

HARROW COUNCIL

Meeting:	Overview and Scrutiny Committee
Date:	3 February 2004
Subject:	Review of Housing Benefit Administration
Responsible Chief Officer:	Carol Cutler, Director of Business Services
Status:	Part I
Ward:	N/A
Enclosures:	Appendix - Report of the Review Group

1. Summary

- 1.1 This report sets out the findings and recommendations arising from the review of the Housing Benefit Department.

2. Recommendations: That

- 2.1 **the report be endorsed and a watching brief be maintained on the performance of the department via the 'traffic light' indicators**
- 2.2 **the report and recommendations be referred to the Portfolio Holder for consideration.**

3. Consultation with Ward Councillors

- 3.1 Not applicable

4. Policy Context (including Relevant Previous Decisions)

- 4.1 Overview and Scrutiny Committee 23rd September Minute 102

5. Relevance to Corporate Priorities

- 5.1 Supports the Council's Corporate Priorities of strengthening Harrow's local communities and improving the quality of health and social care in Harrow.

6. **Consultation**

6.1 Not applicable

7. **Finance Observations**

7.1 None

8. **Legal Observations**

8.1 None

9. **Conclusion**

9.1 Members are asked to consider and approve the report and recommendations arising from the Review of the Housing Benefit Department of the London Borough of Harrow.

10. **Background Papers**

10.1 None

11. **Author**

11.1 Councillor Mark Ingram

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OVERVIEW & SCRUTINY COMMITTEE

REVIEW OF HOUSING BENEFIT ADMINISTRATION

REVIEW GROUP MEMBERS: Councillors Mark Ingram, Alan Blann, Marie-Louise Nolan, Paul Osborn, Keeki Thammaiah.

Report of the Scrutiny Review Group
Harrow Council

January 2004

Scrutiny Report on Housing Benefit Administration

1. Members:

Cllr Mark Ingram (lead member)
Cllr Alan Blann
Cllr Marie-Louise Nolan
Cllr Paul Osborn
Cllr Keeki Thammaiah

2. Summary

This report summarises the background and current status of the administration of Housing Benefit at the London Borough of Harrow. It concludes that the backlog of claims, which has been a persistent feature of the system in Harrow since the introduction of the Verification Framework in March 1999, is now being successfully addressed.

The report notes that this is being achieved by a combination of significant additional resource and a radical, and novel, approach to the administration of claims. The officers and staff involved in recognizing the changes to working practices that were necessary to achieve this are to be congratulated.

This approach is not without risk. The primary risk relates to the timely identification and special treatment of vulnerable claimants. However, members are hopeful that the greater efficiency in the assessment of claims by non-vulnerable claimants should free staff time for initiatives associated with vulnerable claimants and fraud initiatives.

The report concludes that Overview and Scrutiny should maintain a 'watching brief' on the performance of the department via the 'traffic light' indicators that are to be supplied, but that in other respects there was no reason to continue the Scrutiny in its current form

The review found evidence that the new System for Managing Projects had worked effectively in this area.

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4. Aims / objectives

To:

- (1) Examine the Benefit Fraud Inspectorate's report on Housing Benefits and officer responses thereto.
- (2a) Examine the HB action plan, and to monitor the achievement of the objectives of that plan, in particular, the backlog of housing benefit claims.
- (2b) Understand how the context, action points and outcomes of this action plan differ from the action plan drawn up in 2000.
- (3) Consider the implementation of the action plan in the context of the new "System for Managing Projects" with a view to discovering the strengths and weaknesses of this system

5. Measures of success

The reporting of suitable conclusions relating to:

- (1) Whether the BFI report accurately reflected the performance of Harrow's Housing Benefit Department.
- (2) Whether, at a strategic level, the proposed responses to the BFI report suitably address the departmental priorities of the Council, and in particular whether it sets suitable targets for the reduction in claim processing times.
- (3) The differences between the 2000 action plan for the reduction in processing times and the current action plan, together with any general lessons.
- (4) The implementation of the "System for Managing Projects".

6. Methodology

This was a 'desk based' review limited to the consideration of the following documents and briefings and questioning of officers.

Documents considered included:

1. 2000 BFI report (first BFI report)
2. 2003 BFI report (second BFI report)
3. 2003 Departmental action plan and Cabinet report
4. Briefings by officers.

7. The national context

It must be questioned whether this service should be administered by Local Authorities at all.

The DWP sets detailed standards (641 in all), many of which are procedural rather than outcome based. However, the DWP does not prioritise these standards. Neither does it produce a pro-forma claim form that meets the requirements of both their own standards and those of the Verification Framework.

The 'system' appears to combine the worst of both worlds – limited local initiative combined with a central Government department that is regularly changing regulations for which they do not have to accept the consequences. This is unhelpful and bureaucratic

There is an urgent need for the DWP to recognise the full implications of this approach and the serious adverse effects it has on Housing Benefits administration in Local Authorities.

8. *Housing Benefit Department: Timeline of key events*

1998: review of work practices by Unisys prior to implementation of document imaging PFI

March 1999. Harrow adopts the Verification Framework. Backlog arises quickly thereafter, despite considerable additional resource being allocated to the department.

November 1999 – February 2000. The Chair of the Overview and Scrutiny Committee was involved in the monitoring of reductions in the backlog of claims at that time. Downward trend established.

October 2000. First Benefit Fraud Inspectorate (BFI) report was received. It was highly critical of the Council. Officers and Members of London Borough of Harrow were critical of many of the conclusions of the report.

2001/02 budget: Additional resources allocated to the Department. Service Improvement Plan implemented October 2002.

December 2002. Housing Benefit administration included on the Overview and Scrutiny's Work Programme (minute 43 (iii)).

27th March 2003. The Overview and Scrutiny Review Group meet with officers. This meeting established:

1. The Department of Work and Pensions (DWP) Benefit Fraud Inspectorate (BFI) had just completed a detailed inspection of the Department.
2. The BVPI's for Harrow showed performance in 2001-02 as falling in the top quartile of London Boroughs in relation to BV 78c (renewal claims processed on time) and the bottom quartile in relation to BV 79 a & b (% cases processed correctly and % overpayments recovered). The accuracy of the District Auditor's results (in relation to BV 79a & b) had been challenged by Harrow & indeed by a number of other authorities as a result of recognised 'known limitations' to the IT system
3. New Performance standards for Housing and Council Tax Benefits were launched by the DWP in April 2002.
4. The Housing Benefit Department was awarded a score of 'Fair' in the CPA review, with good capacity to improve.
5. The Housing Benefit Manager was about to leave the department

6. There was considerable change imminent in the administration of benefits and the calculation of claimant's incomes.
7. The imminent change to the software used within the department.
8. Additional staffing was due to come on stream shortly.

The meeting also heard that there were plans to recruit an external consultant to consider working practices in the Department. The meeting concluded:

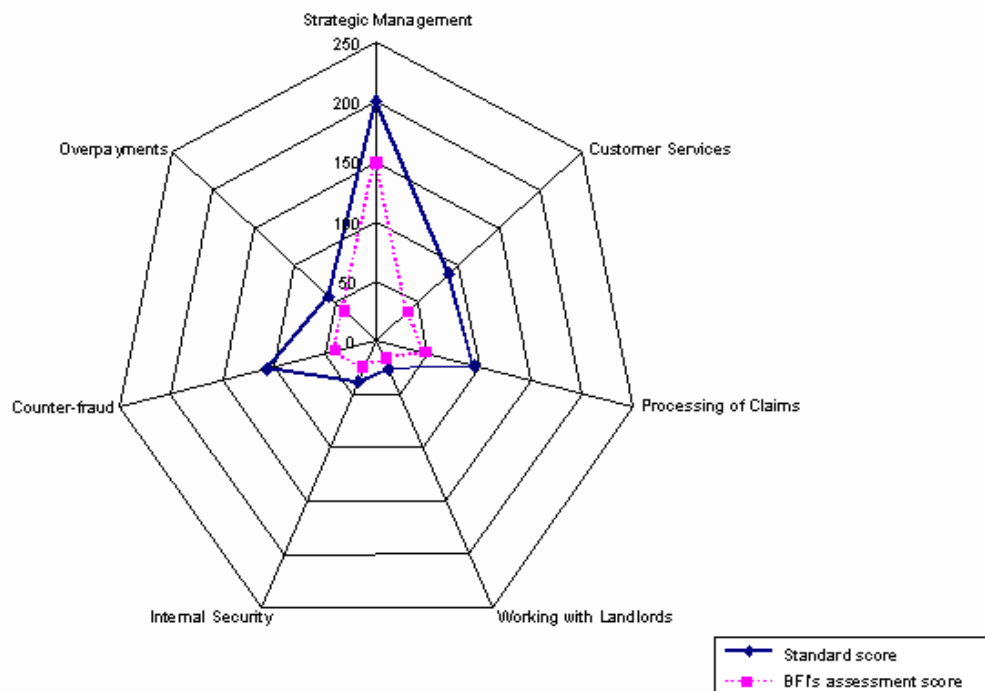
1. Members should be offered a demonstration of the problems associated with calculating claims.
2. The Scrutiny Group should defer further review until after the BFI report.
3. That any consultants report should go to the Scrutiny Group.

May 2003: Consultant appointed to review working practices (Fujitsu)

4th August 2003: Training session on claims assessment process for members. This indeed demonstrated the nature of information needed for the assessment process, and the difficulty associated with claim administration generally, in an environment where regulation change was common.

17th August 2003: new procedures implemented for dealing with new claims

26th August 2003: Second BFI report published. The report was more positive than the first report, but concluded that Harrow failed to meet the target set in any of the seven areas that "the Department expects local authorities to aspire to and achieve in time" (BFI report paragraph 1.3)



The BFI made 130 recommendations against 641 standards. The Department scored 3 for CPA assessment purposes.

We found the BFI report to be bureaucratic and unhelpful. No prioritisation was given to the recommendations (although the report recommendations were divided amongst the 7 target areas). The impression was very much that this was a 'tick box' report.

It would have been much more helpful had the BFI indicated examples of good practice on, for example, procedural guidance (paragraph 2.76) rather than simply recommending that such guidance be written. It is our strong opinion that such guidance should be provided centrally rather than written individually by 200-plus authorities.

14th October 2003: BFI action plan presented to Cabinet.

We found the action plan to be of limited use, for similar reasons to the original BFI report.

We found no recommendation within the BFI report that led directly to the radical management changes currently underway, although clearly these are referred to in the action plan responses.

10th November 2003: Overview and Scrutiny Review Group meet with officers:

1. To hear strategic level feedback on the BFI report, the running of the department, and the lessons learned as a result of this and previous backlog situations.
2. To consider the experience of the Department in implementing the Project Implementation Documentation agreed by Harrow in April.

The meeting considered the strategic context of the BFI report. Adverse BFI findings impact on Harrow's CPA assessment, as well as reflecting the level of service received by Harrow residents. It is, therefore, a priority to address the backlog issues within the context of the 641 standards set by the DWP.

It became clear that the Department has adopted a radical change of approach to dealing with the backlog, which is now on target to be cleared in full (both outstanding claims and outstanding items) by 5th December 2003. It is the opinion of the Review Group that an understanding of this initiative, Project Phoenix, is crucial to any judgement as to whether further scrutiny at this time is necessary.

9. *Scope objective (1) To examine the Benefit Fraud Inspectorate's report on Housing Benefits and officer responses thereto.*

9.1 BFI report

We have not been able to conclude whether the BFI report is a fair assessment of Harrow's performance. To have done so, would have demanded considerably more resources and would have involved review in considerable detail. It is the view of this group that the costs of such a review would well outweigh any potential benefits.

The outcomes of the department are of primary concern to members, not the micro-management issues frequently dealt with by the BFI report.

However, whatever the strengths and weaknesses of the BFI report it has apparently acted as a catalyst for change.

10. Scope Objective (2a) To examine the Housing Benefit action plan, and to monitor the achievement of the objectives of that plan, in particular, the backlog of Housing Benefit claims.

10.1 The new management and assessment approach (Project Phoenix)

Under the old approach, partially completed claim forms were accepted by the department. Documentary evidence to support such claims would then be asked for, and received, over a typically extended period. Such claims were technically part of the 'backlog'. The 'backlog' required frequent reminder letters, and generated many phone queries and visits.

Under the new approach new claims where all necessary documentation is supplied are assessed within 48 hours, delays in assessment having been one of the areas for improvement identified by the PI's. If required information is missing the whole form is returned to the claimant, together with a list of missing items. Claimants have 28 days to ensure that all required documents are supplied, or their claim is assessed without the information – which means that they will be denied benefit. Claimants then have a further 28 days to appeal, either to the Housing Benefit Department or to an independent tribunal. In either case they can submit the missing information. If they do so, and their claim is therefore complete, the entitlement to benefit is backdated to the original claim date. If they do not appeal, and do not supply adequate information within the 28-day period, then a fresh claim must be lodged. Any subsequent claim would begin the process afresh, with a net loss of entitlement to benefit for the period between the two claim dates.

This approach places the responsibility on supplying documentary evidence firmly on the claimant.

There is concern that vulnerable claimants may be severely disadvantaged by this approach. This risk has already been noted in the BFI report as an existing issue under the old system. The identification of vulnerable claimants is not limited to simple criteria (although some examples of persons managers would accept were vulnerable were given) but is subject to staff discretion. Managers are also confident that the greater efficiency of the system not only results in a quicker response for claimants generally, but also frees staff resources to deal more effectively with disadvantaged claimants. New initiatives associated with remote claim determination, either in the home of the applicant using mobile technology, or via housing association partners, were also identified as mechanisms that might in the future address such needs.

The new approach has necessitated a new management system and style (which now includes extensive data on individual performance, as well as weekly targets for claim determination time periods) and departmental culture (a change from an

emphasis on 'technical accuracy' to an emphasis on meeting 'productivity targets'). Whilst this may appear dangerous, it is associated with the requirement by the BFI for greater levels of managerial supervision than has been historically the case.

Productivity levels within the department have increased dramatically (from 1,259 in January 2003 to 4,226 in October 2003). The entire backlog, both claims and other items, is due to be cleared by 5th December 2003. This would be the first time such a situation has subsisted since the Verification Framework was introduced in March 1999. This has been achieved with minimum staff turnover. It is hoped that staff morale benefits from working in a more productive environment. However, managers recognised that not all staff appreciate the move from a 'skill based' to a 'production line' approach to claims assessment. The managerial challenge of ensuring that all staff remained motivated and committed was recognised.

10.2 Risks

The radical nature of what is being attempted should not be underestimated. No other Authority has done what Harrow is doing. Whilst the nature of the new approach has been outlined in the BFI action plan, no comment has been received (and perhaps would not be expected) from that quarter on whether it is judged appropriate. The impression is that, so long as the new approach meets the tick boxes of the BFI inspection, then it is acceptable to the BFI.

In the longer term, it might be argued that Harrow claimants with incomplete claims will be disadvantaged compared to claimants in other areas by the rigid application of the 28-day rule. The system will only work if there is a corresponding radical shift in the culture of claimants – something that will take some time to judge. To date, the signs of a change in claimant culture are positive. Conversely, the rapid determination of claims represents a very significant improvement in the service level offered to the majority of claimants. Even those who submit incomplete claims could, it might be argued, be judged better off by the far quicker rate at which they are required to face up to the incomplete nature of their claim.

Is there a realistic alternative? This must be questioned. Housing benefit performance levels are problematic in many authorities. Since March 2000 staffing levels in the department associated with assessment of claims risen from 29 to 38 staff (including additional staff brought in to meet Pension and Tax credit changes). This 30% increase did not address the backlog using the traditional approach.

10.3 Performance evaluation

In parallel with the management changes, the Department is introducing a 'traffic light' summary of departmental performance. This is a welcome and much needed initiative. The first of these reports is due in December 2003.

10.4 Other future initiatives

Change will continue. Not only will the current changes in management approach need to be sustained, fresh challenge is inevitable:

1. The ICT system is due to change imminently. This will put severe strain on the department.
2. Significant changes in the benefits system are anticipated.
3. Increased inter-agency working, particularly with social landlords, is anticipated. This will include claim assessment on the premises of social landlords, something for which funding is being sought for start-up costs. Partners are prepared to fund this initiative in subsequent years.

Recommendation 1

That greater clarity in the guidance concerning the identification and management of vulnerable claimants be considered.

Recommendation 2:

That additional measures of performance associated with the level of service given to vulnerable persons be evolved by the Housing Benefit Department and reported to members as part of the traffic light system.

Recommendation 3:

That the performance measures associated with Harrow's Housing Benefit Department be monitored by Overview and Scrutiny, and form a regular part of the Information Circular for Overview and Scrutiny for the next 12 months.

Recommendation 4:

That the performance evaluation report contains a very brief summary of key issues facing the department, together with anticipated future key issues where these are probable.

11. Scope Objective (2b) Understand how the context, action points and outcomes of this action plan differ from the action plan drawn up in 2000.

Little written information exists concerning the 2000 action plan. However, the plan clearly involved the isolation of the backlog, and the division of the new claims team between a group tasked with dealing with the backlog and a group to deal with fresh claims.

This was clearly the favoured approach of the first BFI report, and equally clearly required significant additional resource. Whilst the additional resource was forthcoming, there is no evidence the approach worked.

Members were not notified of the rate of reduction of the backlog after February 2000. Whilst at that time the trend was downwards, this trend clearly reversed thereafter.

The 2000 action plan did not enable the Department to act to address systemic problems or key corporate risks prior to the second BFI inspection.

We would therefore draw the following general lessons:

Recommendation 5:

That every action plan must include a mechanism to trigger an exception report if problems addressed by the action plan recur in the future, and that this exception report should go to Members for problems that carry significant corporate risk. This did not happen with the 2000 action plan.

Recommendation 6:

Critical risks:

- (1) That action plans identify significant risks as part of the action plan, whether these are identified by the external agency or not.
- (2) That a method to quantify each such critical risk is identified in the action plan.
- (3) That targets be set to identify when the objectives of the plan have been met, insofar as they concern such critical risks, or when such risks eventuate and require further management.

12. Scope Objective (3): To consider the implementation of the action plan in the context of the new “System for Managing Projects” with a view to discovering the strengths and weaknesses of this system

The Review Group briefly questioned the consultant from Fujitsu concerning their experience of Harrow's PID. The new management structures were managed in conformity with Harrow's PID, and the consultant viewed the document favourably.

Recommendation 6:

That consideration be given to a lunch-time seminar on the lessons from Project Phoenix. Such a seminar might be of interest to any manager contemplating using the Harrow SIP. It is suggested that this seminar might incorporate a contribution from the Fujitsu consultant.

13. Summary of recommendations

Recommendation 1

That greater clarity in the guidance concerning the identification and management of vulnerable claimants be considered.

Recommendation 2:

That additional measures of performance associated with the level of service given to vulnerable persons be evolved by the Housing Benefit service and reported to members as part of the traffic light system.

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- (3) That targets be set to identify when the objectives of the plan have been met, insofar as they concern such critical risks, or when such risks eventuate and require further management.

14. Scoping document

1	SUBJECT	Review of the performance and change management processes within the Housing Benefit Department of the London Borough of Harrow.
2	COMMITTEE	Overview and Scrutiny Committee
3	REVIEW GROUP	Lead Member – Cllr Mark Ingram Councillors Osborn, Blann, Marie-Louise Nolan and Thammaiah
4	AIMS/ OBJECTIVES	To (1) Examine the Benefit Fraud Inspectorate’s report on Housing Benefits and officer responses thereto. (2a) Examine the HB action plan, and to monitor the achievement of the objectives of that plan, in particular, the backlog of housing benefit claims. (2b) Understand how the context, action points and outcomes of this action plan differ from the action plan drawn up in 2000. (3) Consider the implementation of the action plan in the context of the new “System for Managing Projects” with a view to discovering the strengths and weaknesses of this system.
	MEASURES OF SUCCESS	The reporting of suitable conclusions relating to: (1) Whether the BFI report accurately reflected the performance of Harrow’s HB department. (2) Whether, at a strategic level, the proposed responses to the BFI report suitably address the departmental priorities of the Council, and in particular whether it sets suitable targets for the reduction in claim processing times. (3) The differences between the 2000 action plan for the reduction in processing times and the current action plan, together with any general lessons. (4) The implementation of the “System for Managing Projects”.
6	SCOPE	1. The performance of the Housing Benefit Department, as evidenced by officers and external assessment 2. The HB departmental plans to improve performance, in the context of earlier plans. 3. Whether the improvement plan follows the new “System for Managing Projects”.
7	SERVICE	Support the Council’s priorities of strengthening Harrow’s

	PRIORITIES (Corporate/Dept)	local communities and improving the quality of health and social care in Harrow.
8	REVIEW SPONSOR	Carol Cutler, Director of Business Services
9	ACCOUNTABLE MANAGERS	Michael Carney, Interim HB Manager, David Ashmore, Deputy HB Manager
10	SCRUTINY OFFICER	Laura Shewfelt
11	EXTERNAL INPUT	None.
12	METHODOLOGY	Desktop research and analysis of BFI report and action plan. Other external or internal reports already in existence. Workshop / briefings from relevant officers on BFI report, history to the current and November 2000 crisis, consultants report and BFI action plan.
13	ASSUMPTIONS/ CONSTRAINTS	Assumptions: 1. Officers undertake desktop research and facilitate the review process. Constraints: Member and Officer resources.
14	TIMESCALE	November 2003
15	REPORT AUTHOR	Lead Member/Scrutiny Officer