



Leicestershire Partnership Revenues & Benefits

Reducing Fraud and Error in Housing Benefits

November 2018

1. PURPOSE OF THE REPORT.

- 1.1 To provide the Joint Committee with details of the Department for Work and Pensions latest initiative to reduce fraud and error within Housing Benefit (HB).

2. RECOMMENDATION

- 2.1 That the content of the report be noted.

3. BACKGROUND

3.1 The Self Employed

DWP analysts have highlighted that HB cases with self-employed earnings continue to be a source of significant fraud and error and have identified that 45% of current HB claims with declared self-employed income have remained unchanged for at least 12 months – approximately 75,000 cases in total across Great Britain.

DWP has recently led a small test in three volunteer LA's. The LAs were provided with a sample list of 'unchanged' self-employed cases, and were then asked to carry out normal review action in accordance with existing guidance. Preliminary results indicate that many of the claims were incorrect; several were suspended as no response was received to requests for information, and many were likely to be terminated in due course. DWP believe that there are significant opportunities to correct HB in these cases.

The initiative required each LA to review their non-passported self-employed caseload, where there has been no change in self-employed income recorded in the last 12 months.

DWP will support this activity by providing appropriate funding (based on the data collected in the small test), and a one-off list of cases is to be delivered to LAs in late August/early September 2018 and smaller periodic scans to pick up 'new' cases starting December 2018. Reviews need to be completed by the end of the current financial year.

Like most of their initiatives the DWP's approach was to allow LA's to opt out but obviously hoped that all LAs would participate once they were made aware of the likely volumes and indicative funding.

3.2 History of DWP initiative's

Since 2015, there have been a number of funded initiatives put forward by the Department for Work and Pension to combat fraud and error within Housing Benefit.

- FERIS (the Fraud & Error Reduction Incentive Scheme)
- Mandatory RTI (Real time information)
- Optional RTI (Real time information with a choice to opt in)

- VEP (Verification of Earnings and Pension)

All of the initiatives detailed have been (and in the case of VEP is currently) funded by the Department for Work and Pensions. However by their very nature these initiatives are short term and can be difficult to resource. The expectation from the Department for Work and Pensions is that funding is used to employ the necessary resources to effectively carry out these initiatives. However, due to the temporary nature of the roles, and the fact that the high level of assessment skills required to carry out the initiatives are no different to that of an experienced assessor, it is incredibly difficult to attract skilled staff on this temporary basis.

This has been evidenced most recently whilst advertising the VEP role's.

3.3 Measuring the success of DWP initiatives

Since the transfer of Housing Benefit fraud to the DWP as part of the SFIS project in March 2016, figures published by the Department for Work and Pensions show that the amount of overpayments raised nationally due to fraud have increased twofold, from a level as low as 1.8% of the total expenditure paid out for housing benefit in 2013, to a current level of 4.6%. Whilst this is a substantial increase, it is hard to determine the reasons for the increase.

For example do these statistics mean that since HB fraud was transferred to SFIS there is more fraud occurring as low level fraud is not routinely investigated by the DWP. The DWP's threshold for prosecuting cases is where the amount involved exceeds £5,000. Or conversely have the levels of overpayments identified increased because of the initiatives above and our focus changing to actively seek out fraud and error.

Perhaps a fairer comparison is to consider the fraud and error overpayments identified within the housing benefit caseload nationally. This has shown an increase of 0.1% every year since 2013, with it currently at 2.1% of total expenditure.

4. EFFECTS ON CURRENT PROCESSING

4.1 Self employed work already undertaken

Our current housing benefit caseload consists of the following number of self employed cases currently in payment

HBBC	HDC	NWL
123	77	113

Between September 2017 and January 2018, as part of the FERIS initiative, we actively sought to review our self employed caseload, ensuring that all cases which had not been reviewed in the past 12 months were sent a review form and the resulting self employed earnings declared amended. This was approximately 40% of total cases with self employed earnings.

Because of the nature of self employed businesses and the income fluctuations that can occur we already have in place a robust verification regime that ensures cases are

closely monitored ,with new businesses reviewed after 3-6 months of trading, and other more established businesses reviewed every 12 months (in line with when they receive their annual accounts).

Taking our previous efforts into account it was our belief that the self employed initiative would not pick up many cases that have been unchanged in the past 12 months, therefore the impact on our resources would be minimal.

4.2 Actual cases requiring reviews

The subsequent number of self employed cases provided by the Department for Work and Pensions (DWP) requiring reviews were as follows :-

	HBBC	HDC	NWL
Indicative numbers provided by DWP	107	78	104
Actual numbers	26	19	11

These cases (56 in total) were all completed by 25th September 2018.

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