dependants	<1	20	26	8	10	5	19	9	4	1,059
Claimant group	22	22	12	13	18	3	5	3	2	2,557
Liability of relative	62	11	8	3	2	7	5	1	1	3,637
Claimant status for liable relative purposes	66	11	6	3	2	6	5	1	1	4,702
Retirement pension entitlement	87	5						<1	<1	8,836
Partner's retirement pension entitlement	78	3		2	6	7	1	1		782

Source: ASE

As expected, changes in marital status are associated with a change in benefit, as are changes in the numbers of children and other dependants. Changes in marital status are also associated with large changes in benefit, both increases and decreases. This might, as before, be expected since a dependant's allowance will be paid to a man with a new partner but will be lost if the partnership breaks up and he becomes a single claimant. Changes in benefits associated with changes in the numbers of children do not seem to lead to large changes in benefit. Associated increases seem to be mainly in the range from under £10 to £30. Similarly, decreases seem to be mainly in the range £10 to £50. The pattern is similar for changes in benefit associated with changes in the numbers of dependants. Changes in claimant group seem to be more associated with changes (usually increases) in benefit than average.

Though the reason is not clear from the analysis of the ASE, benefit levels seem to change little with changes in the liability of relatives, or with the claimant status associated with liable relatives. Similarly benefit changes are less likely than average for those with changes in either their, or their partner's, retirement pension entitlement.

Table 4.8 shows the benefit changes associated with changes in income from earnings and selected social security benefits.

Changes in claimants' earnings are associated with relatively small, if any, changes in benefit: 36 per cent going up or down by £10 or less and 34 per cent not changing at all. Changes in partners' earnings, however, seem to be associated with large increases in benefit: 21 per cent with this change have an increase in benefit of £50 or over, compared with five per cent in general (Table 4.4). This may be an indicator of partners giving up work because their earnings are counted pound for pound against Income Support.

Table 4.8: Benefit changes associated with changes in income from earnings and benefits, May to November 1991 (row percentages)

Type of change	No change	Increase (£ per week)				Decrease (£ per week)				N
		<10	10 to 30	30 to 50	50 +	<10	10 to 30	30 to 50	50 +	
All	65	13	4	7	5	3	2	1	1	29,360
Claimant's earnings	34	22	15	4	4	14	5	2	<1	545
Partner's earnings	26	13	7	10	21	14	4	3	1	216
Sickness Benefit entitlement	62	9	7	3	6	7	4	1	1	927
IDB entitlement	71	5	2	7	4	7	0	1	2	83
Claimant's Invalidity Benefit	1	1	4	8	84	1	1	0	0	758
Partner's Invalidity Benefit	64	2	2	7	18	4	0	2	0	45

Source: ASE

Some benefits are taken into account as income for the purposes of calculating Income Support awards while others are disregarded. The effects of this can be seen in the table. For example, almost everyone having a change in Invalidity Benefit (IVB) also experienced a change in Income Support. A high proportion (84 per cent) of those with changes to Invalidity Benefit received an increase in Income Support of £50 or over. In contrast, most people having a change in their Sickness Benefit or Industrial Disablement Benefit (TDB) entitlement did not experience a change in Income Support in the six-month period.

Table 4.9 shows the benefit changes associated with deductions from benefit. Direct payments, for fuel, water and housing costs, do not affect the overall level of benefit in payment even though an increased deduction could have a substantial effect on the weekly income available to the claimant for budgeting. The effect is the same as a member of the general public spreading fuel expenditure into equal amounts through a budget payment scheme; their earnings are not reduced. Similarly, the amount of an *award* of benefit is not affected by deductions for the recovery of overpayment or Social Fund loans, though the amount of the *payment* to the claimant will be lower. The only *reductions in* benefit are made for people who are considered by an adjudication officer to have made themselves voluntarily unemployed.

Table 4.9: Benefit changes associated with deductions from benefit, May to November 1991 (row percentages)

Type of change	No change	Increase (£ per week)				Decrease (£ per week)				N
		<10	10 to 30	30 to 50	50 +	<10	10 to 30	30 to 50	50 +	
All	65	13	4	7	5	3	2	1	1	29,360
Voluntary unemployment	1	2	76	13	5	2	2	0	1	125
Electricity costs	60	10	6	5	5	4	6	3	<1	308
Gas costs	60	14	6	3	5	6	4	2	1	577
Rent	71	13	5	4	2	3	2	1	0	722
Water costs	69	12	5	3	3	5	3	1	<1	570
Community Charge	64	14	6	5	3	3	3	1	<1	879
Mortgage interest	39	11	2	7	15	20	2	2	2	46
Other housing costs	67	12	5	5	4	4	3	1	<1	1,068
Overpayments	54	14	8	4	5	6	5	2	1	372
Social Fund	60	16	6	5	4	3	3	1	1	2,621

Source: ASE

The deduction for voluntary unemployment was increased from £8.75 to £14.70 in 1991 depending on age, and lasted for a period of up to 26 weeks. Those still on benefit after an interval of six months will have their benefit reinstated. As expected, therefore, a change in the deduction for voluntary unemployment is clearly associated with an increase in benefit; 76 per cent of those with this change had an increase in benefit of £10 to £30. Changes in deductions for mortgage interest payment are also associated with large increases in benefit, and some smaller decreases. The large increases are most likely due to people newly qualifying for direct mortgage interest payments and the decreases may be because of changes in the interest rates. Changes in deductions for overpayments are associated with decreases in benefit, 11 per cent of those with this change have decreases ranging from under £10 to £30 compared with five per cent for the whole sample. Changes in deductions for the Social Fund are slightly more likely to be associated with a small increase in benefit, under £10, but in general the pattern is similar to that for the whole sample.

4.2.2 *The impact of change on Income Support: results from the survey*

In the survey respondents were asked details of their circumstances under such headings as housing, family circumstances, health and so on. If they had reported a change to the Benefits Agency they were then asked if their Income Support had altered as a result. As mentioned earlier, for the change in circumstances nearest to 1 November 1992 we also asked more detailed questions about the amount of the change in Income Support (where there had been one). The responses are presented separately for each type of change in Table 4.10.

(a) *Housing:* Of the 61 changes of address, 57 had been reported to the Benefits Agency, but Income Support had only changed on six occasions. So although a change in address is generally reported, it is rarely associated with a change in benefit. Changes in rent were much more common (173) but less likely to be reported. Of the 53 which were reported 19 were associated with a change in Income Support. Given the structure of Income Support these results are to be expected. Neither changing address nor having a rent change affect an assessment of a person's benefit *per se*. Most changes in rent *would* affect Housing Benefit, but only if the change concerned a service or other charge would Income Support be affected.

Changes in mortgage interest payments occurred as often as rent changes but were twice as likely to be reported. Of the 101 occasions when a change in mortgage interest payments was reported Income Support changed on 51 occasions. Since changes in mortgage interest should result in a corresponding change in Income Support, it is perhaps surprising that only half of the survey respondents with mortgage changes said that this had actually happened. One possible explanation for this is that people may not have noticed that their award of benefit had changed because, when the mortgage payment is made direct to the lender, the amount of Income Support received by the claimant does not itself change.

(b) *Household composition:* Approximately half of all changes in the marital status of people in the benefit unit were reported to the Benefits Agency (34 out of 66). Income Support changed in 16 of these cases. Where a couple who had been living together decided to marry, Income Support would not necessarily be expected to change, but if claimants were widowed or died Income Support should change. All 13 births which occurred in the survey period and which were reported led to a change in Income Support. There is a clear incentive to report a birth in that Income Support will always rise by the amount of the relevant child premium, and possibly by the amount of the family premium also (in the case of a first child).

Absences from home occurred for a variety of reasons. Those mentioned most frequently were visiting other family members, and going on holiday. The Benefits Agency asks to be notified when someone leaves for a different address, someone comes to stay, the claimant goes abroad (including holidays), children go into care, the claimant or partner goes into prison, or someone dies. There were 146 instances of someone in the benefit unit being away from home of which 23 were reported to the

Benefits Agency. On only four occasions did Income Support change as a result. The pattern for a return to the benefit unit was similar: 146 returns were recorded in the survey, of which 23 were reported, but Income Support changed on only four occasions. Nine respondents said that someone else living in the benefit unit had left. Eight of these departures were reported and led to Income Support changes in four cases. Similarly, although there were two cases of someone joining the benefit unit, Income Support changed for only one.

Table 4.10: Numbers of changes in circumstances leading to changes in Income Support

Type of change	Number reporting change	Changes in Income Support	
		Number	%
<i>Housing</i>			
Move	57	6	11
Rent	53	19	36
Mortgage	101	54	53
<i>Family change</i>			
Marital status	34	16	47
Births	13	13	100
Away from home	29	4	14
Return	23	4	17
Left for good	8	4	50
Joined household	1	0	–
Starting school ¹	27	4	15
Leaving school	1	1	100
<i>Health</i>			
Into hospital	18	4	22
Out of hospital	13	6	46
Gradual change	94	10	11
<i>Employment</i>			
Spell of employment	55	33	60
One-off job	11	9	82
Change in earnings	16	12	75
Unpaid work	16	2	12
<i>Expenditure</i>			
Large purchases ¹	94	–	–
Electricity ²	13	3	23
Gas ²	7	3	43
Water ²	8	4	50
Community charge	37	18	49
<i>Income</i>			
Income Support	104	–	–
Other benefits	30	16	53
Private pensions	0	–	–
Maintenance	2	1	50
Other income	23	13	57
One-off sum	2	0	0
All income	57	30	53
All reported changes	692	259	37

¹ Claimants have no duty to report these changes to the Benefits Agency

² Claimants are not normally required to report these changes for Income Support purposes, but they may be relevant if a direct payment is being made

Source: Survey

Although there is no duty to report a child starting school, the Benefits Agency was told on 27 occasions when this happened. Four respondents said they had a change in Income Support as a result. There were nine cases of a child leaving school for good, one of which was reported to the Benefits Agency and led to a change in Income Support.

(c) *Health:* Of the 197 occasions when someone in the benefit unit went into hospital, only 18 were reported and in four instances Income Support changed.⁸ The Benefits Agency was told on 13 occasions when someone came out of hospital, and six respondents said that Income Support changed as a result. We have seen in earlier chapters that a gradual change in health is one of the most frequently experienced changes in circumstances, but there is no duty to report. People do report, however, and claim that Income Support changes as a result-94 people reported a gradual change in health and ten said their Income Support had changed. This is surprising but could be explained if claimants reported, at the same time as reporting their health change, other related changes (such as a change in a sickness or disability benefit) which do affect the award of benefit.

(d) *Employment:* As expected, Income Support seems likely to change after a change in regular earnings or payment for a one-off job has been reported. There was no change for four out of the 16 changes to earnings reported and for two of 11 one-off jobs reported. Of the 55 changes in employment status, such as starting or stopping a regular job, which were reported, 33 resulted in a change to Income Support.

(e) *Expenditure:* Since the abolition of single payments and the introduction of the Social Fund, there are no provisions within Income Support for help with large purchases. The questions about large purchases in the survey were therefore different to other changes in circumstances. Respondents were asked if, before making their large purchase, they had approached the Benefits Agency for help. Of the 600 large purchases recorded in the survey, 95 were reported to the Agency, presumably in the hope of receiving some help.

Large expenditures on electricity, gas or water bills did sometimes lead to changes in Income Support. This is most likely when a claimant either starts direct payments or is subject to a reassessment of the deduction already being made. Of the 13 people who reported a large change in expenditure on electricity to the Benefits Agency, three had a change in Income Support. Also, three of the seven people who reported a large change in their gas bill said their Income Support changed. Of the eight large changes in expenditure on water which were reported, Income Support changed on four occasions. Thirty-seven changes to the community charge were reported to the Benefits Agency; Income Support changed in 18 cases.

(f) *Changes in income:* Changes to other benefits and to other income were reported relatively frequently to the Benefits Agency, Income Support changing in roughly half of the cases. Later in the chapter some evidence from the in-depth interviews is presented on the effects of the Income Support regulations and resulting changes in benefit for those with part-time earnings. The receipt of larger one-off sums of money can affect Income Support if, for example, a claimant's new holding of capital means that a notional tariff income is generated. In the survey only two people told the Benefits Agency about receiving a one-off sum of money, though Income Support did not change in either case.

Of all the changes nearest to 1 November 1992, 90 resulted in a change to Income Support. In 39 per cent of these (35 cases) the benefit went up, and in 61 per cent (55 cases) it fell. Most increases (19 cases) were under £5. Decreases tended to be slightly larger, in 31 cases being for £5 or more. In the survey we asked people if the actual change in their Income Support was what they had expected. Approximately 50 per cent of people expected Income Support to go up or down by the amount that it did. Where there was an increase, people were more likely to expect the actual size of the change than when there was a decrease in benefit. Thirteen per cent of respondents did not know what to expect.

⁸ The DSS information leaflet *INF 4* gives slightly ambiguous instructions about reporting stays in hospital. It suggests that all stays should be reported but adds that 'The amount of Income Support people can get changes if they have been in hospital for six weeks'.

Around half of the respondents for whom Income Support went up felt better off as a result: about a third felt things were the same as before. For respondents whose Income Support went down, 42 per cent felt things were the same as before, and 47 per cent felt worse off, equally divided between feeling much and a bit worse off. The overall effect of the change in circumstances and the resulting change in Income Support was thought to have had no real effect by 42 per cent of respondents, irrespective of whether Income Support had risen or fallen. Even when Income Support went up, three respondents said the overall effect of the change was that it made things a lot worse. Similarly, despite a decrease in Income Support two respondents felt the change had made things a lot easier. These apparently inconsistent responses could be explained when respondents felt that the actual change in circumstances was of more relevance and importance to them than any associated change in benefit.

4.3 Links between changes in circumstances, the response of Income Support, and how they affect people's lives

So far in this chapter we have drawn on the survey data to investigate the impact of changes in circumstances on the lives of Income Support recipients. However, as we have noted earlier, it is not always possible from such data to establish the connections between events and their outcomes. Because of this, the research design included a small number of qualitative interviews to discuss how changes in their circumstances affected people's benefit, their other income, and their lives more generally.

In the interviews we did not want to restrict the respondents to talking about the six-month period covered by the survey. We encouraged them to think up to a year further back in an attempt to uncover complete chains of linked changes in circumstances. In the event many respondents took us even further back to the time they first came onto Income Support. Others who had come onto benefit more recently also talked about the circumstances which led them to claim initially. From this it became clear that although we were trying to gauge the importance of changes in their lives whilst on benefit, for the recipients of Income Support the process of coming onto benefit remained a significant event in their lives.

Though the sample of qualitative interviews was small (27) we found a number of different patterns of changes emerging. First, some claimants experienced a number of linked changes, often derived from the event or events which led to their initial claim. Secondly, there appeared to be groups of changes which were not necessarily linked to each other but were associated with particular types of claimant. And thirdly, there were claimants who experienced a number of unlinked changes which had a cumulative effect because they occurred in a relatively short space of time. These patterns are not necessarily mutually exclusive. In the rest of this section we will describe these patterns more fully and use examples to illustrate them.

The first example illustrates a series of linked changes which begin with the Income Support recipient coming onto benefit. Mr A was self-employed and earning a comfortable living. He was single with no dependants. One evening he was assaulted during a burglary at his home and sustained serious head injuries, as a result of which he was unable to continue working. With no other source of income, he claimed Income Support. Included in his award were amounts for two mortgage interest repayments which Mr A was making to a building society and his bank. Initially his Income Support varied with interest rates (before going onto mortgage direct). However, when his benefit was routinely reassessed a year later, an adjudication officer decided that the bank loan was for ineligible home improvements and therefore discontinued that part of the mortgage interest payments. He was told that he should never have received help for this loan in the initial award. At the time of our interview, Mr A was appealing against the adjudication officer's decision but was also in serious difficulties with the bank who were threatening repossession.

The changes in Mr A's life began with the assault during the burglary. This led to a subsequent deterioration in his previously good health, the loss of his employment, a

claim and award for Income Support, numerous changes in the amount of the award as mortgage rates fluctuated, and eventually to a large drop in his income (by now entirely comprising benefits) when his Income Support was reassessed. The case of Mr A is a good example of how changes in Income Support are themselves important changes in people's circumstances. There was nothing in the reporting rules which had caused Mr A any problems, rather it was the Income Support regulations which prevented him getting help with one of his mortgages. The example of Mr A demonstrates the extent to which an analysis of changes in people's lives reveals the fact that Income Support does not always respond fully to such changes, resulting in potentially detrimental effects for claimants. This observation leads us to consider, later in the chapter and more fully in Chapter Seven, a range of policy options which are concerned with the substance of the Income Support regulations.

The second example illustrates how a 'package' of changes appears to be associated with a particular type of person. Information from the survey and the ASE showed that some people, particularly lone parents, were likely to experience many changes in their lives and as a result have to report frequently to the Benefits Agency. Lone parents commonly experienced gradual changes in health, as the following example illustrates. Ms H was a lone parent with four children between the ages of six and sixteen. She lived in a house rented from the council and did no paid work. For some years she had suffered from depression, for which she received occasional medication from her doctor. The main changes experienced by Ms H and her family were connected with the changing demands generated by a growing family and the way in which the Income Support system treats children. As a lone parent with a large family, Ms H had become accustomed over many years to living on a low income. Her budgeting difficulties, compounded by her reduced ability to cope during bad spells of her depressive illness, meant that she was a regular user of direct payments (for gas, electricity and community charge arrears) and of Social Fund loans. As a result, even when her actual award remained unchanged, there were still frequent fluctuations in the amounts she received in her Income Support giro, particularly when direct deductions began, ended or were altered. She had also experienced changes in the amount of her basic award when one of her children passed through one of the age thresholds which attract a higher premium and when her oldest child turned sixteen, left school and took up a government training place.

Ms H experienced a series of changes, each of which might not on its own be described as important but over which she had little choice or control, although her juggling with direct payments was a strategy for managing the changes in her life. The example of Ms H illustrates well how lone parents have to manage and cope with a low income which must serve the needs of themselves and their children. The pressures and exigencies of daily life, combined with the way in which the benefit system is designed to respond to the financial needs generated by children, meant that Ms H had numerous contacts with the social security system and numerous changes to her benefit. Her case is interesting because it raises questions about the rationale of a benefit which, with its associated rules about reporting changes in circumstances, requires a large amount of activity on the part of claimants and the Benefits Agency, and effectively keeps people on a low income with little prospect of improvement.

The case of Ms G, another lone parent, provides an example of unconnected changes which combined to have a significant effect on her life. Ms G had been on Income Support for over three years since returning to this country from abroad after her marriage broke down. She and her only child had been living with her parents until she was allocated a local authority flat (she had been on the waiting list for several years). Although she knew there would be some financial hardship after the move, she was determined to establish an independent life for herself and her son. She counted herself fortunate that she had a part-time job which paid her £15 a week, the maximum earnings disregard for a lone parent. (She declared her earnings regularly to the Benefits Agency.) There was no hesitation in accepting the flat. Having moved to a different part of the town her son had to change school. These two changes meant

that she had extra demands on her resources from routine household bills and the costs of new school uniforms and sports equipment.

Though very important for her, moving house and changing her son's school had no effect on her Income Support, though she had applied for a Social Fund payment.⁹ Soon after moving, but unconnected with anything that had happened up to this point, Ms G had decided to give up her part-time job after numerous threats of violence from a member of the public. She reported this to the Benefits Agency but since her earnings had not been above the disregard level her Income Support again remained unchanged.

Ms G's case is perhaps unusual but nevertheless illustrates the vulnerability of some recipients of Income Support when unconnected (and unpredictable) changes combine to reduce income at a time when household expenses are rising. For Ms G, while both her needs and her resources were changing, the Income Support system did not respond to help her.

In Chapter Three we reported that among the 1,137 survey respondents, fewer than 100 (or less than ten per cent) said they had done any paid work in the six-month period from August 1992. It was to be expected, therefore, that we would find few among our qualitative respondents who had done any work. In fact we found three, all of whom were in the unemployed category; two showed similarities. Both Mr C and Ms W had done part-time temporary work whilst claiming Income Support. Both had declared their earnings and had their benefit payments reduced on occasions. Both described the inconvenience and uncertainty created by the requirement to report earnings but were equally determined to continue taking work when the opportunity arose. Mr C's motivation was a combination of the need to provide for himself and his young family, the desire to maintain his skills as an electrician, and the hope that one of his part-time jobs would provide a route back into full-time work. Ms W's motivation was slightly different. She was single and had no family responsibilities but found the stimulation of even menial work preferable to continuous inactivity. She, too, hoped that part-time work would lead eventually to a permanent job.

Interestingly, Mr C had had to modify his working pattern because of the way his irregular income was treated under Income Support regulations. On one occasion he had worked for two weeks on a building contract. He was under the impression that his income was averaged out over a four-week period so that his fortnight's pay would only result in a reduction in his award. However, because he had worked continuously for two weeks he became ineligible for Income Support during this time and his award was stopped. As a result he subsequently received a demand from the local authority for payment of community charge. Mr C was phlegmatic enough to admit that his own ignorance contributed to this outcome (although he maintained that the complexities of earning and claiming had never been explained to him). However, he was more concerned that since then he had turned down offers of employment because he could not afford the risk of losing entitlement again. Mr C felt that the Income Support regulations were actually harming his long-term prospects of finding full-time work.

A similar feeling was expressed by the third of the working claimants in our qualitative sample. However, in this case he acted very differently. Mr M was single and had been unemployed for over three years after being made redundant from a well-paid advertising job. Having failed to find any further work in advertising, Mr M turned his efforts to his main interest, music. He was a member of a rock group which performed live whenever possible and had intentions of turning professional. Mr M explained that to perform live music involved him and his colleagues in outlays (for example, for hiring a venue, a public address system, transport, publicity) which could not be recouped until (and if) they were paid. He financed these outlays from a combination of performance fees (when they received any) and from casual employment which he did not declare to the Benefits Agency. Mr M's justification for

⁹ At the time of the interview Mrs G did not know the outcome of her application.

not declaring his earnings was, he explained, entirely rational. He was not an idle or indolent person; on the contrary he desperately wanted to be a professional musician. But the only way, as he saw it, of making this even a possibility, was to keep quiet about his earnings and use them to further his career.

An entirely different effect of the earnings rules revealed in several qualitative interviews was to deter people from seeking any paid work. Mr H and Mr L were both unemployed and therefore entitled to earn the £5 disregard before their benefit would be affected. Neither was working at the time of interview. Both reported that the chances of finding any employment that paid £5 a week were virtually nil and that the thought of losing anything above that level discouraged them from even trying to look for part-time work. The lone parents interviewed were not so put off looking for work since they could earn up to £15 a week. However they were constrained by the lack of jobs which paid this amount and by their child-care responsibilities. Until their children were old enough to look after themselves outside school hours, some lone parents felt permanently trapped in unemployment.

It was interesting to note that no one was dissuaded completely from working because of the reporting requirements. Reporting changes in earnings was perceived as an inconvenience and a source of uncertainty but no one turned down or stopped work because of this. Of far greater importance was the way in which part-time earnings were treated in the Income Support regulations. In no case did the rules provide an incentive for people to work. In several cases the disincentive effects were clear and in others a constraining effect was evident. How Income Support policy might address these issues will be taken up in Chapter Seven.

Four respondents had experienced a relationship breakdown although not necessarily whilst on Income Support. For example, for one person, the breakdown had precipitated the initial claim for benefit. Another respondent had been through two relationship breakdowns with different partners. All of these changes had been reported to the Benefits Agency and Income Support awards had been altered in each case. What is interesting about these cases is the largely marginal role that Income Support played in people's thinking at the time. Unlike people's decisions about work, which were often based on an estimate of how their benefit would be affected, we did not come across any example of a decision to leave a relationship being influenced by considerations about Income Support. Usually it was a time of such upheaval that coping with the change in benefit became just another aspect of the change.

Another major life change, though unaffected by Income Support except when mortgage interests payments are involved, is moving house. Two of our respondents, neither of them owner-occupiers, had moved house. In neither case was Income Support an influence on the decision to move. One lone parent moved from one council house to another in the same town after a dispute with her neighbours. She was receiving full Housing Benefit in the former home and continued to do so in the new house. The second lone parent who moved was mentioned earlier. She had moved out of the parental home into council accommodation and received full Housing Benefit. Neither claimant experienced any change in Income Support when they moved. Although moving house is often linked to other changes in people's lives (such as relationship formation or breakdown, or the birth of a child) it does not in itself lead to a change in the amount of an Income Support award. In theory, therefore, Income Support should not act as an impediment to moving though there is no evidence that it acts widely as an actual incentive (Kemp *et al.*, 1994).

One final observation that arose from the interviews was that Income Support sometimes plays a positive, enabling role in people's lives. For example, Mr P was a pensioner living in a high rise council flat. He lived on his diminishing savings, a small occupational pension and his state pension but was getting no other benefits. He suffered from poor health and described himself as 'financially down the drain ... worrying myself sick'. Mr P applied for Income Support on the advice of his home help who had been on a welfare benefits course. He was successful. As a consequence

he also received maximum Housing Benefit and Community Charge Benefit. Through receiving Income Support he became aware of Attendance Allowance which he applied for with help from social services. He was successful again. The overall effect of these changes, in Mr P's words, was 'a wonderful thing, my whole life reversed'. For Mr P, Income Support was not his main source of income but, combined with the other benefits he was receiving, allowed him to begin saving for the first time in many years. If his health permitted he was intending to use his savings to travel to Canada for the first time to visit his son.

Mrs McG's story was similar. Although she had multiple serious health problems (including chronic heart disease, bronchitis, an ulcer, a hernia, and eczema) she described her life as mainly stable. The main change in her life was a gradual deterioration in her health which required her to go into hospital for one or two weeks at a time (but not longer). Mrs McG's only income (apart from the occasional bingo win) was from benefits, but like Mr P, she received the greater part of her income from disability benefits. When her Income Support award was reduced for a direct deduction for community charge arrears, the effect was softened by her stable income from other benefits.

From the qualitative interviews we can see Income Support frequently acting in its most familiar role, that is, changing in response to a claimant's change in circumstances. However, there were also examples of Income Support *not* responding to changes, sometimes in some cases where need had arisen. In addition, we found Income Support acting in its *enabling* role, that is, providing the opportunity for people to instigate changes of their choice; and in its opposite role of constraining the choices and opportunities of claimants (particularly in relation to the labour market).

4.4 Discussion and policy implications

In the literature on poverty and living on a low income there are two contrasting pictures presented of the quality of people's daily lives. The first is that people on Income Support are so constrained by lack of income that their lives have little variety and are very dull (Bradshaw and Holmes, 1989). If, however, a change does occur it can trigger a series of other events over which the recipient of Income Support has little control. In contrast, Jordan *et al.* have another view of the lives of those on low income (Jordan *et al.*, 1992). They suggest that people lead complex lives managing their lack of resources in a variety of ways.

The evidence from our research is that both views hold true for some claimants. The number and types of change experienced by claimants (shown in the analysis of the ASE, the survey data and the qualitative interviews) suggests that *change*, to varying degrees, characterises claimants' lives rather than monotony. The evidence from the survey that (a) over two-thirds of changes were considered by the claimant to be important, (b) half were thought to be positive and (c) claimants had some choice or control over the change in nearly a third of cases, does not lend support to the portrayal of claimants suffering impotently under a barrage of external forces. The picture is much more diverse and complex than that.

The policy options arising from this analysis of the impact of changes in circumstances and the response of Income Support fall into two main types. There are options which might be regarded as *opportunities* and, in contrast, those which might be seen as *solutions* to problems or deficiencies in the Income Support system.

The opportunities arise, for example, from the finding (see Table 4.4) that 65 per cent of changes (as recorded in the ASE) result in no change in Income Support, and that nearly half of benefit changes are under £10. Is there a case therefore for either reducing the number of changes that need to be reported, which in effect means abolishing some of them, or of relaxing the requirement that changes are reported as soon as they occur?

Whether any of the evidence in this chapter can be construed as revealing *problems* with Income Support will depend on how one views the limits of its desired role. That the regulations governing the treatment of earnings from employment seem to hinder some claimants does suggest that Income Support is not responding to some people's need to work. The role that the Jobseeker's Allowance (which was announced after this research project was carried out) might play in dealing with these problems is considered in Chapter Seven. Changes in a child's school which precipitate the need for extra expenditure, are not relevant for Income Support but highly relevant to (often lone) parents. But whether this requires a policy response will depend partly on whether this is viewed as a problem. In discussing these and other policy options in Chapter Seven we will not exclude ideas that, on the one hand, can contribute to improving the efficiency and effectiveness of Income Support, or on the other, can be seen to improve what Income Support offers claimants, that is, making it more responsive to their needs.

Chapter 5 Reporting Changes in Circumstances

5.1 Introduction

This chapter presents our analysis of the reporting behaviour of Income Support recipients. We have sought to measure the extent to which claimants report what they should and refrain from reporting what they do not need to. We have looked for evidence of any systematic problems, such as particular changes that are frequently not reported, or particular claimant groups who are not good at reporting. We have also tried to examine the reasons behind claimants' decisions to report or not report. Because one of the barriers to efficient reporting may be the process itself, we have also investigated the methods claimants use in telling the Agency about changes and have analysed the problems that they have reported in the survey and qualitative interviews.

Once an award for Income Support is in payment, the recipient has a general duty to report any change in circumstances which he or she might reasonably be expected to know could affect the right to benefit. Although the regulations stipulate that this should be in writing (Social Security (Claims and Payments) Regulations 1987, Reg. 32 (1)), a Social Security Commissioner's decision has established that an oral report of a change can be accepted (R (SB) 40/84). The responsibility to report changes is set out on order books, notification letters and other general benefit information. There is an information sheet (the *INF 4* leaflet called 'Changes you must tell us about') which spells out in more detail the changes which should be reported. Claimants should receive this information sheet when they become a new recipient. A change of circumstances reporting form (the *B460*, revised from May 1993) also lists changes to be reported though in less detail than the *INF 4* leaflet.

To be able to function at its most efficient the Benefits Agency needs claimants to report changes in circumstances promptly, fully and accurately. To this end the *INF 4* leaflet attempts to be inclusive rather than exclusive; in other words it encourages claimants to report, for themselves, partners, children and anyone living with them, any of the changes listed even though some of the information might not be relevant in their individual case. For example, if a claimant followed the advice of the leaflet faithfully, he or she would report every time they, or a dependant, goes into hospital although Income Support is not affected unless the hospital stay exceeds six weeks.

The thinking behind the *INF 4* leaflet appears to be that occasional unnecessary reporting is preferable to the failure to disclose a change. This is probably justified by the consequences of failing to report a change, both for the claimant and for the Benefits Agency. If the change eventually comes to the notice of the Agency it will have to re-assess the award and take appropriate action if an overpayment has been made. For claimants who are, by definition, already on a low income, repaying benefit will inevitably reduce their disposable income possibly to levels that will cause hardship. Unless there is an intention to defraud the DSS claimants have nothing to gain from not reporting relevant changes.

Where appropriate in our analysis we have divided changes in circumstances into those which the claimant should report (the 'reportable') and those which are unnecessary to report (the 'non-reportable'). This distinction is not always straightforward. For example, when a claimant enters hospital, should this be reported?

The *INF 4* leaflet is clear: 'tell us if you or someone you have claimed for go into hospital or come out of hospital'. However, an informed claimant, knowing that they are going in for a routine stay of a few days, would probably, and understandably, not bother telling the Agency. The justification for the official position would probably be that no one can be absolutely sure how long a stay in hospital might be, so it is better to err on the side of caution and require the claimant to report it. Another example is a change which requires the claimant to spend a large sum of money unexpectedly, such as when a major household appliance breaks down. This need not be reported because it does not affect Income Support, but it cannot at the same time be defined as something which should not be reported at all because the claimant may be able to claim a loan from the Social Fund. In our analyses we have taken the view that, in general, anything not mentioned in the *INF 4* leaflet is non-reportable, and anything included is reportable *but only if it relates to the claimant or any of his or her dependants*. Our aim here is to ensure that when we draw inferences about reporting behaviour we do not describe anything as an example of non-reporting when there was actually no duty to report at all.

5.2 Patterns of reporting behaviour

In this section we examine the extent to which different types of change in circumstances are reported to the Benefits Agency by the claimants in our survey. Where appropriate (that is, when the differences between groups warrant discussion), we present breakdowns of the data by claimant group. We deal separately, in the next section, with the reasons why people report or do not report particular types of change.

5.2.1 Housing changes

The survey identified three types of change in circumstances related to housing tenure. Table 5.1 below gives the overall pattern of reporting behaviour for these.

Table 5.1: Patterns of reporting housing changes

	No. of changes	No. reported	%
Moving accommodation	61	58	95
Change in mortgage repayments	176	101	65
Changes in rent	176	53	31

Source: Survey

Moving to a different address does not directly affect the amount of Income Support paid to a claimant. Nevertheless, claimants are required to report moving and, as Table 5.1 shows, most actually did. By contrast, far fewer claimants reported changes in their mortgage repayments. This created problems for social security staff in administering the mortgage direct arrangements (see Chapter Six). However, because the mortgage direct scheme was still new when the survey was conducted some claimants were possibly not yet fully aware of their reporting responsibilities, that is, they may have thought that information about changes passed automatically between mortgage lenders and the Benefits Agency. This may partly explain the relatively low level of reporting. Interestingly, as Table 5.2 shows below, pensioners and disabled claimants seemed to have grasped their new responsibilities better than unemployed claimants and lone parents.

Table 5.2: Patterns of reporting mortgage changes among claimant groups

	No. of changes	No. reported	%
Unemployed	84	42	50
Lone parents	33	16	48
Pensioners	27	21	78
Disabled	25	15	60
All	176	101	57

Includes claimants classified as 'others'
Source: Survey

In contrast to moving and changes in mortgages, changes in rent do not normally need to be reported since, with a few exceptions, they do not affect the calculation of Income Support awards.¹⁰ Nevertheless, nearly a third of rent changes recorded in our survey *were* reported to the Benefits Agency. As Table 5.3, below shows, unemployed claimants and pensioners were slightly more likely to make these unnecessary reports.

Table 5.3: Patterns of reporting changes in rent among claimant groups

	No. of changes	No. reported	%
Unemployed	65	24	37
Lone parents	49	11	22
Pensioners	41	14	34
Disabled	21	4	19
All	176	53	31

Includes claimants classified as 'others'
Source: Survey

5.2.2 Household and other family changes

One of the important determinants of the amount of an award of Income Support is the composition of the benefit unit (that is, the claimant and any dependants included in his or her claim). In the survey, therefore, we attempted to measure changes in household composition. We asked about people joining or leaving the household, births, deaths, and temporary absences and whether or not these were reported. The results are presented in Table 5.4 below. The table also includes the responses to a question about children starting a new school or leaving school altogether. While the latter should be reported to the Benefits Agency, the former need not be. A child starting school has no bearing on the calculation of Income Support.

Table 5.4: Patterns of reporting household changes (for members of benefit unit only)

	No. of changes	No. reported	%
Change in marital status	66	34	52
Births	15	12	87
Absences from home	149	29	19
Returns to home	146	23	16
Person leaving home permanently	9	8	89
Person joining household for first time	2	1	50
Child starting new school	117	27	23
Child leaving full-time education	9	1	11

Source: Survey

Changes in the relationship between claimants and their partners crucially affect their status for benefit purposes, and hence should always be reported to the Benefits Agency. However, as Table 5.4 above shows, only just over half (52 per cent) of these changes were reported. In Table 5.5 we analyse changes in marital status by claimant group and although the numbers become small some interesting variations seem to be emerging.

Compared with the average rate of reporting of 52 per cent, the reporting level of the unemployed, retirement pensioners and the disabled was below 50 per cent. By contrast, the figure for lone parents reaches nearly four in five. The explanation for the disparity probably lies in the reasons for (and the consequences of) people becoming lone parents. To be in our sample as a lone parent *and* to have experienced a change in marital status can only be explained by a relationship breakdown or the death of a partner. Since it is likely that the remaining parent was a woman who was previously included as a dependant on a man's Income Support claim, there would be an urgent

¹⁰ Some housing costs are met by Income Support rather than Housing Benefit; for example, rents for properties on a long lease of 21 or more years, and rents on Crown properties. Also, some service charges can be paid by Income Support.

need for them to report the change and claim benefit in their own right. The table also shows that there were 19 changes in marital status of non-dependants recorded in the survey. Of these, three were reported, unnecessarily, to the Benefits Agency.

Table 5.5: Patterns of reporting changes in marital status among claimant groups

	Changes to <i>all</i> household members	Changes to <i>benefit unit</i> only		
		No. of changes	No. reported	%
Unemployed	30	21	9	43
Lone parents	17	14	11	79
Pensioners	24	20	8	40
Disabled	9	7	3	43
All	85	66	34	52

¹ Includes claimants classified as 'others'

Source: Survey

Fifteen babies were born to our sample in the survey period, all but two to lone parents. The data show that three of the births were not reported to the Benefits Agency although in two cases it is unclear (due to lack of precision in the dates supplied by the respondents) whether the birth took place while the respondents were actually receiving Income Support.

Income Support recipients can claim benefit for partners and any other dependent people living with them. However, if a dependant leaves the household, other than temporarily, Income Support can be affected. The duty to report absences from the household is therefore not straightforward. The information leaflet *INF 4* does not give clear guidance but, among its various sections, asks claimants to report if they, or anyone living with them, moves to a new address, goes into care, custody or prison, or goes abroad. The reporting form, *B460*, simply asks for 'changes in the number of people who live with you'. In our survey we asked respondents to identify if anyone in their household (including themselves) had been absent from the home, though not necessarily permanently. As Table 5.4 earlier shows, respondents identified 149 instances of someone in the benefit unit being away. The main reasons for the absences were to visit family, to go abroad and to go on holiday. Absences for other reasons were few but included people setting up a new household, moving with work or to find work, relationship breakdown, and going into prison or local authority care.

Not all these absences would necessarily have led to a change in Income Support. Nevertheless only 29 (or 19 per cent) were reported to the Benefits Agency. Table 5.6 below shows that unemployed claimants were more reliable informants than the other claimant groups. Also it can be seen that pensioners appear to be particularly unreliable when reporting absences from the home.

Table 5.6: Patterns of reporting absences from home among claimant groups

	Changes to <i>all</i> household members	Changes to <i>benefit unit</i> only		
		No. of changes	No. reported	%
Unemployed	59	30	15	50
Lone parents	61	56	6	11
Pensioners	54	47	2	4
Disabled	19	11	4	36
All	201	149	29	19

¹ Includes claimants classified as 'others'

Source: Survey

Of the 52 absences recorded for non-dependants, 11 were reported to the Benefits Agency unnecessarily.

Of the 149 people who were absent from the home at some time during the survey period, 146 returned. Only nine permanent departures were recorded in the survey, of which all but one were reported. When people return to the home the pattern of reporting among claimants remains the same (Table 5.7 below) although the overall level of reporting is slightly lower.

Table 5.7: Patterns of reporting returns to home among claimant groups

	Changes to all household members	Changes to <i>benefit unit</i> only		
		No. of changes	No. reported	%
Unemployed	58	29	11	38
Lone parents	61	41	6	15
Pensioners	53	46	2	4
Disabled	18	11	3	27
All ⁱ	198	146	23	16

ⁱ Includes claimants classified as 'others'

Source: Survey

Emerging from this analysis of reporting absences from and returns to home is a picture of occasional temporary spells away, most of which would be unlikely to affect benefit even if they were reported. The low levels of reporting can be understood partly as examples of *informed* behaviour rather than a lack of knowledge and are, therefore, probably less of a problem than the figures at first might suggest.

As we mentioned above, although claimants are required to notify the Benefits Agency if a child leaves school (since their dependent status may alter) there is no corresponding requirement when a child starts school or changes schools. Nevertheless, nearly a quarter of claimants with children reported a child starting school during the survey period.

Table 5.8: Patterns of reporting children starting a new school¹ or leaving school for good

	Children starting new school		
	No. of changes	No. reported	%
Unemployed	41	8	20
Lone parents	54	14	26
Pensioners	0	–	–
Disabled	11	3	27
All ²	117	27	23

¹ Includes schoolchildren moving to new school

² Includes claimants classified as 'others'

Source: Survey

While it is not necessary for the calculation of Income Support to report a child starting school it would be wrong to infer that it is a waste of time for the claimant. As we shall show later, the motivation for telling the Agency is often more to solicit help with the costs of uniforms or school meals rather than any expectation that Income Support will be affected directly.

5.2.3 Changes related to health

A prolonged stay in hospital has a large effect on a claimant's award of Income Support. After six weeks benefit payments are reduced to the 'pocket money' rate. Other benefits can also be affected. Attendance Allowance, for example, ceases completely after four weeks in hospital. Although claimants may suffer reduced benefits, they may also be able to get help, for example with fares if their partner or children need hospital treatment. For all these reasons, therefore, the Benefits Agency encourages Income Support recipients (in the *INF 4* leaflet and on the *B460* form) to report if any member of their household is admitted to hospital.

Our survey identified hospital admissions as one of the most common changes in circumstances occurring to claimants. However, very few of these were reported, as Table 5.9 below shows. The problems that non-reporting of hospital admissions cause for Benefits Agency staff are discussed in the next chapter.

Table 5.9: Patterns of reporting going into hospital among claimant groups

	Changes to <i>all household</i> members	Changes to <i>benefit unit</i> only		
		No. of changes	No. reported	%
Unemployed	57	36	6	17
Lone parents	70	69	3	4
Pensioners	75	70	6	9
Disabled	29	18	2	11
All ¹	238	197	18	9

¹ Includes claimants classified as 'others'

Source: Survey

Of the 41 admissions to hospital for non-dependants, three were (unnecessarily) reported.

Benefits Agency staff need to know also the date of discharge from hospital so that any reduced award can be restored to its full amount. However, since few people report admissions it is not surprising to find a similar picture for discharges, as Table 5.10 below shows.

Table 5.10: Patterns of reporting coming out of hospital among claimant groups

	Changes to <i>all household</i> members	Changes to <i>benefit unit</i> only		
		No. of changes	No. reported	%
Unemployed	56	35	3	9
Lone parents	70	69	3	4
Pensioners	72	67	5	7
Disabled	29	18	3	17
All ¹	234	193	13	7

¹ Includes claimants classified as 'others'

Source: Survey

Of the 41 discharges from hospital recorded for non-dependants, eight were (unnecessarily) reported. As with temporary absences from home, the low level of reporting hospital stays is not as much of a problem as the Tables 5.9 and 5.10 might at first indicate. For example, when we analysed the length of a respondent's first stay in hospital we found only three cases (from 90) of six weeks or more duration. Hence, rather than interpreting the tables above as indicating a problem of under-reporting, we could equally say that there was a degree of unnecessary reporting of short hospital stays.

In contrast to the low reporting of hospital stays, claimants were much more likely to report other changes in their health.

Of the 65 health changes recorded for non-dependants, ten were (unnecessarily) reported to the Benefits Agency. The relatively high rate of reporting health changes (compared with hospital stays) and the disparities between claimant groups is puzzling, since there is nothing to be gained directly from such action. Nevertheless, reporting may not be a fruitless exercise. Claimants may, in a few cases, find themselves eligible for a disability premium or one of the disability benefits. Help may also be available from the Social Fund.

Table 5.11: Patterns of reporting changes in health among claimant groups

	Changes to <i>att</i> household members	Changes to <i>benefit unit</i> only		
		No. of changes	No. reported	%
Unemployed	106	77	38	49
Lone parents	59	52	16	31
Pensioners	138	130	16	12
Disabled	95	85	23	27
All	420	355	94	26

Includes claimants classified as 'others'

Source: Survey

5.2.4 Changes related to employment

Because they are of particular policy interest, questions about employment and income from employment formed a separate section of the survey questionnaire. As we have seen in Chapter Three, only 96 of the 1,137 respondents recorded that they had engaged in paid work in the survey period. The vast majority of these were unemployed claimants and lone parents. We asked how many spells of paid employment (defined as anything from a one-off job to regular work) were reported to the Benefits Agency, as they are required to be. Table 5.12 below presents responses relating to the 128 spells of employment undertaken by the 96 respondents who had worked.

Table 5.12: Patterns of reporting spells of paid employment by claimant group

	Regular jobs			One-off jobs			All jobs
	Number	No. reported	%	Number	No. reported	%	%
Unemployed	32	8	25	28	11	39	32
Lone parents	44	29	66	3	0	0	62
All	94	44	47	34	11	32	43

Includes pensioners, disabled claimants and claimants classified as 'others'

Source: Survey

Compared with some other changes in circumstances spells of paid work are reasonably well reported although, overall, fewer than half are actually notified to the Benefits Agency. From the table it appears that lone parents were more reliable reporters than unemployed claimants. Of the 128 spells of employment, 34 were one-off jobs. Nearly all of these (28) were done by unemployed claimants, of which 11 (39 per cent) were reported.

What emerges from the admittedly limited data on employment related changes is an insight into the working and reporting behaviour of unemployed claimants and lone parents. Employment undertaken by unemployed claimants was divided roughly equally between one-off jobs and longer spells in work. Around a third of each type of work was reported to the Benefits Agency. In contrast, nearly all the work done by lone parents was more regular. This is expected since lone parents do not have the same flexibility as unemployed claimants to take on *ad hoc* jobs and will be more attracted to work that brings in a regular income and which can be fitted around child-care responsibilities. Two-thirds of this work was reported.

While in employment, claimants also have a duty to report any changes in their earnings. Our survey only identified 21 changes in earnings of which 16 (76 per cent) were reported.

If a claimant is doing unpaid or voluntary work for which a wage would normally be paid, regulations allow an adjudication officer to include an amount as *notional income* in the calculation of an Income Support award. Claimants are therefore required to report any unpaid work to the Benefits Agency in the same way as for

paid work. However, as Table 5.13 below shows, although the number of spells of unpaid work were comparable to paid work, fewer of these were reported.

Table 5.13: Patterns of reporting spells of unpaid employment by claimant group

	No. of changes	No. reported	%
Unemployed	55	10	18
Lone parents	18	1	6
Pensioners	22	1	5
Disabled	29	1	3
All ¹	133	16	12

¹ Includes claimants classified as 'others'
Source: Survey

5.2.5 Income changes (other than from employment)

Most, though not all, changes in income affect the calculation of Income Support. In addition to income from employment, the *INF 4* leaflet asks recipients to report 'any new cash or money', including from benefits, and any changes in existing sources of income. Despite this inclusive exhortation, only a third of respondents in our survey said they reported benefit changes but as Table 5.14 below shows, unemployed claimants and lone parents were far more reliable reporters than pensioners (the number of disabled claimants, eight, is too small to make comparisons).

Table 5.14: Patterns of reporting changes to benefits other than Income Support¹ among claimant groups

	No. of changes	No. reported	%
Unemployed	19	9	47
Lone parents	21	11	52
Pensioners	37	7	19
Disabled	8	2	25
All ²	89	30	34

¹ 773 of the 1,137 respondents said they received other benefits in addition to Income Support
² Includes claimants classified as 'others'

Source: Survey

Some Benefits Agency staff thought that non-reporting of changes in occupational and private pensions by pensioners was widespread and a source of extra work for them (see further Chapter Six). In our sample, 31 respondents said they received an occupational or private pension. None recorded a change. This may be an accurate reflection of their experience (particularly if any uprating occurred at the beginning of the financial year since this would fall outside our survey period), but may equally indicate a real lack of awareness among pensioners that pensions do increase occasionally.

Forty claimants said they received maintenance but only two recorded a change in our survey, both of which were reported to the Benefits Agency.

Respondents in our survey were asked about all sources in income. Table 5.15 below shows the level of reporting changes in these for each claimant group. Interestingly, although the percentages are different, the pattern among the claimant groups is the same as in Table 5.14 above. Again, unemployed claimants and lone parents were more reliable reporters than the others. Pensioners did not report any of these changes in other income identified in the survey.

5.2.6 Expenditure

The assessment of Income Support is based on a comparison of needs (as measured through the applicable amounts) and income. Actual expenditure plays no part in the calculation. Nevertheless, changes in expenditure were reported to the Benefits Agency in relatively large numbers. It is probably unjustified to define such reporting as

unnecessary, since help may be available through the Social Fund to which claimants should be directed. In the survey, respondents were asked to identify 'large' changes in expenditure on normal household bills (fuel, water and community charge) and any 'large' expenditures on household goods and supplies, clothing, repairs and so on. Respondents were left to define for themselves what 'large' meant. Table 5.16 below presents their responses.

Table 5.15: Patterns of reporting changes to other income, including receipts of one-off amounts of money¹ among claimant groups

	No. of changes	No. reported	%
Unemployed	37	11	30
Lone parents	20	8	40
Pensioners	16	0	0
Disabled	19	4	21
All ²	80	23	29

¹ 299 of the 1,137 respondents recorded another source of income (that is, excluding benefits, occupational pensions and maintenance)

² Includes claimants classified as 'others'

Source: Survey

Table 5.16: Patterns of reporting large expenses among claimant groups (shown in percentages)

	Percentage of large expenses reported				
	Unemployed %	Lone parents %	Pensioners %	Disabled %	All claimants [†] %
Electricity	11	16	10	0	10
Gas	4	22	6	*0	9
Water	20	7	10	*0	14
Community charge	27	31	19	24	27
Large purchases	17	21	7	13	15

[†] Includes claimants classified as 'others'

* Percentage based on fewer than ten cases

Source: Survey

The table shows that for all items of expenditure, except water payments, lone parents were consistently the most frequent reporters, reflecting perhaps the difficulties faced by (and therefore the more requests for help from) people trying to bring up children on Income Support (Bradshaw and Millar, 1991). Most contacts were made about community charge payments indicating the extent to which people allowed these payments to slip in favour of expenditure on other basic items. Although disabled claimants were close to the average for community charge, they did not record a single other instance of reporting a large expense to the Benefits Agency (although two of these figures are based on fewer than ten cases).

5.3 Claimants' explanations of reporting behaviour

From the last section it is clear that a large number of changes that claimants would be expected to report do not actually get reported, and conversely there is a lot of apparently unnecessary reporting. An important question that arises from these observations is why people behave in the way they do. We explored this in our survey by asking detailed questions about reporting behaviour for the change in circumstances which occurred nearest to 1 November 1992. Of the respondents who answered these questions, 226 had reported their change and 492 had not. We look first at the reported changes, and secondly at the larger number of non-reported changes.

5.3.1 Why people report changes

Before we discuss the reasons why people report changes, one aspect of the responses in the survey needs clarification.

As we have already seen in Chapter Three, respondents to our survey have identified changes in Income Support itself as changes in their circumstances. This is entirely understandable since a change in income, whatever its source, will be experienced by them as a change in financial circumstances. What has emerged as slightly puzzling, however, is the number of changes in Income Support that seem to be reported back to the Benefits Agency. These are an important category because they appear to be one of the most frequently reported type of change. Of the 226 reported changes referred to above, 34 were changes to Income Support. Of course, there is no duty on claimants to report these changes although many will get in touch with the Benefits Agency to check or challenge the amount of a revised award. This form of contact would not fall within our definition of 'reporting' but some respondents may have had a different conception. Unfortunately the questionnaire cannot identify separately those respondents who genuinely (though mistakenly) thought they had to tell the Benefits Agency their Income Support had changed. The table below—showing the reasons why people reported a change therefore gives separate analyses first for *all* changes and then for changes excluding those to Income Support. It can be seen that the pattern of responses remains very similar regardless of whether Income Support changes are excluded.

Table 5.17: Reasons given for reporting changes in circumstances (excluding changes to earnings; 224 responses)

	All changes		Changes excluding those to IS	
	Number	%	Number	%
Says you have to on benefit book	34	15	29	16
Says you have to on information leaflet	26	12	21	11
Knew from previous experience	40	18	31	17
Thought I might get more benefit	34	15	29	16
Just in case I always do	21	9	18	10
Someone told me to	23	10	21	11
Needed assistance with school meals/uniforms	6	3	6	3
Other reasons	13	4	12	6
Don't know	24	11	20	11
Total	224	100	187	100

Source: Survey

If we consider *all* changes we see that over a quarter of the respondents (27 per cent) said that their knowledge came from an official source, either a benefit book or an information leaflet. The largest single group (40 people representing 18 per cent of respondents) said they knew to report from previous experience. If we combine all these we arrive at 100 people (45 per cent) who acted out of a supposed knowledge of their duty to report (the 'knowledgeable' group). A smaller group (those who thought they might get more money) seemed to be acting more out of hope than knowledge (the 'hopefuls'). We can examine whether respondents' knowledge was accurate and whether the hopeful claimants were justified in their hope by looking at the broad types of change that were being reported. Table 5.18 divides the changes reported by the 'knowledgeable' and the 'hopeful' claimants into those which are reportable and those which need not be reported (using the classification defined in the introduction to this chapter).

Table 5.18: Patterns of reporting by 'knowledgeable' and 'hopeful' claimants

	Percentage of changes reported		
	'Knowledgeable' claimants	'Hopeful' claimants	All claimants
	%	%	%
Reportable changes	67	53	56
Non-reportable changes	33	47	44
N	100	34	215

Source: Survey

The table shows that the claimants who seem to have a sound justification for reporting a change (that is, they knew from an official source or had reported it before) reported fewer non-reportable changes than the whole sample or the sub-group of 'hopeful' claimants (the differences are significant at the 99 per cent confidence level). This would indicate that the 'knowledgeable' claimants were indeed better informed than average. Nevertheless, a third of the reported changes were still likely to be unnecessary, indicating either that these claimants had misread or misunderstood their general duty to report or that the information was not clear to them.

5.3.2 Why people do not report changes

As we mentioned above, of the subset of changes nearest to 1 November 1992, 492 were not reported to the Benefits Agency. However, when we asked the respondents why they had not reported the change, 105 replied that the Benefits Agency itself had told them of the change. This is a valid response since a change in any benefit would be notified by the Benefits Agency. However for the purposes of this section we have excluded these (and 16 other invalid responses) from the analyses that follow. Table 5.19 below shows the reasons why people did not report changes in circumstances.

Table 5.19: Reasons why people do not report changes (excluding changes to earnings; 371 valid responses)

	Number	%
Did not think it was necessary	199	54
<i>Knew</i> it was not necessary	75	20
Told someone else	11	3
Too much hassle	15	4
Put off by previous experience	3	1
Thought benefit might go down	10	3
Other reasons	32	9
Don't know	26	7
Total	371	100

Source: Survey

The table shows that nearly three-quarters of claimants said that they did not report a change because they knew, or thought, it was not necessary. Compared with Table 5.18 there appears to be a bigger group (274 people, or 75 per cent of the sub-sample) of supposedly 'knowledgeable' claimants. However, when we examine the types of change that these 274 people did not report, we find that 68 per cent of them related to *reportable* changes. Again, there appears to be a problem with people's knowledge about what they should report. The table below breaks down the 'knowledgeable' claimants by the change that they failed to report (only changes that have ten or more recorded cases are included in this table). The table above also shows that only a small number of respondents (five per cent) failed to report because of their negative perceptions of the process of reporting (either 'too much hassle' or 'put off by experience'). A still smaller number withheld information because they feared a reduction in their benefit.

Respondents in the survey were asked, in relation to the change in circumstances nearest to 1 November 1992, why they did, or did not, report the change. Table 5.20 presents their replies.

The top half of the table seems to demonstrate a widespread ignorance of what claimants should have reported. However, two of the most common unreported changes were hospital admissions and discharges which, as we have said earlier, would not have affected Income Support unless the in-patient stay exceeded six weeks. Hence claimants who said that they knew it was unnecessary to report in-patient stays may be displaying a high degree of knowledge rather than the opposite.

The two lowest figures relate to reporting the start of paid work and changes in mortgages. Although we only have 16 cases of not reporting work, five of these were not reported because the claimant thought the level of Income Support might go down.

It will be noted from Table 5.19 that only ten claimants gave this as a reason for not reporting a change. A possible explanation of these few cases is that there was an intent to defraud the Benefits Agency, although our data do not enable us to pursue this possibility further.

Table 5.20: Accuracy of claimants' knowledge to report selected changes in circumstances

	Thought/knew it was not necessary %	N
<i>Reportable changes:</i>		
Person leaving home	89	45
Person returning home	91	22
Starting paid work	56	16
Starting unpaid work	88	16
Going into hospital	76	42
Leaving hospital	91	22
Change in benefits (not IS)	90	10
Change in income	88	17
Change in mortgage	53	30
<i>Non-reportable changes:</i>		
Change in Income Support	77	13
Changes in rent	65	23
Child started school	88	41

Includes one-off sums of money received

Source: Survey

Apart from faulty knowledge, the other most common reason why mortgage changes were not reported was that (according to the respondent) the building society notified the Benefits Agency. This would be unusual in practice. It is more likely that low levels of reporting mortgage changes reflect the claimant's misunderstanding of his or her personal responsibility to report.

In the lower half of Table 5.20 higher percentage figures represent well-informed claimants. Hence, it seems that most people know correctly that informing the Benefits Agency about a child starting school is unnecessary although, as we saw earlier, some still do so (see Table 5.8).

The main message to emerge from this analysis of the reasons for reporting and not reporting changes is that most people did what they did because they thought they were doing the right thing. However, it is apparent that many of them were mistaken. As we found earlier, there were large amounts of non-reporting and unnecessary reporting. There was also some evidence that the process of reporting changes dissuaded a small number of claimants from reporting when they should have done so. We also found a small number of cases where fraudulent intent could be suspected.

5.4 How and where people report changes

Having identified a change in circumstances, claimants must then inform the Benefits Agency either by calling at a local office, telephoning, writing, or by getting a third party to act on their behalf. We know that the Benefits Agency is concerned to improve the quality and efficiency of contacts with local and central offices as part of its general drive towards quality of service and also as contributing to the medium-term objective of providing a one-stop service. In particular there is a continuing investment in changes to telephone reporting (reported in Chapter Six). This emphasis reflects the findings from the first two National Customer Surveys (1991 and 1992) that telephoning is the most common form of contact with Benefits Agency offices, followed by calling in person (for local offices only) and finally by writing. However, as we pointed out in the literature review (Sainsbury, Ditch and Hutton, forthcoming), this overall picture changed when we used the National Customer Survey data to look solely at how people report changes in circumstances to the local office. The data in the two Customer Survey reports are presented slightly differently, but a re-analysis of the data in the 1991 version suggested that calling in person was the most common

means of reporting a change in circumstances to a local office, followed by telephoning and writing.

In our survey of Income Support recipients we asked how they *normally* contacted the local office about their social security business. The responses showed exactly the same pattern as the Benefits Agency customer surveys; telephoning was most common, followed by calling in person and writing. However, when we asked how they reported changes in circumstances a different pattern emerged. Table 5.21 below presents data derived from two questions about reporting in the questionnaire. We asked how people informed the local office about their most recent reported change and about the change occurring nearest to 1 November 1992. The table also shows, for comparison, how respondents normally contacted the office.

Table 5.21: Method of reporting changes in circumstances compared with normal method of contact

Method of reporting	Most recent reported change %	Change nearest to 1.11.92 %	Normal method of contact %
Writing	39	44	10
Telephoning	12	10	39
Calling in person	34	33	36
Other	15	12	15
N	346	217	1,082

¹ Includes getting someone else to inform the office

Source: Survey

The table shows a clear contrast between how people normally contacted the local office and how they chose to report changes in circumstances. The telephone is a generally popular means of dealing with the Benefits Agency but not for reporting changes even though 69 per cent of the sample said that they had access to a telephone. Further analysis showed that claimants who normally wrote to the office continued to do so if they had a change to report. By contrast, 40 per cent of the nonlntal telephone users switched to writing, and 20 per cent to calling in person. Although the figures for callers remains fairly constant across the table, a quarter of the normal callers wrote to the office when reporting a change. Unemployed claimants tended to call in person in preference to writing but lone parents, pensioners and disabled claimants all tended to write more than call. The unemployed also used the telephone less than the other claimant groups.

There are several implications of this analysis. First, it must be recognised that, at present, improvements in the telephone service offered by local offices will not improve the efficiency with which changes in circumstances are reported for most claimants. If telephone reporting is to become the preferred method of the Agency, then claimants need to be weaned away from other methods of contact. Even if the majority of telephone owners can be persuaded to use the telephone more, there will still be a sizeable minority for whom telephoning is not an option. Other means must be found for them to improve the efficiency of reporting changes.

In the survey questionnaire we asked respondents who they notified about changes in their circumstances. This is an important issue, particularly for the one-stop policy initiative since it is the aim that claimants should only need to report a change to one part of the social security system (whether it is a local or central office or part of the Employment Services organisation). The responsibility would then be on officials and not claimants to notify any other relevant branch of social security. (This is being actively pursued in the developments on telephone reporting-see Chapter Six.)

The data generated in the survey do not allow any reliable statistical analysis, since the number of cases where changes were reported to places other than the Benefits Agency were small. For example, of the 58 reports of changes of address, 57 were to the Benefits Agency and only one to the Employment Service. However, this absence of examples in itself indicates that among our representative sample of Income

Support recipients there was not a widespread problem of reporting to inappropriate locations. Having said that, it should be remembered that those most likely to report changes to the Employment Service are unemployed claimants who formed less than a third of the sample.

5.5 Problems of reporting changes in circumstances

In the questionnaire we asked respondents whether they experienced any problems connected with reporting the change nearest to 1 November 1992. The responses are presented in Table 5.22 below.

Table 5.22: Claimants experiencing problems with reporting changes

	%	Number
No problems	65	144
A few problems	23	50
A lot of problems	12	26
Total	100	220

Source: Survey

The 35 per cent of respondents to this question who recorded problems compares with a figure of 21 per cent of all claimants (242 out of 1,137) who experienced problems in their general dealings with the Benefits Agency. The types of problem experienced by these two groups are presented in Table 5.23 below. When asked to explain the difficulties they experienced, the 76 respondents who said they had problems with reporting changes listed 118 reasons; the 242 who had problems more generally recorded 346 reasons.

Table 5.23: Problems identified with reporting changes in circumstances and in dealing with the Benefits Agency (multiple responses allowed)

Type of problem	Reporting changes ¹	General dealings with BA ²
	%	%
Delays in dealing with change	32	19
Complaints about staff	24	43
Waiting too long (in offices and on the telephone)	14	10
Left with not enough money	9	10
Other ³	20	18
N	118	346

¹ Based on responses from 76 claimants

² Based on responses from 242 claimants

This category includes complaints about the number of forms to be completed, incorrect details on giro's and order books, not enough explanation of decisions and mistakes in assessments

Source: Survey

The striking feature of this table is that respondents' problems with the Benefits Agency generally are dominated by complaints about staff (covering both attitude and competence) whereas problems with reporting changes in circumstances are more to do with delays. Although we do not have data to explain these differences, the higher percentages of complaints about delays for changes in circumstances probably reflect that many changes will have caused a drop in income or an increase in need. The claimant therefore needs a quick response from the Benefits Agency. As we shall see in Chapter Six, in most cases a quick reply *does* follow. But when it does not, the claimant may be in temporary difficulties. In contrast the full range of possible contacts with the Agency will include asking for information or checking assessments, for which an immediate reply is not so important. Also, hard-pressed staff may, possibly, welcome general enquiries less than others (because they distract them from their main task of processing cases) and may be, in the perceptions of claimants, less helpful or courteous than at other times.

These problems should be viewed in the context of the numbers of claimants recording problems. That 35 per cent of respondents (76 from 220) who reported changes in our sample recorded problems, compared with 21 per cent of the whole sample who experienced a problem in their wider dealings with the Agency, emphasises the importance for claimants of processing changes efficiently. How people view the service provided by the Agency will be affected not only by whether they experienced problems but how they were dealt with. We have no direct data to investigate this further, but the overall level of satisfaction with the way they had been dealt with by the Benefits Agency recorded by our sample was 82 per cent (which rises to 85 per cent when the 'don't knows' are excluded), suggesting that having a problem does not necessarily equate with dissatisfaction.

The range of problems identified in our survey suggests the areas where improvements in service can be sought. Improving the speed with which changes in circumstances are processed and the quality of the contact between claimants and staff should continue to be pursued. Reducing the time that people spend in offices and waiting on the telephone are similarly already part of the Agency's programme. In contrast, the complaint that a change in circumstances left the claimant with not enough money is beyond the scope of Agency policy. In the survey there was a relatively low level of complaints about the forms and letters used by the Agency. However, it emerged from the in-depth interviews, in which claimants were asked directly about their understanding of Agency letters, that although everyone knew how much benefit they were getting, decision letters were particularly poor at conveying comprehensibly the details of an Income Support assessment. This apparent inconsistency in the data might be explained by the way in which the questionnaire asked about problems experienced by claimants when their claims were being processed. Faced with an open-ended question about problems, respondents often restricted themselves to (presumably) the most important one or two (in this case, mainly delays and staff). In comparison, problems with forms and letters may have seemed less worthy of comment. In the light of this evidence about people's understanding of, and responses to, forms and letters, the established practice of the Benefits Agency for many years, of monitoring the presentation and content of official documents, continues to be a necessary and worthwhile exercise.

5.6 Discussion

In this chapter we have looked for evidence of any systematic problems associated with reporting changes in circumstances, such as particular changes that are frequently not reported, or particular claimant groups who are not good at reporting. The table below summarises Tables 5.1 to 5.15 presented earlier and helps to address these questions.

Table 5.24 below has some interesting features. Apart from changing address, the most frequently reported changes (mortgages, marital status, spells of paid work, benefits and other income) are those which are most likely to have an impact on the level of an Income Support award. In contrast, changes which may affect benefit but rarely do are reported far less often. This pattern within the reportable changes can probably be considered satisfactory since reports of changes which are unlikely to affect benefit create unnecessary administrative costs for the Agency. However, the absolute levels of reporting are probably not satisfactory. Only three of the changes were reported in more than half the cases.

There are different implications from the relatively high levels of reporting of the non-reportable changes. It is still unclear why so many claimants apparently report changes in Income Support back to the Benefits Agency. Reporting rent changes is more understandable since many claimants make their application for Housing Benefit through the Benefits Agency and may have very little contact afterwards with the local authority. That people inform the Agency of health changes and children starting

¹¹ These figures are comparable to the overall satisfaction rate for all Benefits Agency claimants of 84 per cent, reported in the Agency's Annual Report for 1993/94.

school suggests that we have possibly identified two areas of need which the Income Support system does not address directly, although some claimants may simply misunderstand what they should and should not report.

Table 5.24: Summary table of reporting behaviour of different claimant groups

	Percentage of changes reported					
	UE %	LP %	%	D %	All %	N
<i>Reportable changes:</i>						
Moving address	90	93	100	100	95	61
Change in mortgage	50	48	78	60	57	176
Change in marital status	43	79	40	43	52	85
Spells of paid employment	32	62		–	43	128
Change in benefits (not IS)	47	52	19	25	34	89
Change in other income	30	40	0	21	29	55
Absence from home	50	11	4	36	19	264
Person returning home	38	15	4	27	16	226
Spells of unpaid work	18	6	5	3	12	133
Going into hospital	17	4	9	11	9	238
Leaving hospital	9	4	7	17	7	234
<i>Non-reportable changes:</i>						
Change to Income Support	33	49	20	17	34	314
Change in rent	37	22	34	19	31	173
Change in health	49	31	12	27	26	420
Child started school	20	26		27	23	117

Excludes benefit and work-related income; includes one-off sums of money received

Key: UE = unemployed claimants, LP = lone parents, RP = retirement pensioners, D = disabled claimants

Source: Survey

In order to identify whether any particular claimants are more or less reliable reporters, we used the data from Table 5.24 above to calculate overall reporting levels. The results are in Table 5.25 below.

Table 5.25: Overall reporting levels by claimant groups

	Percentage of changes reported	
	Reportable changes %	Non reportable changes %
Unemployed	37	36
Lone parents	27	34
Pensioners	17	18
Disabled	27	25
All	28	29

Source: Survey

The reporting behaviour of each group is remarkably similar across reportable and non-reportable changes. The exception is lone parents whose puzzling tendency to report nearly half the changes in their Income Support awards to the Benefits Agency inflates their reporting rate for non-reportable changes.

One interpretation of this table is that each group reports a fixed proportion of the changes that happen to them regardless of whether they are relevant for Income Support assessments. The outcome is that while unemployed claimants cause relatively fewer problems for the Benefits Agency through non-reporting compared with the other groups, they cause the most work through unnecessary reporting. If this inference is correct then the outcome of any general campaign to increase reporting levels might be double-edged. More reportable changes would be reported but more time might also be spent on dealing with an increase in unnecessary reporting. What is

needed is to establish clearly in the minds of claimants what should be reported and what should not.

The table also shows that pensioners are significantly worse reporters than the other groups and that unemployed claimants are better than average. One possible explanation for this disparity is the level of *contact* that different groups have with the social security authorities. Unemployed claimants generally are required to visit Employment Service offices to sign on and attend routine interviews. They will therefore be asked directly about changes in their circumstances far more often than other groups, particularly pensioners who have the least contact with Benefits Agency staff.

Another way of looking at reporting behaviour is at the level of individual claimants. Table 5.26 below shows the pattern of reporting behaviour for claimants with different numbers of *reportable* changes.

Table 5.26: Individual reporting behaviour-number of claimants reporting changes compared with number of reportable changes experienced by them (740 valid responses; row percentages in brackets)

No. of changes	Number of changes reported									
	0	1	2	3	4	5	6	7	8+	
1	180 (73)									
2	112 (64)	38								
3	44 (46)	17	17							
4	35 (47)	14	13	9						
5	22 (42)	11	6	10	2					
6	10 (29)	10	7	4	2	1				
7	6 (46)	3	1	0	1	2	0			
8+	15 (34)	10	6	6	3	1	2	1		
Total	424 (57)	171	76	47	12	6	3	1	0	

Source: Survey

The table has a number of interesting features. First, it is apparent that 57 per cent of claimants (424 out of 740) did not report a single *reportable* change. However, as the number of changes experienced by claimants increases there is a greater likelihood that at least one of them will be reported. Conversely, there is a decreasing likelihood that *all* will be reported (demonstrated by the figures in the shaded cells running diagonally from the top left to the bottom right of the table).

In Table 5.27 below we look further at the 424 claimants identified in Table 5.26 as *non-reporters*.

Table 5.27: Proportions of *non-reporters* within claimant groups (704 valid cases)

	Percentage of non-reporters	
	%	N
Unemployed	52	266
Lone parents	46	171
Pensioners	73	192
Disabled	61	75
All groups	57	704

Source: Survey

We acknowledge that to consider claimants who have failed to report one or two reportable changes as a problem may be overstating the case. We have therefore repeated the calculations used to produce Table 5.27 for claimants who have experienced three or more reportable changes but have failed to report any. (We have selected three changes here because the mean number of reportable changes in the

whole sample was 2.9.) We call these claimants the *consistent non-reporters*. The results of the re-calculation are presented in Table 5.28 below.

Table 5.28: Proportions of *consistent non-reporters* within claimant groups (301 valid cases)

	Percentage of consistent non-reporters	
	%	N ^r
Unemployed	35	114
Lone parents	34	92
Pensioners	67	69
Disabled	35	26
All groups	44	301

N = all claimants with three or more reportable changes
Source: Survey

Table 5.27 above showed that pensioners report changes less than other groups. This picture is confirmed in Table 5.28 which shows that at an individual level there is a high probability that pensioners will not inform the Benefits Agency of any reportable changes at all. The pattern across the other claimant groups is remarkably similar. It appears that about a third of the claimants in each of these groups who have three or more changes will fail to report any.

Overall we have a picture of a high proportion of claimants not reporting changes that they should. Most claimants, however, report at least one change though very few manage to report all. One conclusion that can be drawn from this is that more than one policy response may be required in order to increase levels of reporting. Those who have already had experience of reporting something could probably be encouraged to report more changes by better and more frequent publicity and information. The consistent non-reporters may need a different response. Publicity and information have seemingly already proved ineffective with them. A more direct approach may be necessary. For example, because pensioners feature prominently among the consistent non-reporters, more frequent, direct contact by telephone or by visiting could improve levels of reporting.

5.7 Conclusion and policy implications

As we stated in the introduction to this chapter, the ideal for the Benefits Agency is that claimants report changes in circumstances to them promptly, fully and accurately, and that they refrain from making unnecessary reports. The evidence that we have gathered paints a very different picture. There is widespread non-reporting and inappropriate reporting.

Non-reporting is particularly high for those changes which are less likely to have an effect on the level of Income Support awards, such as absences from home, hospital in-patient stays and spells of unpaid work. Reporting levels of changes in income (from work, benefits or other sources) are higher but even here rarely reach above 50 per cent. The most reliable reporting is of changes connected with housing (moving address or mortgage changes).

Across all types of change, pensioners are generally the least reliable reporters. We also identified, among the claimants who had experienced a reportable change, a large minority (39 per cent) whom we call the *consistent non-reporters*. These are claimants with three or more reportable changes but who failed to report a single one. Comparing claimant groups again revealed pensioners as the least reliable reporters.

Although claimants used the telephone more often than any other form of contact in conducting their general business with the Benefits Agency, they turned to writing and calling at the office when they wanted to report a change in circumstances.

Most claimants' reporting behaviour was driven by what they thought they were required to report or thought was not necessary to report. Much of this supposed

knowledge was incorrect. A smaller proportion of claimants acted more out of hope of getting some help rather than any confidence that they would. We found little evidence that pointed to fraudulent behaviour among our sample.

When asked about problems with the Benefits Agency in dealing with their general social security business, claimants' main concerns were first, their treatment by Benefits Agency staff and secondly, delays in processing. Importantly, this order was reversed when claimants were asked specifically about problems connected with changes in circumstances. It is possible to infer from this that claimants rely on the Benefits Agency to process changes quickly in order to prevent possible hardship or uncertainty to them and their families. If this is correct, then there are possible implications for the way in which local offices organise their work. This will be discussed in the next chapter.

The policy implications of the reporting behaviour of claimants described in this chapter can be addressed at two different levels. At the administrative level we can ask what can be done to increase the accurate and timely reporting of relevant changes by claimants. At a structural level we can use the information to question whether some changes need to be reported so often, or at all. A detailed discussion of these options is reserved for Chapter Seven where we draw together the policy implications of the whole study. However, the following provides an indication of the types of policy response we will be considering.

At an administrative level, the Benefits Agency could attempt to educate the claiming population about what should and should not be reported. This implies that the current means of informing claimants about their responsibilities are not working well enough. Two responses, by no means mutually exclusive, are possible. First, the information provided by the Agency could be improved, and secondly the Benefits Agency could rely on claimants less and become more proactive by initiating more contacts with claimants.

Whether or not it is possible to increase the rate of reporting to a significant extent, the Benefits Agency could improve the efficiency with which changes are reported by introducing measures to improve the quality of the information provided by Income Support recipients.

From our analysis of claimants' reporting behaviour we have identified a number of changes in circumstances which are reported (sometimes very) infrequently. From these findings we are led to ask whether the duty to report should vary according to different types of change. At present all changes should be reported as soon as they happen. However, if large numbers of people are not reporting certain types of change there may be a case for reducing the duty to report. Three possibilities arise. First, there should be no duty to report until the next routine review. Secondly, whenever *any* change is reported, the Benefits Agency should undertake a full review rather than dealing only with the specific change. And thirdly, the duty to report should be removed altogether.

In this chapter we have looked at the reporting behaviour of Income Support recipients. In so doing we have identified a number of areas where policy changes might be warranted which are discussed fully in Chapter Seven. Before that we turn our attention, in Chapter Six, to the perspectives of social security staff whose job it is to manage, supervise and carry out the administration of changes in circumstances.

Chapter 6 Administering Changes in Circumstances

6.1 Introduction

One of the terms of reference of the project was to 'assess the administrative demands generated by processing changes in circumstances'. Our main approach to this task has been to interview staff in three District Offices chosen as fieldwork locations, one covering an inner city area, one serving a widespread urban and rural population, and the third located in a large industrial town. We talked to senior and middle managers, Income Support managers and supervisors, and staff at L01 and L02 level involved in different ways in the administration of Income Support cases.

We also spoke to staff in the Business Development Branch of the Benefits Agency about recent initiatives in computer assistance for staff dealing with telephone contacts from claimants. Both the prototype system, BOSS (Benefit Office Support System) and its more sophisticated successor, IBIS (Integrated Benefit Information System) have facilities for handling changes in circumstances.

In this chapter we have drawn on this information to assess the demands and pressures on District Office staff in processing changes in circumstances and to investigate their responses to them. First, we discuss how changes in circumstances work is accommodated within the total workload of Income Support sections. Secondly, we identify how claimants' reporting practices can cause problems for Income Support staff, and examine some examples of changes which have inherent difficulties. Thirdly, we examine the pressures created by a combination of workload, levels of staffing and performance targets and discuss how staff respond to them. The impact of new technology on dealing with changes is examined in the following section. In the conclusion we show that the nature of the contact between claimants and the Benefits Agency when reporting a change in circumstances is different from the contact when a new claim is made. We argue therefore that a distinctive approach is needed for processing changes.

In many ways the Benefits Agency is already responding to some of the issues raised in this chapter. In particular, the 'one-stop' initiative will have important implications for the work of District Office staff as it is implemented over the coming years.

6.2 Changing circumstances and the work of the office

The work of an Income Support section is busy and varied. For the most part the individual staff on each section decided how to prioritise their daily work. The most urgent tasks, however, were clearing new claims and processing changes in circumstances. Other work, which included dealing with general enquiries from claimants, and responding to requests for information from the local authority or Employment Service, was consequently treated as less of a priority.

We identified two main approaches to balancing the competing demands of clearing new claims and processing changes. Most staff simply dealt with all fresh claims first. This not only reflected a widespread, though not unanimous, feeling that new claimants were likely to be in greater need than claimants already in receipt of Income Support, but also the knowledge that rapid processing saved time in the longer run. Staff knew from experience that new claimants were quick to make enquiries about the progress of their claims and that pre-empting this possibility was to their own

advantage. Hard-pressed staff, therefore, had ample motivation to clear new claims before undertaking other work.

A slightly different approach was to divide the day's incoming work into the urgent and non-urgent. All new claims fell into the former category as did certain changes in circumstances which might have a large effect on the amount of an Income Support award. By treating these as urgent, staff recognised that some recipients of Income Support may be in just as great a need when their circumstances changed as a new claimant. It was also seen as desirable to prevent large overpayments accruing, since recovery was an administratively time-consuming activity.

The staff we interviewed were used to having to juggle the various elements of their work and adopted practices which they found most suited to their own preferred methods of working. Problems only arose when extra pressures came to bear on already busy workloads. These are discussed in a later section.

6.3 Problems with administering changes in circumstances

In our interviews with Income Support recipients we tried to identify whether some changes in circumstances caused particular problems for them (see Chapter Five). We were also interested in the same question from the perspective of Income Support staff. What emerged from our interviews and discussions, however, was a slightly different picture. Although some types of change were inherently more likely to cause additional work, *any* case which caused processing staff any extra time and effort was identified as a problem. The reporting and non-reporting habits of claimants were often cited as the root of the problem. We examine these first.

6.3.1 Problems generated by claimants' reporting practices

There was a general feeling among the processing staff interviewed that the majority of changes in circumstances could be processed on the information supplied by the claimant without the need to make further enquiries. This is reflected in the high percentage of cases cleared within the target of two days in all three offices visited. (Performance targets and their impact are discussed later in this chapter.) Nevertheless, staff in all three offices commented that a frequent cause of additional work was *incomplete reporting* by claimants. A common omission was the precise date on which the change being reported took place.

Collecting further information was not necessarily difficult for staff (for example, a simple telephone call was often all that was required) but always added to the time needed to clear a case. Sending a letter to a claimant or third party was also usually straightforward but often led to a case taking longer to process.

Another type of incomplete reporting occurred when a claimant experienced a number of changes together but did not report all of them. A commonly cited example was a claimant changing address. When a claimant moves there is no direct effect on the level of their Income Support award (although there may well be changes to Housing Benefit or Council Tax Benefit). However, if their household composition changes at the same time their Income Support will almost certainly change. If this is not reported the wrong award will be in payment, possibly for a long period.

In addition to incomplete reporting, Benefits Agency staff commented that *late reporting* and *failure to report* changes, for whatever reason, were also common. Late reporting occurs when changes are notified by claimants themselves or someone acting on their behalf but only after a long delay. By contrast, failure to report is identified when a third party notifies the Benefits Agency of a change or it comes to light in the course of a routine review of a case. However, in both instances adjudication officers must reassess the claim possibly weeks or months after the date of the change. An under- or overpayment is frequently the outcome. Processing the actual change in circumstances may not generate any additional work for Income Support assessment

sections (for example, if a backdated award of extra benefit could be made) but work may be created for the overpayments section and possibly the fraud staff.

Late reporting of changes which leads to loss of entitlement inevitably creates an overpayment. An example is when the partner of a claimant begins working for more than 16 hours a week, as one Income Support officer explained:

*... so they'll send us a letter, "My wife's started part-time work". And when you find out it's 21 hours, you have to say well I'm sorry but you're not due anything. **And** you've been overpaid.*

Although a failure to disclose may have fraudulent intent, the staff interviewed also felt that there was widespread ignorance of some changes that need to be reported such as the 16 hours rule cited in the example above.

An example of a delay not caused by the need for more information is the *recall and re-issue of order books*, a common problem in all the offices visited. Until the introduction of performance targets, retrieving order books from reluctant claimants would not necessarily have been construed as a particular problem for office staff. Now any case which takes longer than five days reflects badly on the performance of the office regardless of the cause. Nevertheless, staff fully understood the reluctance of some claimants to return their order book when requested since any delay in replacing it could leave them with very little, or no, money to live on.

6.3.2 Problems inherent in some changes

Apart from the problems caused by aspects of claimants' reporting behaviour, which could occur with any change in circumstances, some changes had their own inherent difficulties. Part-time earnings was the most frequently cited example because they often change. Some staff considered that they generated disproportionate amounts of work compared with their effect on Income Support awards.

Staff were particularly critical of the regulations which required them to terminate an award of Income Support when the hours worked by a claimant exceeded 16 in any one week even though their normal pattern was for less. The work involved in terminating and reactivating a claim and the inconvenience caused for the claimant seemed unnecessary. One Income Support officer explained the problem in the following way:

If there's a recognised cycle, let's say they worked 12 hours for five weeks and then in the sixth week they worked 18 hours, you would do a recognised cycle over a period of six weeks and average their hours out to say 13 and a half or whatever they might be. Which would keep them on the books continuously. But if it's just that odd one where they do constantly 12 hours and then all of a sudden they've worked 24 hours one week, you would really have to terminate the claim and re-start it again.

Changes in mortgage payments also cause problems for staff because they are often reported late by claimants, or not at all. The effect is that payments of mortgage interest which go direct to the lender are incorrect for a time, thus causing either an under- or overpayment which has to be rectified. This is not necessarily a problem for the claimant since under the mortgage direct arrangements the transfer of money is between the Benefits Agency and the lender. In practice, though, lenders often pursue the claimant if interest payments from the Agency are not altered quickly which can generate time-consuming enquiries from often anxious claimants.

The social security rules concerning hospital in-patient stays vary across different benefits and hence can create a series of problems. An Income Support officer explained the difficulties:

Hospital cases are so difficult because, I could get Attendance Allowance, after four weeks Attendance Allowance is withdrawn. If it's Income Support, a

retirement pension and they're a single person, after six weeks their Income Support is reduced to what we call a hospital pocket money rate which is I think is now £11.95 or something. But if they've got retirement pension, the retirement pension doesn't get reduced to get that amount, it gets reduced by twice the hospital pocket money rate. So you're ending up . . . four weeks . . . persons get Attendance Allowance taken away, six weeks they're not entitled to Income Support but we have to pay the retirement pension at a lesser rate. So . . . there's overpayments and underpayments and sometimes a person dies in the middle of it. So, hospital cases, not a lot of people like them . . .

The problem was mainly with old people who were the most likely group to be in hospital for long periods. Staff felt that few knew the rules and were probably not in any condition to be bothering about their entitlements. The office usually heard from a member of the family, neighbour or hospital social worker. They appreciated the rationale behind reducing the Income Support for in-patients but were concerned that the rules 'could add unnecessary worry for them'.

6.4 Pressures and demands on Income Support processing

6.4.1 Pressures on time

Benefits Agency offices are, through the staff complementing system, very tightly resourced. However, because the calculation of staff complements is based on historical data there is always a risk that a mismatch between staff and workloads can arise. In addition the contingencies of staff absences or local take-up campaigns and so on can all place added pressure on staff.

Juggling staff to match workloads is a standard management task and managers in the offices visited were able to explain the options open to them (including moving staff within the office, overtime, employing casual staff, or drawing on an Area pool of roving adjudication officers). Nevertheless, District Office staff at all levels cited shortages of staff as a recurrent problem. Among Income Support processing staff there was some frustration that there seemed to be no, or insufficient, contingency plans to cope with temporary (though sometimes long-term) reductions in staff. One officer contrasted (ironically) the Benefits Agency's concern with customer service with the care given to staff. Expectations were created that new claims would be cleared in four days (through written information and displays in waiting rooms). Not surprisingly, claimants were reported to be quick to cite these promises in making demands on staff which could only be met when there was a full complement working.

In dealing with new claims and changes in circumstances, processing staff recognised that there was a tension, created by the twin demands of speed and accuracy, between the quantity of work cleared and the quality of decision making. This tension became more acute when less than a full complement of staff were working. Staff in all the offices visited were very aware of this potential quality/quantity conflict, but their responses to it in practice were mixed. Some preferred to make sure the decision on each claim was accurate at the outset as a means of preventing possible problems later.

Though some Income Support staff were prepared to take time to ensure a high standard of decision making, there was a widespread admission that pressures of work obliged them to 'cut corners' in the interests of clearing claims quickly.

I think everybody cuts corners. It's because it's so complex, if you did everything to the letter you'd get about two cases a day done.

(Income Support section supervisor)

The staff we interviewed were open in providing numerous examples of where they cut corners. For example, when a claim is being processed the adjudication officer will enter a number of 'controls' into the claimant's computer file. These are dates on which certain action has to be taken, like routinely checking some piece of

information, and this can, under pressure of work, be inadvertently or deliberately overlooked. The result may be either an over- or underpayment. An example of the latter is failing to set a control to introduce a disability premium after 28 weeks for claimants registering as sick (if they are not getting an automatic qualifying benefit).

Another common example of cutting corners was accepting evidence from claimants verbally (usually over the telephone) without any written verification, for example when people moved into or out of a household. This practice was seen by processing staff as being less than ideal but acceptable. An Income Support officer explained why:

I cut corners. I accept what they're saying on the 'phone a lot. I constantly make 'phone calls I'll do anything sooner than write a letter. If you phone somebody and ask them a question, they will 99 times out of 100 tell you the correct answer, because they weren't expecting you to 'phone. If they ring up, we think they're lying.'

The practice of forgoing verification has not been sanctioned in the past. Supporting evidence for all decisions taken on a claim has been viewed as imperative. The importance of this becomes apparent when a decision is challenged and a case prepared for a social security appeal tribunal. However, as we will discuss later, the desirability (from the perspectives of the Benefits Agency and a large number of claimants) of increasing the amount of business that can be conducted over the telephone is necessitating a review of this position.

Another practice was omitting to enter certain types of information, by skipping the relevant screen when progressing through the Income Support assessment programme, which do not directly affect the calculation of an Income Support award. For example, the screen asking for details of previous employers was commonly missed. Similarly, some officers said they did not bother to enter savings if they were below £2,000 or £2,500 because the calculation of Income Support would not be affected. The danger in this is that a claimant may at a later date report an increase in savings which, though possibly only a relatively small amount, would take them above the £3,000 threshold when added to their existing savings. Because the original savings were not on the claimant's file then some tariff income would be lost.

6.4.2 *The impact of training*

Some staff were concerned about the training they received on the seemingly continual changes to Income Support regulations. Their complaint was double-edged. First, the training itself, when any was offered at all, was criticised as inadequate for learning the complexities of new regulations. Some staff criticised the 'awareness sessions' (a form of private study using training materials) which they saw as an inadequate replacement for proper training. Secondly, there were complaints that insufficient cover was provided on their sections when staff were taking part in training or awareness sessions. Paradoxically, therefore, training could adversely affect both the quality and quantity of decision making.

6.4.3 *The impact of performance indicators*

Performance indicators and targets are an established management technique which the Benefits Agency has adopted in its pursuit of the efficient and effective delivery of benefits. The District Office has a growing number of targets which it is expected to achieve, such as the time taken to process new claims and cash targets for the recovery of overpayments. When the fieldwork for this project was carried out, District Offices were approaching the end of the first year in which they had targets for processing *assessment reviews*. Assessment reviews are defined as a variety of actions which have the effect of changing any of the information in a claimant's file. Most of these are carried out by Income Support staff but some are generated automatically by the computer system (such as uprating premiums when children pass one of the age thresholds). All changes in circumstances are included in the definition of assessment reviews. When the research was carried out, the two targets were the

`Y' target of clearing 65 per cent of cases in two days, and the `Z' target of clearing 95 per cent in five days.

Some of the problems with the performance indicators in their first year are well known to the Benefits Agency. For example, the first day of any action on an assessment review was counted as `Day 0' which meant that anything dealt with on the same day that it came into the office was officially cleared in zero days.¹² Also, some activities were included in the definition of assessment reviews (such as correcting spelling errors in, for example, claimants' names and addresses) which were clearly inappropriate in evaluating office performance. We now understand that these and other teething problems were dealt with in preparation for the second year of operation.

From our fieldwork visits it was clear that performance indicators on both new claims and assessment reviews were taken seriously by District Office staff and could have a direct influence on the activities of Income Support sections. In general, activities that were measured took preference over those that were not. While the priority of any office will always be the quick and accurate processing of benefit assessments, some aspects of work, typically those which fall into a broader definition of `service to the public' became crowded out. Examples that were quoted to us included answering letters of enquiry from claimants, responding to requests for explanations of benefit awards, and returning telephone calls promptly. Also, staff have a general duty to inform claimants of any potential entitlement to other benefits. However, this form of proactive work can easily be passed over because it does not count towards a measure of work cleared.

*. . . you maybe get a piece of mail in from a pensioner and its not for your section but sometimes you think I **could** invite a claim for Income Support here but . . .*

(Income Support adjudication officer)

The pressures on Income Support processing staff became more acute towards the end of each month when the performance for that month had to be reported to management. At such times, any form of work that did not have an impact on one of the performance indicators was set aside or not done at all. A section supervisor explained:

. . . when it comes to the last week of the month, . . . I'll say on Monday morning, `concentrate on your new claims', because I've got this theory that if you're lagging behind, rather than miss both your targets, you might as well hit one. So I always say to them a couple of days before `concentrate on your new claims and then do your assessment reviews and leave your other post'.

(Income Support supervisor)

A general effect of performance indicators, which again became exaggerated towards the end of a month, is that easy assessment reviews were processed before more difficult ones, simply because they had a greater effect on the performance measure.

As we discussed earlier, one of the problems of dealing with changes in circumstances occurs when further information is required. Relying on others (such as claimants themselves, employers, or other branches of the Benefits Agency) to respond to letters means that the office effectively relinquishes control over the processing time on a claim. Yet the calculation of the clearance time for such a case makes no allowance for this, a point not lost on Income Support staff.

Sometimes its our fault because sometimes the workload builds up and we've got problems clearing it, I accept that. But there are quite a number where we do our bit at our end and we're waiting on somebody else to do their bit and if

¹² The Income Support Computer System was amended in 1993 after the fieldwork for this research was completed. The day on which a Benefits Agency office receives information requiring review action is now counted as `Day 1'.

they don't do it within a certain time it knocks our clearance time on that particular case out of the window.
(Income Support manager)

Performance indicators are an effective device for changing the behaviour of staff in ways deemed desirable by the management of an organisation. For them to work effectively within the Benefits Agency however, they need to be accepted and understood by the staff they affect and must be set at a level which not only provides a desirable level of service to social security claimants but is also achievable. Our interviews and discussions with staff in the three fieldwork offices indicated that problems in all these areas persisted.

If you're going to have a target to aim for it's got to be a realistic target in every way, not just one you can achieve or one that is achievable but it needs to be a target that's going to at least give you an incentive to achieve it ...
(Income Support manager)

In one office the 'Z' target (95 per cent of cases cleared in five days) was proving difficult to achieve each month and would not have been reached at the end of the first year. Their likely performance over the year was likely to be just over 91 per cent. By contrast, the target was achieved extremely easily; 86 per cent of cases were cleared in two days compared with the target of 65 per cent. (Incidentally the targets for the clearance of *new claims* were both met.) Not surprisingly, the feeling in those offices where targets were being met was one of satisfaction and relief. However, no one could explain how the targets were set in the first place and this led some to question their validity. One Income Support manager explained his view of the 'Z' (five day) target in the following way.

... I mean we try to meet it, don't get me wrong, we try to meet it, but if all else fails that's the one I personally would be least worried about missing. Because I think it's one that's been almost plucked out of the air and I don't think enough thought has been given to this.
(Income Support manager)

There are several lessons which emerge from our discussions with staff about performance indicators. First, they need to be set at realistic levels, neither too easy nor too difficult. Secondly, staff need to be convinced that the targets are sensible and worthwhile. Thirdly, and most importantly, it is our view that the 'Z' target of five days is inappropriate. It is clear that most assessment reviews can be cleared very quickly. In all the offices visited clearance rates were between 85 and 90 per cent in two days. The 10-15 per cent of cases that could not be cleared in two days included those where further action was needed. What the 'Z' target demands in effect is that such further action is completed within an additional three days, an unrealistic expectation where letters need to be sent to claimants or third parties, or order books need to be recovered. There are three possible responses to this problem. First, the 'Z' target could be extended to, say, eight, nine or ten days. Secondly, greater efforts could be made to get further information more quickly. And thirdly, the amount of information required or needing to be verified in order to process individual changes could be reduced. These options are explored further in Chapter Seven.

6.5 The impact of new technology

6.5.1 The impact of the operational strategy

There was agreement from all staff that processing changes in circumstances had been made easier and quicker by the introduction of computers. However, there were two sets of problems created by new technology that had not been resolved.

First, because the computer had rendered the paper casefile obsolete, there was no easy way in which Income Support staff could gain a full understanding of the developing history of a claim. The problem became more acute when a different

officer accessed the computer file and tried to make sense of it. Answering sometimes relatively simple queries from claimants became unnecessarily difficult.

I think it's great because it makes it speedy, it's just the end result when you're explaining to somebody I find it exceedingly difficult. . . because when you put a change in our computer it wipes out what it had before.

(Income Support adjudication officer)

Responding to claimants' enquiries about letters sent to them was made more difficult by one of the supposed advantages of new technology, the customised computer-generated letter. These letters were physically sent from an Area computer centre although generated by a District Office. The Income Support officer neither saw what was sent nor had a copy on file. This put them at an embarrassing disadvantage when talking to a claimant over the telephone.

And the trouble is it doesn't always just generate one letter . . . it just depends, it can generate three or four letters all going out in separate pieces of post, all arriving on the doormat at the same time which is great fun because then they ring you up and there you are trying to sort of fuff about how they got them all. Just no idea.

(Income Support supervisor)

The letters also came in for criticism from staff for being difficult to understand, particularly when a complex or multiple change had been dealt with.

. . . if you go in and you do more than one change it will send them an assessment of the current change that you've done and then all it does for future changes is say, there's a main letter saying 'On so and so your benefit will change to so and so, on so and so your benefit will. . .'. It doesn't tell you how, why or where. They just have this big screed of changes which to me is not service, its just useless.

(Income Support supervisor)

Improving the quality of letters and adapting the computer systems to the day to day needs of users are not insuperable difficulties. The second main effect of new technology is not so easily solved.

In all the group discussions we held with District Office staff there was a feeling among the longer-serving staff that they were becoming de-skilled, and a recognition among the newer staff that they lacked basic knowledge about how Income Support awards are calculated. As one new Income Support clerk explained:

. . . I've never done clerical cases . . . you can only put so many change of circumstances on certain screens and then it exits and then it's got to go clerical. I can't do it. All I can see that I am is a computer inputter, I don't know anything about Income Support. There's certain things you pick up, but if I had to sit down, if the computer went down, on clerical cases, . . . I couldn't sit down and do clerical cases.

De-skilling was clearly seen as a problem by Income Support staff. While they acknowledged that new technology reduced the need for all staff to be experts in Income Support, there was some concern that the demands and expectations of claimants (which they saw as likely to increase under the one-stop proposals) were creating pressures for them to be more knowledgeable."

6.5.2 Initiatives in telephone reporting

One of the medium-term objectives of the DSS, cited in the 1993 Annual Report, is to reduce the number of unnecessary contacts between claimants and Benefits Agency offices. A key element of the Benefits Agency response to this is to improve the

¹³ Since this research was completed, we understand that the Benefits Agency has extended the training package provided for new staff by two weeks to include clerical processing.

telephone service offered to claimants in a number of ways. First, the number of telephone staff was increased and specialised training provided. Secondly, the Benefits Agency began to develop a computer-based capacity to deal with an increasing amount of claimants' social security business over the telephone (including providing information, initiating claims, and dealing with changes in circumstances). The prototype Benefit Office Support System (BOSS) had been tested and evaluated in a small number of District Offices and was being further developed in the Integrated Benefit Information System (IBIS).

BOSS provided facilities for handling changes in circumstances across all benefits. It was a 'stand-alone' system not linked to the mainframe Income Support system in each office and so information collected had to be actioned separately by staff in benefit sections. By taking the operator through a series of screens BOSS could ensure that all the necessary questions were asked, reducing the need for further follow-up action. The system generated all the necessary paperwork for the claimant and produced memos for the other branches of the Benefits Agency which would need to know about the change. It handled the problem of verification by producing a letter for the claimant detailing the change notified and asking them to reply *only* if the information was incorrect.

At the time of this research IBIS was still being developed. When complete it will provide a more user-friendly system (using the superior visual displays available through WINDOWS) and will incorporate a number of improvements over BOSS. One advance will be a link between IBIS and the main OPSTRAT systems in the District Office. The information supplied by the claimant will therefore be entered only once, removing a source of error and reducing processing times.

6.6 Discussion

The Benefits Agency tries to achieve, as two of its core values, a high quality of service to the public and the efficient administration of benefits. While these two objectives may sometimes pull in opposite directions (since any increase in the range of services will usually increase the costs of administration) they can also reinforce each other. For example, the quick and accurate assessment of benefit is desirable on both counts.

The Benefits Agency has pursued this ideal in a number of ways, including the setting of performance targets, discussed above, and through the 'one-stop' initiative. It has also attempted to streamline administration by reducing the process of applying to the completion of a single claim form. Considerable efforts have been devoted to the design of easy-to-use forms supported by comprehensive information leaflets. If a claimant fills in a claim form correctly and completely then the adjudication officer will have all the information needed for processing the claim quickly. The objective has been to make claiming as easy as possible for the claimant: no prior knowledge is needed, just fill in the form.

The discussions with Benefits Agency staff have shown how processing a new claim is different from dealing with a change in circumstances. The latter requires prior knowledge, and there is no simple form to complete which will ensure a quick re-assessment of the award. The onus is on the claimant to report all the relevant information about a change as soon as it happens (if not before). For many of the changes reported to the Benefits Agency this creates no difficulties, although a number of specific changes were identified in the staff interviews which routinely created disproportionate amounts of work for them, such as part-time earnings and mortgage repayment changes. However, *any* change requiring additional work reduces the efficiency with which Income Support sections clear their work. It is only when a piece of information is missing or incomplete that processing takes any length of time.

The implication of this is that a reliable means of gathering *all* relevant information on a change in circumstances (comparable to the application form for new claims) would increase the speed and efficiency with which it is processed. The most effective

means of achieving this would be through direct contact between the claimant and an Income Support officer. This would not only ensure that all relevant questions were asked of the claimant at one time but, from the evidence in Chapter Five that many claimants like direct contact with benefit staff, be generally welcomed. Contact could either be face-to-face (over the counter or through a visit) or on the telephone. To work effectively though, the officer would have to be competent to conduct a changes in circumstances interview. In this context the development of BOSS and IBIS is timely and appropriate.

As we have shown in Chapter Five, claimants prefer to contact Benefits Agency offices either by telephone or by calling in person. However, when reporting changes in circumstances they more often write than use either of these means of contact. Therefore, to maximise the number of changes that are processed quickly, it is necessary to encourage more people to make direct contact rather than write. Nevertheless there will always be a sizeable minority of claimants who cannot call in person or use the telephone (or who simply prefer writing). There are two possible responses to this group. First, the existing arrangements (relying on them to supply all the necessary information and making further enquiries if they do not) could remain in place or some effort could be made to increase the chances that they will supply all the information needed. This could be tackled through more publicity, for example, or by the supply of 'reporting forms', perhaps covering the most commonly reported changes. Such reporting forms could be customised for each client group (for example, the pensioner form would include a section on occupational pension changes).

To reduce further the amount of time Income Support officers spend processing changes in circumstances would probably require changes in regulations rather than administrative practices (for example, requiring claimants to report fewer changes in part-time earnings). Changes such as these are considered further in the next chapter on policy responses to the changing circumstances issue.

Chapter 7 Policy Options

7.1 Introduction

The rationale behind the current rules for reporting changes in circumstances derives primarily from the nature of Income Support as the principal social assistance benefit in the social security system. Income Support is the safety-net benefit designed to ensure that anyone with limited or no other sources of income has sufficient money to satisfy their basic needs. It is means-tested, the amount of an award being the result of the interaction between an individual's resources and their needs. It is intended to be responsive and flexible; as needs and resources change over time the amount of benefit is adjusted to reflect these changes.

Within these principles of social assistance, the actual rules governing conditions of entitlement and the calculation of needs and resources have themselves changed in response to social, demographic, economic and other pressures. Social assistance benefits have also been used to pursue wider aims of social and economic policy. In particular, they have been amended over the years to influence labour market behaviour and household composition. Income Support policy has also reflected the desire to preserve some form of equity between the recipients of social assistance and people whose main income is from paid employment.

The current requirement that all changes in circumstances are reported as they happen primarily supports the aim of Income Support to be flexible and responsive to needs. In so doing, it also ensures that public funds are strictly targeted.

Seen in this light, it is important to be clear why there is a need for policy responses to the changing circumstances issue. There are, as we see it, three main reasons for suggesting a range of policy options. First, the research has uncovered numerous instances of non-reporting and inappropriate reporting and has discussed the problems caused by late reporting. Secondly, it is possible to suggest ways in which some of the dysfunctions of Income Support for some individuals, such as the disincentive effects on part-time work, can be addressed. These first two reasons reflect options as *responses*, or solutions, to identifiable problems or shortcomings with Income Support and its reporting arrangements. Thirdly, in contrast, policy options can also be seen as *opportunities*, either to improve the efficiency and effectiveness of Income Support or to promote wider policy aims. In discussing various options, therefore, we have been aware of the major strategic objectives for social security that the Department has set out in its Annual report published in February 1993:

- to focus benefits on the most needy
- to minimize disincentive effects within the benefits structure
- to simplify the benefit system wherever possible
- to ensure that the system adapts to the differing needs of people it is intended to benefit, and does not force people to adapt to a complex system
- to tackle fraud and abuse
- to encourage personal responsibility.

In the later sections of this chapter we have indicated, where appropriate, how each of the policy options discussed addresses these objectives.

We have also been aware that any policy change will have potential cost implications both for the benefits bill and the cost of administration. As we explained in Chapter One, we have not attempted any detailed cost benefit analysis of the options. Our aim has been to generate ideas for policy development; to cost them fully was outside our terms of reference and we did not have the resources to attempt such an exercise. However, where possible we have simulated the effects of some of our ideas, using the Institute for Fiscal Studies tax-benefit model and the Manchester City Council Benefits Calculator software package. Where this has not been possible we have at least tried to indicate the likely direction of change (that is, more, or less, expensive) and give an estimate of its order of magnitude.

A final parameter to our thinking has been the consideration of equity between those receiving Income Support and other low-income individuals and families.

The rest of this chapter is divided into four sections. The first section discusses possible administrative changes which could be introduced to improve the efficiency of reporting, and of the administration of changes in circumstances. The next section addresses possible structural changes to the rules for reporting and to the substance of some Income Support regulations. The third section builds on some of the ideas in the previous section to suggest three more radical options for change: a system of voluntary reporting, the introduction of a new in-work benefit for single people and childless couples, and a new social assistance benefit for people over retirement age. The chapter concludes with a summary of our discussion of the main policy options.

At the time of writing, two policy initiatives launched by the DSS since this research was carried out, but not yet implemented, have a direct bearing on some of the issues discussed here. First, in October 1994 the government published a White Paper *Jobseeker's Allowance* containing details of a new benefit to replace Unemployment Benefit and Income Support for unemployed people. Jobseeker's Allowance (JSA) will be introduced in 1996. Secondly, in November 1994 the Secretary of State for Social Security announced that an in-work benefit for unemployed people (to complement Family Credit which is already available for families with children) would be tested in a number of pilot schemes covering 20,000 claimants (*Hansard*, 30 November 1994, cols. 1205-6). In the remainder of this chapter, therefore, we have attempted to assess the implications of these initiatives for the policy options prompted by this research.

7.2 Administrative changes

The administrative changes suggested by our analysis fall into two broad groupings. First, there is a range of options designed to improve the efficiency of reporting, including measures to encourage Income Support recipients to report more changes, more often, and more appropriately. Secondly, there are measures that the Benefits Agency could take to make reporting easier by becoming more proactive in collecting information about changes.

It is clear from the research that a large number of Income Support recipients have gaps in their knowledge about their duty to report changes to the Benefits Agency. One response to this is to attempt to increase claimants' knowledge through a variety of means. This may not be easy given the number and diversity in the types of change that need to be reported. Striking a balance between making information comprehensive and comprehensible may even be impossible for the claiming population as a whole. Although there are some doubts within the Benefits Agency about the impact of the information contained in official letters, forms and publicity leaflets, more prominence could be given to the duty to report changes. The current leaflet, *INF 4*, could be redesigned to be more attractive and informative. Different versions could be printed to be of relevance to particular claimant groups. Such a leaflet should be sent as it is at present, not only when a person becomes a recipient for the first time, but also at each review. This would mirror the practice of many banks who routinely send information with, for example, bank statements.

One of the problems for adjudication officers when claimants report changes is that some of the information required to reassess the claim can be missing. The developments in telephone reporting will reduce this problem, since direct contact between Agency staff and claimants affords the best opportunity for collecting all the necessary information from claimants. However, to gain the most from this service, more claimants need to be encouraged to use their telephones for reporting changes. Calling in to the office is another effective means of ensuring all relevant information is collected at one go and will remain an attractive, and for some the only, option when they need to report changes. When IBIS is deployed in public caller areas in District and satellite offices it will also be possible for changes to be administered at one visit from a claimant. However, as we have shown earlier, many claimants still prefer to write in to report changes.

When claimants write in, the onus is solely on them to report the change fully and accurately. As we have shown (see Chapter Five), claimants cannot always be relied upon to do this. However, providing more assistance to claimants may not be easy. Customised reporting forms which ask relevant questions about a particular type of change could help in theory but the diverse range of changes that a claimant might experience probably makes this infeasible. Apart from weaning people away from writing, there seems no sensible alternative to relying on claimants to report everything relevant, and making rapid enquiries if some relevant information is missing.

One of the ways in which the Benefits Agency could become more proactive would be to increase the frequency of the routine reviews of a claimant's assessment and to change the manner of the contact. At present, all cases are reviewed every three years. Pensioners should be visited, but in practice a postal review is often carried out instead. An alternative would be to undertake a review of the whole case whenever a change is reported. At present an adjudication officer only needs to access the changes in circumstances dialogues of the Income Support Computer System and enter the details of the change. No other action is necessary. Carrying out a full review would be relatively straightforward for telephone and personal callers, but would require sending a review form to claimants who write in. While there are clearly advantages in more frequent and fuller reviews (such as reducing the number of incorrect payments, and facilitating the detection of fraud) there would also be (possibly large) resource implications.

Given the investment in improving telephone reporting, another option is to introduce a regime of telephone reviews in place of review by letter. This could be combined with a policy of carrying out more frequent reviews.

The aim of these policy options is to increase the number of direct contacts between the Benefits Agency and benefit recipients. Not only does this increase the chances that more changes will be identified and full details collected, but also it reflects the preferences of many claimants for such contact. As Chapter Five showed, direct contact is cited by both telephone users and callers as a reason for their preference. The same advantages would be gained by increasing the number of home visits to, for example, pensioners and disabled claimants.¹⁴

The Benefits Agency could also improve the quality of service to claimants by reducing the number and length of delays in processing changes. As Chapter Five showed, delay was the most frequently cited problem when claimants were asked to describe difficulties they had experienced when reporting changes. Measures to reduce delay can be taken at individual office level primarily by redeploying staff from other duties within the office. However, this is unlikely to produce anything other than short term relief given the competing priorities of, for example, clearing first time claims.

At the time of writing, the Benefits Agency had recently announced that, as part of its *Security Strategy*, a programme of visits and reviews would begin in July 1995. In 1995/96, 300,000 home visits to new claimants would take place, and 875,000 by home visit, phone and post of existing claimants. In future years the new levels of reviews, including visits, would continue.

At a policy level, the management tool of performance indicators could be used to encourage District Office management to give greater emphasis to processing changes. This may be a fruitful area since, as Chapter Six has described, while performance indicators were taken very seriously, the review performance targets at the time of 65 per cent clearance in two days and 95 per cent in five days were not a major influence on the management of staff. Performance indicators which provide a challenging but achievable target are more likely to influence behaviour than targets which are reached easily or are unattainable.

Another option which could reduce delays is to amend the rules governing verification of information provided by claimants. At present many changes, particularly those about working and earning, must be verified before they are actioned. Where such verification is needed, usually from a third party, processing takes longer. As part of the project, one of the researchers attended a Benefits Agency Workshop on telephone reporting (at Quarry House, December 1993) where the issue of verification was discussed. There was a feeling among the participants that one of the advantages of telephoning reporting, that action can be taken quickly, was being lost when claimants were asked to confirm what they had said either by writing in or by responding to a letter sent to them, or when they were asked to produce verification from a third party. It was also felt that some people may be discouraged from using the telephone in future if their call only resulted in a request to write. An alternative to this would be to accept and action immediately all changes as they were reported over the telephone. Confirmatory procedures could be instigated later if necessary, but it was felt that this should only be required in certain cases, for example, when a large increase in Income Support would follow the change. There are a number of issues which would need to be resolved if relaxed verification requirements were to be introduced, such as deciding which changes would need verifying and at what stage in processing, and how to treat changes notified by someone other than claimants themselves. Also, some assessment of the likely risk of increased fraud would have to be made and policies devised to minimise this. The advantages to be gained in reducing the need for verification would be quicker processing times, thus providing an enhanced service to claimants and some administrative savings. These advantages would have to be weighed against the risk of errors in awards if the information from claimants was inaccurate, and the risk of fraud.

The administrative changes discussed above could all be made within the existing structure of Income Support and the current rules for reporting changes in circumstances. They would still be possible if structural changes were made, and it is to these options for structural changes that we now turn.

7.3 Structural changes

Throughout this research we collected information, in both the large survey and in the small-scale qualitative interviews, about how changes in people's lives affect them, and about their experiences of dealing with the Benefits Agency when they report changes. This leads us to suggest that there are two basic types of structural changes that are possible in responding to the evidence we have. First, there are changes to the current reporting requirements which, at present, fundamentally place the onus on the benefit recipient to report changes in circumstances. And secondly, there are changes to the substantive provisions of the Income Support regulations which our findings suggest would make Income Support more relevant to claimants' lives and more helpful to claimants in responding to changes.

Structural changes can also be approached in two contrasting, but not mutually exclusive, ways. First, we can look at changes in circumstances on the basis of different types of change (such as income, household composition, or employment), and secondly we can consider each claimant group separately and ask what policy responses are appropriate. Both approaches are justified by the findings reported throughout this document that some types of change affect claimant groups differently, and that there are marked differences in the reporting behaviour of different groups.

The two types of policy response (concerning reporting regimes and Income Support regulations) and the contrasting approaches (by type of change and by claimant group) generate four distinct groups of policy options:

- (1) Amending reporting requirements for some, or all, types of change
- (2) Amending reporting requirements for some claimant groups only
- (3) Amending the substantive content of specific Income Support regulations
- (4) Amending Income Support regulations for some claimant groups only.

We will discuss each of these groups of policy options separately, although it should be remembered that they do not represent mutually exclusive choices. It would be perfectly feasible in principle to choose elements of each in a coherent package of policy changes.

7.3.1 *Amending reporting requirements for some or all types of change*

In thinking about how reporting requirements might be amended for different types of changes in circumstances, we have considered the following characteristics of each change:

- the frequency of each change
- who is affected
- the extent to which such changes are actually reported
- their importance for individual claimants
- their impact on Income Support awards
- their wider impact.

In this section we examine individual changes in circumstances and consider whether a longer reporting period would be justified. Where possible we have simulated the effect of policy options for individual claimants and for the social security budget. From the analyses in the previous chapters we have identified a number of types of change for which there might be some merit in adopting a different reporting regime. These are part-time earnings, people leaving and joining the household, income other than from benefits, and mortgage changes.

Part-time earnings: When Jobseeker's Allowance is introduced, unemployed people will no longer receive Income Support. As part of the new benefit, their part-time earnings will be treated differently from Income Support recipients.¹⁵ However, for some lone parents and other Income Support claimants working for fewer than 16 hours a week, the disincentive effects of the current rules could remain, although lone parents can register as unemployed for the purposes of claiming JSA. One response would be to remove the requirement to report changes in earnings and reassess them after a fixed period. This would have two contrasting effects. It would allow Income Support recipients to earn as much as they could without losing benefit. However, it would also mean that any claimants losing a job or suffering a reduction in earnings would not be compensated through Income Support until their benefit was reassessed. Because Family Credit is based on six-monthly reassessments, we have simulated the effect of not reporting part-time earnings for the same period. The simulation covers a lone parent only, since our survey has shown that lone parents are the most likely type of claimants (that is, apart from unemployed people) to undertake paid employment

¹⁵ From October 1996 JSA claimants under pensionable age will be able to accrue a 'back to work bonus' from their earnings while on benefit. Fifty per cent of earnings above the disregard will be credited to claimants who will be entitled to up to a maximum of £1,000 when they begin work for 16 or more hours a week. The 'back to work bonus' is also available to lone parents on Income Support.

while claiming benefit. The results of simulating non-reporting for six months are shown in Table 7.1 below.

Table 7.1: Simulation of changes to disposable income and the gain or loss for the DSS of not reporting part-time earnings for six months

Change	Present system			No reporting for 6 months		
	Disposable income before job change (£ per week)	Claimant's disposable income (£ per week)	Change to claimant's disposable income (£ per week)	Claimant's disposable income (£ per week)	Change over 6 months to claimant's disposable income (£)	Difference between systems over 6 months DSS income/expenditure (£)
Lone parent						
Start job @ £15	73.60	88.60	+15	88.60	+390	0
Start job @ £25	73.60	88.60	+15	98.60	+650	-260
Stop job @ £15	88.60	73.60	-15	73.60	-390	0
Stop job @ £25	88.60	73.70	-15	63.60	-650	+260

Lone parent aged 27; child aged 2; paying £80 per week rent and £6.71 council tax. Disposable income = 73.60; Income Support = 57.55 per week

Table 7.1 shows the maximum effect resulting from a lone parent starting or stopping part-time work at the beginning of a six-month period. The gains or losses will be reduced proportionately if the change in employment occurs, for example, a quarter or half-way through the period. The table is set out so that the effect of the change specified in the left-hand column can be followed through the present system and the simulation of not reporting for six months. The impact on the disposable income of the claimant is demonstrated as is the overall effect over six months for the DSS.

Because earnings of £15 per week were the most common level of earnings among lone parents we have modelled the impact of starting and stopping a job earning that amount. For comparison we have also simulated the effect of starting or stopping a job paying £25 a week. Under the present rules about disregards, the lone parent earning £15 per week keeps the full amount of her earnings. Under the system of non-reporting, lone parents would be no better or worse off than under the present system; they would still keep the £15 weekly wage. Similarly, under both systems a lone parent losing a £15 job would have their disposable income reduced by this amount with no corresponding compensation from the Income Support system. Lone parents only experience changes when their earnings are higher than £15. For example, Table 7.1 shows that a lone parent earning £25 would have an additional disposable income of £650 over a six-month period under a non-reporting system. However, under the non-reporting system, losing a job earning £25 per week would leave the lone-parent family with disposable income of £63.60 per week, £10 lower than current Income Support levels.

To estimate the overall effect for the social security budget of not reporting part-time earnings for six months, we used the IFS tax-benefit model based on the Family Expenditure Survey. Use of this survey ensures that the numbers of people with income from part-time earnings from jobs of fewer than 16 hours per week are proportionally represented in the population. Looking at lone parents only, we estimate that a system of non-reporting for part-time earnings would cost in the region of £144 million per annum (or £72 million over a six-month period). This is only half the story, however. Some of those with work at the start of the period would lose it, and the DSS would save if Income Support did not have to respond. Depending on the stage in the economic cycle, that is whether unemployment was rising or falling, the number of people gaining work may be greater or less than the number losing their jobs. The DSS would lose or gain correspondingly.

Although we have used the IFS tax-benefit model to estimate the effects of a non-reporting regime, it must be remembered that such a model cannot predict the effect on people's behaviour of changing the reporting requirements. If people could keep more of their earnings while on benefit it might be expected that more of them would be encouraged to take up part-time work. If this did happen, then the Government

objective of increasing work incentives for social security recipients would be promoted. However, anyone in part-time employment would also run the risk of losing (possibly large) amounts of their income, at least until the next six-monthly assessment. This risk could dissuade some people from taking a job if it was short-term or if there was a high probability that the job might end or the wages decrease.

Another possible behavioural effect is people starting work immediately after a claim is in payment, stopping immediately before a review, then starting again when the reassessed award has been made. Such manipulation of the system would be undesirable but could be addressed by imposing a penalty, perhaps along the lines of the voluntary unemployment reduction, on such claimants.

People leaving or joining the household: Someone leaving or joining the household is a common change of circumstances but one which is not frequently reported. When a person leaves or joins a household the benefit unit changes (unless they are a non-dependant). As a result the applicable amounts based on household membership, which recognise the increased costs to the claimant of an extra dependant, will change.

In Table 7.2 we present simulations of the effects of widowhood on a pensioner couple, and of a child, aged between 11 and 15, joining and leaving a lone-parent household.

Table 7.2: Simulation of changes to disposable income and the gain or loss for the DSS of not reporting someone leaving or joining the benefit unit for 6 months: maximum effect

Change	Income under present system (£ per week)				Income under system of no reporting for 6 months		
	Disposable income before change (£ per week)	Claimant's disposable income	Claimant's Income Support	Change to claimant's disposable income	Claimant's disposable income (£ per week)	Change over 6 months to claimant's disposable income (£)	Difference between systems over 6 months to DSS income/expenditure (£)
<i>Pensioner couple¹</i>							
Widowed	98.00	61.80	5.20	-36.20	64.30	+78.00	-78.00
<i>Lone parent²</i>							
Child aged 11-15 returns	73.60	95.75	71.60	+22.15	73.60	-575.90 (-365.30 due to IS)	+365.30
Child aged 11-15 leaves	95.75	73.60	57.55	-22.15	95.75	+575.90 (+365.30 due to IS)	-365.30

¹ Pensioner couple consisting of man aged 75, wife aged 73, paying £80 rent per week and £6.71 council tax. Disposable income = £98.00; Income Support = £8.20 per week

² Lone parent aged 27; child aged 2; paying £80 per week rent and £6.71 council tax. Disposable income = £73.60; Income Support = £57.55 per week

The table shows the effect, over a six-month period, of not reporting someone leaving or joining the household. In the first example we have modelled the effect of a change from a pensioner couple consisting of a man aged 75 and a woman aged 73 in receipt of a full national insurance Retirement Pension to a widow still in receipt of a full pension through her husband's contributions. The couple start with a disposable income of £98.00 per week consisting of £89.80 national insurance Retirement Pension and £8.20 Income Support. On widowhood, the national insurance pension drops to £56.10, Income Support to £5.20 and hence disposable income to £61.80. The net change to Income Support is only £3 per week, so the overall effect for the claimant of not reporting the change to the Benefits Agency would be a gain of £78 over the six months. The DSS would lose the same amount. The major change in the

disposable income is due to the change to the national insurance pension which would not be affected by any changes in reporting arrangements for Income Support.¹⁶

Table 7.2 also illustrates the change in disposable income for a lone-parent family if a child aged 11-15 returns or leaves the family. Disposable income for the lone parent and one child is initially £73.60 per week, and after the second child returns it rises to £95.75, of which £71.60 is Income Support, the rest consisting of Child Benefit and One Parent Benefit. Thus, under the present system, when the child returns disposable income increases in response by £22.15. Part of this increase is because of an increase in Child Benefit. If there were no reporting for Income Support purposes, the claimant's disposable income would increase only by the extra Child Benefit of £8.10, in effect a net loss of £14.05 Income Support per week, or £365.30 over six months. The DSS would gain the same amount over the period. If the same child left the family, the situation would be reversed as shown in the last row of the table.

Changes in income other than Income Support and earnings: Other common changes observed in the survey were to income other than Income Support and earnings, particularly in the case of pensioners and disabled claimants. Table 7.3 presents three simulations, two for pensioners and one for a disabled claimant.

Table 7.3: Simulation of changes to disposable income and the gain or loss for the DSS of not reporting change in other income for 6 months: maximum effect

Change	Disposable income before change (£ per week)	Income under present system (£ per week)			Income under system of no reporting for 6 months		
		Claimant's disposable income	Claimant's Income Support	Change to claimant's disposable income	Claimant disposable income (i per week)	Change over 6 months to claimant's disposable income (£)	Difference between systems over 6 months to DSS income/expenditure (£)
<i>Single pensioner¹ with full NI pension</i>							
Increase in other income of £4	61.30	61.30	1.20	0	65.30	+104.00	-104.00
Decrease in other income of £4	61.30	61.30	5.20	0	75.85	-104.00	+104.00
<i>Single pensioner² with £30 NI pension</i>							
Increase in other income of £10	61.30	61.30	21.30	0	71.30	+260.00	-260.00
Decrease in other income of £10	61.30	61.30	31.30	0	51.30	-260.00	+260.00
<i>Disabled claimant³</i>							
From sickness benefit to IVB of £56.10 per week	62.45	62.45	6.35	0	75.85	+348.40	-348.40

¹ Single pensioner aged 70 paying £40 rent per week; and £5.75 council tax. Disposable income = £61.30; Income Support = £5.20 per week

² Single pensioner aged 70 paying £40 rent per week; and £5.75 council tax. Disposable income = £61.30 per week; Income Support = £31.30 per week

³ Disabled claimant aged 54 with sickness benefit of £42.70; Disposable income £62.45; Income Support £1.30 and disability premium of £18.45-a total of £19.75 per week

The first case illustrated is that of a single pensioner with full national insurance Retirement Pension providing a disposable income of £61.30, including £5.20 in Income Support. If other income from savings, or an occupational pension, for example, increased by £4 per week, under the present system disposable income would remain the same, but Income Support would decrease by £4 to £1.20. If the change were not reported for six months the pensioner's disposable income would

¹⁶ The current practice of the Benefits Agency is for one of its officers to visit a widow soon after the death of her spouse and get an Income Support claim form completed. Income Support is then paid at the full rate pending an award of Widow's Benefit or Pension. A recovery of overpaid benefit is made from Widow's Benefit if appropriate. In this way, women are not out of pocket in the weeks following the death.

increase to £65.30, a gain of £104 over the period. There would be a corresponding loss to the DSS. If other income fell by £4, the pensioner would have to manage on that much less per week, and the DSS would gain the equivalent amount. A more serious situation is illustrated in the case of a pensioner whose other income changes by £10 per week. In this case, if we assume that the pensioner is only entitled to a national insurance Retirement Pension of £30, Income Support initially contributes £31.30 to a disposable income of £61.30. If there were an increase of other income of £10 and no reporting for six months, disposable income would increase to £71.30 and the pensioner would gain £260 over the period. The DSS would lose an equivalent amount. If other income decreased by £10 and there were no reporting, the pensioner would have to manage on that much less each week and over the six-month interval would be £260 worse off.

Like pensioner claimants, the disabled claimants in our survey were also likely to record a change in other income. Furthermore, we identified from the Annual Statistical Enquiry (ASE) that a common change for disabled claimants was in the amount of an Invalidity Benefit (IVB) award. Thus we have modelled the effect of a move from receiving Sickness Benefit to receipt of IVB for a disabled claimant with a disability premium. Initially, on Sickness Benefit of £42.70, disposable income is £62.45 with Income Support contributing a total of £19.75 per week. After qualifying for IVB, under the present system disposable income remains at £62.45 with the Income Support contribution falling to £6.35. The gain to the disabled person of not reporting to the Benefits Agency for six months would be a total of £348.40 with a corresponding loss to the DSS.

Mortgage interest payments: Income Support recipients are required to report changes in their mortgage interest payments. However, as we have seen in Chapter Five, many people do not, mainly because they do not know they have to or because they assume that there is some communication between their mortgage lender and the Benefits Agency. When a change in mortgage rate is not reported, the money transferred through the mortgage direct arrangements from the DSS is temporarily incorrect. If the change is a rise in the rate then the claimant/borrower goes into arrears with their payments which can create difficulties between them and their mortgage company. This should become less of a problem from October 1995 when a system of standard rate deductions for mortgage interest payments will replace the existing arrangements. Standard rate deductions should have a comparable effect to a system of non-reporting for a fixed period, under which there would need to be a reconciliation between the DSS and mortgage lenders at the end of the six-month period.

From this analysis of the effects of extending the reporting periods for selected changes, it is apparent that there would be some advantages for some claimants for some types of change. In general it seems that people find it easier to cope with additional demands on their resources, such as an additional person in the household, than with reductions in income. Where changes in income are usually increases, such as occupational pensions, there would be no losers among Income Support recipients if changes only had to be reported every six months or every year.

To alter the reporting requirements for some changes would only be sensible if a common period were adopted and if changes were identified during the routine review. Otherwise, Income Support recipients would have the responsibility of reporting the changes themselves (leading to problems of non-reporting) and would have to know the reporting period for different changes. This would probably create more ignorance and confusion than exists at present.

A fixed reporting period for all changes-the Family Credit model: So far we have looked at a number of specific changes in circumstances and the effects on them of a system of non-reporting. In our examples we have looked at the effects of claimants not reporting changes for a period of six months, the assumption being that a full review of the claim would take place then.

The policy option of changing the reporting requirements for *all* changes in circumstances is effectively to adopt the principles of the Family Credit model. In practice, this would mean that Income Support would be awarded at a fixed amount for a specified length of time during which no changes would need to be reported. For Family Credit an award is made for six months, after which a fresh claim is required. Income Support is awarded, at present, on a different basis. There is no fixed period of award, it extends indefinitely into the future with reviews being carried out at various intervals. Therefore transferring the Family Credit model to Income Support would mean that no change would be required to be reported between review dates.

Some of the attractions of this option are its simplicity and the administrative savings that might flow from not having to process hundreds of thousands of changes each year. However, there are some serious drawbacks to a fixed Income Support award that stem from the nature of Income Support itself. The contrast with the nature of Family Credit highlights the problem.

Family Credit is a top-up for low wages. Claimants will normally have wages as the major part of their total income. If their wages fall drastically during the period of award, such that their total income falls below Income Support levels, they will possibly be eligible for Income Support (people working for 16 hours or more would still be ineligible, of course). By contrast, Income Support is the safety-net benefit intended to provide a basic level of support. If someone's total income relied on sources other than Income Support they would be vulnerable to reductions in that income. Under a fixed award model nothing would make up for lost income until the next review of the assessment. In the meantime they would have to live below Income Support level, thus defeating one of the principal objectives of a social assistance benefit. Similarly, anyone whose needs rose during the time of an award, for example due to someone joining the household or becoming disabled, would have to cope on an inadequate income as reflected in the applicable amounts defined by Income Support regulations.

In contrast to people who would lose out under a fixed award model, there are those who would be winners. While this would be popular with those claimants who would benefit, the creation of winners and losers within Income Support requires careful thought about whether such an outcome would be desirable or acceptable. Anyone who managed to increase their income or had reduced needs would possibly not have their Income Support reduced accordingly until months later. Apart from a concern that public money would be paid where it was deemed not needed there would also be a question of equity between Income Support recipients themselves and between them and people not on benefit. We consider this dilemma further in the final chapter.

The problem of the winners and losers under a fixed award model would be reduced if the period between reviews was relatively short, say three months, instead of the six months adopted for Family Credit, but the administrative costs would be proportionately higher.

7.3.2 Amending reporting requirements for some claimant groups only

Our empirical findings have shown that claimant groups experience different combinations of changes in circumstances and display different behaviour when reporting (or not reporting) changes. For example, we have seen that pensioners have the smallest number of changes in their lives, very few of which concern employment and earnings or the composition of the household. In addition, they are the least efficient group at reporting changes. There might be a case, therefore, for imposing a less stringent reporting regime upon them.

The two options, discussed in the previous section, are both possible. Pensioners could be awarded a fixed award for, say, six months or a year, or they could be required to report only a limited range of changes. The problems of winners and losers would still arise under either option, but because pensioners have relatively stable lives and rarely experience the types of change which have a large negative effect on income, these

problems might be minimised sufficiently to be acceptable as a price to pay for the advantages of a fixed award.

In contrast to pensioners, lone parents have been shown to lead relatively changeable lives. This, too, might provide an argument for a reduction in reporting requirements since it would reduce one source of uncertainty in their lives. However, the 'winners and losers' problem of fixed awards is probably most acute for lone parents. More feasible might be an extension of the reporting period for people leaving and joining the household.

While treating claimant groups differently is possible, the drawbacks identified in the previous section of fixed awards and variable reporting periods would still remain. Nevertheless, and perhaps paradoxically, the discussion of treating pensioners differently suggests that incremental changes are inappropriate and a more radical option may be worthy of consideration. Because pensioners are so distinct in their circumstances and reporting behaviour, there is a case for taking them out of the current Income Support system and devising a benefit better suited to their needs and capabilities. We will return to this idea later in the chapter.

7.3.3 Amending the substantive content of specific Income Support regulations

One of the research questions this project addresses is whether the current arrangements for responding to changes in circumstances are appropriate to people's needs. In our investigation we have not only gathered information on reporting arrangements, we have also gained insights into the effects and effectiveness of specific Income Support regulations. An initial award of Income Support can be evaluated against its contribution to people's lives at the time of claiming. How Income Support responds to changes in people's lives provides a further test of whether it is fulfilling its objective of maintaining a basic standard of living and the strategic policy objectives set by recent governments.

As we have proceeded with our analyses we have considered two questions about each of the major Income Support provisions. First, is there a case for amending a particular set of regulations, and secondly, is there a more compelling case for scrapping some regulations altogether? In considering these questions we have been required to think about the purposes of distinct sets of regulations and whether they are being met. As a result we suggest that there are policy options concerning hospital in-patient stays and earnings from employment.

Hospital admissions: The purpose of reducing Income Support to a 'pocket money' rate after six weeks in hospital is based on the premise that a person's needs (for food, heat, light, shelter for example) are reduced when in hospital. Since an award of Income Support reflects needs there is, therefore, a case for reducing it. However, there seems little rationale for reducing Income Support after six weeks rather than, say, four weeks (after which time eligibility for Disability Living Allowance and Attendance Allowance ceases) or eight weeks. In addition, few hospital stays are reported (seven per cent), fewer exceed six weeks (three per cent), and Benefits Agency staff seemingly spend a disproportionate amount of time dealing with hospital cases (see Chapter Six). In view of these findings, we have not considered whether the regulations concerning hospital stays need to be amended but have asked immediately whether they should be scrapped.

The effect of scrapping the regulations would be to remove the need for any reporting of hospital stays, thus cutting administration costs. It would also remove the possibility of overpayments arising from the failure to report hospital stays, which might cause hardship for people likely to be recovering from ill health. These advantages, however, have to be weighed against the costs of paying claimants their normal full rate of Income Support while in hospital.

Employment and earnings: In this section it should be noted that the issue of earnings and unemployed claimants is no longer connected with Income Support,

following the decision to introduce Jobseeker's Allowance in 1996. For other Income Support recipients, particularly lone parents, the issue is still salient.

We have already considered the effects of removing the reporting requirements for part-time earnings. As we have seen, the immediate effect is to allow Income Support recipients to keep as much as they can earn until the next routine reassessment. Part of the rationale for considering this policy option was that it addressed the strategic aim of increasing the incentives for people to start work. However, we have also seen that for anyone losing a job the loss of disposable income can be severe. An alternative policy option, intended also to increase work incentives, is to change the disregards rules so that claimants could keep a higher proportion of their earnings. This is not a new idea, of course, but worthy of consideration nonetheless. One of its attractions is the lack of negative effects for Income Support recipients.

The current levels of disregards (£15 for lone parents, disabled claimants and the long-term unemployed; £5 for other claimants) have not changed since 1988. Data from the May 1991 ASE show that 78,100 lone parents were declaring earnings, of whom 55,600 (71 per cent) had earnings taken into account in the assessment of their Income Support. Increasing the disregards levels would allow these claimants to keep all their earnings. Another effect of raising the earnings disregards threshold would be to reduce the number of claims where earnings need to be taken into account. Hence, fewer claims would require the degree of maintenance that has drawn adverse comments from claimants and Benefits Agency staff alike (see Chapters Five and Six).

Some claimants would be encouraged to start work if the disregards levels were raised. However, it would not be valid to impute a cost to the DSS budget of any additional claimants taking up part-time employment, since for any person earning up to the new disregards level the amount of their Income Support award would remain unchanged. Indeed, if a claimant, who had previously not worked while on benefit, is persuaded to take a job paying more than the new disregard, their Income Support would be reduced and the DSS would make a benefit saving.

The case for raising the disregards levels appears to be strong. It is in the interest of claimants to work since their disposable income is increased, they have a foothold in the labour market, and their wider social networks are expanded. The strategic Government aim of providing incentives within the benefit system for people to work is promoted and advanced. If people take jobs above the new levels the DSS actually makes benefit savings. Encouraging Income Support recipients into work therefore benefits all parties. Having said that, one possible behavioural effect might be to encourage people to limit their work to fewer than 16 hours a week. Hence, the current Government policy of *increasing* the number of people working more than 16 hours would be inhibited.

7.3.4 Amending Income Support regulations for some claimant groups only

In the simulations for the above section we have already examined what changing some regulations would mean for certain claimant groups. In doing so, we have assumed in the overall discussion that amendments to regulations would apply to all Income Support recipients. However, the option exists for treating claimant groups differently. There are, of course, plenty of precedents for discriminating between claimant groups within Income Support. For example, earnings disregards are higher for lone parents, disabled claimants and the long-term unemployed. The purpose of this particular discrimination is partly to reflect the increased costs of child care for lone parents and to encourage participation in the labour market for groups who face the greatest difficulties.

Any suggestions for changing Income Support regulations in favour of some groups and not others would also need a sustainable justification. If not, objections about loss of equity would be raised.

We have already mentioned the policy option of abolishing the regulations about hospital in-patient stays. A variation on this idea is to implement this for pensioners only. This would cut administration costs, reduce overpayment recoveries, recognise that few hospital admissions are reported by pensioners, and not disadvantage them at a time of ill health. It would recognise that, in contrast to claimants of working age, pensioners are unlikely to come off Income Support for the rest of their lives and therefore would not be in a position to recoup at a later date the income lost during a long hospital stay.

Another option might be to raise the thresholds for savings and capital for pensioners. There is already a difference in the treatment of capital between means-tested benefits (the cut-off points above which there is no entitlement is £8,000 for Income Support and Family Credit, and £16,000 for Housing and Council Tax Benefit and Disability Working Allowance). This could serve as a precedent for treating pensioners differently. The rationale would be a recognition of some of the particular needs and aspirations of pensioners on Income Support (such as the concern for funeral payments to be covered after their death).

7.3.5 Expanding Income Support regulations

In discussing and modelling the effect of not reporting changes in circumstances for six months we have mainly been concerned with changes to income. Income Support does not respond to changes in expenditure and these have to be met with no corresponding change in income. The impact of large purchases can be thought of as equivalent to not reporting changes in circumstances with no change in Income Support. Help is available with budgeting through interest free loans from the Social Fund and amounts are deducted per week from benefit to repay the loan. The weekly income provided by Income Support is expected to be sufficiently flexible to cover this fluctuation in outgoings. Table 7.4 sets out the cost as weekly amounts of what were described by respondents to the survey as 'large purchases'. It shows that to cover some of the expenditures made by people on Income Support their weekly available income would have to decrease by substantial amounts; for example, the nine per cent of respondents who had made a purchase costing between £200 and £1,000 incur a weekly cost of £23.08 over a six-month interval. Clearly people can make arrangements to pay over longer intervals than six months so the impact may not be so high. However, the weekly impact of a large purchase is generally greater than the weekly loss resulting from changes in circumstances over a six-month period noted in Table 7.3.

Table 7.4: Estimated cost per week of large purchases reported by respondents to the survey

Cost of purchase	Proportion of respondents with this level of expenditure %	Equivalent loss per week, £		
		Average	Maximum	Minimum
Under £50	8	0.96	1.88	0.19
£50 to £100	7	2.88	3.81	1.88
£100 to £200	7	5.77	7.65	3.81
£200 to £1000	9	23.08	38.46	7.65
£1000 and over	1	57.69	115.38	38.46

For families, a common change in circumstances is a child starting school. Apart from being an important event in the life of a child and his or her parents, starting school generates a number of extra costs, for example, for uniforms and sports equipment, which must be met from a limited budget. The findings from both the survey and the qualitative interviews suggest that many parents, particularly lone parents, find it difficult to respond to these additional demands on their resources for which Income Support provides no direct assistance. There might be a case therefore for Income

Some help is already available from local authorities for the cost of school uniforms, although there is no automatic entitlement.

Support contributing to the one-off costs associated with a child starting a new school. This might be in the form of a grant or an enhanced premium.

7.4 Radical options

The range of policy options considered so far have been incremental changes to the existing Income Support scheme. However, our empirical findings also point to three more radical options which might address some of the problems and dysfunctions of the current arrangements. First, we examine the advantages and disadvantages of a system of *voluntary* reporting of changes between fixed-term reviews. Secondly, we consider the possibility of a new benefit for pensioners separate from but based on Income Support. Thirdly, we examine the arguments for and against the introduction of a new in-work benefit for single people and childless couples along the lines of Family Credit and Disability Living Allowance.

7.4.1 *Voluntary reporting*

In Chapter Four our analysis of ASE data for the period May to November 1991 has shown that, for the majority of Income Support recipients, the level of their benefit award did not change (see Table 4.4). Furthermore, of the 35 per cent of recipients whose benefit did change, over four times as many experienced an increase than experienced a decrease. A number of these increases will be the result of Benefits Agency administrative action (such as increasing the premium for a child passing one of the age thresholds) and not a change in the claimant's circumstances. Nevertheless, it is likely that altering the current reporting requirements would create more losers than winners, since changes which would have resulted in an increase of benefit would not be acted upon until the next routine assessment review.

One way of avoiding the problem of losers would be to make reporting between review dates voluntary. Under this arrangement, Income Support awards would be made for a fixed period, such as six months, and reviewed at the end of this period. In the interval between reviews there would be no duty upon the claimant to report any changes. However, if they chose to report a change a new assessment would be made which would run for a further six months. Hence, anyone experiencing a fall in their income or an increased demand upon their resources would be able to get an immediate response from the Benefits Agency. For them, Income Support would remain a responsive and flexible benefit. Conversely, anyone enjoying an increase in their income or a reduction in their needs would not need to report the change at all; it would be identified and taken into account when the award was reassessed. In effect, these people would be granted a period of grace for up to six months during which they would be better off than under the current reporting regime.

For Income Support claimants the voluntary reporting of changes would be entirely beneficial. At the start of an award period they would be able to rely upon a stable income from Income Support. Their benefit would not be reduced, whatever happened. In addition they would have the reassurance that, if they needed, they could have their benefit reassessed at any time of their choosing. Falls in income and increased need not be a source of undue concern and uncertainty.

Some claimants might even be encouraged to undertake work on a trial basis during the time of their fixed award. They would enjoy the advantage of keeping any money they earn and be relieved of the inconvenience of having constantly to report changes in earnings.

Under a voluntary reporting regime the notion of 'late reporting' would disappear. Since late reporting is often a cause of overpayments, these would be reduced in number.

¹⁸ Since this research report was first drafted the DSS has published its plan to pilot an in-work benefit for single people and couples without dependent children in *Piloting Change in Social Security. Helping people into work* (DSS, 1995).

One effect of voluntary reporting would be an increase in the social security bill. However, this would be partly offset by the administrative savings generated by fewer changes in circumstances to process and fewer overpayments to recover. Also, since it would be permissible for claimants to claim benefit and work for a while without having to report it, a source of fraudulent activity would be removed.

A voluntary reporting regime would effectively change the nature of Income Support. It would retain in full its function as a safety-net, but with a relaxed means-test would become responsive immediately to changes in needs but also provide the opportunity for claimants to retain for a time increases in their income. In this way the enabling role of Income Support would be enhanced by providing more incentives to work, and some of its unpopular, more punitive aspects would be removed.

7.4.2 A social assistance benefit for pensioners

We have discussed above policy options based on treating claimant groups differently. These have covered reporting regimes and the substantive content of Income Support regulations. Many of the options evaluated have derived from the empirical finding that the circumstances of pensioners, the numbers and types of change in their lives and their reporting behaviour, differ markedly from other claimant groups.

We have therefore considered the desirability of tailoring some Income Support regulations more closely to the needs and circumstances of pensioners, or possibly of taking them out of Income Support altogether and establishing a separate social assistance benefit for them. There are certainly precedents for this latter approach from other parts of the social security system. Some of the extra costs of disability were recognised in the old Attendance Allowance. However, when the benefit was redesigned, the distinct needs of people under and over retirement age were recognised in the division of the benefit into the new Disability Living Allowance and Attendance Allowance 65+.

Similarly, there may be a case for a 'safety-net' benefit for pensioners along the lines of Income Support but without some of the provisions that rarely affect them (such as the employment regulations) or that may particularly disadvantage them (such as the hospital rules). One consequence of such a benefit would be its (potentially) relative simplicity to understand and claim, and to administer.

Fewer conditions of assessment whether within Income Support or a new benefit would also mean fewer changes to report. However, since most pensioners have few changes in their lives there might be a case for introducing a fixed-term award, say for six months or a year. This would require more frequent reviews than are undertaken currently but would allow the Benefits Agency to act in a more proactive manner (identifying needs which may not have been reported by an elderly claimant, for example) than at present.

7.4.3 An in-work benefit for single people and childless couples

In earlier drafts of this report we put forward the policy idea of an in-work benefit for single people and childless couples, along the lines of Family Credit. In July 1995, the Secretary of State announced a pilot scheme for such a benefit (DSS, 1995). This is an interesting development which is supported by some of the findings of this research.

Our idea for a new in-work benefit for single people and childless couples stemmed from the negative effects of the current earnings rules. At best there is a straightforward lack of incentive for Income Support recipients to find remunerative work and, at worst, there is a disincentive effect which positively drives people away from work. The idea is supported by the apparent success of Family Credit, and the way it has been used as the model for Disability Working Allowance.

Although mainly conceived as a benefit to help low-income families in work with the costs of bringing up children, Family Credit was also intended from the outset to

provide incentives for people to re-enter the labour market. It was this aspect of the benefit that encouraged the architects of Disability Working Allowance to use it as a model for a benefit to encourage and support disabled people wanting to work but unable to earn sufficient income solely through working. However, DWA was intended to draw into the labour market people who had previously been forced to remain outside. In contrast, many single people and childless couples come onto Income Support from the labour market and might be expected to want, and be more able, to return quickly. There is evidence from Family Credit that for some claimants the benefit does serve the purpose of establishing them fully in the labour market and thus of floating them off benefits altogether.

That relatively few people work and claim Income Support is not necessarily an indication that few people would take up the new benefit. There are many reasons, which we have already discussed, why people choose or are unable to work. An in-work benefit could provide a fresh incentive. For example, there is some evidence that the hassle and inconvenience of reporting changes under Income Support have encouraged people to take up low-paid self-employment and claim Family Credit instead. By being on Family Credit some families could, according to Corden (1992, p.143) '... avoid negative aspects of being an Income Support claimant, and the particular difficulties of demonstrating self-employed earnings for the purpose of Income Support adjudication'. It is possible that there might be a similar effect on Income Support recipients currently discouraged by the reporting requirements upon them.

A new in-work benefit is clearly a radical departure from the existing Income Support arrangements for unemployed single people and childless couples. Our intention here is to suggest that such a benefit might remove some of the dysfunctional effects of Income Support and, at the same time, promote a number of the Department's own objectives, in particular the desire to minimise disincentive effects, to find ways of encouraging people to come off benefits, and to adapt the benefits structure to suit the lives of people rather than the other way round. It is not possible from our empirical data to analyse in any depth the effects of this suggestion but it does appear to have, *prima facie*, some merit.

7.5 Summary

In this chapter we have presented a range of policy options aimed at improving the efficiency with which changes in circumstances are processed, at addressing some of the problems and dysfunctions that are caused by the current reporting requirements, and at promoting and advancing some of the strategic objectives set for the benefit system by the DSS. At an administrative level we have discussed a number of options that could be implemented within the current, or any revised, structure of Income Support. In addition we have considered the possible effects of changing the reporting duties currently placed on benefit recipients, and of making incremental changes to some Income Support regulations. Our empirical findings have also led us to consider three more radical options for the future of Income Support: a system of voluntary reporting of changes; the introduction of an in-work benefit, along the lines of Family Credit, for single people and couples without dependent children; and the introduction of a social assistance benefit for people of retirement age.

In presenting the range of options we have identified the advantages and disadvantages that would follow for Income Support recipients, for the administration of changes in circumstances and, where we have had suitable data, for the social security budget. In considering the various options we have been aware of the fundamental difference between Income Support, the 'safety net' benefit of the social security system, and other benefits. Hence, although we have discussed the effects of options, such as removing the requirement to report specific changes as soon as they happen, which will create winners and losers if implemented, we cannot identify any convincing arguments for compelling Income Support recipients to exist on levels of income defined as below an acceptable safety net level.

In the concluding chapter we review the main findings of our empirical study and present the most important lessons to emerge from our analysis.

Chapter 8 Summary and Conclusions

8.1 Introduction

In 1992 the Department of Social Security (DSS) commissioned the Social Policy Research Unit to carry out research to assess the effects on Income Support claimants and on the operations of the Department (through its Benefits Agency offices) of changes in the circumstances of claimants.

The recognised, but unquantified, problems with reporting and processing changes in circumstances (described in Sainsbury, Ditch and Hutton, forthcoming) have formed the rationale for this research project. These problems were translated into the following broad research issues:

- to investigate whether the current arrangements for responding to changes in circumstances are appropriate to people's needs
- to explore the consequences and impacts of changes in circumstances for individual benefit recipients and their dependants
- to assess the administrative demands generated by processing changes in circumstances
- to set out and assess policy options for change if these are found to be necessary.

8.2 Methods

Researching changing circumstances has required the use of a number of techniques. We have analysed the administrative data held in the Annual Statistical Enquiry (ASE) to explore the range and incidence of changes *reported* to the Benefits Agency, and their effect on Income Support awards. A large survey of Income Support recipients was carried out in 1993 to gather data on all aspects of change in their lives in the six-month period from August 1992 to January 1993 regardless of whether they were required to be reported to the Benefits Agency. Respondents were asked to identify changes in their household composition, housing, health, income, employment and expenditure, and to assess the impact of these changes on their lives. We also collected information on the reporting behaviour of the respondents.

In order to explore in more depth some of the subject areas covered in the survey, we conducted a small number of in-depth interviews with Income Support recipients, most of whom had reported a change in circumstances to the Benefits Agency but also including some who had not recorded a change. Our fieldwork was conducted in three locations in England, one covering an inner city area, one serving a widespread urban and rural population, and the third located in a large industrial town. During our fieldwork visits we talked to staff of the Benefits Agency District Office covering each area, including senior and middle managers, Income Support managers and supervisors, and staff at LO1 and LO2 level involved in different ways in the administration of Income Support cases.

8.3 Main findings

Because of the number of people that receive Income Support and the enormous range in their circumstances it is wrong to see them as a separate and distinct class from the rest of society. Nevertheless, Income Support recipients do collectively display some characteristics that are different from the general population. For example, they are

more likely to live in council rented accommodation, less likely to have a mortgage, and more likely to be suffering from a long-term illness or disability. In addition, in responding to life events, Income Support recipients are constrained (or enabled) in part by the limits of the benefit system.

When we analysed the ASE and our own survey, it emerged that, using a wide definition of changes in circumstances which goes beyond the changes required to be reported for benefit purposes, lone parents have the most changeable lives, and single unemployed people the least. Pensioners also lead stable lives and will spend more time on Income Support than single unemployed people. Pensioners also have some distinctive characteristics—they tend not to work, live in single or couple households without children, and are the group most likely to own their own home.

From the survey we identified differences in the incidence of different types of change between the four main claimant groups. Some changes were very clearly associated with claimant groups; for example, nearly all the births and most of the school starts were recorded by lone parents. Pensioners in the sample did not record any one-off jobs, changes in earnings or changes in maintenance payments.

The most commonly experienced changes among all Income Support recipients were having to make a large purchase, a gradual change in health, a change in Income Support itself, hospital in-patient stays and people leaving and joining the household. Analysis of the ASE and of our own survey data showed that few claimants had spells in work or did one-off jobs. Those who did were mostly unemployed claimants and lone parents.

Though changes can be the conscious choice of claimants, the majority of changes recorded in the survey were considered to be outside their control. Changes reported as very important were gradual changes in health, children starting school and working. Interestingly, Income Support is not directly affected by the first two of these.

Across all changes in circumstances that we defined as 'reportable' (by reference to the information provided to Income Support recipients in official literature) fewer than half were actually reported. Moving address, changes in mortgages and changes in marital status were the only changes reported in more than 50 per cent of instances identified in the survey. Although spells of unpaid work and hospital in-patient stays were only reported in around ten per cent of cases, these types of change are the least likely to affect the level of an Income Support award. There was a high level of reporting changes in employment and earnings. In general, pensioners were the least reliable reporters of changes.

In addition to non-reporting, the survey also identified many instances of unnecessary reporting, that is, informing the Benefits Agency of changes they do not need to know in order to calculate the amount of an award. Changes to Income Support itself, changes to rents, changes in health, and children starting school were all reported in surprisingly large numbers.

The most common reason why people reported changes, or did not do so, was that they believed they were doing the right thing, basing their knowledge (often erroneously) on previous experience or on information contained in benefit books, leaflets or other official sources.

Although claimants preferred to use the telephone for contacts with the Benefits Agency, the most common method for reporting changes was by writing or by calling in person. Although most claimants reported no problems when they told the Agency of a change in circumstances, the most common cause for complaint was a delay in dealing with the change. In contrast, the most common complaint from claimants in their general dealings with the Benefits Agency was the attitude of, or treatment by, Agency staff.

Processing changes in circumstances was in most cases a simple and routine operation for Benefits Agency staff. Difficulties were most likely to arise when there was a need to check or verify information or when the claimant had not supplied all the information necessary to implement the change. In both cases further contact with the claimant and possibly others added to administrative costs and to the time needed to clear the case. Changes to part-time earnings and hospital stays were mentioned by Income Support staff as being particularly problematic for them.

8.4 Policy options

One of the terms of reference of the research was to set out policy options for change. We consider that there are three reasons which justify the range of options that we explore in Chapter Seven. First, for a responsive social assistance benefit to work effectively while not squandering public money, benefit recipients are relied upon to report all relevant changes in circumstances that happen to them, completely, accurately and without delay. However, the results from this study show that there is a large amount of non-reporting, incomplete reporting and late reporting. This is a problem which warrants the consideration of a number of measures designed to increase efficiency with which changes are reported by Income Support recipients. Secondly, although most changes are processed quickly, and certainly within current performance targets, there is still scope for improvements in administration which would benefit claimants. The case for such improvements is strengthened by the finding that the most common complaint about the administration of changes, mentioned above, was delay in dealing with a change. Thirdly, in researching changes in circumstances we have found sufficient evidence to suggest that as well as aspects of the current reporting requirements, there are also some Income Support regulations or sets of regulations that cause problems or act as disincentives for some claimants.

In the light of these conclusions we consider that in addition to a number of reforms to the administration of Income Support, there are also a number of structural changes to the benefit itself which are worthy of detailed thought and evaluation. Each would address one of the problems identified above, improve efficiency of administration, or contribute to achieving one or more of the Department's own strategic objectives. In the latter category we have been concerned particularly with the aims of focusing benefits on the most needy, minimizing disincentive effects within the benefits structure, simplifying the benefit system wherever possible, and ensuring that the system adapts to the differing needs of people it is intended to benefit, and does not force them to adapt to a complex system. Some of the policy options set out also have implications for fraud and abuse and for personal responsibility (the other strategic aims of social security policy).

Among the administrative options we set out are producing more, better, and more frequent information for Income Support recipients about their responsibilities to report changes. The finding that direct contact with claimants, either face-to-face or on the telephone, is the most efficient way of gathering all the information about a change, suggests that recent advances in telephone reporting will contribute to quicker and more accurate processing of changes. However, while claimants could be encouraged to use the telephone more, there will always be a need for efficient administration of changes notified by post. As well as measures designed to make claimants better reporters, the Benefits Agency could become more proactive in collecting information by, for example, more frequent reviews of cases (possibly using the telephone), or by more home visits for, in particular, pensioners and disabled claimants. Two ways in which the processing of changes could be speeded up would be through the use of tougher performance targets to encourage greater efficiency, and by relaxing the verification requirements which inevitably slow down the clearance of claims.

Distinct from these administrative changes we have considered reforms, under the heading *structural* changes, to the reporting requirements currently placed upon claimants and to aspects of some Income Support regulations. Although not mutually exclusive we have divided these into four categories as follows.

- changes to reporting requirements for some, or all, types of change
- e changes to reporting requirements for some claimant groups only
- changes to the substantive content of specific Income Support regulations
- changes to Income Support regulations for some claimant groups only.

The effects of some of the detailed options under these four headings have been simulated using the Institute for Fiscal Studies tax-benefit model and the Manchester City Council Benefits Calculator software package.

In Chapter Seven we have set out the effects of removing the requirement to report changes in part-time earnings, changes in household composition, changes in income other than Income Support and earnings, and changes in mortgage interest payments. Removing the reporting requirement effectively means that any changes in these areas will be ignored until the next routine reassessment. In our simulations we have assumed that these reassessments would be made at six-monthly intervals (following the example of Family Credit).

The general lesson from our simulations is that there would be winners and losers under different reporting regimes. The winners will be those whose income increases or whose needs decrease during a spell on benefit. They will either have additional disposable income until their next routine reassessment or have fewer demands on their existing resources. The losers will be people in the opposite situations. Reductions in income or increases in the level of a claimant's needs will not be matched, or fully compensated, by increases in Income Support for, possibly, up to six months. Such winners and losers exist under Family Credit, but for claimants with incomes substantially reduced during the six months of their fixed Family Credit award there are always the 'safety-net' provisions of Income Support to fall back upon if necessary. If losers were created by changing the reporting requirements for Income Support recipients, there is currently no further safety net to prevent possibly severe hardship. Differential reporting periods for specific changes in circumstances are certainly feasible but the problems of the 'losers' would still remain, and any advantages would also be offset to an extent by the increased complexity of reporting arrangements and the problems that it might create.

One of the attractions of a fixed award of a benefit is the stability it provides for people on which they can organise their finances. For Family Credit recipients, getting the benefit does not necessarily mean that they have a stable income; fluctuations in their earnings would prevent that. Rather, it gives them a reliable income which previous research has shown is often used to pay for the essentials of daily living. The attractions of a stable income were shared by many Income Support recipients, but the advantages of this did not outweigh the risks of Income Support failing to respond to some contingency in their lives, such as the loss of income or an unexpected expense. For claimants whose circumstances change for the better, a stable award of Income Support would be a bonus; for those whose change is for the worse, an unresponsive Income Support system would only exacerbate their problems.

If reporting requirements were removed for *all* changes in circumstances, Income Support would, in effect, be adopting the Family Credit model of a fixed award for six months. However, in our estimation the problems and disadvantages of this for Income Support recipients as a whole would outweigh the advantages. For a benefit to cause potential hardship for people with reduced income or increased needs, at the same time as effectively rewarding those with increased income or fewer needs, runs counter to the purpose of social assistance in general and to the Government objective of targeting resources on the most needy in particular.

To deal with the problem of losers is not impossible: in Chapter Seven we explain how the potential losers could be protected by a system of *voluntary* reporting of changes in circumstances. Under this reporting regime, Income Support recipients would not be *required* to report changes but could do so if they wished. The purpose

of this suggestion is to provide a degree of stability for all recipients, to prevent people falling below Income Support levels when they experience a fall in income, and to provide an incentive for people to work on a trial basis without having to worry about how their benefit would be affected. Other advantages would be less administration of changes and fewer overpayment and fraud cases to pursue.

However, to accept such a policy option would require a radical departure from the philosophy that has underpinned Income Support and its predecessors. At present, two principal purposes are served by the requirement that claimants report changes in circumstances as soon as they occur. The first is that Income Support can fulfil its role as the safety net benefit, providing help where it is needed, when it is needed. Secondly, because the benefit is so closely targeted to respond to measures of need and resources, there is no 'waste' of public money where, according to prevailing social security policy, it is not required.

To suggest moving away from this position, inherent under a voluntary reporting regime, there must be sufficient advantages to outweigh the dual loss of some degree of responsiveness and some 'waste' in the social security budget. Though this double loss might seem damaging to the idea of voluntary reporting, it should be remembered that the Income Support system already responds only approximately to households' needs and resources and also that some degree of 'waste' is tolerated in other benefits. For example, every family will receive the family premium regardless of the precise needs of each. These may vary enormously depending on which part of the country they live in, their access to public transport, the type of accommodation they occupy, their health and so on. The family premium is therefore only an approximate amount based on some notion of what a family needs to live on. This is neither to argue against the principle of premiums nor to make any judgment on the level at which it is currently set. When Income Support was introduced in 1988, the system of premiums was generally seen as a genuine simplification of a necessarily complex benefit. The point to make is that any suggestions for further reform of Income Support that have the effect of responding to needs less precisely than at present do have precedents in relatively recent reforms of social assistance.

There are also precedents for the acceptance of some 'waste' of public money in the payment of some benefits. The prime example is Family Credit remaining unchanged for six months once in payment. Family Credit recipients managing to increase their earnings during the period until their next assessment (the 'winners') might be considered to be 'overpaid' their benefit in comparison with people in exactly the same circumstances making a new claim. Of course, there are also recipients (the 'losers') whose earnings will fall but who will not receive any compensation from Family Credit (until the next reassessment) thus producing 'savings' for the social security budget which will offset to some degree any 'overpayments' made. However, again the point to be made is that there are precedents for tolerating the creation of winners and losers among social security recipients through the adoption of a non-standard reporting regime.

A voluntary reporting regime would undoubtedly increase social security benefit expenditure but the idea has sufficient merit in our view for further investigation.

As we have mentioned above, the study has identified areas where suggesting reforms to the content of some Income Support regulations is a more appropriate response than administrative changes or changes to the existing reporting requirements. We have set out options for changing the levels of earnings disregards, for abolishing the regulations about hospital in-patient stays and for raising the thresholds above which savings and capital are taken into account. Changing Income Support regulations in this way effectively means removing some aspect of people's needs and resources from consideration for the purposes of calculating Income Support. To suggest any such changes might be thought to contradict the rationale of a means-tested social assistance benefit intended to bridge the gap between needs and resources. However, the substantive content of Income Support already recognises some needs and

resources and not others. For example, needs created by gradual deterioration in health, by a child starting school or by the demise of an item of household equipment are not recognised directly (although free prescriptions, free school meals and help with the cost of school uniforms are available to claimants). Some sources of income are effectively rendered irrelevant for Income Support purposes by treating them as capital (such as gambling winnings).

We have also set out the case for extending Income Support to respond to the demands caused by changes in circumstances not recognised by the current scheme, in particular, large expenditures and a child starting school.

Although all Income Support recipients are subject to all the provisions of the legislation of Income Support, some regulations can be thought of as treating different groups of claimants in a more or less favourable way than others. This is nothing exceptional nor particularly noteworthy; discrimination between groups can be an entirely acceptable way of recognising the differential needs of some groups of claimants. For example, lone parents attract an additional premium in recognition of their particular needs, as do the over 80s in recognition that older people have greater requirements for some forms of expenditure.

Following this observation we have set out another radical option: the introduction of a new social assistance benefit for pensioners. We base this idea on our empirical findings that the circumstances of pensioners, the numbers and types of changes in their lives and their reporting behaviour differ markedly from other claimant groups. A 'safety-net' benefit for pensioners would be similar to Income Support but could omit some of the provisions that rarely affect them (such as the employment regulations) or which cause them particular disadvantage (such as the hospital rules). One consequence of such a benefit would be its (potentially) relative simplicity to understand and claim, and to administer.

A final radical option, suggested by the disincentive effects of the current regulations about working and earning, and reflecting the documented success of Family Credit, is the introduction of an in-work benefit for single people and couples without dependent children. Like Family Credit, this new benefit would be expected to encourage people into work, thus advancing several of the aims of the DSS at the same time. As mentioned earlier, the Government's plans for piloting such a benefit were announced in July 1995. The new Earnings Top-Up will be tested in eight pilot areas over a three year period from October 1996.

8.5 Concluding remarks

The holy grail of social security is the simple social assistance benefit. However, to search for a simple benefit which aims to reflect, however approximately, the range of circumstances of groups of people as diverse as unemployed school leavers, lone parents, people with severe disabilities, refugees, or centenarians is a near hopeless task. Likewise, for this study to emerge with a set of simple policy options would be unrealistic.

In this report we have attempted to convey the immense variety in people's lives and in their capacity to respond to the demands upon them under the constraints imposed by a low income. In doing so we have identified a number of problems and dysfunctions caused by the Income Support scheme itself and by the reporting requirements placed on claimants. We have also set out a range of policy options from the seemingly mundane, though still important, suggestions for better forms and leaflets, to the radical ideas of new benefits for pensioners and working claimants, and a voluntary system of reporting changes.

In some of these policy options we have been encouraged by the idea that Income Support need not be the stigmatising, restrictive benefit that it is often perceived to be and undoubtedly has been for some claimants (see, for example, Hill, 1990; Bradshaw and Holmes, 1989). An Income Support scheme which increases incentives, security

and individual choice, and at the same time reduces anxiety, would be no more simple than previous manifestations of social assistance, but it would provide a service more suited to the changing needs of its `customers'.

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Appendix - Income Support Rates 1992/93

Personal Allowances		£
Single people:	Under 18 (lower rate)	25.55
	Under 18 (higher rate)	33.60
	Aged 18-24	33.60
	Aged 25 and over	42.45
Lone parents:	Under 18 (lower rate)	25.55
	Under 18 (higher rate)	33.60
	Aged 18 and over	42.45
Couples:	Both under 18	50.60
	One/both over 18	66.60
Dependent children:	Age under 11	14.55
	Age 11-15	21.40
	Age 16-17	25.55
	Age 18	33.60
Premiums		
Family		9.30
Lone parent		4.75
Disability	Single	17.80
	Couple	25.55
Severe disability	Single	32.55
	Couple (one qualifies)	32.55
	Couple (both qualify)	65.10
Disabled child		17.80
Carer		11.55
Pensioner (60-74 years)	Single (from April 1992)	14.70
	Single (from October 1992)	16.70
	Couple (from April 1992)	22.35
	Couple (from October 1992)	25.35
Pensioner (75-79 years)	Single (from April 1992)	16.65
	Single (from October 1992)	18.65
	Couple (from April 1992)	25.00
	Couple (from October 1992)	28.00
Pensioner (80+ years)	Single (from April 1992)	20.75
	Single (from October 1992)	22.75
	Couple (from April 1992)	29.55
	Couple (from October 1992)	32.55
Capital Limits		
Capital limit	£8,000	
Capital £3,000 to £8,000	£1 added to assessed income for each £250 (or part of £250) over £3,000	
Child's capital limit	£3,000	

Earnings Disregards (£ per week)

Claimants in receipt of lone parent, disability or higher pensioner premium	£15
Claimants unemployed and on benefit for at least two years	£15
Other claimants and their partners	£5 each

Other Research Reports available:

No.	Title	ISBN	Price
1.	Thirty Families: Their Living Standards in Unemployment	0 11 761683 4	£6.65
2.	Disability, Household Income & Expenditure	0 11 761755 5	£5.65
3.	Housing Benefit Reviews	0 11 761821 7	£16.50
4.	Social Security & Community Care: The Case of Invalid Care Allowance	0 11 761820 9	£9.70
5.	The Attendance Allowance Medical Examination: Monitoring Consumer Views	0 11 761819 5	£5.50
6.	Lone Parent Families in the UK	0 11 761868 3	£12.75
7.	Incomes In and Out of Work	0 11 761910 8	£17.20
8.	Working the Social Fund	0 11 761952 3	£9.00
9.	Evaluating the Social Fund	0 11 761953 1	£22.00
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11.	Customer Perceptions of Resettlement Units	0 11 761976 0	£13.75
12.	Survey of Admissions to London Resettlement Units	0 11 761977 9	£8.00
13.	Researching the Disability Working Allowance Self Assessment Form	0 11 761834 9	£7.25
14.	Child Support Unit National Client Survey 1992	0 11 762060 2	£30.00
15.	Preparing for Council Tax Benefit	0 11 762061 0	£5.65
16.	Contributions Agency Customer Satisfaction Survey 1992	0 11 762064 5	£18.00
17.	Employers' Choice of Pension Schemes: report of a qualitative study	0 11 762073 4	£5.00
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29.	Child Support Agency National Client Satisfaction Survey 1993	0 11 762224 9	£33.00
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32.	Employees and Family Credit	0 11 762272 9	£13.50
33.	Direct Payments from Income Support	0 11 762290 7	£16.50
34.	Incomes and Living Standards of Older People	0 11 762299 0	£24.95
35.	Choosing Advice on Benefits	0 11 762316 4	£13.95
36.	First-time Customers	0 11 762317 2	£25.00
37.	Contributions Agency Customer Satisfaction Survey 1994	0 11 762339 3	£21.00
38.	Managing Money in Later Life	0 11 762340 7	£22.00
39.	Child Support Agency National Client Satisfaction 1994	0 11 762341 5	£35.00
40.	Changes in Lone Parenthood	0 11 762349 0	£20.00
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