



Leicestershire Partnership Revenues & Benefits

**FRAUD & ERROR REDUCTION
INCENTIVE SCHEME (UPDATE)**

1. PURPOSE OF THE REPORT

- 1.1 To update the Committee on the participation in the DWP Fraud & Error Reduction Incentive Scheme (FERIS).

2 RECOMMENDATION

- 2.1 That the content of the report be noted.

3. BACKGROUND

The latest National Statistics on Fraud and Error in the Benefit System show that estimated Housing Benefit monetary loss due to fraud and error is at a record high; 6% of benefit expenditure equating to an estimated £1.45 billion.

As part of the DWPs commitment to driving down Housing Benefit fraud and error they launched the DWP Fraud & Error Reduction Incentive Scheme (FERIS). The scheme runs from December 2014 through to March 2018. It offers a financial reward to LA's who achieve reductions in the amount of awarded Housing Benefit (HB) through the identification of changes in circumstances and by encouraging customers to self-report changes.

3.1 Why the Partnership joined the Scheme?

It was anticipated that most LA's would undertake this work as there would have been reputational risk in not doing so and there is obviously the financial incentive available to all LA's who sign up to the scheme..

In addition to ensuring that the right Benefit is paid to the right customers and that allegations of housing benefit fraud are referred as appropriate (LA's no longer have responsibility for investigating HB fraud) , the Partnership LA's have the responsibility of safeguarding the financial wellbeing of their residents. This can be done by minimising and preventing future overpayments of benefit through the early identification of changes in circumstances and by ensuring that residents and stakeholders are educated about the types of changes that they must report and of the consequences should they fail to do so.

Historically claims were periodically reviewed by the Benefit Intervention officers through visits and the completion of postal reviews. The majority of changes in circumstances that aren't declared however are picked up through data-matching between the LA and DWP/HMRC. Although this is effective, it does not enable the LA to focus on certain high risk groups which may 'fall through the cracks', such as self employed claimants and/or undeclared capital cases.

FERIS funding has enabled us to be far more proactive, efficient and targeted in identifying and preventing undeclared changes and by doing this effectively, the Partnership will also minimise overpayment-related financial hardship to customers and the overall level of Housing Benefit overpayments in recovery.

3.2 Funding

The funding for 2015/16 was split into 2 areas which comprised a start up and a BID fund. The start up fund was provided to help LA's put in place effective resources to enable them to meet the FERIS thresholds. The total award was £16,132

The bid fund allows LA's to bid for funding for new and innovative ideas that will provide a return on investment in terms of improving levels of Fraud and Error; such as marketing campaigns and increasing interventions. We were successful in securing BID funding which amounted to £58,150

Additionally Local Authorities were encouraged to apply for funding for 2016/17 and the partnership were successful in securing a total of £31,650

3.3. Activities

Interventions

From the 1 August we have employed a second part time FERIS officer. The officers will deal with all matters associated with new claims, intervention reviews and any change of circumstance or queries that may arise as a result of the FERIS project. The main thrust of their work is to identify high risk cases where there has been no change in benefit entitlement for some time. The vast majority of cases are dealt with via a telephone interview and where there are discrepancies in the information we currently hold against the information provided their claim will be suspended whilst it is investigated/re-assessed.

From the 1 April 2016 a total of 882 cases have been looked at resulting in the review of 452 claims for housing benefit. There are a number of possible outcomes of the review which may include a reduction in entitlement to housing benefit, no effect as the change in circumstances does not affect entitlement or where there is a suspicion that the claim may be fraudulent this will be referred to the DWP fraud and error team to investigate.

Publicity Material

A flyer promoting the need to report changes in circumstances is sent with every housing benefit award letter. Where an opportunity presents itself notices are also placed in local newspapers.

From the 1 April a total of 86 claimants have used the flyer to communicate their change of circumstances to the partnership.

Radio Advertising

A radio campaign has been developed with HFM promoting the need for claimants to alert the LA to a change in their circumstances which will run for 13 weeks from 8 August.

3.4 FERIS Incentive Payments

As previously stated FERIS is an incentive scheme that offers a financial reward to local authorities that find reductions to Housing Benefit entitlement as a result of claimant error or fraud. To date NWLDC have received incentive payments totalling £10,266 and it's our hope that we can replicate this for the other 2 LA's as the project moves forward.

As we are in some ways victims of our own success the more we identify in housing benefit overpayments the more the LA's have to recover therefore it has been decided that additional resources will be employed within the partnership to recover the overpayments identified by the FERIS project, this will be financed by the incentive payments received.

3.5 Budget & Spending

Budget b/fwd	£66,963
Funding 2016/2017	£31,650
Budget	£98,613
Spending plans (to date)	
Change in circumstance leaflets	£3,000
Interventions Officers	£20,900
Assessment (additional processing time)	£4,000
Radio Promotion	£1,415
Budget Commitment	£29,315
Available Budget	£69,298