



Leicestershire Partnership Revenues & Benefits

RIGHT BENEFIT INITIATIVE

(FORMERLY THE FRAUD & ERROR
REDUCTION INCENTIVE SCHEME)

1. PURPOSE OF THE REPORT

- 1.1 To update the Committee on the re-refresh of the Fraud & Error Reduction Incentive Scheme (FERIS) which, moving forward, is to be known as the Right Benefit Initiative (RBI)

2 RECOMMENDATION

- 2.1 That the content of the report be noted and that a decision is taken to opt into the national initiative.
- 2.2 Approve the option to use the RBI funding to recruit 1 temporary assessment staff to be responsible for the optional RTI's
- 2.3 Approve the option to use the unspent FERIS funding to recruit 1 temporary assessment officer to be responsible for the work generated by the interventions team and support completion of the optional RTI's

3. BACKGROUND

The latest published HB Fraud and Error (F&E) national statistics for 2015/16 indicate that earnings related fraud & error accounted for approximately £560 million which is 40% of the total estimated housing benefit monetary value of fraud and error. In view of this, DWP have reconsidered the approach to FERIS to a better way of targeting RBI funding to combat fraud and error more effectively.

The main differences between FERIS and RBI are :

- Payments will not be staged and all funding will be made as an up-front payment to LAs.
- LAs should use the additional funding on staffing costs only to focus purely on combating incorrect earnings and to process as many Optional Real Time Information (RTI) referrals as possible each month.

The Department for Work and Pensions (DWP) and HM Revenue & Customs (HMRC) have a joint Fraud and Error Strategy and seek to work together where possible. Real Time Information (RTI) is HMRC's system for collecting Pay as You Earn (PAYE) information from employers and pension providers

The DWP matches RTI data with social security benefits, including housing benefits, to try and identify cases where claimants have either failed to declare or have under-declared earnings and non-state pension. The RTI service cannot be used presently for council tax support only claims, although this may change in the future.

Each month we currently receive compulsory RTI files for each authority from HMRC, the approximate numbers received for each authority are 40 cases. The information provided confirms details of earnings & private pensions that differ to those held on our database.

The files are loaded directly into a module on our database from where our staff can upload them onto each individual claim to make a reassessment. We have to ensure that these files are actioned within 4 weeks.

3.1 Funding

There will be no requirement to submit a bid for funding; it will simply be the case that a local authority will opt into the initiative, by doing so it will be confirming that the funding will be used to enable resources to be put in place to review earnings cases identified by RTI referrals.

It is anticipated that funding will be received mid May 2017 and funding levels are:

NWLDC £17,403
HDC £9,335
HBBC £13,897

3.2 What are we being asked to do?

Each month we are being asked to process as many of the optional RTI referrals we can. We have 4 weeks in which to deal with each referral loaded into our system.

The volumes of optional RTI referrals we expect to receive each month are as follows:

HBBC

April 2017	May 2017	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
104	137	155	173	190	190	190	144	144	144	147	147

NWLDC

April 2017	May 2017	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
104	148	166	184	201	201	201	155	155	155	147	147

HDC

April 2017	May 2017	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
74	98	110	123	136	136	136	103	103	103	105	105

3.3 Staffing

The move to checking RTI cases will be an assessor function and a departure from how the FERIS work is currently done. We have done a high level calculation (using 30 mins per referral) and anticipate that the increased workload will equate to 50 hours per week across all 3 LA's.

Based on HBBC salary (top of scale 4 including on-costs) an assessment officer would be paid £28,184 and by opting we have the option to employ up to 1.4 FTE's.

In their letter of the 8 March 2017 the DWP have confirmed that LAs who are currently using FERIS funding for proactive activities should now refocus their priorities and use funding to focus on combating incorrect earnings.

We have also spoken with the DWP FERIS team to confirm that we will be using the unspent ring fenced FERIS grant to support this activity.

It is feasible that the work of the FERIS officers can continue with a focus on the following activities:

- review self-employed earnings where a new set of accounts is available since the last HB entitlement calculation.
- review earnings cases that have not been reviewed for more than 12 months.
- review cases with irregular earnings patterns.
- review those cases that have been determined as high risk by the RBV software.

Once it has been established that there is a discrepancy in the claim it is the responsibility of the assessment team (the decision makers) to suspend and re-assess the claim.

Given the available budget from the unspent FERIS funding (see below) it is feasible that we also employ a temporary assessor who will be responsible for completing the work generated by the existing FERIS officers and to support the RBI initiative which is entirely consistent with the requirements of the funding.

Ring fenced Budgets	
FERIS maintenance funding	£56,600
RBI funding	£40,635
Total	£97,235
Expenditure	
FERIS staffing costs (1 FTE inc on-costs)	£22,080
Assessor staffing costs (1 FTE inc on costs – FERIS & RBI)	£28,184
Assessor staffing costs (1.4 FTE inc on costs – RBI)	£39,458
Total	£89,722

3.4 Why opt in?

- Funding will only be available to those LA's opting in, but can only be used for staffing costs.
- According to the DWP 70% of LA's had opted in at the 20 April.
- Protecting the public purse is very high on the political agenda and LA's have both a moral and statutory duty to have measures in place that reduces fraud and error in the benefits system.
- LA's have had the option of processing optional RTI's for a little while however enhancements to the software now mean that earnings information can be automatically loaded into our IT system and crucially funding is now available.

- The DWP will be increasing the amount of earnings cases that are matched with HMRC data this means that changes will be picked up much quicker and will reduce the value of overpayments.
- LA's will not be penalised for failing to deal with referrals they do not have the capacity to deal with so there are no HB subsidy implications for those cases that are not transferred into our system. The DWP are keen not to penalise LA's for spikes in the number of referrals and at this point in time there is no indication that funding will be reduced if a LA has taken reasonable steps to deal with the cases in hand.

3.5 Concerns with opting in?

- The forecasted volumes of referrals are indicative and we may receive more than those projected which will impact on our core processing
- If the overpayment cannot be collected from on-going benefit there will be an impact on the enforcement team. There is no additional funding to support recovery of the overpayments.
- Failure to carefully monitor the number of optional RTI's loaded into our system and not completed within 4 weeks could result in subsidy loss as a technical LA error.
- Conversely, we may not receive the referrals predicted
- We may not be able to recruit to the additional roles on a temporary basis, leaving us in a poor starting position.

3.6 Monitoring and Reporting

Management Information (MI) requirements are being developed to monitor and evaluate the RBI performance. The DWP's performance development team (PDT) will work collaboratively with LA's who have low levels of productivity, e.g. the volume of Optional RTI referrals processed, or case reviews are below expected levels.