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# DWP Welfare Reform, Fraud, Error and Debt - A Progress Report

IRRV Severnside and South Western Association 15<sup>th</sup> January 2016

Alan Sullivan Performance Development Team

# Topics

- FERIS/FERIS 2/CMI
- Universal Credit Update
- Housing Benefit Review
- SFIS
- HB debt recovery
- Benefit Cap



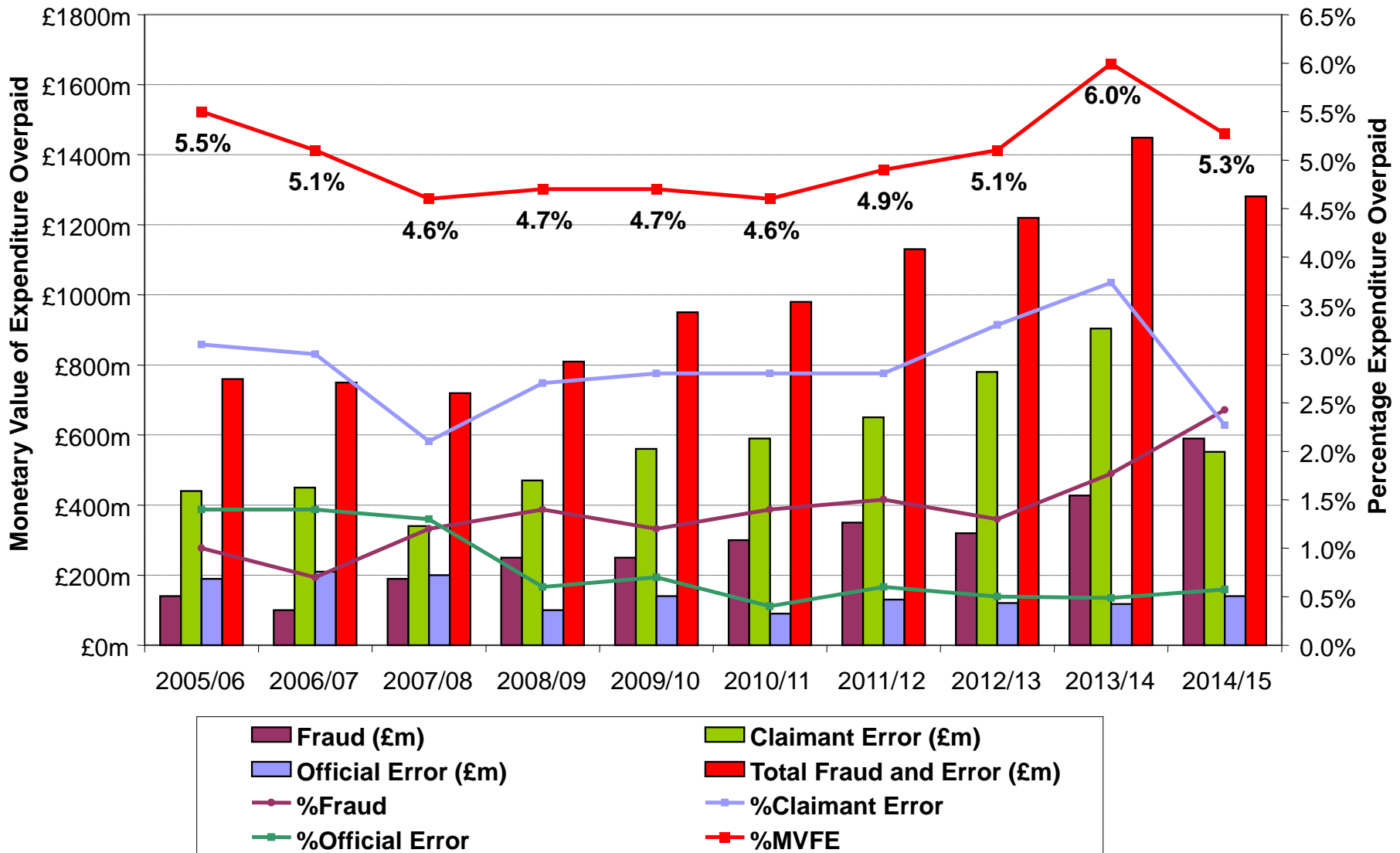
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# FERIS, FERIS2, CMI

# FERIS Introduction

- Launched 24<sup>th</sup> November 2014
- Estimated Monetary Value of HB Fraud & Error (MVFE) increasing year on year
- 2013/14 estimates loss of £1.45bn
- Claimant error largest contributor at £900m (38% increase from £650m in 2011/12)
- **FERIS objectives:**
- Encourage LAs to find and correct more incorrect and fraudulent HB claims
- Encourage LAs to get claimants to come forward with their changes
- Reduce the monetary value of fraud and error (MVFE) in 2014/15 and beyond.

# HB Fraud and Error Estimates 14/15



# Why FERIS is making a difference

LAs are

- encouraging more customers to declare their changes
- maximising the use of available data and intelligence
- making more interventions in caseload to find and correct problem HB claims
- improving processing and training procedures to increase assessment accuracy.

# Some good practices

Maximising the use of available data and intelligence by:

- setting diary dates for predictable changes
- data sweeps for cases without diary dates
- review regularly Self Employed
- review known occupational pension increases
- review rent shortfall cases with no DHP
- use National Fraud Initiative results.

# FERIS Good Practice Guide

- Available online at:
- [fraud-and-error-reduction-incentive-scheme-good-practice-guide-housing-benefit](#)



# FERIS 2

- Building on the fact that HB Fraud & Error had decreased from 6%-5.3%
- FERIS will be extended for a further two years to build on the good work
- DWP's Project team is currently looking at the design, doing cost benefit analysis and is discussing the methodology with LA representatives
- Looking at a fairer scheme that recognises past activity
- Maintenance Fund and Scheme for 2016-2018
- £25m over 2 years
- Threshold versus caseload issues are being looked at to find an alternative option to the current "cliff edge" element
- Discussion around optional RTI referrals increasing the level of debt
- Communications around the FERIS extension end of January 2016.



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# Universal Credit update

# Universal Credit - History

- Universal Credit, which was available in a number of areas across England, Scotland and Wales, completed its roll out to the whole of the North West of England on 15th December 2014
- From 30th June 2014 Universal Credit expanded to include new claims from couples
- From 24th November 2014 Universal Credit expanded to include new claims from families
- Universal Credit continued its roll out to all Jobcentre Plus offices and local authorities across the country on 16th February 2015.

# Universal Credit – Latest position

- The final phase of Live Service rollout is due to finish the last week in April 2016
- Following the Sutton trial – Croydon and London Bridge will be included in next phase of digital
- Digital Service rollout is due to commence May 2016
- Latest UC figures are:
  - 155,568 people were on the Universal Credit caseload, as of 12th November 2015. Of these, 51,076 (or 33 per cent) were in employment and 104,490 (or 67 per cent) were not in employment
  - 186,645 total starts to Universal Credit up to 12th November 2015. (22,368 starts to Universal Credit were in the last month)
  - 287,310 claims have been made for Universal Credit up to 3rd December 2015. 29,111 claims have been made for Universal Credit in the last four weeks at an average of 7,278 per week.

## Universal Credit – other issues

- Universal Support - the last of the 11 trials finished in November 2015. Evaluation report due to be completed in Spring 2016
- Data sharing operational issues and processes are being reviewed – including MGP1, rent changes, and Valuation Office referrals
- Workshops are being arranged to review and realign end-to-end processes
- LAs advised to feed any UC design issues to the LA Data Sharing Programme
- Issues with recovery of overpayments need to be referred to the Service Centre.



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# SFIS

# SFIS

- SFIS rollout commenced in July 2014 and is set to complete in March 2016
- As at early December 2015 over 300 LAs (75%) have rolled out
- The rollout has so far seen the move of 691 Local Authority Benefit fraud staff from LAs to DWP



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# Housing Benefit Review



# HB F&E Stats

£1.28 billion HB overpaid in 14/15, do you know how figure calculated?

# HBR Purpose

- HBR is part of DWP Performance Measurement (PM).
- PM undertakes claim checks to enable DWP to report F&E for a range of benefits incl. HB.
- It gathers detailed and reliable information at **national** level for the **causes** of fraud, customer and official error.

# HBR process

- HBR starts with LA visit for HB system/DIP prints
- Stage 1 – **preview** HB case for award correctness
- Stage 2 – **visit** customer to complete questionnaire for award correctness
- Stage 3 – **classify** stage 1 & 2 findings. If incorrect, advise LA of error, obtain agreement and amend HB
- Statisticians use HBR data to calculate F&E figures.

# HBR LA key actions

- HB error agreement
- HBR summary report

# HB error agreement 1

- HBR advise LA Error Control Officer (ECO) of the error on a decision pro-forma. **HB manager should monitor**
- ECO has 10 working days to consider the error and respond. After 5 working days HBR will remind ECO
- If ECO agrees error, advises on decision pro-forma.

# HBR error agreement 2

- If ECO disagrees error, advises on decision pro-forma. HBR reconsider the error and revise if appropriate. If HBR do not accept disagreement, and agreement not reached, the case goes to arbitration
- If ECO fails to reply to error within 10 days, or fails to provide reasons for disagreement, HBR treat error as agreed
- If the ECO cannot decide on an error in 10 days, **inform HBR within 10 days that still deliberating.**

# Why is HBR error agreement important?

- HBR checks less than 1% of total HB, so statisticians use checks to calculate an F&E estimate only
- Estimate by “Grossing Up” HBR errors. Every error case has a significant national impact
- “Grossing up”:  
e.g. a Fraud error of £1 = £16,700 nationally  
A £60 error equals £1m nationally

# HBR Summary Report

- At the end of the process each LA issued with a summary report of:
  - Case classification/outcome
  - MVFE
  - Error agreed - Yes/No?
  - Case suspended - Yes/No?
  - Date decision provided to LA
  - Arbitration - Yes/No?
- Summary report is a source of data on LA F&E and can assist learning and development.



# Housing Benefit Review

- Current challenges 15/16

HBR *							
	Number of LA Challenges	Number Agreed	%	Number Rejected	%	Number Ongoing	Extrapolated Savings Total
Quarter 1 Apr to Jun 2015	12	8	66%	4	33%	2	£238,989
Quarter 2 July to Sept 2015	12	3	25%	9	75%	0	£355,872
Quarter 3 Oct to Dec 2015	31	12	38%	19	62%	0	£1,003,623

\* National Figures. To note no previous MI is available.



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# HB Overpayments

# The Stats

- As at start of Q4 14/15
  - Total outstanding HB debt in GB LAs = £1.566bn
- HB debts amounting to £976m were raised in 14/15 – a 22.4% increase on previous year
- £408m raised in first half of 14/15, £568m in second half.
- £584m recovered in 14/15 compared to £526m recovered in 13/14.

# Cost to the LA

- LA error – 100% of subsidy paid providing they remain below the lower threshold:
  - fall between lower and upper threshold, 40% paid on all
  - go above upper threshold, 0% paid on all debt raised
- Claimant Error and Fraud - 40% of subsidy paid on all debt raised.

# Cost to the LA examples

- 14/15 pre Audited Subsidy returns – LA error overpayments - OFFICIAL SENSITIVE.

LA	HB PAID OUT	0.48%	0.54%	AMOUNT LA ERROR RAISED	MONEY LOST	ADMIN GRANT	LOSES AS % OF ADMIN GRANT
LA 1	£62,269,261	£298,892	£336,254	£620,537	£620,537	£990,513	63%
LA 2	£89,279,982	£428,544	£482,112	£629,671	£629,671	£1,044,045	60%

# Basics

- Understand full debt total, including legacy systems
- Efficient, controlled process from notification/invoice issue to first repayment
- Overpayment calculated by 14 days of all evidence received date
- Allow a calendar month before imposing sanctions
- Set and monitor recovery targets for new and old debts
- Review LA O/P structure for effectiveness and profile.

# Some recovery good practice

- Case recovery plan to assess prospects and recovery method
- Administration process supports recovery:
  - capture telephone numbers and email
  - completion of income & expenditure form for hardship claims
  - Obtain employer details from RTI, social media and when work declared
- Maximum rates of deduction used and review existing rates
- Process to quickly identify re-payment breakdown.

# Recovery rates

- Standard maximum rate of recovery from benefit is £11.10 a week from April 2015 plus:
  - half of any earnings disregard
- Maximum rate of recovery from benefit for a fraud overpayment is £18.50 a week from April 2015 plus:
  - half of any earnings disregard.



# Process map – Direct Earnings Attachment

- Prior to raising debt consider underlying entitlement
- Day 1 - issue Invoice and Notification
- Day 14 - issue Reminder
- Day 31 - draw up recovery plan
- “ - issue letter before action
- Day 52 - issue DEA1/Agree further action
- Day 66 - issue DEA2 to commence DEA/proceed with other action.

# Overpayment Good Practice Guide

- Available online at:
- [housing-benefit-overpayment-recovery-good-practice](#)



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# Benefit Cap

# Benefit Cap

- DWP is planning to send out caseload estimates to LAs in the next couple of weeks (once cleared with No10)
- Banded estimates to be placed on GOV.UK
- Discussing with LAA Steering Group (13/1/15):
  - support LAs and DWP might offer
  - Looking at forward planning dates (cannot confirm ahead of Royal Assent)
- claimant notification and support could start in May 2016
- DWP expect the caseload estimates to prompt more detailed discussions on:
  - what the LAs and DWP can do to support claimants potentially impacted by the cap
  - New Burdens.



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# Questions