

SUBJECT:	RIGHT BENEFIT INITIATIVE
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	CLAIRE MOSES, INTERIM ASSISTANT HEAD OF SHARED REVENUES AND BENEFITS

1. Purpose of Report

- 1.1 To provide Revenues and Benefits Joint Committee with an update relating to Right Benefit Initiative (RBI) and the decision which has been taken by the Operational Board for the Shared Service to 'opt in' to the initiative.

2. Executive Summary

- 2.1 From 1 April 2017 local authorities (LAs) are asked to focus purely on combating incorrect earnings and use RBI funding to process as many Optional Real Time Information (RTI) referrals as possible each month.
- 2.2 Where LAs have additional capacity after processing all their Optional RTI referrals in any given month, the Department for Work and Pensions (DWP) are asking authorities to undertake additional activities which are described in the update letter in Appendix 1.

3. Background

- 3.1 RBI replaces Fraud and Error Reduction Incentive Scheme (FERIS) for 2017/18.
- 3.2 The DWP have consulted with local authority (LA) representatives and the LA Association Steering Group and worked together to design the new initiative.

- The aim of RBI is to maximise the return on the available investment, target LA activity on specific areas and remove elements of the previous schemes which were unattractive to LAs
- 3.3

4. Differences between FERIS and RBI

- 4.1 There are a number of difference between FERIS and RBI, which are as follows: -
 - All available funding will be made as an up-front payment to LAs. There will be no baselines and thresholds which LAs need to meet to qualify for additional incentive payments;
 - DWP are asking LAs to use the additional funding to focus purely on combating incorrect earnings and use available funding to process as many Optional Real Time Information (RTI) referrals as possible each month. Other

business as usual, as part of Fraud and Error activity should continue as normal;

- DWP will be monitoring LA performance.

5. Functionality of Optional RTI

- 5.1 The functionality for Optional RTI has been improved. To reduce LA clerical resource burdens from April 2017 all of the three main IT suppliers will have brought Optional RTI in line with RTI Bulk Data Match (BDM) functionality, which will enable us to automatically load earnings information on to the Northgate system and set the required Single Housing Benefit Extract (SHBE) records.
- 5.2 The DWP are also working with HMRC to increase the volume of Housing Benefit (HB) earnings cases, which are matched each month so each case is checked every month. This means changes in earnings will be picked up quicker and will reduce the value of HB overpayments.

6. Application Process and Funding

- 6.1 There will be no requirement to submit an action plan to DWP to apply for funding (as has been the requirement for FERIS in previous years).
- 6.2 Local Authorities were required to contact the DWP by 21 April 2017 to advise whether they will either opt-in or opt-out of the scheme.
- 6.3 Funding will be paid to an LA as soon as possible, following receipt of the confirmation they wish to opt into RBI. This has been received by both authorities.
- 6.4 By opting-in, each authority will be agreeing to use the funding to enable resources to be put in place to deal with the specified areas, as detailed in Appendix 1 and as outlined in Section 7 of the report.
- 6.5 DWP will monitor the volume of referrals processed using Housing Benefit Extract (SHBE) returns for each authority. By opting-in each authority will be agreeing to conduct the required activities and engage and work collaboratively with Housing Delivery Division (HDD) Performance Development Team (PDT), where the volume of referrals processed fall below expected levels.
- 6.6 As RBI focuses on earnings cases, funding will be apportioned across LAs based on the earnings caseload. LAs will be expected to spend the funding on staffing costs that are additional to existing business as usual HB costs. This can include payment of overtime, seconding people from other areas of the LA, backfilling, recruitment, or temporary staff.
- 6.7 Ahead of the launch of RBI, if the decision is made to opt-in, the Benefits Management Team will be required to plan how, during 2017/18m the focus will be moved from current FERIS funded activities to using RTI to combat incorrect earnings.

6.8 Funding for City of Lincoln

The maximum amount of RBI funding available for City of Lincoln for 2017/18 is **£25,792**.

The volumes of optional RTI referrals we expect to receive for City of Lincoln each month are as follows: -

April 2017	May 2017	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
155	225	252	278	304	304	304	236	236	236	218	218

6.9 Funding for North Kesteven

The maximum amount of RBI funding available for your local authority for 2017/18 is **£17,459**.

The volumes of optional RTI referrals we expect your LA to receive each month are as follows: -

April 2017	May 2017	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018
118	159	179	199	219	219	219	167	167	167	166	166

7. Options

7.1 Due to the DWP deadline (opt-in response required by 21 April 2017), Officers put the following options forward to the Revenues and Benefits Shared Services Operational Board for consideration and decision: -

7.2 Option 1 - Do Nothing:

There is currently 1.0 FTE Benefits Officer on a fixed term contract. They have been undertaking FERIS related work for 10 months. If we did not opt-in, we would not renew their contract and lose their expertise. There are also significant risks if we did not opt-in – these are detailed in section 8 of this report.

7.3 Option 2 - Fixed Term Benefits Officer Contract:

This option proposed a fixed term contract for 2.0 FTE Benefits Officer over the current establishment. The contract would run to 31 March 2018. Salary scale 2 - £15,917

In considering this option, the Benefits Management Team reviewed the total numbers as shown in Section 6.8 and 6.9 of this report. These annual totals equate to (on average) 11 and 7 per day for City of Lincoln and North Kesteven respectively.

DWP estimate a processing time of 45 minutes per case. Therefore, the majority of these could be undertaken by 1 FTE, with the residual being picked up by existing staff. The residual would be minimal and with improvements which have been made within both HB teams over the last 6 months, this would not have a negative impact.

We are not currently proactively reviewing these earnings cases; therefore, the information received through Optional RTI files can also be used to process Council Tax Support changes, which will result in the CTS caseload being accurate and up to date; and in turn could reduce CTS expenditure.

The processing of these changes to earnings will also ensure claims are accurate for subsidy purposes.

Officers recommend this option to be considered.

7.4 Option 3 - Fixed Term Benefits Officers / Recovery Officer Contract:

This option proposed: -

- 1.0 FTE fixed term contract for a Benefits Officer over current establishment. The contract would run to 31 March 2018. Salary scale 2 - £15,917
- 1.0 FTE fixed term contract for a Recovery Officer over current establishment. The contract would run to 31 March 2018. Salary scale 4 - £17,991.

In considering this option, the Benefits Management team looked at the implications optional RTI will have on HB overpayments. It is expected these will increase, as there are claims where earnings have not been reviewed for some time.

As a result of the expected increase in overpayment, it is important a recovery resource is allocated to this piece of work. The officer would focus on those overpayments created through optional RTI, to ensure effective and efficient recovery methods are applied.

The processing of these changes to earnings will also ensure claims are accurate for subsidy purposes.

Officers recommend this option to be considered.

8. Risk Implications

8.1 On Monday 3 April, the DWP ran a teleconference for LA's to put forward questions. As part of this session, the DWP representative explained the implications of opting-out of the scheme – these were: -

- Migration to Universal Credit (UC) – if the claimant provides different income details on migration to UC, the LA will be required to adjust HB entitlement back to the date of change and calculate the overpayment. At this point, the customer will have moved to UC and recovery of the legacy HB payment will be difficult, as there will be no ongoing HB to recover from.
- We are reliant on the software being available. DWP reassured LA's that software houses had been tasked with automating Optional RTIs with the same functionality as our mandatory monthly ones. If the decision is to opt-in, the Revenues and Benefits Interim Assistant Head of Service will contact

Northgate to open channels of communication.

- There could be an impact on wide teams – customer services and appeals. However, the level of impact cannot currently be estimated. It is proposed the Revenues and Benefits Interim Assistant Head of Service would report this impact back to the Performance Development Team at DWP. In doing this, the Head of Service may be able to proactively agree with the PDT to reduce the number worked on.

9. Decision

- 9.1 The Revenues and Benefits Operational Board made the operational decision to opt-in to RBI, with Option 3 being the preferred way forward. This option provided resource for the review of cases, but also the recovery of the overpayments which would be created through this proactive work. It is important the level of overpayments are managed and effective recovery action is taken immediately.
- 9.2 Officers will now undertake a recruitment process via an internal secondment through an expressions of interest process. An internal recruitment exercise will then take place to backfill those roles to 31 March 2018.

10. Strategic Priorities

- 10.1 Both City of Lincoln and North Kesteven have a number of strategic priorities. Two that have an impact on the Revenues and Benefits Service are:-
- Lincoln: “Let’s Reduce Inequality”.
 - North Kesteven: “Community Wellbeing and a Vibrant Economy”.
- 10.2 Both authorities look to protect the poorest people. The Benefits Service plays a key role in reducing poverty and disadvantage by ensuring residents receive the benefits they are entitled to and providing money / debt advice. The Revenues Section are also mindful of the strategic priorities when engaging with business ratepayers as they recover the business rate. Digital Inclusion, Channel Shift, Financial Inclusion and Partnership Working are all key priorities for the shared service.

11. Organisational Impacts

- 11.1 Finance: There are no direct financial implications arising from this report.
- 11.2 Legal Implications including Procurement Rules: There are no direct Legal or Procurement implications arising from this report.
- 11.3 Land, property and accommodation: There are no direct implications arising from this report.
- 11.4 Human Resources: There are no direct implications arising from this report.
- 11.5 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required) – There are no direct Equality, Diversity or Human Rights implications

arising from this report.

11.6 Significant Community Impact: There is no change in policy / strategy or the way the service is being delivered.

11.7 Corporate Health and Safety implications: There are no corporate Health and Safety implications.

12. Risk Implications

12.1 A Risk Register is in place for the Revenues and Benefits Shared Service.

13. Recommendation

13.1 Members note this report.

Is this a key decision? Yes/No

Do the exempt information categories apply? Yes/No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? Yes/No

How many appendices does the report contain? One

List of Background Papers: None

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