



Department  
for Work &  
Pensions

# Wider Use of Real Time Information (WURTI), Right Benefit Initiative (RBI) and Wider Issues

IRRV Welsh Conference 16<sup>th</sup> June 2017

Adrian Shooter Deputy Divisional Director HDD Change and Business Management

# Current Position (RTI)

- Continue to issue RTI BDM referrals (mandatory)
- Right Benefit Initiative launched March 2017 (optional)
  - Provides additional funding to reduce HB F&E
  - Focuses on earnings related F&E
  - Optional RTI automated April 2017
  - Size of HB/HMRC record match increased from 350,000 records to 950,000 records
- Right Benefit Initiative Take Up
  - 85% (opted in)
  - 15% (opted out)
- Wider Use of RTI (WURTI)
  - Roll Out (April to November 2017)
  - Alerts service (Autumn 2017)



# Wider Use of RTI

WuRTI provides the potential to eliminate PAYE HB F&E. The solution gives operational staff access to PAYE earnings & pensions data from employers and pension providers in real time.

## **Increasing accuracy of claims entering the system** **Prevention**

Operational staff will be able to check PAYE records at the start of a benefit claim to check for earnings and pensions.

Having this data available when assessing a new claim will increase the accuracy of claims entering the system.

This supports the Fraud Prevention agenda

## **Keeping payments correct during the life of the claim** **Detection**

An alerts service providing notification when:

- new earnings or pensions come into payment
- amounts change during the life of the claim

These alerts will help keep payments correct throughout the life of the claim.

Prevention of error upstream delivers significant efficiencies down stream (removes correction & recovery).

# WuRTI HB Alerts Service

Currently developing a catalogue of business rules to trigger alerts

- Start or end date reported for earnings and non-state pension.
- Flexible drawdown from pension, or payments with a pay frequency of irregular or one off.
- Fluctuating earnings
  - works at payslip level.
  - ability to ignore fluctuations below a configurable amount .
- Currently working with LA representatives to find a workable solution to fluctuating earnings alerts and outcomes from the LA test which concluded at the end of April 2017



# RTI Service Current Position in DWP

## Pension Credit (PC)

- April 2016 WURTI used for all new PC claims
- Service rolled out for Reviews June 2016
- PC Migration to start in June 2017

## Carers Allowance

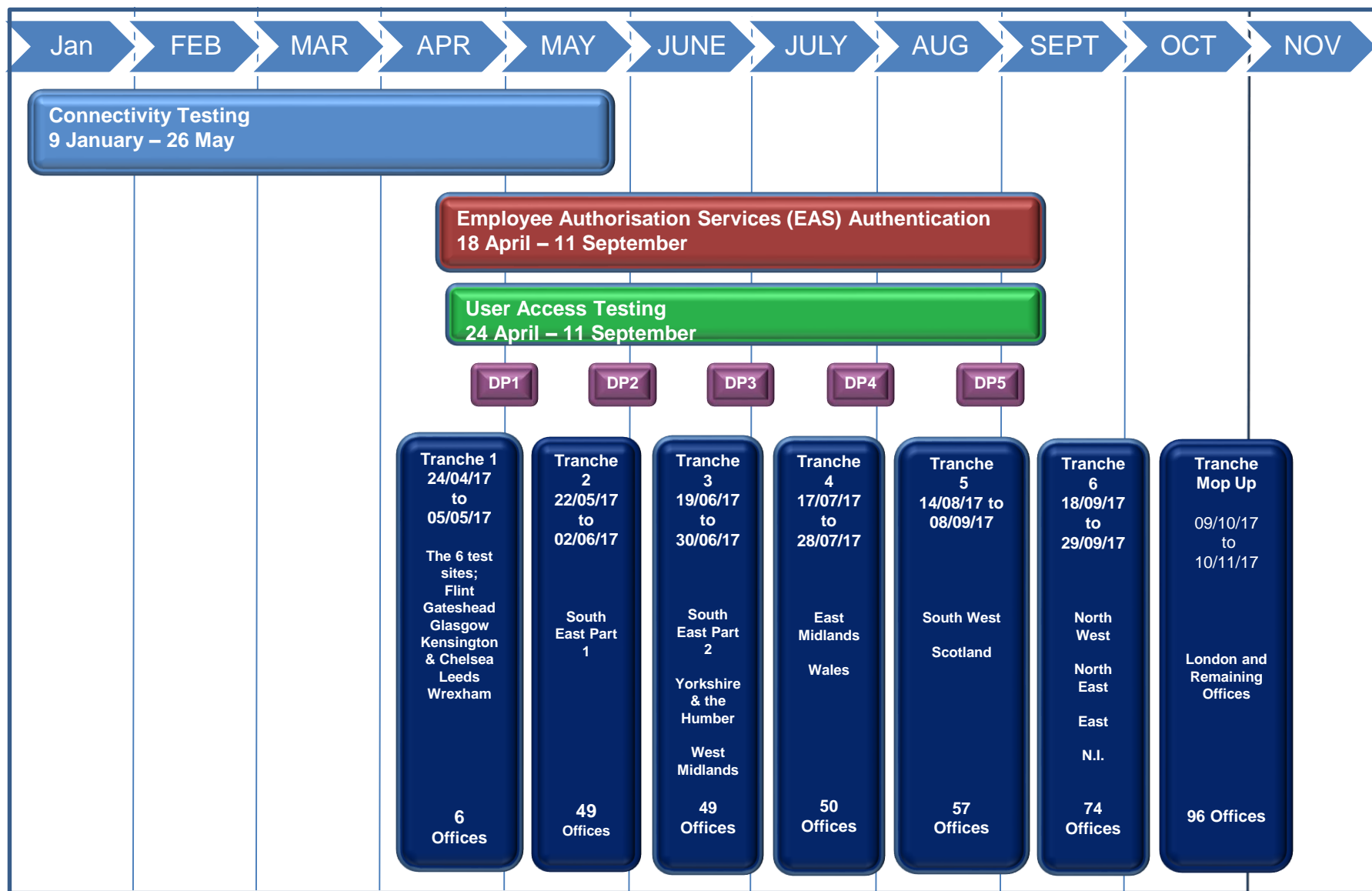
- Testing completed in July 2016
- Phase 1 of rollout completed November 2016
- Planned approach for continuing rollout to be developed by 31 July 2017

## Working Age Benefits

- ESA - testing for new claims completed July 16 and for Change of Circs December 2016. Planned approach for continuing rollout to be developed by September 2017
- JSA – testing completed on 18 November 2016. Planned approach for continuing rollout to be developed by September 2017
- IS – plans being developed for testing by September 2017



# HB RTI Roll Out Timetable



# Local Authority Testing

- 6 volunteer LA's, Glasgow, Leeds, Wrexham, Kensington and Chelsea, Flintshire and Gateshead
- Phase 1 testing completed Dec 2016
  - Demonstrated the User Interface
  - Discussed potential scope of testing
  - Confirmed UI met business needs
  - Findings consistent across all LAs, no major issues identified
- Phase 2 testing completed 21 April 2017
  - Review of the training material feedback
  - Outcomes from the Work Study into the timings of process steps
  - Review of the incidents and issues recorded during the test period
  - Anecdotal evidence collected during stakeholder meetings/visits
  - Usability visits
- DWP Housing Delivery Division (HDD) review





# Change of Circumstances

- Our aim is use HMRC earnings and occupational pension data to notify LAs of meaningful changes that result in a change to HB entitlement.
- Our challenge is to
  - Ensure that alerts add value and that nugatory work resulting from alerts that do not result in HB change are eliminated or minimised
  - Whilst minimising the risk of blocking/excluding meaningful alerts
- There are 2 main issues
  - Fluctuating earnings alerts for claimants with an irregular working pattern, and
  - Customer notifications followed up by an alerts





# Options (fluctuating alerts)

Options being considered include –

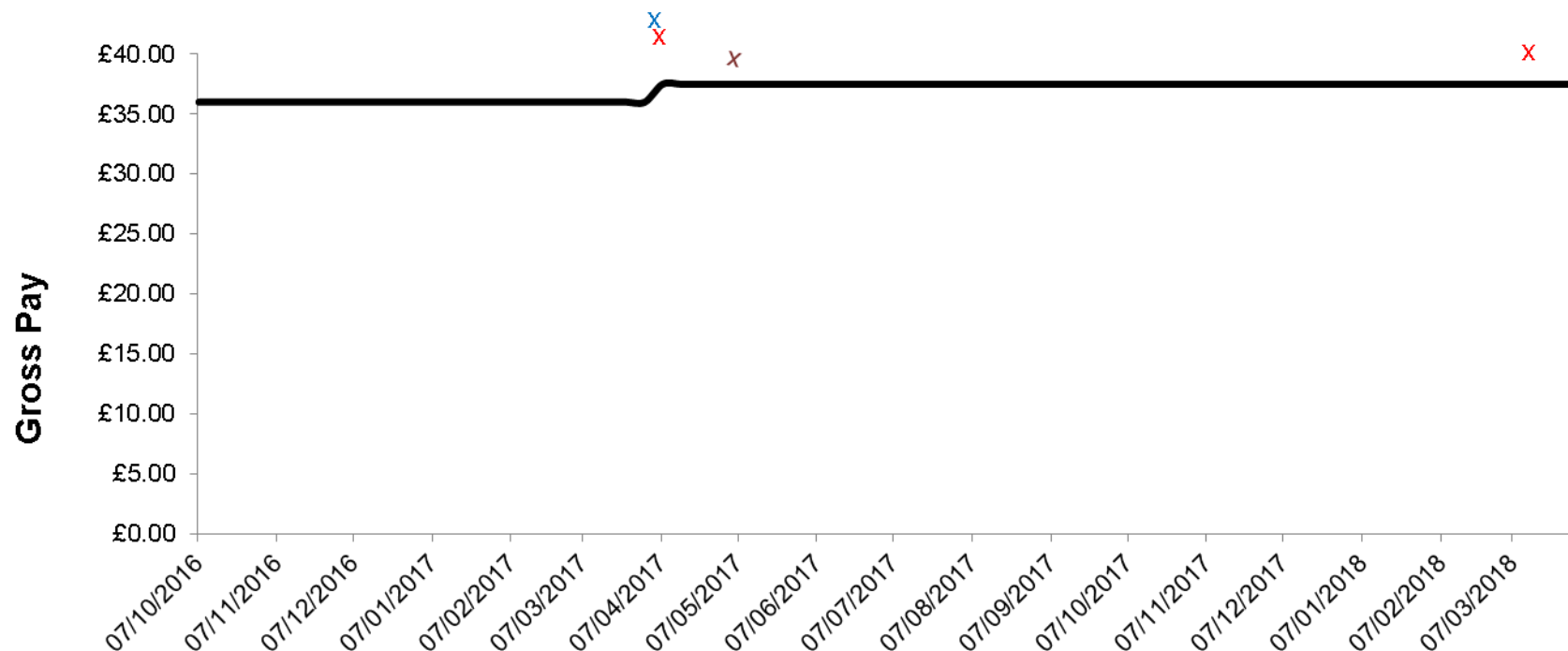
1. Continue with **existing designs** (or tweak) as per current test in 6 LAs
2. New business rule - review claimants income as part of a **rolling schedule** and only trigger once a financial threshold exceeded (compares average earnings in one period compared to average earnings in a previous period)
3. New business rule -check payments received during a **review period** (averages 5 weeks 2 months earnings to previous 5 weeks 2 months earnings) and trigger alerts only if any changes during that period
4. New business rule – **identifies irregular earning patterns** e.g. 5 weekly changes or 2 monthly changes in last 3 months and blocks the alert.
5. Using WuRTI as a **review tool** to allow LAs to use the system periodically as part of a regular review or when agent has a valid need to use WuRTI as appropriate (no fluctuating earnings alerts)
6. **LAs identify** and exclude claimants with irregular earning patterns



# Summary of Proposed Options

1. Check payments received during a **review period** (averages 5 weeks 2 months earnings to previous 5 weeks 2 months earnings) and trigger alerts only if any changes during that period over a minimum amount
2. The average earnings (**from payslip data**) of period 1 is compared to period 2.
  - A fluctuation of more than £x would trigger an internal alert. If more than x number of internal alerts are generated with a defined alert period then this would trigger an external alert (in this scenario an external alert to LAs is generated if more than 3 out of last 5 calculations have resulted in a fluctuation)
  - There is a maximum number of consecutive alerts issued (in this scenarios it is 3)  
New business rule - review claimants income as part of a rolling schedule and only trigger once a financial threshold exceeded (compares average earnings in one period compared to average earnings in a previous period)
3. **A rolling average** is produced each time a new payslip is received. This is then compared to the previous average. A variation of more the £x would generate an internal alert.
  - If more than x number of internal alerts are generated with a defined alert period then this would trigger an external alert (in this scenario it is more than 3 out of last 5 fluctuations)
  - There is a maximum number of consecutive alerts issued (in this scenarios it is 3)

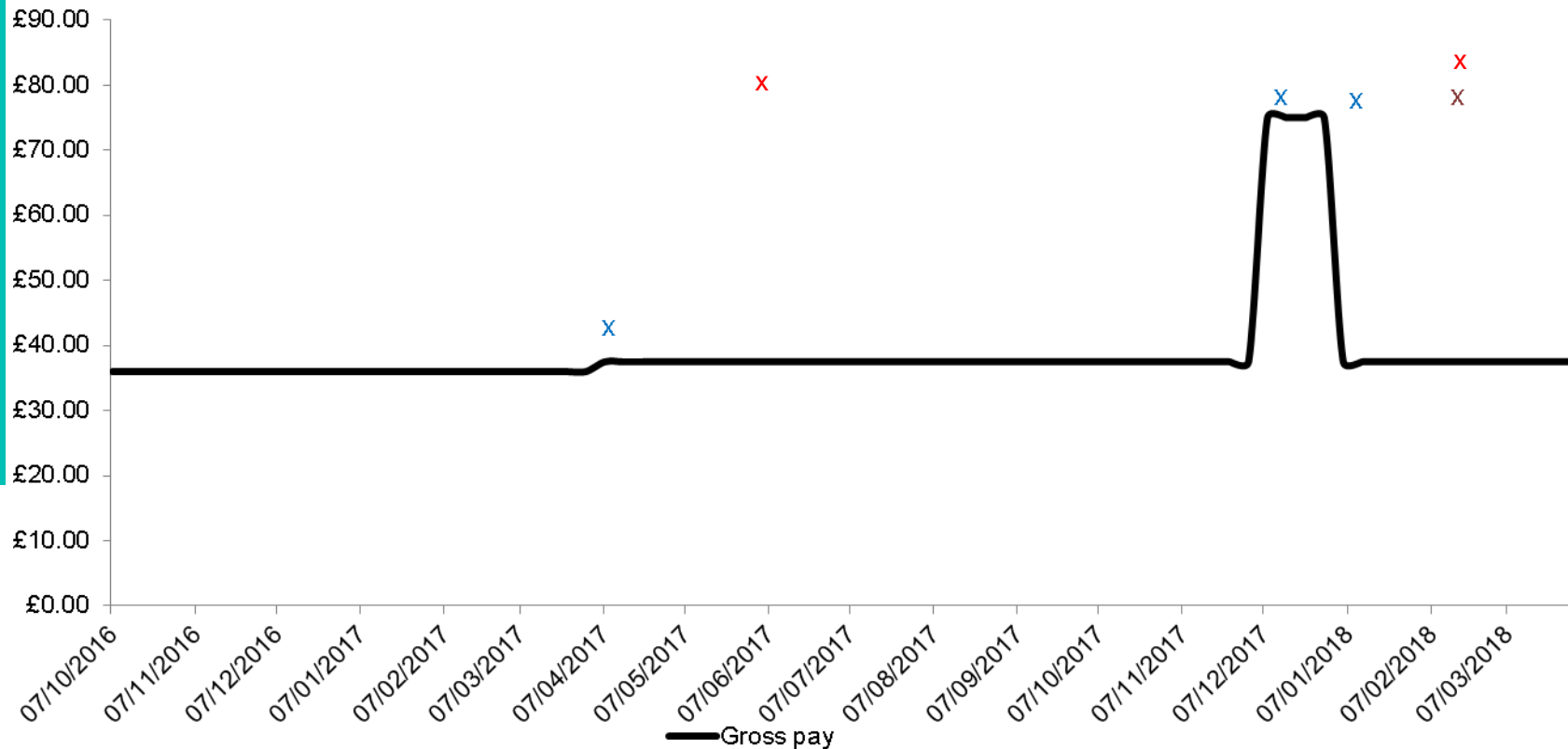
## Mick - Permanent uprating/wage increase



### Key messages

- LAs would prefer not to receive an alert after 1 change in pay slip. LAs prefer a slight delay to help them establish whether the change is material and sustainable.
- April national living wage uprating – LAs depend on staff highlighting through b/f dates. LAs would probably prefer to receive alerts to ensure that changes are captured however they appreciate that many of these will already have been

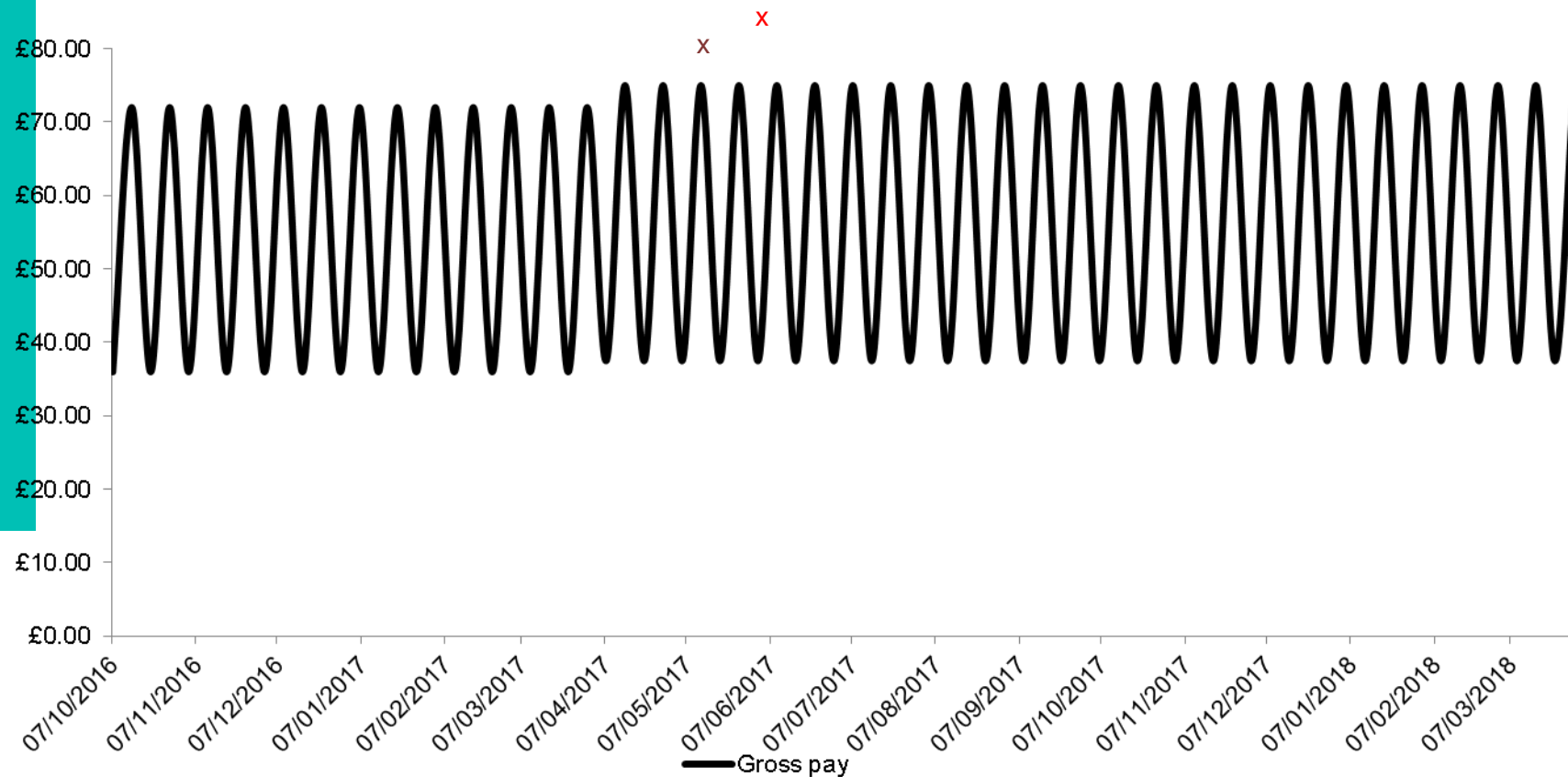
## Tony - a one off increase in hours at xmas



### Key Messages

- Most LAs did not want to be notified of one off pay periods with overtime, but did want to be notified if the overtime ran over several pay periods.
- Trying to establish the volume of one off pay increases of this nature – no solution identified

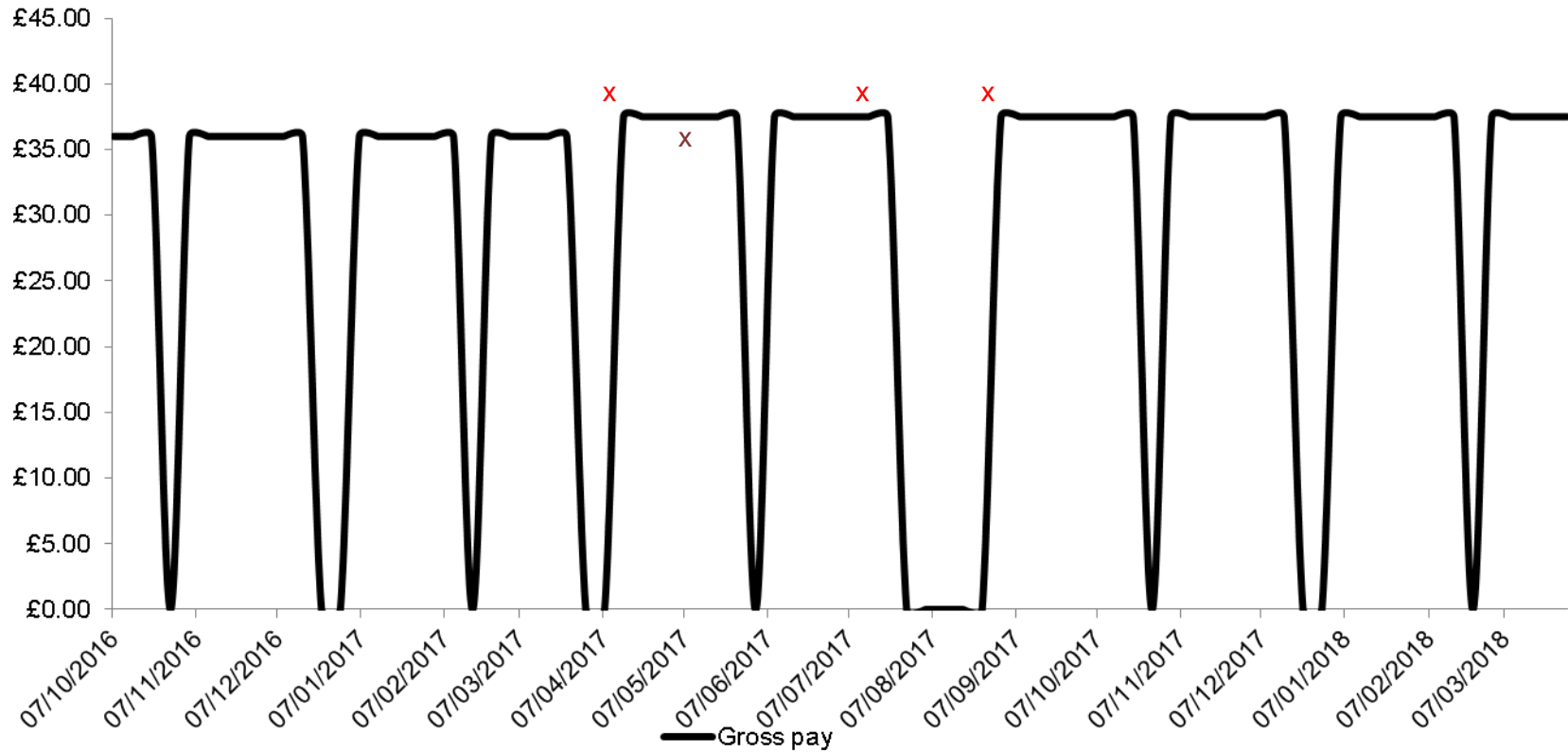
## Paula – cyclical changes



### Key Messages

- LAs wanted to pick up the pay increase from April but none of the other cyclical changes as earnings are probably averaged in these cases

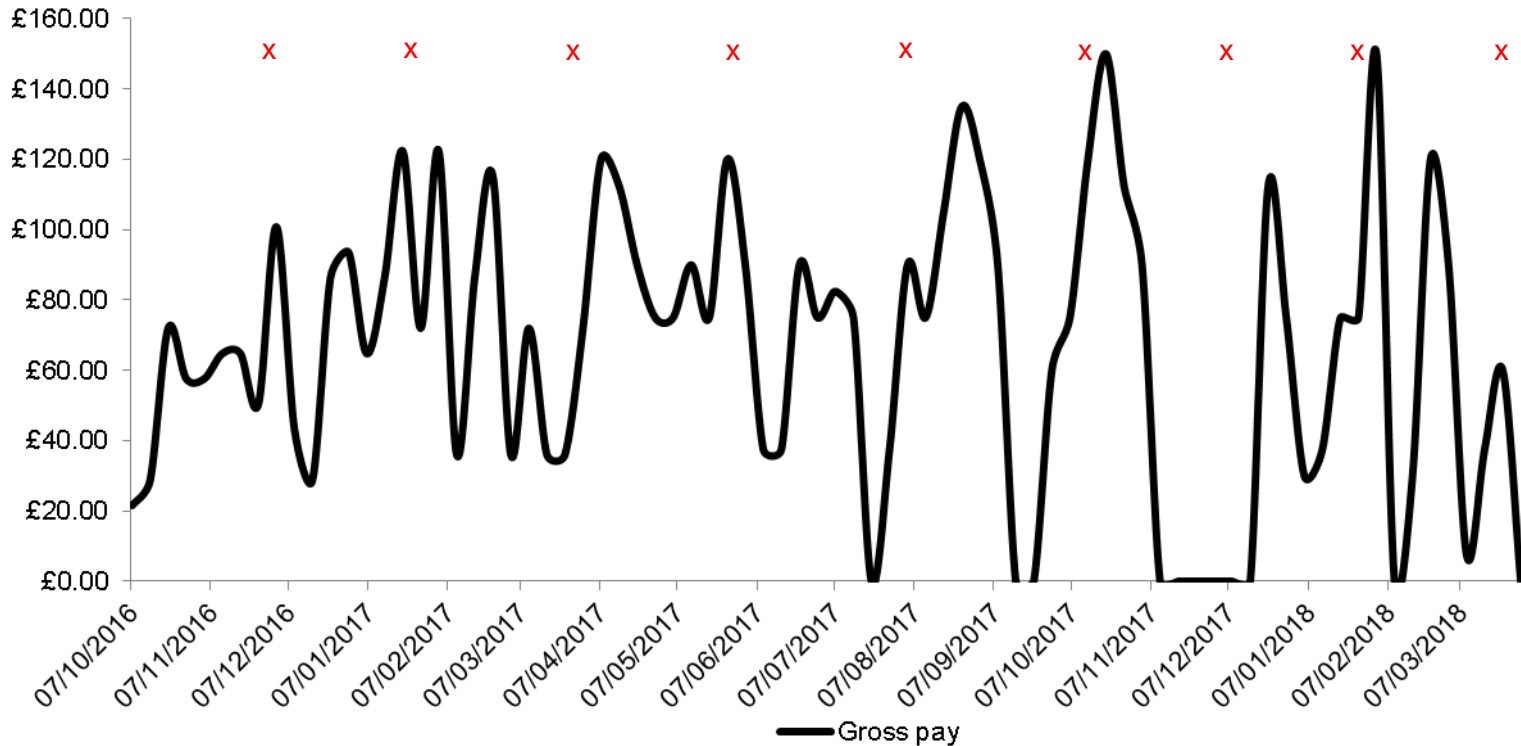
## Rob – term time only



### Key Messages

- LAs did not want alerts as earnings are probably averaged across the year for term time earners

## Ben – volatile earnings



### Key Messages:

- LAs do not want an alert each time earnings change they would prefer periodic alerts based on average earnings over say a 3 month period
- Different rules and thresholds may need to be applied to stable and unstable earnings scenarios



# Proposed HB Migration Overview

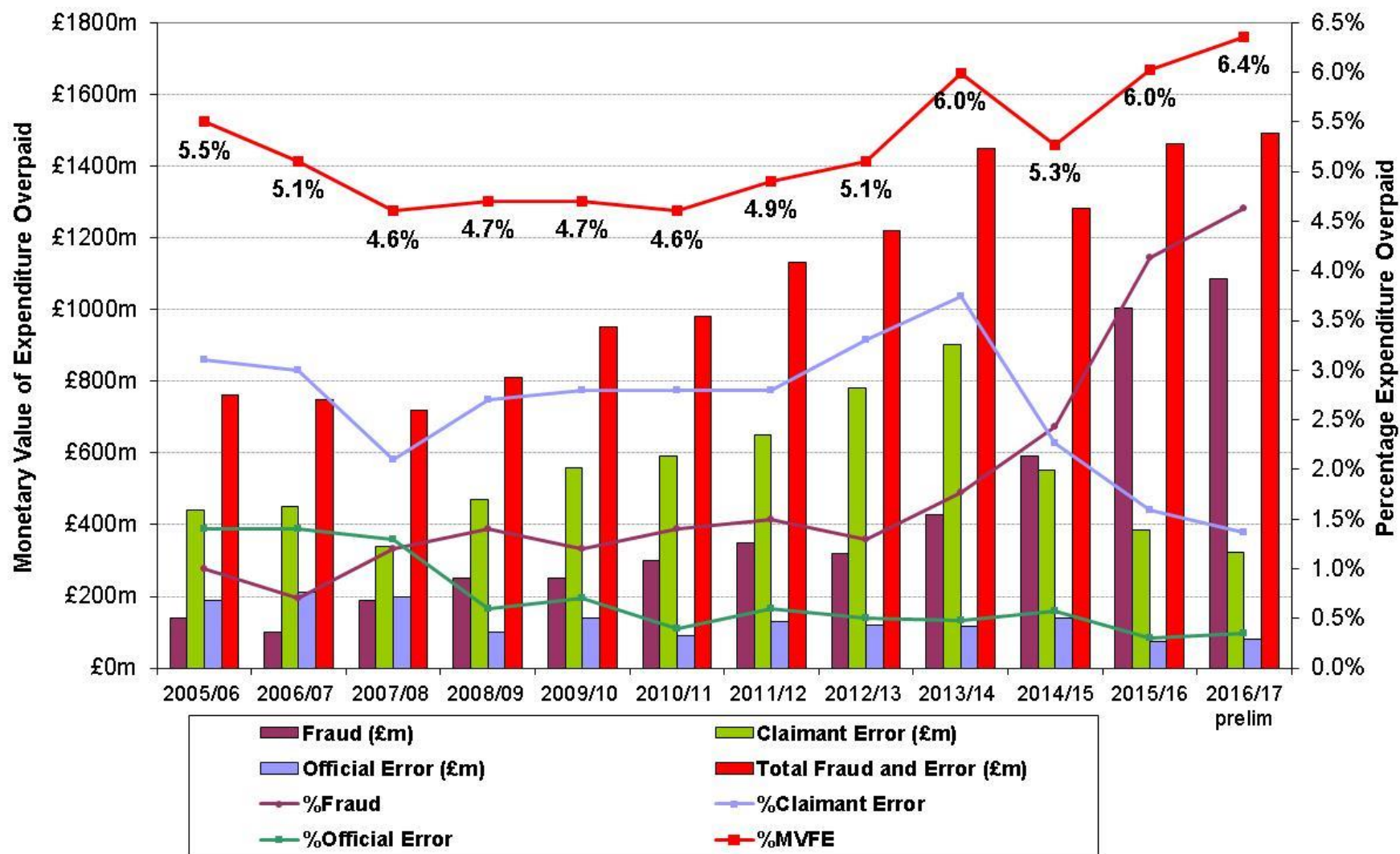
- Migration –
  - all existing HB non-passported claims will be registered automatically
  - once existing claims have been migrated LAs will only be required to register New Claims.
  - migration will only take place once the RTI service had been fully rolled out.
- RTI BDM will be used to automatically migrate cases to the RTI service
- Following full migration RTI BDM referrals will stop.
- Migration basically means that the HB case (both claimant and partner) will be 'registered' on the RTI Service so that LAs are notified – via an Alert – when a claimant or their partner's income changes.
- The Right Benefit Initiative (RBI) will help to cleanse the HB caseload maximising the opportunity to eliminate historical overpayments prior to the alerts service.
- It is proposed a phased migration approach is taken, allowing some control over the volume of Alerts that are likely to be generated.

# Raising Awareness of the RTI service

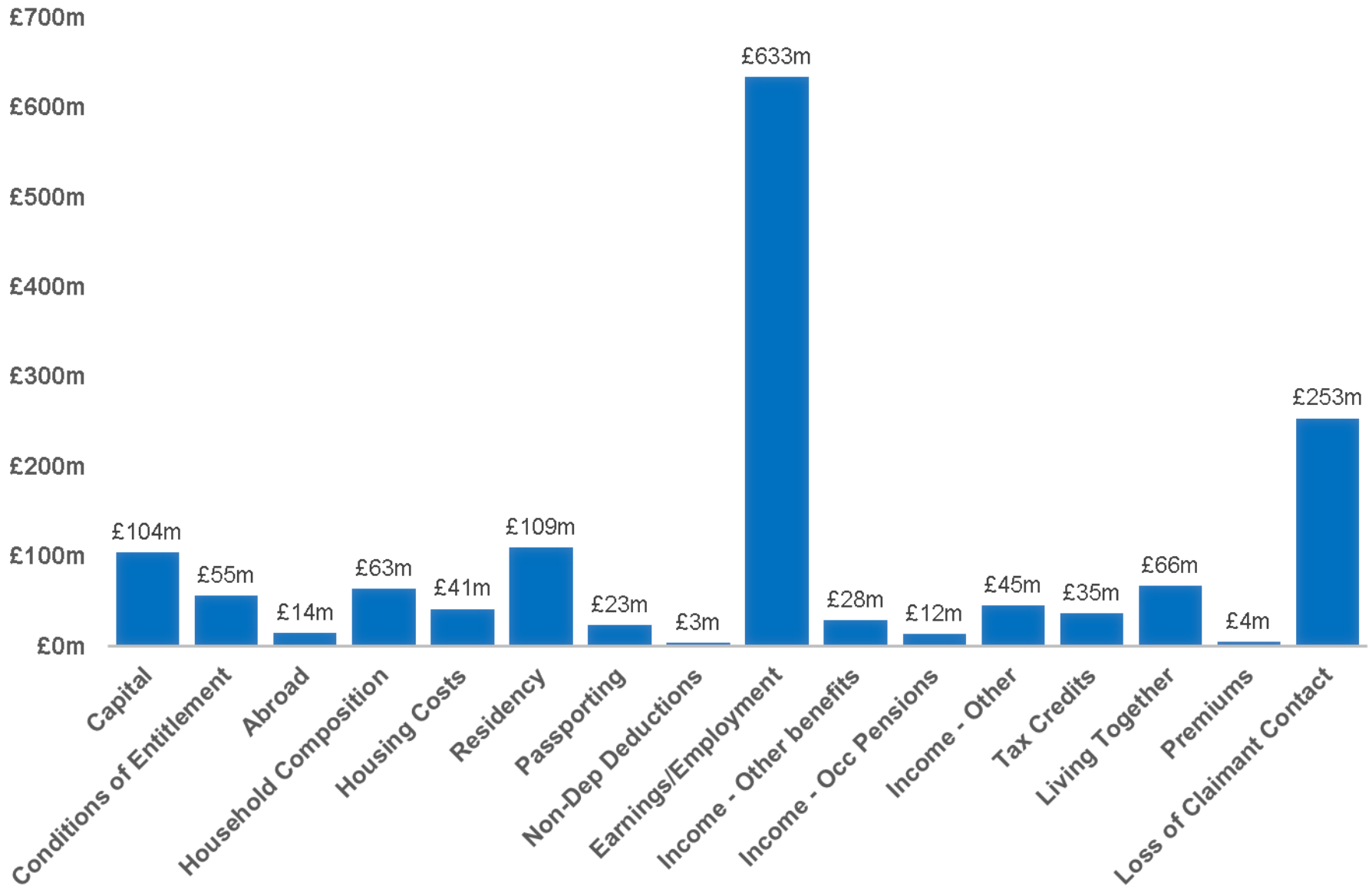
- Articles to raise awareness prior to roll out in HB Direct, General Information Bulletin
- Attending meetings at POG, LAA Steering group etc.
- Attended IRRV workshops across the country in Spring 2017
- Attending Spring Conference in Leeds in May
- Publishing information on Glass Cube
- Issuing on-boarding instructions
- Issuing starter packs, which will include training material etc.
- Holding teleconferences to inform and support HB assessors
- Share Best Practice (PDT)



# HB Fraud and Error Estimates



# HB Fraud and Error Categories 16/17



# Caseload Management Information (CMI)

CMI is an estimate of how well each Local Authority (LA) is managing their Housing Benefit caseload. By identifying the changes of circumstances that lead to a reduction to entitlement, LAs can prevent or minimise overpayments from occurring, thereby minimising Fraud and Error.

The table below details the highs, lows and geographical breakdown since publishing began.

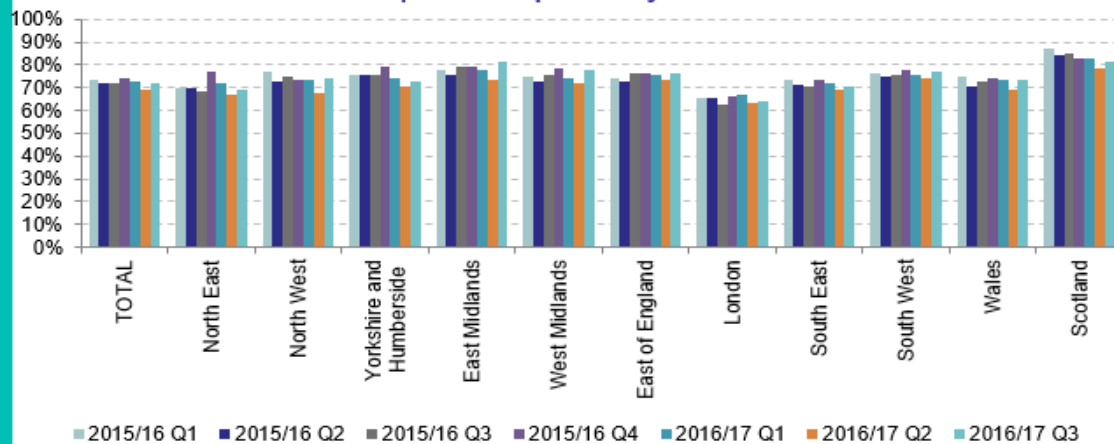
Performance Breakdown	2015/16 Percentage of the Expected				2016/17 Percentage of the Expected		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
High	117.1%	119.5%	108.5%	119.2%	111.5%	115.8%	108.2%
Low	55.0%	51.9%	52.4%	39.3%	53.6%	46.6%	49.2%
Great Britain	73.3%	71.9%	72.0%	74.1%	72.8%	69.1%	72.2%
England	72.1%	71.0%	71.0%	73.4%	72.0%	68.4%	71.4%
Scotland	87.0%	84.3%	84.9%	83.2%	82.5%	78.4%	81.2%
Wales	74.6%	70.4%	72.8%	74.0%	73.4%	68.9%	73.4%

## Key Messages – Quarter 3 2016/17

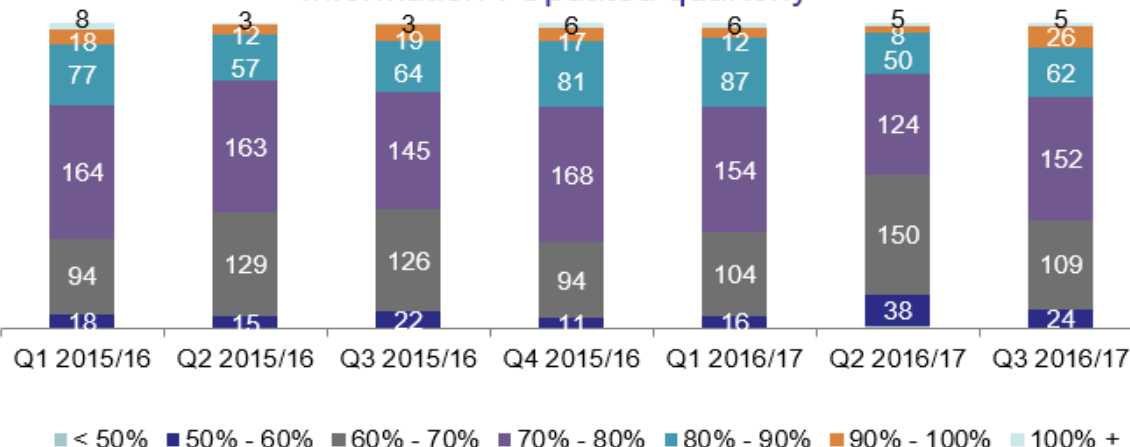
- The latest publication was on 26 April 2017, and covered quarter (Q) 3 – October to December 2016/17. The next publication is due on 26 July 2017.
- Q1/Q2 performance dropped compared to Q1/Q2 15/16 (similar trend in F&E stats)
- Q3 slight improvement
- Scottish LAs have consistently achieved higher CMI scores than England and Wales.
- London LAs have the lowest regional score with an average CMI score of 66%.
- Other than Scotland the highest scoring region is the East Midlands with an average CMI score of 78%.

# Caseload Management Information (CMI)

Caseload Management Information<sup>1</sup> by Government Office  
Region (published official statistics) :  
Updated quarterly



Local Authority Housing Benefit Caseload Management  
Information<sup>1</sup>: Updated quarterly



Local Authority Housing Benefit overpayments  
and underpayments identified<sup>2</sup>:  
Updated six monthly



<sup>1</sup>Reductions to claimant entitlement identified by the LA's divided by the reductions expected in the caseload.

<sup>2</sup>The two data sources differ; underpayment figures are from SHBE, whereas overpayments figures are from the HBRF publication.

# Speed of Processing (SoP)

SoP is a nationally published statistic reporting average local authority (LA) processing times for new claims and changes of circumstances.

The table below details the highs, lows and geographical breakdown for the last 4 quarters..

Performance Breakdown	New Claims				Changes of Circumstances			
	Q4	Q1	Q2	Q3	Q4	Q3	Q2	Q3
High	70	56	50	44	16	26	32	38
Low	4	5	3	3	1	1	2	2
Great Britain	22	24	22	21	4	8	9	9
England	22	24	22	22	4	5	9	9
Scotland	22	23	23	22	4	7	8	9
Wales	20	21	19	18	3	6	7	7

## Key Messages – Quarter 3 2016/17

- The latest publication was on 26 April 2017, and covered quarter 3 – October to December 2016/17. The next publication is due on 26 July 2017..
- Wales have achieved consistently low processing times for both new claims and changes of circumstances.
- Average processing times in quarter 4 for changes of circumstances are always lower this is because LAs process high numbers of bulk one day changes end of year activity for such as uprating.



# National Debt Collection Rates

The debt collection rates are derived from the 2015/16 Housing Benefit Recoveries and Fraud data (HBRF) and the 2016/17 Housing Benefit Recoveries data (HBDR), published twice yearly.

They are the amount of debt recovered expressed as a percentage of the amount of debt identified in each quarter.

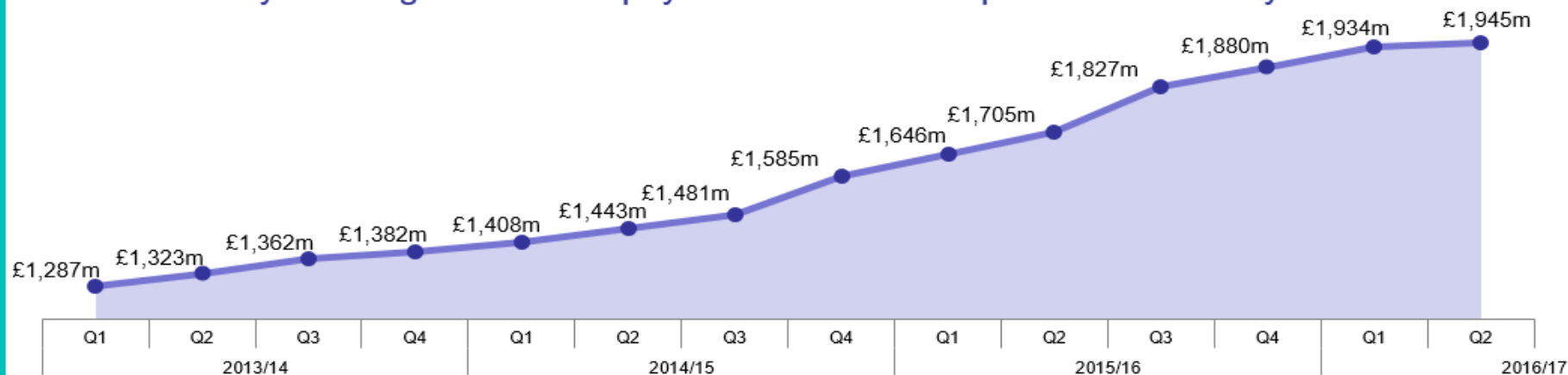
Performance Breakdown	2015/16				2016/17	
	Q1	Q2	Q3	Q4	Q1	Q2
Great Britain	62%	52%	64%	71%	78%	70%
England	61%	51%	64%	71%	78%	70%
Scotland	62%	57%	61%	67%	74%	71%
Wales	75%	72%	76%	78%	86%	84%

## Key Messages

- The latest publication was on 7 March 2017, and covered quarters 1-2 – April to September 2016/17. The next publication is due in September 2017.
- Collection rates are improving as the value of debt raised appears to be stabilising.
- The collection rates for Wales have been significantly better than the GB average and the England and Scotland averages over the last 6 quarters..

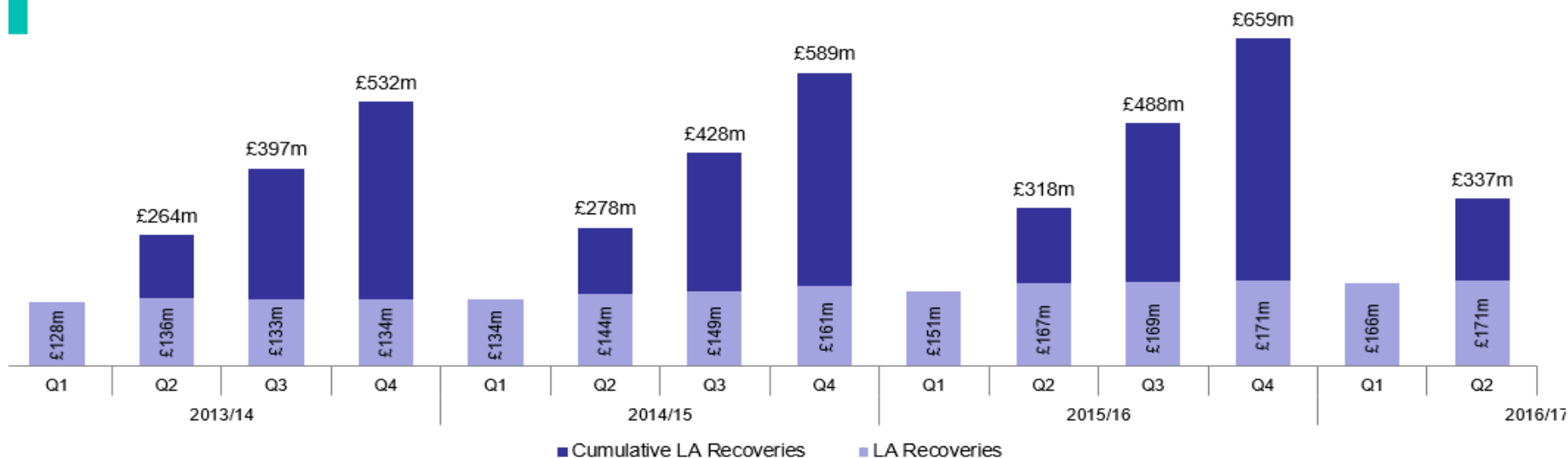
# Local Authority Stock of Debt

Local Authority Housing Benefit overpayment debt stock: Updated six monthly



## Local Authority: Recoveries

Local Authority recovery of Housing Benefit overpayments: Updated six monthly



# Limited Window to MAXIMISE collections

- The window for maximising collections/recoveries is closing
- Some 2 tier LAs are prioritising HB debt collection over council tax collection
- HDD visits to high and poor performing LAs indicate that significant increases in recovery can be achieved by introducing some basic changes
- Increased collections results in increasing spending opportunities and staff investment opportunities



# Case study – higher performer

- Changing the culture of staff
  - highlighting £1m of recoverable overpayments being created each year,
  - opportunity to generate significant income that could be used by the LA to save jobs and improve services.
- Staff were made aware of; the subsidy impacts
  - LA only reimbursed 40% of HB overpayments
  - full amount of HB overpayment recovered belongs to the LA.
- This has led to the LA
  - Recovering £1.227m worth of HB overpayments
  - This was more than the amount of £1.079m identified for the same year.
  - Recovery rate is more than 50% higher than the national average
  - Additional 50% equates to £540k increased revenue for the council
- In addition to raising awareness levels, this LA carried out a full review that included its overpayment policies, procedures, processes, people and partners.

# Case study – poor performers

- **Recovery rates are not regularly reviewed.** This council has a policy of setting pass-ported cases to a recovery rate of £3.70 per week. They have 1,650 cases (out of a total of 3490 cases being recovered through on-going benefit) set to a recovery rate of £3.70 or less.
- They have another 1,751 cases being recovered below the DWP maximum reduction rate. A simple calculation shows that if all these cases were increased to the DWP maximum, a further amount of £667k recovery per annum could be generated as a minimum.
- If an instalment agreement breaks down a report is produced **after a period of 2 months of nil payments.**
- **A £2,900 debt will take 10 years to recover at £25 per month, DEA is an option, but this had not been considered**
- A £2,987 landlord debt currently being recovered at £1 per month will take 249 years. A charging order could be placed on the landlords residence
- **A case with £3,890 being recovered at £10 per month (33 years to recover) customer now back on HB and has earnings so recovery could be increased to £16.10 resulting in the debt being repaid in 4.5 years**
- A debt of £13,306 owed since October 2012, has no recovery in place almost 4 years later pending finalised appeal outcome
- 1 debt will be repaid in 72 years at £1 per week

# Summary

- Limited window to recovery HB debt prior to UC migration
- How does your performance compare to other LAs?
- How do you prioritise HB debt – 100% collections belong to the LA
- Undertaking a review and applying fairly basic collection/recovery good practice could yield significant results
- What more could you do in your LA (Spend to Save opportunities)?