

## What are LAs being asked to do?

### Introduction

The latest published HB Fraud and Error (F&E) national statistics for 2015/16 indicate that earnings related F&E accounted for approximately £560 million which is 40% of the total estimated HB Monetary Value of Fraud and Error (MVFE). In view of this, DWP have reconsidered the approach to FERIS to a better way of targeting RBI funding to combat F&E more effectively.

From 1 April 2017 we are asking LAs 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.

Where LAs have additional capacity after processing **all** their Optional RTI referrals in any given month we are asking authorities to undertake the following activities:

- review self-employed earnings where a new set of accounts is available since the last HB entitlement calculation - estimated processing time 45 minutes
- review earnings cases that have not been reviewed for more than 12 months - estimated processing time 30 minutes
- review cases with irregular earnings patterns when LAs have access to the RTI Service User Interface (UI) to obtain HMRC PAYE information - estimated processing time 30 minutes time (please refer to the section on the RTI Service rollout and irregular earnings patterns for more information)
- action RTI Service fluctuating earnings alerts - estimated processing time to be confirmed
- check the DWP Performance Measurement team assessment of error on the cases sampled using the agreed process for challenging any assessment which an LA considers to be incorrect. This will help us to maintain the accuracy of our F&E estimates

Some of the functionality around irregular earnings and RTI Service alerts will not be available from 1 April 2017.

LA are asked to use RBI funding to process as many Optional RTI referrals as possible, LAs are then asked to move onto reviewing self-employed earnings and other earnings cases that have not been reviewed for over 12 months, then to reviewing cases with irregular earnings patterns (when the functionality is available to record these on SHBE) and finally process RTI Service fluctuating alerts when these are turned on later in the year.

DWP will monitor the volume of referrals processed, cases reviewed and outcomes through SHBE for each authority. HDD PDT will engage and work collaboratively with LAs where there are low levels of productivity, e.g. the volume of Optional RTI referrals processed, or case reviews are below expected levels. Please see the section

**Engagement with LAs** for the escalation route.

### **Optional RTI Referrals**

The priority activity is to action Optional RTI referrals. With the enhanced automation we expect each referral will take on average 45 minutes.

We anticipate after the first four or five months the backlog of earnings changes will have been actioned and Optional RTI referrals will be for new changes only. At this point we estimate it will take an average of 30 to 35 minutes to process an Optional RTI referral.

It is only the earnings element of the claim we are asking LAs to review. The earnings information required to reassess the HB claim should be available as part of the Optional RTI referral. LAs are advised to review other aspects of the claim only if they have reason to believe other elements of the claim may have changed and they have the capacity to conduct a full review of the HB claim.

We are working with HMRC to increase the volume of HB earnings cases we match, so that the entire HB caseload is checked every month. The increased data match may not be available immediately from April 2017 but we anticipate the volumes of Optional RTI referrals will increase over a five month period. It is difficult to predict Optional RTI volumes at LA level, but for some LAs the total estimated volumes of Optional RTI referrals may exceed the capacity that Right Benefit Initiative funding provides.

Therefore, it is important LAs have the flexibility to process as many referrals as possible but will not be penalised for spikes in the volume of referrals they do not have the capacity to process. Any unprocessed referrals can be actioned in the following month should the LA have the capacity to do so.

There are no HB subsidy implications relating to Optional RTI referrals where LAs do not transfer cases from the Optional RTI file into the LA IT system.

**The volumes of Optional RTI referrals we expect your LA to receive each month will be communicated in the RBI launch letter.**

We will seek feedback from LAs to ensure that a significant proportion of referrals result in a change to HB entitlement and are adding value. Our aim is try to avoid nugatory referrals being issued in order to maximise LA capacity. Further detail regarding how we will seek feedback from LAs will be provided in an HB Adjudication Circular, which will be issued when RBI is launched.

### **Mandatory Bulk Data Match (BDM) RTI**

Mandatory BDM RTI referrals, which attract new burdens funding, will continue to be issued and LAs are required to continue to action them as business as usual.

### **Review Self-Employed Cases**

Self-Employed F&E accounts for approximately 15% of the HB earnings error value, so we are asking you to review self-employed cases that have not been reviewed for over a year and where a new set of accounts are available.

We intend to use SHBE records to produce a list of cases where the claimant or partner is self-employed and there have been no changes to earnings on their HB claim in the last 12 months. This will be issued to each individual LA. Further detail will be provided in an HB Adjudication Circular which will be issued mid- March 2017.

### **Review Earnings cases that have not been reviewed for 12 months.**

We intend to use SHBE records to produce a list of cases where the claimant or partner has earnings and there have been no changes to earnings on their HB claim in the last 12 months. This will be issued to each individual LA. If the RTI Service has rolled out to an LA the User Interface can be used to obtain the earnings details required to review the case. Further detail will be provided in an HB Adjudication Circular, which will be issued when RBI is launched.

### **Reviewing Cases with Irregular Earnings**

We are working on a solution to identify and flag Optional RTI referrals that have been matched because of an irregular earnings pattern. Once a solution is in place LAs will be asked to review cases with irregular earnings using the RTI Service User Interface, when it is available. More detail will be issued at a later date.

### **RTI Service User Interface Rollout**

The Wider Use of Real Time Information (WURTI) Project issued a letter on the 14 February to Revenue and Benefit managers providing detail of the WURTI, now termed LA RTI Service roll-out, during 2017. At the moment six LAs are testing the fluctuating earnings alerts.

These alerts will not be made available more widely until the development of the mechanism for sending alerts to the LAs has been completed. As a result we do not expect this business rule to be turned on before Autumn 2017.

When the fluctuating alert business rule is switched on the volume of Optional RTI referrals will fall. When the alerts are switched on LAs will be required to process RTI Service alerts after all their Optional RTI referrals have been cleared. If the WURTI business rule is not switched on during 2017/18 LAs will continue with the activities specified above. More detail will be issued at a later date.

### **Improving the Accuracy of F&E Estimates**

Although there is no specific RBI funding allocated to this activity when the DWP Performance Measurement team review a small sample of an LA's caseload, LAs are asked to check the DWP Performance Measurement team assessment of error. If authorities consider the DWP Performance Measurement team assessment of error to be incorrect they are asked to use the agreed process for challenging the assessment. This will help us to maintain the accuracy of our F&E estimates.

### **Monitoring and Reporting**

Management Information (MI) requirements are being developed to monitor and evaluate the RBI performance. Where possible SHBE data will link to fields on the HB systems so data is automatically captured rather than relying on LA staff undertaking manual actions.

From this MI we will be able to identify the volume of referrals processed, cases reviewed and the outcomes. HDD will engage with LAs where performance is below expectations. Further detail on the completion of SHBE R records will be provided in an HB Adjudication Circular which will be issued when RBI is launched.

### **Engagement with LAs**

HDD PDT will engage and work collaboratively with LAs who have low levels of productivity, e.g. the volume of Optional RTI referrals processed, or case reviews are below expected levels.

The escalation route is set out below:

- telephone engagement- Desk Based Engagement team to understand reasons for low productivity and plans to improve
- on-site engagement - by PDT including meeting with Revenue and Benefit Manager
- escalation to HDD Deputy Director for meeting with Chief Finance Officer and Chief Executive
- in England - formal inspection and published report to Secretary of State. In Scotland and Wales decisions on audit/inspection and the production of reports rest with the relevant audit bodies. DWP will liaise as necessary with these audit bodies.
- the recovery of funding in cases of sustained low productivity.

### **Recovery of Unspent Funds**

The recovery of unspent funds is separate to the decision to recover where an LA has spent the funding but not carried out the required activities. There is an established process, managed by the HDD Payments Resolutions team, to recover funds where an LA receives payment but does not spend it. For example, for Discretionary Housing Payments, unspent funds are recovered from the next payment, or where there is no additional payment, an invoice is sent to the LA for repayment.

### **Current FERIS Funded Activities**

LAs that are currently using FERIS Maintenance Funding for proactive activities should now refocus their priorities and use RBI funding to focus purely on combating incorrect earnings and process as many Optional RTI referrals as possible.

We expect that LAs will deliver a better hit rate finding more HB changes in entitlement as a percentage of cases reviewed using Optional RTI referrals than the more traditional types of HB review.

Appendix 1 – Right Benefit Initiative – 28.06.17 – Shared Revenues and Benefits  
Joint Committee

Maintenance Funding has previously been used to fund IT enhancements and developments which has allowed LAs to extract data which in turn has enabled priority cases to be investigated.

However, as the focus is now moving to using RTI to identify changes in earnings, RBI funding should not be used to support further IT investment or to fund annual licence fees for the maintenance and/or continued use of IT software.