

LONDON BOROUGH OF HARROW

Meeting:	Cabinet
Date:	14 th October 2003
Subject:	Housing Benefit Issues and BFI Report
Key decision:	No
Responsible Chief Officer:	Director of Business Services
Relevant Portfolio Holder:	Finance & Human Resources & Performance Management
Status:	Part 1
Ward:	All
Enclosures:	BFI Report and Action Plan – due to the size of this document it has been circulated to Group Offices and the Members' Library only. This document may also be viewed on the Council's website – www.Harrow.gov.uk

1. **Summary**

- 1.1 This report updates Members on the management issues in Housing Benefit and the impact of the additional funding for Recruitment Consultants, Interim Management and Process Consultants agreed at the May Cabinet meeting. The report also sets out the results of the Benefit Fraud Inspectorate's (BFI) review of the service and the action plan prepared in response.

2. Recommendations

- 2.1 That Members note the impact of the additional resources for Housing Benefit for the provision of, Recruitment Consultants, Interim Management and Process Consultants.
- 2.2 That Members agree the action plan at appendix 2, subject to the areas which have a financial implication being considered as part of the budget process.
- 2.3 That the monitoring of the action plan be delegated to the Portfolio Holder for Finance and Human Resources and Performance Management.

Reason: So that action plan may be implemented.

3. Consultation with Ward Councillors

- 3.1 None

4. Policy Context (including Relevant Previous Decisions)

- 4.1 The performance of the Housing Benefit Service is one of the elements of the CPA assessment.
- 4.2 It was agreed at the May Cabinet meeting that additional funding of £52k be provided for recruitment consultants (£10k), interim management (£20K) and process consultancy (£22k).

5. Relevance to Corporate Priorities

- 5.1 The service contributes to the corporate priority of developing a prosperous and sustainable economy in Harrow.

6. Background Information and options considered

- 6.1 In May there were a number of issues affecting the performance of the Housing Benefit Section. These were:-
 - ◆ Failure to Appoint a New Housing Benefit Manager leading to a suggestion that recruitment consultants would be able to assist.
 - ◆ The need for interim management whilst the post remained vacant
 - ◆ A backlog of work leading to a feeling that the team would benefit from an external review of their processes to establish whether or not they

are working in the most efficient way and to undertake a full analysis of the resource requirements in both the short and medium term.

6.2 **Recruitment Consultants**

Unfortunately it has still not been possible to appoint a permanent Housing benefit Manager. The recruitment consultants provided a shortlist of one candidate who was not suitable. As a result only the first installment of their fee, £3k, has been paid. It should be noted that this is less than the cost of an advertisement which was our alternative method.

A decision has now been taken to complete the restructure of Business Services and then re-advertise the job. It is hoped that the delay will mean that a suitable candidate will become available. It may also be possible to reshape the job to make it more attractive. The recruitment consultants would be willing to undertake the process for the remainder of their original fee if required.

6.3 **Interim Management**

Since May the management of the section has been covered in a number of ways.

Firstly the previous manager has worked as a consultant for 2-3 days per week to cover specific areas. In addition we have used consultants to provide additional management support for the work detailed in 6.6 below. The number of days per week have varied in accordance with the demands of the project.

Fortunately, from the end of August we have been able to secure an experienced manager on secondment from the London Borough of Barnet. He will be with us for up to 6 months and is being funded from within the existing budget for this post. This should mean that no further additional costs for interim management will be incurred between the end of August and the time when the post is filled on a permanent basis.

6.4 **Efficiency Review**

We used Fujitsu to undertake the Efficiency Review. The work is being undertaken on a partnership basis, meaning that payment of their fee is dependant upon their findings and recommendations being successful. Their fee is payable in three equal parts, the first when the new processes are agreed and adopted, the second when the backlog has reduced on target for 4 consecutive weeks and the final part when the work outstanding reaches our target level.

6.5 **The Findings**

The findings of the review can be summarised as follows:-

- ◆ The current level of resource is correct to deal with the workload.
- ◆ The current focus of the service puts too much emphasis on quality and not enough on getting claims assessed (around 80% of our resource was being used to chase claimants who fail to provide us with the information we need to assess their claim)
- ◆ Some procedures should be changed to ensure we prioritise work correctly and make best use of resources.
- ◆ Performance management needs to be improved.

6.6 **Action Taken**

As a result we have undertaken a major project (the name Project Phoenix has been chosen by the staff) to radically alter the way in which we process claims and manage our performance.

The key change that Members are likely to notice is that all new claims are now being checked within 48 hours of receipt. Where the claimant has provided us with all the necessary information, their claim is assessed and put into payment immediately. Where the claimant has not provided us with all the necessary information their form is being returned to them with a letter setting out what is required. The form is marked to show that we have seen it so that we can identify it when it is returned. If the form is returned with everything we have asked for, the claim is assessed within 3 working days. However, if the form is not returned within 28 days, or if the form is again returned without all the necessary information the case is determined to be closed.

We have procedures in place to identify vulnerable claimants who will receive an enhanced service. In the longer term we are hoping to visit these claimants on receipt of an incomplete claim.

This change in working practices has been accompanied by a publicity campaign to get across to claimants the importance of providing us with the information we need.

These new procedures have been in place since 18th August 2003 and since then we have dealt with every incoming new claim in this way. As at 10th September this was a total of 344 forms. Of these 126 (37%) have

been assessed, 127 (37%) have been returned to the claimant and 91 (26%) have been either treated as vulnerable or have matched to work already outstanding. A separate team has been working on clearing all claim forms received before that date.

Now that the success of this new way of working has been proved a decision has been taken to reopen the Counter service on Wednesdays and refocus resource on ensuring that claimants provide us with complete claim forms first time round.

In the meantime, the service has also been focusing on Urgent assessments, targeting homeless prevention initiatives in tandem with Housing Services and Registered Social Landlords.

We have introduced a new performance management regime to ensure that staff are dealing with work consistently and in accordance with the priorities of the section. A minor office move has helped to create three smaller teams and enable closer monitoring of the workload.

Ten Trainees were employed in April and this impacted on the existing resources, in that, existing staff have been supporting and training these new members of staff. It is anticipated that the trainees will be fully trained by October 31st and be in a position to fully contribute to the delivery of the service.

Since April 2003, the Housing Benefit Service has also successfully managed the introduction of Tax Credits and is presently preparing for the introduction of Pension Credits in October

The initial work needed on the project had a detrimental impact on the work outstanding and this combined with the fact that the highest levels of leave are taken during August meant that the starting point for measuring our improved performance was in excess of 6000 items of outstanding work.

Since August 18th this has reduced to 5,900. The backlog plan anticipated a rise in the number outstanding during August. In fact, we have been able to slightly reduce the work outstanding and consequently are ahead of schedule. We hope to have cleared the backlog by the end of the calendar year.

When the outstanding work has reduced to 2,000 items we are down to what we effectively consider to be work in progress given that the section receives 2,000 items of work per week on average.

6.7 **BFI Report**

The BFI carried out an inspection of Harrow's Housing Benefit Service during February 2003. Their report was published on 19th August 2003 and may be viewed on the Council's website – www.harrow.gov.uk. The report has also been circulated to the Group Offices and the Members' Library.

The Inspection was carried out against the Performance Standards Framework laid down by the Department of Work and Pensions (DWP). This is one of the first few inspections carried out against these standards. The framework contains 641 separate standards in seven areas: -

- Strategic Management
- Claims Processing
- Customer Care
- Overpayments
- Fraud
- Working with Landlords
- Internal Control

The framework was introduced in March 2002 and is intended to be a standard that Local Authorities will strive for over a number of years. It is not expected that Local Authorities will already be at this level and no authority has yet been judged to have reached it.

7. **The Findings**

The report finds that there are positive aspects to Harrow's administration:

- A range of comprehensive policy and strategy documents
- Good quality guidance for staff that is updated regularly
- BFI confidence that the gateway to the Benefits system had been made more secure
- Significant improvement in performance relating to overpayments
- Commitment and support of Members, Senior Officers and staff to further improve the service

The report also highlights areas where the service is below the Performance Standard:

- Clearing the backlog of benefits processing work
- Management Checking
- Performance in Counter Fraud

Following on from the inspection the BFI have conducted a review of Harrow's CPA rating. Although the report has yet to be finalised we believe that this will result in a score of 3 feeding into the overall Audit Commission score. This is unchanged from last year.

8. **The Action Plan**

Since the publication of the report officers have drawn up an action plan in response to the each of the recommendations. This is attached at appendix 2.

We have categorised the recommendations a high, medium of low priority and Members will see that most of the high priority items have already been delivered. Dates and responsibilities are allocated to all actions.

A significant number of the recommendations are related to the issue of the time taken to process claims and this is being addressed by the project mentioned above.

Delivery of this action plan will be monitored by the Portfolio Holder for Finance and Human Resources and Performance Management on a monthly basis.

The action plan has been passed to the Department of Work and Pensions, who will monitor progress, and we await their comments.

In addition we have applied to the BFI for a performance Improvement Action team (PIAT) to help us to make improvements to our anti fraud work.

7. **Consultation**

7.1 None specifically

8. **Financial Observations**

There are no financial implications arising from the action plan as proposed. However, some of the BFI recommendations do have a financial implication and the action plan states that these will be considered as part of the 2004/5 budget process.

9. **Legal Observations**

9.1 None.

10. **Conclusion**

Much work is being done to improve the performance of the Housing Benefit section. This work is taking place following a consultants review of the way we work and a BFI Inspection.

11. **Background Papers**

11.1 Fujistu Report

Copy available from Carol Cutler Ext 2165

12. **Author**

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Director of Business Services
October 2003