

NORTH LINCOLNSHIRE COUNCIL

**CABINET MEMBER
POLICY AND RESOURCES**

DWP FRAUD AND ERROR INCENTIVE SCHEME (FERIS)

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1 This report is for information only, to brief the Cabinet Member on a new initiative introduced by the Department for Work and Pensions (DWP) aimed at reducing fraud and error in Housing Benefits.

2. BACKGROUND INFORMATION

2.1 On 24 November 2014 ministers announced that funding will be made available to Local Authorities (LAs) through a Fraud and Error Reduction Incentive Scheme (FERIS), aimed at significantly reducing Fraud and Error in the housing benefit caseload. Measurement of performance in relation to the initiative commenced from 1 December 2014. The additional funding will be made available through a combination of additional administration funding based on performance, and one-off grant payments accessed through a bid process.

2.2 FERIS aims to encourage LAs to undertake pro-active work aimed at identifying changes in circumstances which reduce housing benefit entitlement, with the aim of reducing the monetary value of fraud and error from 2014/15 onwards.

2.3 The DWP have notified LAs of the baseline information they will use from which they will measure performance. This baseline is set according to the higher of;

- performance in the previous year for the equivalent period
- the average of the last two years performance for the equivalent period

2.4 Our baseline figure for the 4 month period from 1st December 2014 to 31st March 2015 is £93,394 reduction in HB payments, based on information supplied monthly to the DWP through the Single Housing Benefit Extract (SHBE).

2.5 The lower threshold required to achieve additional administration funding in 2014/15 is £100,800 reduction, representing an 8% increase in reduction. If the lower threshold is achieved North Lincolnshire council will qualify for additional administration funding amounting to £15,635. The additional funding will be paid automatically if threshold levels are achieved.

2.6 There is some potential for further administration funding in 2014/15 if the level of performance exceeds the lower threshold. The maximum amount of additional administration funding that may be achieved is £31,270, which is achievable if we increase the level of identified reduction by 18% or more.

2.7 For 2015/16 government have not yet produced specific threshold levels. However, DWP has suggested that the maximum level of funding that may be available if we achieve or exceed the upper threshold will be c£85k.

2.8 Government has also provided for start-up funding which is accessible through a bid process; bids must be made by 30th January 2015. The start-up funding is aimed at funding specific initiatives aimed at identifying reductions in entitlement at an early stage.

2.9 A further opportunity will be made to bid for funds for longer term performance improvements that will support this initiative.

2.10 A joint bid for start-up funding amounting to £36k (the maximum allowable) has been submitted with North East Lincolnshire Council. The bid centres on initiatives aimed at identifying and processing changes at an earlier stage:-

- A marketing campaign designed to encourage claimants to report changes in circumstances at an earlier stage;
- The introduction of structured reviews of on-going benefit cases, the frequency of which will be linked to the likelihood of changes occurring;
- Promotion of on-line benefits forms that will be the preferred way to receive information about changes;
- Additional resource in order to deal with the anticipated increase in workload.

2.11 We are planning to submit a further bid to the bid fund linked to streamlining front-end service delivery, for example through the introduction of a benefits telephone hot-line to report changes in circumstances. We have also expressed an interest in a joint bid to be submitted on behalf of Northgate system users to develop the software to support the scheme.

3. OPTIONS FOR CONSIDERATION

3.1 The council can decide not to opt-in to the FERIS scheme. However, not only would opting out negate the opportunity to access additional funding, it

would also imply that the council is not committed to working with the DWP to reduce fraud and error, which is not the case.

3.2 The submission of the bid for start-up funding means that it is assumed that the council has opted in to the scheme.

4. ANALYSIS OF OPTIONS

4.1 Not applicable – report is for information only.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 The financial opportunities are outlined in paras 2.5 to 2.7, and para 2.10.

5.2 Provided that the bid for start-up funding is successful there will be an increase in the level of staff resources required to support the scheme. Any proposals affecting the North Lincolnshire staffing structure will go through the normal channels for approval

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 Not applicable

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 Not applicable

8. RECOMMENDATIONS

8.1 That the Cabinet Member notes the content of the report.

DIRECTOR OF POLICY AND RESOURCES

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: Jo Robinson
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Background Papers used in the preparation of this report - None