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The Fraud and Error Reduction Incentive Scheme Good Practice Guide

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Responding to the Fraud and Error Reduction Incentive Scheme: How to effectively maximise performance to ensure benefit stays right

Fraud and Error Reduction Incentive Scheme Introduction

1. The Fraud and Error Reduction Incentive Scheme (FERIS) was launched on 24 November 2014 and will run through 2015/16. FERIS will offer financial reward to local authorities (LAs) who further tackle Fraud and Error (F&E) in their Housing Benefit (HB) caseload.
2. In addition DWP has also launched the Performance Improvement Fund to provide funding to LAs that can demonstrate solutions to reducing F&E.
3. Because the schemes are new, there will be evaluation reports in autumn 2015 and 2016. If changes are made to the scheme further information will be issued to update any existing guidance.
4. The following circular was issued at the time the schemes were launched can be found at:

<https://www.gov.uk/government/publications/hb-circular-a172014-fraud-and-error-reduction-incentive-scheme-guide-for-local-authorities>

If you have any queries about FERIS please contact feris.team@dwp.gsi.gov.uk

FERIS Good Practice

5. This section includes good practice on identifying changes that will support LAs in their efforts to meet the objectives of the new scheme and includes:
 - Introduction
 - Encouraging and educating claimants to report changes of circumstances
 - Improving accessibility and responsiveness
 - Working with others to maximise the reporting of changes of circumstances
 - Maximising the use of available data and intelligence
 - Data-matches
 - Interventions
 - Managing the process
 - Automated Transfers to Local Authority System (ATLAS)
 - Real Time Information.

FERIS Good Practice Introduction

6. The key activities which minimise incorrectness in the benefit caseload are:
 - encouraging claimants to report changes of circumstance on time
 - managing the caseload by finding and actioning unreported changes of circumstances
 - managing work processes to reduce the opportunity for official LA error.

7. It is important that claimants are aware of their responsibility to report changes in their circumstances on time to minimise error arising in on-going claims. Encouraging and educating claimants to report changes themselves reduces the requirements for intervention at a later stage and can avoid the costly business of recovering any resulting overpayment. Therefore it is essential to educate claimants so that they understand the need to report relevant changes in their circumstances to promote a culture of self-reporting of changes. All means available should be explored to promote the need to report changes.
8. Where claimants fail to report changes, interventions are a means of identifying them by proactively reviewing claims most likely to have had an unreported change. These are normally selected through some form of risk assessment, or in response to a predicted change that has been diary-dated but not reported by the claimant.
9. There are a number of reasons why claimants do not report changes in their circumstances. These include:
 - ignorance of the rules
 - confusion about what to report (especially when claimants are claiming other social security benefits and tax credits)
 - confusion about who to report changes to
 - difficulties with language or physical access
 - intent to defraud
10. For the latest fraud and error statistics and for details of the main causes of fraud and error in the benefit system please see:
<https://www.gov.uk/government/collections/fraud-and-error-in-the-benefit-system>

Encouraging and educating claimants to report changes of circumstances

11. Good practice includes:
 - taking every opportunity to remind claimants to report changes
 - exploring and using a variety of methods to publicise the requirement to report changes, such as:
 - using LA website and other social media opportunities
 - enclosing leaflets with decision letters and Council Tax bills
 - enclosing a fact sheet inside each claim form which advises claimants how to fill in the form and what information to provide or using SMART electronic claim forms
 - placing posters in LA reception areas and other suitable locations, such as:
 - libraries
 - leisure centres
 - Registered Social Landlords' (RSL) offices/registered providers (RP) in England
 - Citizens Advice (CAB) offices
 - Age Concern offices
 - pensioners' clubs
 - neighbourhood centres

- doctors' surgeries and other NHS outlets
 - community/religious centres
 - the staff lounges of larger employers, for example, supermarkets or any other employer where it is known employees receive low pay or there are high numbers of staff who work part-time
 - employment agencies
- undertaking publicity in the local press
 - issuing leaflets:
 - with local papers
 - with rent statements
 - with all correspondence to claimants
 - at every visit
 - each time a claimant calls at the LA's offices
- using diary dates to alert LA staff to predictable changes of circumstances
 - advertising a free phone number on local radio, TV and the local press to encourage claimants to report changes
 - providing details of claimants responsibilities to report change of circumstances in council newsletters/magazines
 - developing change of circumstance leaflets and forms to be enclosed with any communications with claimants
 - issuing change of circumstance forms with annual HB and Localised Council Tax Reduction scheme award letters; and Council Tax Bills
 - producing material in a range of appropriate languages for the area
 - undertaking targeted mailshots
 - collaborating with other LA departments and third parties such as housing associations and local landlords to reinforce the message
 - offering a range of locations and/or extended opening hours to facilitate the reporting of changes of circumstances
 - ensuring the reporting of changes of circumstances is prominent when sending out any type of benefit letter
 - identifying and eliminating barriers to reporting changes
 - accepting changes reported electronically or by telephone
 - providing clear advice and guidance on the claim form
 - providing a range of products, for example, mouse mats, bookmarks, etc., to serve as a reminder to staff to always ask claimants about any changes of circumstances
 - sending regular text messages/emails to all claimants to remind them of the need to report any changes in their circumstances.

Improving accessibility and responsiveness

12. Good practice includes:

- advertising a freepost address to report changes
- accepting the reporting of changes by phone and email
- providing an on-line change of circumstances form
- providing a change of circumstances form with the HB claim form
- undertaking out of hours visits
- conducting targeted outbound telephone call exercises
- providing pre-paid business reply envelopes
- extending office opening hours
- providing a changes of circumstances tear-off portion on notification letters
- using plain English in notification letters asking claimants to report changes that may affect their benefit entitlement
- ensuring Visiting Officers leave changes of circumstances form with claimants
- providing claimants with a changes of circumstances form when they attend the LA's offices
- reviewing access to services for vulnerable customer groups, including:
 - the elderly
 - disabled
 - claimants with language or literacy difficulties.

13. Several LAs have reported some success with taking changes of circumstance over the phone. While the claimant is on the phone reporting the change, the LA makes arrangements for the claimant to submit the necessary evidence to support the change.

Working with others to maximise the reporting of changes of circumstances

14. Good practice includes:

- working with key stakeholders and partners, including RSLs, RPs in England, welfare groups, CAB, Age Concern, private landlords etc. to encourage claimants to report changes of circumstances
- providing relevant and appropriate training for LA staff, key stakeholders and partners on reporting changes and the consequences of changes that are not reported
- ensuring LA staff, key stakeholders and partners issue changes of circumstances forms
- providing scripts for those who have direct contact with claimants to ensure:
 - staff proactively ask claimants about known future changes, when they will take place and set diary dates to deal with them
 - claimants are continually reminded of the need to report changes of circumstances.

Maximising the use of available data and intelligence

15. Good practice includes:

- setting diary dates for foreseeable changes of circumstances
- conducting regular data sweeps to identify those cases without diary dates/case controls
- scrutinising returned cheques to identify any potential impact on the benefit claim, for example, the claimant may have vacated their home
- reviewing self-employed cases regularly
- considering claimants with shortfalls in their rent (including claimants affected by the benefit cap and spare room subsidy) and considering visiting those claimants that do not receive Discretionary Housing Payments to make up any shortfall within two months to find out how they pay the shortfall
- visiting claimants within six months of making a new claim
- issuing targeted postal reviews on a weekly basis
- subjecting all privately rented cases to a Land Registry check to see who owns the property and therefore mitigating the risk of tenancy fraud
- establishing when wage/occupational pension increases occur for any large local employer
- targeting known occupational pension increases
- identifying significant birthdays, for example, Tax Credit changes for babies one year old and non-dependants reaching 25 years old
- using Royal Mail's 'do not redirect' service to identify claimants who have vacated their properties
- requesting wage slips in targeted reviews even when there is no change of circumstance reported
- maximising the use of National Fraud Initiative (NFI) results, for more info see: <http://www.audit-commission.gov.uk/national-fraud-initiative/>
- considering those fraud referrals received from assessment and customer service staff, including partners/third parties that do not result in an investigation (working with Single Fraud Investigation Service (SFIS) if appropriate).

Data-matches

16. Referrals from the Housing Benefit Matching Service (HBMS) are a useful resource for identifying unreported changes of circumstance and LA error, including data input mistakes and un-actioned work. The following good practice can equally be applied to internal data-matching, and to the results of the National Fraud Initiative.

17. Good practice includes:

- having a named officer responsible for co-ordinating the work
- prioritising the clearance of data-matches to ensure that those likely to result in the highest overpayment are dealt with first.
- identifying early in the sift process those cases that require fraud action. LAs should consider whether it is best use of resources to have data-matches sifted initially by their assessment or their fraud teams (if the LA fraud investigation work has not moved to SFIS)
- clearing those referrals where it can be determined that the:
 - change has already been notified

- change has already been actioned
- data-match is the result of data input error
- address has been mismatched and it is clear that the address registered for HB is correct
- claimant has died
- claimant is entitled to benefit despite temporary absence
- change means that the claimant's income remains below the applicable amount
- maintaining a record of progress on data-matches to make control of cases easier
- carrying out management checks to ensure the work is being completed accurately and fully with the correct codes
- carrying out management checks on the use of HBMS negative return codes to identify training needs, trends or problems/issues
- requesting lists of outstanding cases from HBMS to keep track of outstanding work, and ensuring final results on these cases are submitted to HBMS
- internal data-matching – using LA records (HB and Council Tax), to match to permit holders (taxi, bouncers, market traders, etc.).

Interventions

18. Inevitably there will be some changes that are not reported by claimants, and not identified through data-matching. Interventions remain an effective means of sweeping up many of the remaining incorrect claims in the caseload.

19. Ensure that adequate administrative support is in place to prioritise work and identify the appropriate intervention method based on the level of risk.

20. Good practice includes:

- ensuring that interventions are selected on the basis of risk using the risk-scored review list provided by HBMS and/or local risk criteria
- basing the local risk criteria on analysis of existing data including fraud referrals and non-fraud overpayments. LA intervention strategies must comply with the requirements of the Human Rights Act and equalities legislation. Some factors which may be considered for inclusion within a local risk analysis to determine the LA's interventions criteria are:
 - repeated non-declaration of changes in circumstances
 - frequent house moves
 - short-term fixed income cases
 - 'zero hour contract' cases
 - seasonal earners
 - wide variation in income/fluctuating earnings
 - self-employment
 - hostel dwellers
 - previous fraud referrals which were not subject to an investigation
 - previous fraud investigations
- conducting specific checks/ad-hoc data scans to review:
 - if single persons discounts are still applicable

- if there are discrepancies between the Benefits IT system and existing data held by the LA, for example information held on the Electoral Roll
- claimants whose reported capital is close to the threshold
- claimants who report they have capital just below the capital limit and/or stocks and shares
- claimants who are self-employed and whose earnings/circumstances might fluctuate
- claimants who are in receipt of:
 - occupational pensions
 - contributory-based Jobseeker's Allowance (JSA (C))
 - statutory sick pay
 - Tax Credits
 - Incapacity Benefit (IB) / contributory based Employment and Support Allowance (ESA(C))
- claimants who report unchanged levels of capital and earnings
- claimants who are a single parent but not receiving maintenance payments or reporting child care costs
- registered births and deaths
- the uprating of other welfare benefits, for example, Pension Credit, IB/ESA (C) or Disability Living Allowance
- setting a system indicator for those claimants on minimum wage and run a report to identify these cases when the minimum wage increases
- any financial discrepancies in right to buy applications and the source of their money
- the existence of non-dependants by cross-checking parking permits
- students who potentially may have changes of income, for example, university students in June
- the financial status of non-dependants in receipt of Income Support (IS)
- using partial reviews to concentrate on one aspect of the claim which is most likely to have changes
- making best use of resources by effectively targeting activities at the claims most likely to yield unreported changes of circumstance
- having an interventions strategy that enables staff to identify the most appropriate method of intervention in relation to the risk associated with the claim. Each of the intervention methods – visit, postal review or telephone – may be more appropriate in some cases than in others
- reviewing new claims after two weeks and 13 weeks
- visiting all addresses where post has been returned.

Visiting

21. Visiting is an effective method of intervention. Visiting can also help to establish residency.

22. Good practice includes:

- accompanied visits where appropriate (high risk cases)

- notifying visits allow claimants time to obtain the supporting evidence required. However, un-notified visits in certain cases may achieve greater results
- visiting schedules help the visiting officer to manage time more effectively and can include reserve visits to be carried out if time permits
- visiting cards provide reminders of a missed visit and give a contact point to rearrange the visit
- contacting all claimants that are to be visited that day ahead of setting out on any visits should improve efficiency
- using experienced benefit staff to carry out intervention visits who can ensure that all necessary evidence is obtained and update claims as required immediately following the visit (or on the visit if technology allows)
- ensuring that the LA visiting officers obtain a signed declaration (standard form should be used) of any changes of circumstances, or a statement to say there are no changes to report
- visiting officers should be trained in:
 - assessment work enabling them to answer HB-related enquiries
 - verifying the authenticity of documents
 - risks likely to affect claims verification
 - fraud awareness
- ensuring visiting officers are fully aware of the LA's anti-fraud strategy and know when a case is likely to fall within the prosecution policy (of the LA or SFIS). Officers should have appropriate guidance for dealing with such cases to avoid the intervention activity prejudicing any subsequent sanctions activity.

Telephone reviews

23. Telephone reviewing can be used for low risk cases, and in situations requiring a speedy resolution. Vulnerable claimants can be notified by letter of the intention to review their case by telephone.

24. Good practice includes:

- making greater use of telephone reviews to capture and action as many changes as possible to remove postal delays
- telephoning claimants with predictive changes, such as an increase in state benefits or occupational pensions from the date of the predicted change/s to report their change of circumstance in advance
- using the phone to request further information or evidence gives officers an opportunity to explain their requirements, and ensure the claimant understands what to provide
- clearing up simple enquiries by phone will reduce processing times by eliminating time taken to send letters and await further information.

Postal reviews

25. Good practice includes:

- targeting postal reviews at an appropriate time of year, for example following the annual increase in a local employer's occupational pensions, can be effective for lower-risk cases

- ensuring that suspension or termination of claims is only used where reasonable. LAs should not suspend or terminate claims for benefit unless it is likely that there is no further entitlement to benefit
- using a postal review to effectively check information contained in data-match referrals and the risk-scored review list.

Managing the process

26. Some incorrectness in the caseload is caused by weaknesses in administrative procedures, mistakes made by staff, and failure to action work or notified changes.

27. Good practice includes:

- carrying out management checks that clearly identify:
 - the date
 - the nature of check
 - the identity of the manager
 - any required remedial action
 - confirmation the remedial action has been taken
- analysing the results of management checks to identify weaknesses in policies or procedures
- using information from management checks to identify additional training required
- ensuring benefits staff receive appropriate training which is reviewed regularly to refresh their skills
- setting local targets for measuring improvement
- ensuring employees are aware of the need to maintain their declarations of interest and to notify their manager if they are required to assess or review the claims of family members, friends and acquaintance.

Automated Transfers to Local Authority System

28. The Automated Transfers to Local Authority System (ATLAS) project has increased the amount of information that can be sent automatically to local authorities, in a format that allows direct loading into LA systems. ATLAS phase 1 was successfully rolled out to all authorities on 4 July 2011, providing Her Majesty's Revenue and Customs (HMRC) Tax Credits award data. Phase 2 extended ATLAS to additionally deliver notifications for a range of DWP benefits in January – February 2012.

29. Receiving information automatically significantly reduces HB overpayments and underpayments, in particular where the claimant fails to notify the LA of the claim or change, or provides the information late. LAs should ensure that ATLAS notifications are dealt with timeously and batched processed where possible/applicable.

30. The latest good practice guide for ATLAS can be found on the Glasscubes database:

<https://dwphdd.glasscubes.com>

Real Time information

31. Real Time Information (RTI) is HMRCs' new system for collecting Pay as You Earn information from employers and pension providers who are now required to provide HMRC with income details immediately after each payment they make.
32. DWP and HMRC have a joint Fraud and Error (F&E) Strategy and they seek to collaborate where possible, especially where one department's assets are of value to the other. RTI is an example of such an asset and provides new opportunities to identify F&E across all social security benefits including Housing Benefit HB. The RTI data is a richer and timelier solution than the existing data sources being used to identify F&E across DWP systems in respect of earnings and Non-State Pension (NSP).
33. DWP has undertaken an exercise matching HMRC RTI against data held on six social security benefits; IS, JSA, HB, ESA, Pension Credit and Carers Allowance. To identify cases where claimants have either failed to declare or have under-declared earnings and NSP.
34. This project commenced delivery from 6 October 2014 and results in referrals being issued to LAs where DWP has information that earnings or NSP have not been correctly declared for the purposes of HB. It is important that LAs act on this information with the guidelines issued in circular A15/2014, which can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/357989/a15-2014.pdf